

State of
New Mexico
Hatch Valley
Public Schools

Annual Financial Report
For the Year Ended June 30, 2016



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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
Hatch Valley Public Schools
Annual Financial Report
June 30, 2016
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STATE OF NEW MEXICO
Hatch Valley Public Schools
Official Roster
June 30, 2016

<u>Name</u>	<u>Board of Education</u>	<u>Title</u>
Paul Dulin		President
Elva Garay		Vice President
Greg Mitchell		Secretary
Christopher Montez		Member
Lupe Castillo		Member
	<u>School Officials</u>	
Linda Hale		Superintendent
Julie Crespy		Business Manager

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor and
The Board of Education
Office of Management and Budget
Hatch Valley Public Schools
Hatch, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and major special revenue fund of Hatch Valley Public Schools (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, the combining financial statements for the General Fund, and the budgetary comparisons for the major debt service fund and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Hatch Valley Public Schools, as of June 30, 2016, 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 accordance 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 and the combining financial statements for General Fund of the District as of June 30, 2016, and the respective changes in financial position thereof, and the respective budgetary comparisons for the major debt service fund and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the *Management Discussion and Analysis* that accounting principles, generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America requires the Schedules I and II and the notes to the Required Supplementary Information on pages 64 through 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

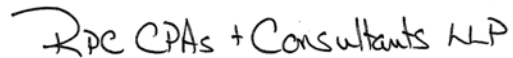
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The introductory section, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Supporting Schedules III through VII required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and Supporting Schedules III through VI required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and Supporting Schedules III through VI required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and Schedule VII have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
October 26, 2016

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
Hatch Valley Public Schools
Statement of Net Position
June 30, 2016

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 1,210,589
Property taxes receivable	287,911
Intergovernmental receivables	647,477
Inventory	7,127
Total current assets	2,153,104
Noncurrent assets	
Restricted cash and cash equivalents	546,940
Restricted investments	111,346
Capital assets, net of accumulated depreciation	31,687,239
Total noncurrent assets	32,345,525
Total assets	34,498,629
Deferred outflows of resources	
Changes in proportion	418,480
Changes of assumptions	617,322
Employer contributions subsequent to the measurement date	1,070,717
Total deferred outflows of resources	2,106,519
<i>Total assets and deferred outflows of resources</i>	\$ 36,605,148

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

	Governmental Activities
Liabilities	
Current liabilities	
Accounts payable	\$ 98,754
Accrued payroll	1,221,452
Due to New Mexico Public Education Department	56,542
Accrued compensated absences	48,835
Accrued interest	37,822
Current portion of bonds payable	730,000
Total current liabilities	<u>2,193,405</u>
Noncurrent liabilities	
Accrued compensated absences	42,023
Bond premiums, net of accumulated amortization of \$10,882	20,209
Bonds payable	3,810,000
Net pension liability	17,947,857
Total noncurrent liabilities	<u>21,820,089</u>
Total liabilities	<u>24,013,494</u>
Deferred inflows of resources	
Differences between expected and actuarial experience	345,482
Changes in proportion	114,323
Net difference between projected and actual investments on pension plan investments	159,925
Total deferred inflows of resources	<u>619,730</u>
Net position	
Net investment in capital assets	27,258,548
Restricted for:	
Other purposes	143,460
Debt service	1,470,655
Unrestricted	(16,900,739)
Total net position	<u>11,971,924</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u><u>\$ 36,605,148</u></u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Statement of Activities
For the Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government			
Governmental activities:			
Instruction	\$ 8,733,052	\$ 40,799	\$ 1,563,822
Support services - students	1,504,559	14,128	537,910
Support services - instruction	396,607	1,209	44,364
Support services - general administration	338,105	2,342	91,500
Support services - school administration	702,934	4,382	169,137
Central services	297,801	1,133	41,591
Operation and maintenance of plant	2,323,070	8,311	318,864
Other support services	8,464	76	5,545
Student transportation	842,025	3,173	696,356
Food services operations	1,128,638	27,476	1,010,612
Interest on long-term debt	83,891	-	-
	<u>\$ 16,359,146</u>	<u>\$ 103,029</u>	<u>\$ 4,479,702</u>
<i>Total governmental activities</i>			

General Revenues:

State equalization guarantee
Taxes:
 Property taxes, levied for operating programs
 Property taxes, levied for debt services
 Property taxes, levied for capital projects
Interest and investment earnings
Proceeds from sale of assets
Reversion to other entities
Miscellaneous

