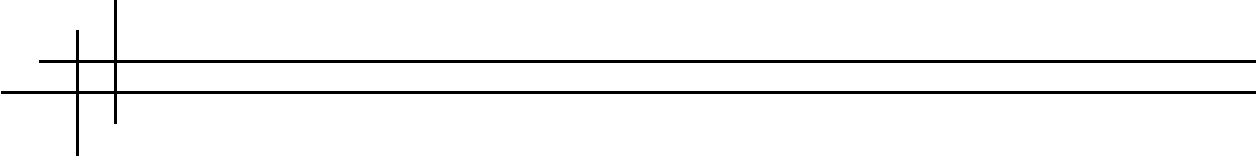




STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL

ANNUAL FINANCIAL REPORT
June 30, 2011

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
IDEA B - 24106	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	21
Notes to Financial Statements.....	22-32

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).....	34
Special Capital Improvements State - 31400	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	35

	<u>Page</u>
SUPPLEMENTAL INFORMATION RELATED TO NON MAJOR FUNDS	
Combining Non-Major Governmental Funds	
Combining Balance Sheet - by Fund Type.....	38-41
Combining Statement of Revenues, Expenditures and Changes in Fund Balance and Changes in Fund Balance - by Fund Type.....	42-45
IDEA B Risk Pool - 24120	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	46
State Fiscal Stabilization Fund Program - 25250	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	47
Education Job Fund-25255	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	48
A Plus for Education - 26179	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	49
Student Library Books - 27105	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	50
Pre K Program Services - 27149	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	51
Beginning Teacher Mentoring - 27154	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	52
Pre K Start Up & Safety - 27169	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	53
Senate Bill Nine - 31700	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	54
OTHER SUPPLEMENTAL INFORMATION	
Cash Reconciliations-All Funds.....	56
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>	57-58
Findings and Responses	59

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
Official Roster
For the Year Ended June 30, 2011

BOARD OF EDUCATION

Katy Pierce	President
Flavio Cisneros	Vice President
Tonya Lewis	Secretary
Beth Hodges	Treasurer
Cori Jenkins	Member

SCHOOL OFFICIALS

Karen M Phillips	School Administrator
------------------	----------------------

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(575) 253-4313

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the 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 and the budgetary comparisons for the general funds and major special revenue fund of Red River Valley Charter School, (School), as of and for the year ended June 30, 2011, 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 and the budgetary comparisons for the major capital project funds 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, 2011, 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, 2011, 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 School as of June 30, 2011, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital project funds and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23 , 2011, 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 *Government 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 basic financial statements, and the combining and individual fund financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

De'Ann Willoughby, CPA PC

September 23, 2011

FINANCIAL SECTION

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
 Government Wide-Statement of Net Assets
 June 30, 2011

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 49,244
Due from Grantor	27,502
Total Current Assets	<u>76,746</u>
Noncurrent Assets	
Capital Assets	434,355
Less: Accumulated Depreciation	<u>(291,179)</u>
Total Noncurrent Assets	<u>143,176</u>
Total Assets	<u>219,922</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	143,176
Unrestricted	<u>76,746</u>
Total Net Assets	<u>\$ 219,922</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, 2011

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	\$ 390,109	\$ 375	\$ 47,978	\$ 0	\$ (341,756)
Support Services-Students	30,996	0	0	0	(30,996)
Support Services-Instruction	463	0	188	0	(275)
General Administration	49,344	0	0	0	(49,344)
School Administration	54,843	0	209	0	(54,634)
Central Services	22,333	0	6,200	0	(16,133)
Operation of Plant	71,392	0	44,378	0	(27,014)
Food Services	41	0	0	0	(41)
Net Program (Expenses)					
Revenues	\$ <u>619,521</u>	\$ <u>375</u>	\$ <u>98,953</u>	\$ <u>0</u>	<u>(520,193)</u>
General Revenues					
Federal and State aid not restricted to specific purpose					
General					
Capital					
Miscellaneous					
Subtotal, General Revenues					
Change in Net Assets					
Net Assets - beginning					
Net Assets - ending					