General revenues

Changes in net position

Net position - beginning
Net position - restatement (Note 14)

Net position - beginning as restated

Net position - ending

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

<u>Program Revenues</u>	<u>Net (Expenses) Revenue and Changes in Net Position</u>
<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
\$ -	\$ (7,128,431)
-	(952,520)
-	(351,034)
-	(244,264)
-	(529,415)
-	(255,076)
-	(1,995,896)
-	(2,842)
-	(142,496)
-	(90,550)
-	(83,891)
<u>\$ -</u>	<u>(11,776,415)</u>
	9,422,968
	34,546
	819,712
	170,160
	607
	8,245
	(25,842)
	<u>121,719</u>
	<u>10,552,115</u>
	(1,224,300)
	7,181,512
	<u>6,014,712</u>
	<u>13,196,224</u>
	<u>\$ 11,971,924</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund 11000, 12000, 13000, 14000	Title I - IASA 24101
<i>Assets</i>		
Cash and cash equivalents	\$ 889,649	\$ -
Property taxes receivable	9,488	-
Intergovernmental receivables	17,390	265,860
Inventory	-	-
Due from general fund	-	-
Due from other funds	359,992	-
	<u>1,276,519</u>	<u>265,860</u>
<i>Total assets</i>	<u>\$ 1,276,519</u>	<u>\$ 265,860</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>		
<i>Liabilities</i>		
Accounts payable	\$ 33,947	\$ -
Accrued payroll	877,525	133,924
Due to NM Public Education Department	-	24,778
Due to special revenue funds	41,926	-
Due to other funds	-	107,158
	<u>953,398</u>	<u>265,860</u>
<i>Total liabilities</i>	<u>953,398</u>	<u>265,860</u>
 <i>Deferred inflows of resources</i>		
Unavailable revenue- property taxes	4,011	-
	<u>4,011</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>4,011</u>	<u>-</u>
 <i>Fund balances</i>		
<i>Nonspendable</i>		
Inventory	-	-
<i>Spendable</i>		
<i>Restricted for:</i>		
Educational purposes	132,929	-
Capital acquisitions and improvements	-	-
Debt service	-	-
<i>Committed for:</i>		
Subsequent year expenditures	186,181	-
Unassigned	-	-
	<u>319,110</u>	<u>-</u>
<i>Total fund balances</i>	<u>319,110</u>	<u>-</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,276,519</u>	<u>\$ 265,860</u>

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

Debt Service 41000	Other Governmental Funds	Total Governmental Funds
\$ 704,138	\$ 275,088	\$ 1,868,875
135,857	142,566	287,911
-	364,227	647,477
-	7,127	7,127
-	41,926	41,926
-	-	359,992
<u>\$ 839,995</u>	<u>\$ 830,934</u>	<u>\$ 3,213,308</u>
\$ -	\$ 64,807	\$ 98,754
-	210,003	1,221,452
-	31,764	56,542
-	-	41,926
-	252,834	359,992
-	559,408	1,778,666
5,854	117,748	127,613
<u>5,854</u>	<u>117,748</u>	<u>127,613</u>
-	7,127	7,127
-	37,958	170,887
-	207,671	207,671
834,141	-	834,141
-	-	186,181
-	(98,978)	(98,978)
<u>834,141</u>	<u>153,778</u>	<u>1,307,029</u>
<u>\$ 839,995</u>	<u>\$ 830,934</u>	<u>\$ 3,213,308</u>

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

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STATE OF NEW MEXICO

Hatch Valley Public Schools

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2016

Exhibit B-1

Page 2 of 2

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

Fund balances - total governmental funds	\$ 1,307,029
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	31,687,239
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	127,613
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in funds:	
Deferred outflows of resources related to changes of assumptions	418,480
Deferred outflows of resources related to changes in proportion	617,322
Deferred outflows of resources related to employer contribution subsequent to measurement date	1,070,717
Deferred inflows of resources related to difference between expected and actuarial experience	(345,482)
Deferred outflows of resources related to changes in proportion	(114,323)
Deferred inflows of resources related to net difference between projected and actual investments on pension plan investments	(159,925)
Certain liabilities, including bonds payable, net pension liability, and current and long-term portions of accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bond premiums	(20,209)
Accrued interest	(37,822)
Accrued compensated absences	(90,858)
Bonds payable	(4,540,000)
Net pension liability	(17,947,857)
<i>Total net position - governmental funds</i>	<u>\$ 11,971,924</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General Fund 11000, 12000, 13000, 14000	Title I - IASA 24101
<i>Revenues</i>		
Property taxes	\$ 33,940	\$ -
Intergovernmental revenue:		
Federal flowthrough	20,233	1,039,549
State flowthrough	90,572	-
State direct	9,422,968	-
Local grants	57,635	-
Transportation distribution	696,356	-
Charges for services	23,311	-
Investment income	366	-
Miscellaneous	121,719	-
<i>Total revenues</i>	<u>10,467,100</u>	<u>1,039,549</u>
<i>Expenditures</i>		
Current:		
Instruction	5,478,731	874,687
Support services - students	1,046,915	93,495
Support services - instruction	345,919	31,881
Support services - general administration	221,481	39,486
Support services - school administration	667,579	-
Central services	288,866	-
Operation and maintenance of plant	1,704,730	-
Student transportation	614,071	-
Other support services	8,464	-
Food services operations	-	-
Capital outlay	-	-
Debt service:		
Principal	-	-
Interest	-	-
<i>Total expenditures</i>	<u>10,376,756</u>	<u>1,039,549</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>90,344</u>	<u>-</u>
<i>Other financing sources (uses)</i>		
Proceeds from sale of assets	8,245	-
Bond proceeds	-	-
Transfers in	-	-
Transfers out	(155,000)	-
Reversion to other entities	(24,526)	-
<i>Total other financing sources (uses)</i>	<u>(171,281)</u>	<u>-</u>
<i>Net change in fund balances</i>	(80,937)	-
<i>Fund balances - beginning</i>	400,047	-
<i>Fund balances - ending</i>	<u>\$ 319,110</u>	<u>\$ -</u>

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

Debt Service 41000	Other Governmental Funds	Total Governmental Funds
\$ 817,390	\$ 155,713	\$ 1,007,043
-	1,624,779	2,684,561
-	927,078	1,017,650
-	23,500	9,446,468
-	-	57,635
-	-	696,356
-	79,718	103,029
-	241	607
-	-	121,719
<u>817,390</u>	<u>2,811,029</u>	<u>15,135,068</u>
-	1,085,894	7,439,312
-	258,664	1,399,074
-	2,158	379,958
7,037	57,387	325,391
-	-	667,579
-	-	288,866
-	431,960	2,136,690
-	81,068	695,139
-	-	8,464
-	1,104,805	1,104,805
-	625,698	625,698
675,000	-	675,000
87,902	-	87,902
<u>769,939</u>	<u>3,647,634</u>	<u>15,833,878</u>
<u>47,451</u>	<u>(836,605)</u>	<u>(698,810)</u>
-	-	8,245
-	800,000	800,000
-	155,000	155,000
-	-	(155,000)
-	(1,316)	(25,842)
-	953,684	782,403
<u>47,451</u>	<u>117,079</u>	<u>83,593</u>
<u>786,690</u>	<u>36,699</u>	<u>1,223,436</u>
<u>\$ 834,141</u>	<u>\$ 153,778</u>	<u>\$ 1,307,029</u>