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, 2011

	General Fund		Special Revenue
	Operational 11000	Instructional Materials 14000	IDEA B 24106
ASSETS			
Cash and Cash Equivalents	\$ 42,615	\$ 6,629	\$ 0
Receivables			
Interfund Balance	27,502	0	0
Due from Grantor	0	0	12,773
Total Assets	<u>\$ 70,117</u>	<u>\$ 6,629</u>	<u>\$ 12,773</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 12,773
Accounts Payable	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>12,773</u>
Fund Balances			
Restricted for, reported in			
Special Revenue	0	0	0
Unassigned, reported in			
General Fund	70,117	6,629	0
Total Fund Balances	<u>70,117</u>	<u>6,629</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 70,117</u>	<u>\$ 6,629</u>	<u>\$ 12,773</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, 2011

	<u>Capital Outlay</u>		
	<u>PSCOC 31200</u>	<u>Special Capital Outlay State 31400</u>	<u>Other Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Interfund Balance	0	0	0
Due from Grantor	10,918	675	3,136
Total Assets	<u>\$ 10,918</u>	<u>\$ 675</u>	<u>\$ 3,136</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 10,918	\$ 675	\$ 3,136
Accounts Payable	0	0	0
Total Liabilities	<u>10,918</u>	<u>675</u>	<u>3,136</u>
Fund Balances			
Restricted for, reported in			
Special Revenue	0	0	0
Unassigned, reported in			
General Fund	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 10,918</u>	<u>\$ 675</u>	<u>\$ 3,136</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, 2011

	<u>Total Governmental Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 49,244
Receivables	
Interfund Balance	27,502
Due from Grantor	<u>27,502</u>
Total Assets	<u>\$ 104,248</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Interfund Balance	\$ 27,502
Accounts Payable	<u>0</u>
Total Liabilities	<u>27,502</u>
Fund Balances	
Restricted for, reported in Special Revenue	0
Unassigned, reported in General Fund	<u>76,746</u>
Total Fund Balances	<u>76,746</u>
Total Liabilities and Fund Balances	<u>\$ 104,248</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, 2011

Total Fund Balance - Governmental Funds	\$	76,746
---	----	--------

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

The cost of capital assets	\$	434,355	
Accumulated depreciation is		<u>(291,179)</u>	
			<u>143,176</u>

Total net assets - governmental activities	\$	<u><u>219,922</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, 2011

	General Fund		Special Revenue
	Operational 11000	Instructional Materials 14000	IDEA B 24106
Revenue			
Fees	\$ 375	\$ 0	\$ 0
Federal Grants	0	0	12,773
State & Local Grants	523,159	2,285	0
Miscellaneous	2,160	0	0
Total Revenues	<u>525,694</u>	<u>2,285</u>	<u>12,773</u>
Expenditures			
Current			
Instruction	315,745	2,376	12,773
Support Services-Students	30,996	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	49,344	0	0
Support Service-School Administration	54,634	0	0
Central Services	16,133	0	0
Operation & Maintenance of Plant	27,014	0	0
Food Service	41	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>493,907</u>	<u>2,376</u>	<u>12,773</u>
Excess (Deficiency) of Revenues Over Expenditures	31,787	(91)	0
Fund Balances at Beginning of Year	<u>38,330</u>	<u>6,720</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 70,117</u>	<u>\$ 6,629</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, 2011

	<u>Capital Outlay</u>		
	<u>PSCOC 31200</u>	<u>Special Capital Outlay State 31400</u>	<u>Other Governmental Funds</u>
Revenue			
Fees	\$ 0	\$ 0	\$ 0
Federal Grants	0	0	21,872
State & Local Grants	43,670	134,979	18,353
Miscellaneous	0	0	0
Total Revenues	<u>43,670</u>	<u>134,979</u>	<u>40,225</u>
Expenditures			
Current			
Instruction	0	0	34,981
Support Services-Students	0	0	0
Support Services-Instruction	0	0	463
Support Services-General Administration	0	0	0
Support Service-School Administration	0	0	209
Central Services	0	0	6,200
Operation & Maintenance of Plant	43,670	0	708
Food Service	0	0	0
Capital Outlay	0	134,979	0
Total Expenditures	<u>43,670</u>	<u>134,979</u>	<u>42,561</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(2,336)
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>2,336</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, 2011

	Total Governmental Funds
	<u> </u>
Revenue	
Fees	\$ 375
Federal Grants	34,645
State & Local Grants	722,446
Miscellaneous	2,160
Total Revenues	<u> 759,626</u>
 Expenditures	
Current	
Instruction	365,875
Support Services-Students	30,996
Support Services-Instruction	463
Support Services-General Administration	49,344
Support Service-School Administration	54,843
Central Services	22,333
Operation & Maintenance of Plant	71,392
Food Service	41
Capital Outlay	134,979
Total Expenditures	<u> 730,266</u>
 Excess (Deficiency) of Revenues Over Expenditures	 29,360
 Fund Balances at Beginning of Year	 <u> 47,386</u>
 Fund Balance End of Year	 \$ <u> 76,746</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, 2011

Excess (Deficiency) of Revenues Over Expenditures \$ 29,360

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.

Depreciation expense	\$ (24,234)	
Capital Outlays	<u>134,979</u>	<u>110,745</u>

Change in Net Assets of Governmental Activities \$ 140,105

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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 2,100	\$ 2,100	\$ 375	\$ (1,725)
State & Local Grants	542,119	512,160	523,159	10,999
Miscellaneous	500	500	2,160	1,660
Total Revenues	<u>544,719</u>	<u>514,760</u>	<u>525,694</u>	<u>10,934</u>
Expenditures				
Instruction				
Personnel Services	205,363	228,812	221,426	7,386
Employee Benefits	97,438	103,019	92,950	10,069
Professional & Tech Services	225	164	84	80
Other Purchased Services	350	700	300	400
Supplies	4,219	2,949	986	1,963
Supply Assets	320	320	0	320
Total Instruction	<u>307,915</u>	<u>335,964</u>	<u>315,746</u>	<u>20,218</u>
Support Services-Students				
Personnel Services	25,000	25,000	25,000	0
Employee Benefits	5,756	6,083	5,996	87
Professional & Tech Services	1,000	0	0	0
Total Support Services-Students	<u>31,756</u>	<u>31,083</u>	<u>30,996</u>	<u>87</u>
Support Services-General Administration				
Personnel Services	29,001	30,042	30,162	(120)
Employee Benefits	16,083	16,402	15,741	661
Professional & Tech Services	4,270	3,912	3,390	522
Other Purchased Services	125	125	51	74
Total Support Services-General Administration	<u>49,479</u>	<u>50,481</u>	<u>49,344</u>	<u>1,137</u>
Support Services-School Administration				
Personnel Services	75,135	37,568	36,464	1,104
Employee Benefits	25,553	18,195	17,153	1,042
Professional & Tech Services	588	1,048	547	501
Other Purchased Services	649	44	0	44
Supplies	903	738	470	268
Total Support Services-School Administration	<u>\$ 102,828</u>	<u>\$ 57,593</u>	<u>\$ 54,634</u>	<u>\$ 2,959</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Central Services				
Professional & Tech Services	\$ 475	\$ 475	\$ 0	\$ 475
Other Purchased Services	23,612	22,185	16,047	
Supplies	150	150	86	64
Total Central Services	<u>24,237</u>	<u>22,810</u>	<u>16,133</u>	<u>539</u>
Operation & Maintenance of Plant				
Purchased Property Services	22,896	22,811	18,979	3,832
Other Purchased Services	9,534	9,654	7,730	1,924
Supplies	2,925	2,215	305	1,910
Total Operation & Maintenance of Plant	<u>35,355</u>	<u>34,680</u>	<u>27,014</u>	<u>7,666</u>
Food Services				
Supplies	1,000	1,000	40	960
Total Food Services	<u>1,000</u>	<u>1,000</u>	<u>40</u>	<u>960</u>
Total Expenditures	<u>552,570</u>	<u>533,611</u>	<u>493,907</u>	<u>33,566</u>
Excess (Deficiency) of Revenues Over Expenditures	(7,851)	(18,851)	31,787	44,500
Cash Balance Beginning of Year	<u>38,330</u>	<u>38,330</u>	<u>38,330</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 30,479</u>	<u>\$ 19,479</u>	<u>\$ 70,117</u>	<u>\$ 44,500</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 31,787</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 31,787</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 2,056	\$ 1,979	\$ 2,285	\$ 306
Total Revenues	<u>2,056</u>	<u>1,979</u>	<u>2,285</u>	<u>306</u>
Expenditures				
Instruction				
Supplies	2,056	8,699	2,376	6,323
Total Instruction	<u>2,056</u>	<u>8,699</u>	<u>2,376</u>	<u>6,323</u>
Total Expenditures	<u>2,056</u>	<u>8,699</u>	<u>2,376</u>	<u>6,323</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(6,720)	(91)	6,629
Cash Balance Beginning of Year	<u>6,720</u>	<u>6,720</u>	<u>6,720</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 6,720</u>	<u>\$ 0</u>	<u>\$ 6,629</u>	<u>\$ 6,629</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (91)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (91)</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-IDEA B-ENTITLEMENT-24106