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

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STATE OF NEW MEXICO
Hatch Valley Public Schools
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds	\$	83,593
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital expenditures recorded in capital outlay		625,698
Loss on disposition of capital assets		(91,129)
Depreciation expense		(1,216,064)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:</p>		
Change in unavailable revenue related to property taxes receivable		17,375
<p>Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:</p>		
District pension contribution		1,070,717
Pension expense		(1,610,070)
<p>The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:</p>		
Decrease in compensated absences		13,460
Decrease in accrued interest		4,011
Bond proceeds		(800,000)
Amortization of bond premiums		3,109
Principal payments on bonds		675,000
<i>Change in net position of governmental activities</i>	<u>\$</u>	<u>(1,224,300)</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
General Fund (11000, 12000, 13000, 14000)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ 32,361	\$ 32,361	\$ 29,088	\$ (3,273)
Intergovernmental revenue:				
Federal flowthrough	31,853	31,853	20,233	(11,620)
State flowthrough	70,805	90,572	90,572	-
Local grants	75,000	75,000	73,639	(1,361)
State direct	9,403,049	9,426,455	9,422,968	(3,487)
Transportation distribution	675,542	696,356	696,356	-
Charges for services	9,700	9,700	23,511	13,811
Investment income	500	500	366	(134)
Miscellaneous	100,000	100,000	104,485	4,485
<i>Total revenues</i>	<u>10,398,810</u>	<u>10,462,797</u>	<u>10,461,218</u>	<u>(1,579)</u>
<i>Expenditures</i>				
Current				
Instruction	5,540,012	5,569,821	5,165,493	404,328
Support services - students	1,210,691	1,168,420	1,037,006	131,414
Support services - instruction	345,603	361,527	349,181	12,346
Support services - general administration	228,336	235,761	221,584	14,177
Support services - school administration	680,252	690,852	667,973	22,879
Central services	265,498	280,765	283,906	(3,141)
Operation and maintenance of plant	1,772,570	1,785,037	1,715,503	69,534
Student transportation	675,542	720,881	630,771	90,110
Other support services	34,615	34,615	8,464	26,151
<i>Total expenditures</i>	<u>10,753,119</u>	<u>10,847,679</u>	<u>10,079,881</u>	<u>767,798</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(354,309)</u>	<u>(384,882)</u>	<u>381,337</u>	<u>766,219</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	354,309	384,882	-	(384,882)
Sale of capital assets	-	-	8,245	8,245
Reversion to other entities	-	-	(24,526)	(24,526)
Transfers in (out)	-	-	(155,000)	(155,000)
<i>Total other financing sources (uses)</i>	<u>354,309</u>	<u>384,882</u>	<u>(171,281)</u>	<u>(556,163)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>210,056</u>	<u>210,056</u>
<i>Fund balances - beginning of year,</i>	<u>-</u>	<u>-</u>	<u>1,039,585</u>	<u>1,039,585</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,249,641</u>	<u>\$ 1,249,641</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ 210,056
Adjustments to revenue for property tax accruals and local grant accruals				5,882
Adjustments to expenditures for salaries and instruction expenditures				(296,875)
<i>Net change in fund balances (GAAP)</i>				<u>\$ (80,937)</u>

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

STATE OF NEW MEXICO

Exhibit C-2

Hatch Valley Public Schools

Title I - IASA Special Revenue Fund (24101)

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	1,073,043	1,045,960	1,039,413	(6,547)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,073,043</u>	<u>1,045,960</u>	<u>1,039,413</u>	<u>(6,547)</u>
<i>Expenditures</i>				
Current				
Instruction	884,417	878,822	811,102	67,720
Support services - students	92,837	93,518	93,495	23
Support services - instruction	48,099	34,126	31,881	2,245
Support services - general administration	47,690	39,494	39,486	8
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>1,073,043</u>	<u>1,045,960</u>	<u>975,964</u>	<u>69,996</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>63,449</u>	<u>63,449</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	63,449	63,449
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(170,607)</u>	<u>(170,607)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (107,158)</u>	<u>\$ (107,158)</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ 63,449
Adjustments to revenues for federal flowthrough accruals				136
Adjustments to expenditures for instruction and support services function accruals				(63,585)
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2016

Exhibit D-1

<i>Assets</i>	
Cash and cash equivalents	\$ 108,024
<i>Total assets</i>	<u>\$ 108,024</u>
 <i>Liabilities</i>	
Accounts payable	\$ 136
Deposits held in trust for others	<u>107,888</u>
<i>Total liabilities</i>	<u>\$ 108,024</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies

Hatch Valley Public Schools (the District) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education of the District. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The school board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years. The District operates five schools within the District with a total enrollment of approximately 1,300 pupils. In conjunction with the regular educational programs, some of these schools offer special education. In addition, the School Board provides transportation and school food services for the students.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of the District's management that is responsible for the financial statements. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

During the year ended June 30, 2016, the District adopted GASB Statements No. 72, *Fair Value Measurement and Application*, No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, No. 79, *Certain External Investment Pools and Pool Participants*, and a portion of No 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. GASB Statements Nos. 72, 76, and 79, as well as the implemented portion of Statement No. 73, are required to be implemented for the fiscal year ending June 30, 2016.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement is effective for June 30, 2016 year end and a portion is effective for June 30, 2017 year end. Effective for June 30, 2016 are the amendments for Statement No.s 67 and 68 and assets accumulated for pensions not administered as trusts. The amendments of this pronouncement clarifies application of certain provisions of GASB 67 and 68 with regards to the following issues: (1) Information that is required to be presented as notes to the 10-year schedules of RSI about investment-related factors that significantly affect trends in reported amounts; (2) Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions; and (3) Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