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 0	\$ 12,773	\$ 0	\$ (12,773)
Total Revenues	<u>0</u>	<u>12,773</u>	<u>0</u>	<u>(12,773)</u>
Expenditures				
Instruction				
Personnel Services	0	10,592	10,592	0
Employee Benefits	0	2,181	2,181	0
Total Instruction	<u>0</u>	<u>12,773</u>	<u>12,773</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>12,773</u>	<u>12,773</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(12,773)	(12,773)
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>\$ (12,773)</u>	<u>\$ (12,773)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (12,773)	
Net change in Due from Grantor			<u>12,773</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 Valley Charter School (School) a component unit of Questa Independent School District 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 Questa Independent 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

IDEA B Entitlement (24106). To account for a program funded by a Federal grant to assist the School in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

CAPITAL PROJECTS

Public School Capital Outlay (31200). The revenues are derived from a state legislative grant. The expenditures are restricted to the payment of rent for the school facility.

Public School Capital Outlay-State (31400). To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of upgrading buildings.

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, transportation, special revenue funds such as special education and purchase of library books as well as others, 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 School-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.

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2011

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.

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.

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2011

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.

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.

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2011

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

Nonspendable fund balance represents assets that are other than cash such as inventory.

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

Assigned fund balance classification are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed.

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

Interfund Transactions

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

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

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
 Notes to the Financial Statements
 June 30, 2011

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 accrued.

Estimates

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

NOTE B: DEPOSITS 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 Bank	Balance Per Bank 6/30/11	Reconciled Balance	Type
<u>Name of Account</u>	<u>\$</u>	<u>\$</u>	
Red River Charter School	\$ 53,718	\$ 49,244	Checking
TOTAL Deposited	53,718	<u>49,244</u>	
Less: FDIC Coverage	<u>(53,718)</u>		
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
	<u>\$</u>
Insured	\$ 53,718
Collateralized:	
Collateral held by the pledging bank in School's name	0
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 53,718</u>

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2011

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, 2011 none of the School's bank balance of \$53,718 was exposed to custodial credit risk.

NOTE C: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Loans from General Fund to:	
IDEA B -24106	\$ 12,773
PSCOC-31200	10,918
Special Capital Outlay-State-31400	675
Other Governmental Funds	3,136
Totals	<u>\$ 27,502</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, 2011, is as follows:

	Balance 6/30/10	Additions	Deletions	Balance 6/30/11
Governmental Activities				
Capital Assets not being Depreciated				
Construction in Progress	\$ 14,108	\$ 134,979	\$ 0	\$ 149,087
Total Capital Assets not being Depreciated	<u>14,108</u>	<u>134,979</u>	<u>0</u>	<u>149,087</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>299,376</u>	<u>134,979</u>	<u>0</u>	<u>434,355</u>
Less Accumulated Depreciation				
Buildings & Improvements	43,533	5,789	0	49,322
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>223,412</u>	<u>18,445</u>	<u>0</u>	<u>241,857</u>
Total Accumulated Depreciation	<u>266,945</u>	<u>24,234</u>	<u>0</u>	<u>291,179</u>
Capital Assets, net	<u>\$ 32,431</u>	<u>\$ 110,745</u>	<u>\$ 0</u>	<u>\$ 143,176</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 School's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of state public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at www.nmerb.org.

Effective July 1, 2009 through June 30, 2011, plan members were required by state statute to contribute 7.9% of their gross salary if they earn \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The School was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross covered salary of employees earning more than \$20,000 annually. Effective July 1, 2011 plan members are required by statute to continue 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually are required to contribute 11.15% of their gross salary. The School is required to contribute 12.4% of gross covered salary for employees earning \$20,000 or less, and 9.15% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the School are established in state statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The School's contributions to ERB for the fiscal years ending June 30, 2011, 2010, and 2009, were \$70,059, \$82,214 and \$76,260 respectively, which equal the amount of the required contributions for each fiscal year.

NOTE J: RETIREE HEALTH CARE ACT CONTRIBUTIONS

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contribution rates for employees and employers will rise as follows:

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

<u>Fiscal Year</u>	<u>Employer Contribution</u>	<u>Employee Contribution</u>
2013	1.834%	91.700%
2013	2.000%	1.000%

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

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

The School's contributions to the RHCA for the years ended June 30, 2011, 2010 and 2009 were \$8,653, \$7,023, and \$7,606 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:

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
Notes to the Financial Statements
June 30, 2011

- 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. COMMITMENTS

The School has received a state grant of \$600,000 to build a gym for the students use.

**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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 11,896	\$ 55,566	\$ 44,648	\$ (10,918)
Total Revenues	<u>11,896</u>	<u>55,566</u>	<u>44,648</u>	<u>(10,918)</u>
Expenditures				
Operation & Maintenance of Plant				
Purchased Property Services	0	43,670	43,670	0
Total Operation & Maintenance of Plant	<u>0</u>	<u>43,670</u>	<u>43,670</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>43,670</u>	<u>43,670</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	11,896	11,896	978	(10,918)
Cash Balance Beginning of Year	<u>(11,896)</u>	<u>(11,896)</u>	<u>(11,896)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (10,918)</u>	<u>\$ (10,918)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 978	
Net change in Due from Grantor			<u>(978)</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

CAPITAL PROJECTS FUND-SPECIAL CAPITAL IMPROVEMENTS-STATE-31400

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 0	\$ 329,215	\$ 134,304	\$ (194,911)
Total Revenues	<u>0</u>	<u>329,215</u>	<u>134,304</u>	<u>(194,911)</u>
Expenditures				
Capital Outlay				
Purchased Property Services	0	329,215	134,979	194,236
Total Capital Outlay	<u>0</u>	<u>329,215</u>	<u>134,979</u>	<u>194,236</u>
Total Expenditures	<u>0</u>	<u>329,215</u>	<u>134,979</u>	<u>194,236</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(675)	(675)
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>\$ (675)</u>	<u>\$ (675)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (675)	
Net change in Due from Grantor			<u>675</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

SPECIAL REVENUE FUNDS

IDEA B Risk Pool (24120). To account for a program funded by a Federal grant to assist the School in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

State Fiscal Stabilization Program Fund (25250). The objectives of this grant are to support and restore funding for elementary and secondary education, to avoid reductions in budgets for education and other essential services in exchange for a commitment to advance essential education reforms. The fund was created by grant provisions.

Education Job Fund (25255). To account for revenues and expenditures received from the federal government for the purpose of job creation. Funding authorized by the American Recovery and Reinvestment Act of 2009. The fund was created by the authority of federal grant provisions.

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.

Student Library Books (27105). To provide funding for the purchase of library books. The fund was created by the authority of state grant provision.

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.

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.

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 OUTLAY

Senate Bill Nine-(31700). The revenues are derived from a grant from the state. Expenditures are restricted to capital improvements.