In addition, effective for June 30, 2016 year ends, the requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that, for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

The objective of GASB Statement No. 76 is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements in this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool for measuring all of its investments at amortized cost for financial reporting purposes. Professional judgement is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide for qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

A. Financial Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

The basic—but not the only—criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate the potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

B. Government-wide and fund financial statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis by column, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net position are reported in three parts – Net investment in capital assets, restricted net position; and unrestricted net position.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District does not have any enterprise funds.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation

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

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

Ad valorem taxes (property taxes), and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period; net of estimated refunds and uncollectible amounts for government-wide statements. For fund financial statements these revenues are recognized as revenues when measurable and available. Derived tax revenues are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items (which include state equalization and state revenue sharing) are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by the District's school tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the school except for those items included in other funds. The General Fund includes the *Transportation Fund*, which is used to account for the State Equalization received from the New Mexico Public Education Department which is used to pay for the costs associated with transporting school age children. It also includes the *Instructional Materials Fund*, which is used to account for the monies received from the New Mexico Public Education Department for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

Debt Service Fund is used to accumulate resources for payment of principal and interest due on educational technology bonds. Financing is provided by a special tax levy approved by the voters of the county and assessed by the Dona Ana County Assessor and collected and remitted to the District by the Dona Ana County Treasurer.

Additionally, the District reports the following agency fund:

The *Fiduciary Funds* account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity

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

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the Local Government Investment Pool.

Investments for the District are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. As of June 30, 2016, the District does not have any investments.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

Fair Value Measurements: The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). As of June 30, 2016, there are no items are required to be valued using valuation techniques.

Restricted Assets: The Debt Service Fund is used to report resources set aside for the payment of long-term debt principal and interest.

Receivables and Payables: Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Dona Ana County. The funds are collected by the County Treasurer and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July and August 2016 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2016. Period of availability is deemed to be sixty days subsequent to year end.

Certain Special Revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. As of June 30, 2016 the District does not have any prepaid items.

Inventory: Hatch Valley Public Schools values inventory at lower of cost or market value. The method that the District uses is the consumption approach. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed.

Inventory in the General Fund consists of expendable supplies held for consumption. Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5).

The District was a phase II government for purposes of implementing GASB 34. However, the District does not have any infrastructure assets to report.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Library books are not capitalized because the District does not believe they have a life of more than one year.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Capital expenditures made on the school district's building construction projects by the New Mexico Public School Facilities Authority are included in the District's capital assets as appropriate.

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

Buildings and improvements	15-50 years
Equipment	5-50 years
Land improvements	10-50 years

Accrued Payroll: In the fund financial statements, governmental fund types recognize the accrual of unpaid wages and benefits that employees have earned at the close of each fiscal year. The amount recognized in the fund financial statements represents checks that were held at year end in relation to employee's summer payroll.

Deferred Outflows of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The District has three types of items that qualify for reporting in this category. Accordingly, the items, changes in proportion in the amount of \$418,480, changes of assumptions in the amounts of \$617,322 and employer contributions subsequent to measurement date in the amount of \$1,070,717. These amounts are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources the next period.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

Deferred Inflow of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The District has one type of item, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue - property taxes, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has recorded \$127,613 related to property taxes considered "unavailable." In addition, the District has three types of items present on the Statement of Net Position which arise due the net pension liability. Accordingly, the items, difference in expected and actuarial experience in the amount \$345,482, changes in proportion in the amount of \$114,323 and net difference between projected and actual investments on pension plan investments in the amount of \$159,925 are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences: The District permits administrative employees to accumulate a maximum of 240 hours of earned but unused vacation, which will be paid at the employee's current hourly rate if not used, upon termination from the District. Accumulated sick leave benefits vest with each employee in accordance with District policy. All vacation pay and applicable accumulated sick leave is accrued when incurred in the government-wide financial statements. A liability amount is reported in the government funds only if they are due and payable. No liability is reported for unpaid accumulated sick leave, as no payment is required upon termination of service by the employees.

Long-term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. For bonds issued after the District implemented GASB 34 in the year ended June 30, 2003, bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the amounts are inconsequential compared to the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as an other financing source while discounts on debt issuances are reported as other financing uses.

Fund Balance Classification Policies and Procedures: The District has implemented GASB No. 54 and has defined the various categories reported in fund balance. For committed fund balance, the District's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment is the Board of Education.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

For assigned fund balance, the Board of Education or an official or body to which the School Board of Education delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the District considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the District considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund Balance: At June 30, 2016, the nonspendable fund balance of the District is comprised of inventory in the food service fund in the amount of \$7,127, of which is considered not in spendable form.

Restricted and Committed Fund Balance: At June 30, 2016, the restricted fund balance on the governmental funds balance sheet is made up of \$170,887 for providing education to the students of the District, \$207,671 for the renovation and/or expansion of District facilities, \$834,141 for the payment of principal and interest of the future debt service requirements, and \$186,181 for committed fund balance for subsequent year expenditures.

Minimum Fund Balance Policy: The District's does not have a policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies.

Net Position: Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The district had \$131,518 in unspent bond proceeds as of June 30, 2016.
- b. Restricted Net Position: Net position is reported as restricted when constraints are placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, debt service, and capital projects" are described on pages 35 and 70-73.
- c. Unrestricted Net Position: All other net positions that do not meet the definition of "restricted" or "Net Investment in Capital Assets."

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the District are management's estimate of estimated useful lives, net pension liability and related deferred inflows and outflows of resources, and the current portion of accrued compensated absences.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (continued)

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

E. Revenues

State Equalization Guarantee: School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each District to ensure that the District's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the District's program cost". A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$9,422,968, in state equalization guarantee distributions during the year ended June 30, 2016.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. Dona Ana County collects county, city and school taxes and distributes some to each fund once per month except in June when the taxes are distributed twice to close out the fiscal year. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District recognized \$1,007,043 in tax revenues in the governmental fund financial statements during the year ended June 30, 2016. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each School district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$696,356 in transportation distributions during the year ended June 30, 2016.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Revenues (continued)

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various Districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the Public Education Department “State Adopted Instructional Material” list, while thirty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2016 totaled \$90,572. Allocations received and utilized are reflected in revenues and expenditures of the General Fund.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1 of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. However, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary. The District received \$109,862 in state SB-9 matching during the year ended June 30, 2016.

Public School Capital Outlay: Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used for capital expenditures deemed by the public school capital outlay council (PSCOC) necessary for an adequate educational program per Section 22-24-4(B), core administrative function of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4 (G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L). The District did not receive any PSCOC awards during the year ended June 30, 2016.

Federal Grants: The District receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as *Special Revenue Funds*. Each program operates under its own budget, which has been approved by the Federal Department or the flow through agency (usually the New Mexico Public Education Department). The various budgets are approved by the local School Board and the New Mexico Public Education Department.

NOTE 2. Stewardship, Compliance, and Accountability

Budgetary Information

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 2. Stewardship, Compliance, and Accountability (continued)

Budgetary Information (continued)

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

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

The District's expenditures are budgeted on a cash basis, with the exception of those expenditures related to payroll. Payroll expenditures are budgeted on the accrual basis and the beginning fund balance and current year actual expenditures on the budgetary comparisons in those funds that have accrued payroll for held checks at year end have been adjusted to account for this requirement.

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

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

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico Public Education Department.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 2. Stewardship, Compliance, and Accountability (continued)

Budgetary Information (continued)

7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. 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 schedules included in the accompanying financial statements reflect the original budget and the final budget.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico Administrative Code 6.20.2.9 prohibits a school district from exceeding budgetary control at the function level.

The appropriated budget for the year ended June 30, 2016, was properly amended by the Board of Education throughout the year. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ (354,309)	\$ (384,882)
Title I - IASA Special Revenue Fund	\$ -	\$ -
Debt Service	\$ (754,914)	\$ (770,425)
Nonmajor Funds	\$ (960,268)	\$ (1,138,305)

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each nonmajor governmental fund are included in each individual budgetary comparison.

NOTE 3. Deposits and Investments

Section 22-8-40, NMSA 1978 authorizes the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. As of June 30, 2016 the District did not have any investments.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized by the financial institution as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance. The collateral pledged is listed on Schedule II in this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, District or political subdivision of the State of New Mexico.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposits and Investments (continued)

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

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

Beginning January 1, 2013, all of the District's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all deposit accounts out of state and up to \$250,000 for all time and saving accounts plus up to \$250,000 for all demand deposit accounts held at a single institution in state.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2016, \$754,158 of the District's bank balance of \$1,084,363 was subject to custodial credit risk. \$555,956 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name. \$198,202 of the District's deposits was uninsured and uncollateralized at June 30, 2016.