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2011

	Special Revenue		
	IDEA B Risk Pool 24120	State Fiscal Stabilization Program 25250	Education Job Fund 25255
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivable			
Due from Grantor	0	0	0
Interfund Balance	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</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			
Restricted, reported in			
Special Revenue	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2011

	Special Revenue		
	A+ for Education 26179	Student Library Books 27105	Pre K Program 27149
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivable			
Due from Grantor	0	275	2,377
Interfund Balance	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 275</u>	<u>\$ 2,377</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 0	\$ 275	\$ 2,377
Total Liabilities from Other Funds	<u>0</u>	<u>275</u>	<u>2,377</u>
Fund Balance			
Restricted, reported in			
Special Revenue	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 275</u>	<u>\$ 2,377</u>

The notes to the financial statements are an integral part of

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2011

	Special Revenue		Capital Projects
	Beginning Teacher Mentoring 27154	Library Book Fund 27549	Senate Bill Nine 31700
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivable			
Due from Grantor	0	0	484
Interfund Balance	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 484</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 484
Total Liabilities from Other Funds	<u>0</u>	<u>0</u>	<u>484</u>
Fund Balance			
Restricted, reported in			
Special Revenue	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 484</u>

The notes to the financial statements are an integral part of

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2011

	<u>Total</u>
ASSETS	
Cash and Cash Equivalents	\$ 0
Receivable	
Due from Grantor	3,136
Interfund Balance	<u>0</u>
Total Assets	<u>\$ 3,136</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Interfund Balance	\$ <u>3,136</u>
Total Liabilities from Other Funds	<u>3,136</u>
 Fund Balance	
Restricted, reported in	
Special Revenue	<u>0</u>
Total Fund Balance	<u>0</u>
 Total Liabilities and Fund Balance	<u>\$ 3,136</u>

The notes to the financial statements are an integral part of

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, 2011

	Special Revenue		
	IDEA B Risk Pool 24120	State Fiscal Stabilization Program 25250	Education Job Fund 25255
Revenues			
Federal Grants	\$ 0	\$ 6,633	\$ 15,239
State & Local Grants	0	0	0
Total Revenues	<u>0</u>	<u>6,633</u>	<u>15,239</u>
Expenditures			
Current			
Instruction	0	0	15,239
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Service-School Administration	0	209	0
Central Services	0	6,200	0
Operation & Maintenance of Plant	0	224	0
Total Expenditures	<u>0</u>	<u>6,633</u>	<u>15,239</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2011

	Special Revenue		
	A+ for Education <u>26179</u>	Student Library Books <u>27105</u>	Pre K Program <u>27149</u>
Revenues			
Federal Grants	\$ 0	\$ 0	\$ 0
State & Local Grants	<u>0</u>	<u>275</u>	<u>17,406</u>
Total Revenues	<u>0</u>	<u>275</u>	<u>17,406</u>
Expenditures			
Current			
Instruction	760	0	17,406
Support Services-Students	0	0	0
Support Services-Instruction	0	275	0
Support Service-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>760</u>	<u>275</u>	<u>17,406</u>
Excess (Deficiency) of Revenues Over Expenditures	(760)	0	0
Fund Balances at Beginning of Year	<u>760</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

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, 2011

	Special Revenue		Capital Projects
	Beginning Teacher Mentoring <u>27154</u>	Library Book Fund <u>27549</u>	Senate Bill Nine <u>31700</u>
Revenues			
Federal Grants	\$ 0	\$ 0	\$ 0
State & Local Grants	<u>0</u>	<u>188</u>	<u>484</u>
Total Revenues	<u>0</u>	<u>188</u>	<u>484</u>
Expenditures			
Current			
Instruction	1,576	0	0
Support Services-Students	0	0	0
Support Services-Instruction	0	188	0
Support Service-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	<u>0</u>	<u>0</u>	<u>484</u>
Total Expenditures	<u>1,576</u>	<u>188</u>	<u>484</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,576)	0	0
Fund Balances at Beginning of Year	<u>1,576</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