	<u>Bank of the West</u>	<u>Wells Fargo</u>	<u>Total</u>
Amount of deposits	\$ 80,205	\$ 1,004,158	\$ 1,084,363
FDIC Coverage	<u>(80,205)</u>	<u>(250,000)</u>	<u>(330,205)</u>
Total uninsured public funds	<u>-</u>	<u>754,158</u>	<u>754,158</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>-</u>	<u>555,956</u>	<u>555,956</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ 198,202</u>	<u>\$ 198,202</u>
Collateral requirement (50% of uninsured funds)	\$ -	\$ 377,079	\$ 377,079
Pledged collateral	<u>388,251</u>	<u>555,956</u>	<u>944,207</u>
Over (Under) collateralized	<u>\$ 388,251</u>	<u>\$ 178,877</u>	<u>\$ 567,128</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposits and Investments (continued)

Repurchase Agreement

Custodial Credit Risk – Investments For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged to be delivered for securities underlying an overnight repurchase agreement, or a joint safekeeping receipt be issued to the District for at least one hundred two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution. At June 30, 2016, \$889,293 of the District’s investment balance was exposed to custodial credit risk because it was collateralized by collateral held by the counterparty, not in the District’s name.

Repurchase Agreement:

	Bank of the West
Repurchase agreements	\$ 889,293
Total uninsured public funds	889,293
Securities underlying an overnight repurchase agreement	889,293
Total investments subject to custodial credit risk	\$ 889,293
Collateral requirement for repurchase agreements (102% of value of underlying securities)	907,079
Pledged collateral	907,079
Over (Under) collateralized	\$ -

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 3. Deposits and Investments (continued)

Reconciliation of Cash and Cash Equivalents

Cash and cash equivalents per Exhibit A-1	\$	1,210,589
Restricted cash and cash equivalents per Exhibit A-1		546,940
Restricted investments per Exhibit A-1		111,346
Agency funds cash per Exhibit D-1		<u>108,024</u>
 Total cash and cash equivalents		 <u>1,976,899</u>
 Add: outstanding checks and other reconciling items		 128,525
Less: petty cash		(250)
Less: restricted investments with NMFA		(111,346)
Less: restricted cash and cash equivalents with NMFA		<u>(20,172)</u>
 Bank balance of deposits and repurchase agreements	 \$	 <u><u>1,973,656</u></u>

NOTE 4. Receivables

Accounts receivable for governmental activities as of June 30, 2016 are as follows:

	General Fund	Title I - IASA Special Revenue Fund	Debt Service Fund	Other Governmental Funds	Total
Property taxes receivable	\$ 9,488	\$ -	\$ 135,857	\$ 142,566	\$ 287,911
Intergovernmental receivables					
State	17,390	-	-	212,541	229,931
Federal	<u>-</u>	<u>265,860</u>	<u>-</u>	<u>151,686</u>	<u>417,546</u>
 Totals	 <u>\$ 26,878</u>	 <u>\$ 265,860</u>	 <u>\$ 135,857</u>	 <u>\$ 506,793</u>	 <u>\$ 935,388</u>

In accordance with GASB No. 33, property tax revenues in the amount of \$127,613 that were not collected within the period of availability and have been reclassified as deferred inflow of resources in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 5. Interfund Receivables and Payables, and Transfers

The District's fund financial statements include inter-fund receivables and payables to enable the funds to operate until grant monies are received. The composition of inter-fund balances as of June 30, 2016 is as follows:

	<u>Due From</u>	<u>Due To</u>
Major Funds:		
11000 General Fund	\$ 359,992	\$ -
24101 Title I - IASA Special Revenue Fund	-	107,158
Non-major Funds:		
22000 Athletics	-	1,530
24103 Migrant Children Education	-	1,453
24106 Entitlement IDEA-B	-	67,340
24107 Discretionary IDEA-B	-	5,730
24109 Preschool IDEA-B	-	4,642
24153 English Language Acquisition	-	9,765
24154 Title IIA Teacher/Principal Training & Recruiting	-	5,160
24160 Rural & Low Income Schools	-	20,945
24163 Immigrant Funding Title III	-	1,587
24183 USDA School Equipment	-	7,308
24201 Title I - IASA Federal Stimulus	-	306
27103 Dual Credit Instructional Materials/HB2	-	723
27114 New Mexico Reads to Lead K-3 Reading Initiative	-	5,752
27149 Pre-K Initiative	-	15,795
27166 Kindergarten Three Plus	-	69,010
27168 After School Enrichment Program	-	13,223
27194 Social Workers for Middle Schools	-	568
28190 GRADS Instruction	-	21,997
	<u>\$ 359,992</u>	<u>\$ 359,992</u>