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, 2011

	<u>Total</u>
Revenues	
Federal Grants	\$ 21,872
State & Local Grants	<u>18,353</u>
Total Revenues	<u>40,225</u>
Expenditures	
Current	
Instruction	34,981
Support Services-Students	0
Support Services-Instruction	463
Support Service-School Administration	209
Central Services	6,200
Operation & Maintenance of Plant	<u>708</u>
Total Expenditures	<u>42,561</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,336)
Fund Balances at Beginning of Year	<u>2,336</u>
Fund Balance End of Year	<u>\$ 0</u>

The notes to the financial statements are an integral part of

STATE OF NEW MEXICO

RED RIVER VALLEY CHARTER SCHOOL

SPECIAL REVENUE FUND-IDEA B RISK POOL-24120

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 29,886	\$ 29,886	\$ 29,886	\$ 0
Total Revenues	<u>29,886</u>	<u>29,886</u>	<u>29,886</u>	<u>0</u>
Expenditures				
Instruction				
Personnel Services	0	0	0	0
Employee Benefits	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	29,886	29,886	29,886	0
Cash Balance Beginning of Year	<u>(29,886)</u>	<u>(29,886)</u>	<u>(29,886)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 29,886	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 29,886</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-STATE FISCAL STABILIZATION PROGRAM FUND-25250

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 5,562	\$ 6,633	\$ 6,633	\$ 0
Total Revenues	<u>5,562</u>	<u>6,633</u>	<u>6,633</u>	<u>0</u>
Expenditures				
Support Services-School Administration				
Professional & Tech Services	0	209	209	0
Total Support Services-School Administration	<u>0</u>	<u>209</u>	<u>209</u>	<u>0</u>
Central Services				
Professional & Tech Services	0	6,200	6,200	0
Total Central Services	<u>0</u>	<u>6,200</u>	<u>6,200</u>	<u>0</u>
Operation & Maintenance of Plant				
Other Purchased Services	5,562	224	224	0
Total Operation & Maintenance of Plant	<u>5,562</u>	<u>224</u>	<u>224</u>	<u>0</u>
Total Expenditures	<u>5,562</u>	<u>6,633</u>	<u>6,633</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Net change in Due from Grantor			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO

RED RIVER VALLEY CHARTER SCHOOL

SPECIAL REVENUE FUND-EDUCATION JOB FUND-25255

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 0	\$ 15,239	\$ 15,239	\$ 0
Total Revenues	<u>0</u>	<u>15,239</u>	<u>15,239</u>	<u>0</u>
Expenditures				
Instruction				
Personnel Services	0	12,824	12,824	0
Employee Benefits	0	2,415	2,415	0
Total Instruction	<u>0</u>	<u>15,239</u>	<u>15,239</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>15,239</u>	<u>15,239</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Net change in Due from Grantor			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO

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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	0	760	760	0
Total Instruction	<u>0</u>	<u>760</u>	<u>760</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>760</u>	<u>760</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(760)	(760)	0
Cash Balance Beginning of Year	<u>760</u>	<u>760</u>	<u>760</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 760</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (760)	
Net change in Due from Grantor			<u>760</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-2008 GO BOND LIBRARY BOOKS-27105

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 0	\$ 1,203	\$ 0	\$ (1,203)
Total Revenues	<u>0</u>	<u>1,203</u>	<u>0</u>	<u>(1,203)</u>
Expenditures				
Support Services-Instruction				
Supplies	0	1,203	275	928
Total Support Services-Instruction	<u>0</u>	<u>1,203</u>	<u>275</u>	<u>928</u>
Total Expenditures	<u>0</u>	<u>1,203</u>	<u>275</u>	<u>928</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(275)	(275)
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>\$ (275)</u>	<u>\$ (275)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (275)	
Net change in Due from Grantor			<u>275</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 PROGRAM SERVICES-27149

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 29,010	\$ 17,406	\$ 15,029	\$ (2,377)
Total Revenues	<u>29,010</u>	<u>17,406</u>	<u>15,029</u>	<u>(2,377)</u>
Expenditures				
Instruction				
Personnel Services	21,303	13,364	13,364	0
Employee Benefits	4,977	2,890	2,890	0
Professional & Tech Services	10	10	10	0
Supplies	2,720	1,142	1,142	0
Total Instruction	<u>29,010</u>	<u>17,406</u>	<u>17,406</u>	<u>0</u>
Total Expenditures	<u>29,010</u>	<u>17,406</u>	<u>17,406</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(2,377)	(2,377)
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>\$ (2,377)</u>	<u>\$ (2,377)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,377)	
Net change in Due from Grantor			<u>2,377</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-BEGINNING TEACHER MENTORING-27154

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instruction				
Employee Benefits	0	284	284	0
Total Instruction	<u>0</u>	<u>284</u>	<u>284</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>284</u>	<u>284</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(284)	(284)	0
Cash Balance Beginning of Year	<u>1,576</u>	<u>1,576</u>	<u>1,576</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,576</u>	<u>\$ 1,292</u>	<u>\$ 1,292</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (284)	
Net change in Due from Grantor			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (284)</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-LIBRARY BOOK FUND-27549

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 0	\$ 188	\$ 188	\$ 0
Total Revenues	<u>0</u>	<u>188</u>	<u>188</u>	<u>0</u>
Expenditures				
Support Services-Instruction				
Supplies	0	188	188	0
Total Support Services-Instruction	<u>0</u>	<u>188</u>	<u>188</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>188</u>	<u>188</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Net change in Due from Grantor			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO

RED RIVER VALLEY CHARTER SCHOOL

CAPITAL PROJECTS FUND-SENATE BILL NINE-31700

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

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 725	\$ 4,541	\$ 725	\$ (3,816)
Total Revenues	<u>725</u>	<u>4,541</u>	<u>725</u>	<u>(3,816)</u>
Expenditures				
Operation & Maintenance of Plant				
Purchased Property Services	0	3,816	484	3,332
Total Operation & Maintenance of Plant	<u>0</u>	<u>3,816</u>	<u>484</u>	<u>3,332</u>
Total Expenditures	<u>0</u>	<u>3,816</u>	<u>484</u>	<u>3,332</u>
Excess (Deficiency) of Revenues Over Expenditures	725	725	241	(484)
Cash Balance Beginning of Year	<u>(725)</u>	<u>(725)</u>	<u>(725)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (484)</u>	<u>\$ (484)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 241	
Net change in Due from Grantor			<u>(241)</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.

OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
Cash Reconciliations - All Funds
For the Year Ended June 30, 2011

		Beginning Cash Balance <u>6/30/10</u>	Revenue	Expenditures	Ending Cash Balance <u>6/30/11</u>
Operational	11000	\$ 38,330	\$ 525,695	\$ 493,908	\$ 70,117
Instructional Materials	14000	6,720	2,285	2,376	6,629
Federal Flowthrough	24000	(29,886)	29,886	12,773	(12,773)
Federal Direct	25000	0	21,872	21,872	0
Local Grants	26000	760	0	760	0
State Flow through Grants	27000	1,576	15,217	19,446	(2,653)
PSCOC	31200	(11,895)	44,648	43,670	(10,917)
Special Capital Outlay State	31400	0	134,304	134,979	(675)
Senate Bill Nine	31700	(725)	725	484	(484)
Total		<u>\$ 4,880</u>	<u>\$ 774,632</u>	<u>\$ 730,268</u>	<u>\$ 49,244</u>

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

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

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the 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 funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of Red River Valley Charter School (School), as of and for the year ended June 30, 2011, and have issued our report thereon dated September 23, 2011. 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 the auditing procedures for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

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

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

Compliance and Other Matters

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

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

De'Ann Willoughby CPA PC

September 23, 2011

STATE OF NEW MEXICO
RED RIVER VALLEY CHARTER SCHOOL
Schedule of Findings and Responses
For the Year Ended June 30, 2011

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 September 23, 2011. Present were Katy Pierce-President, Karen Phillips-School Administrator, Domingo Sanchez-Business Manager and De'Aun Willoughby, CPA.