All interfund balances are to be repaid within one year.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 5. Interfund Receivables and Payables, and Transfers (continued)

The District's fund financial statements include inter-fund receivables and payables due to prior year amounts being carried forward from year-to-year causing incorrect balance in fund balance. These adjustments as of June 30, 2016 is as follows:

	<u>Due to special revenue funds</u>	<u>Due from general fund</u>
Major Funds:		
11000 General Fund	\$ 41,926	\$ -
Non-major Funds:		
24103 Migrant Children Education	-	1,453
24106 Entitlement IDEA-B	-	3,984
24107 Discretionary IDEA-B	-	5,730
24109 Preschool IDEA-B	-	3,219
24153 English Language Acquisition	-	4,702
24160 Rural & Low Income Schools	-	20,945
24163 Immigrant Funding Title III	-	1,587
24201 Title I - IASA Federal Stimulus	-	306
	<u>\$ 41,926</u>	<u>\$ 41,926</u>

The District's fund financial statements include permanent cash transfers. These adjustments as of June 30, 2016 are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds:		
11000 General Fund	\$ -	\$ 155,000
Non-major Funds:		
21000 Food Services	155,000	-
	<u>\$ 155,000</u>	<u>\$ 155,000</u>

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2016 follows. Land and construction in progress are not subject to depreciation.

	<u>Balance</u> <u>June 30, 2015</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 817,369	\$ -	\$ -	\$ -	\$ 817,369
Construction in progress	-	-	28,502	-	28,502
Total capital assets not being depreciated	<u>817,369</u>	<u>-</u>	<u>28,502</u>	<u>-</u>	<u>845,871</u>
Capital assets being depreciated:					
Buildings and improvements	34,379,642	5,725,279	55,720	148,717	40,011,924
Equipment	4,012,396	(1,355,144)	23,620	31,762	2,649,110
Land improvements	3,494,921	(19,130)	517,856	-	3,993,647
Total capital assets being depreciated	<u>41,886,959</u>	<u>4,351,005</u>	<u>597,196</u>	<u>180,479</u>	<u>46,654,681</u>
Total capital assets	<u>42,704,328</u>	<u>4,351,005</u>	<u>625,698</u>	<u>180,479</u>	<u>47,500,552</u>
Less accumulated depreciation:					
Buildings and improvements	11,943,283	(435,317)	879,039	65,435	12,321,570
Equipment	2,927,930	(1,228,390)	172,874	23,915	1,848,499
Land improvements	1,479,093	-	164,151	-	1,643,244
Total accumulated depreciation	<u>16,350,306</u>	<u>(1,663,707)</u>	<u>1,216,064</u>	<u>89,350</u>	<u>15,813,313</u>
Total capital assets, net of depreciation	<u>\$ 26,354,022</u>	<u>\$ 6,014,712</u>	<u>\$ (590,366)</u>	<u>\$ 91,129</u>	<u>\$ 31,687,239</u>

Depreciation expense for the year ended June 30, 2016 was charged to governmental activities as follows:

Instruction	\$ 879,234
Support services – instruction	52,661
Operations and maintenance of plant	151,657
Student transportation	122,010
Food services	10,502
	<u>\$ 1,216,064</u>

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 6. Capital Assets (continued)

Adjustments in the current year were due from items that were present on the District capital assets listing that the District disposed of in prior years. In addition, an asset was added that was missing from total in prior years.

NOTE 7. Long-term Debt

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued in prior years was \$6,025,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2016 are for governmental activities.

Bonds outstanding at June 30, 2016 are comprised of the following:

	<u>Series 2008</u>	<u>Series 2009</u>	<u>Series 2011</u>
Original Issue:	\$ 600,000	\$ 950,000	\$ 750,000
Principal:	August 1	August 1	August 1
Interest:	August 1	August 1	August 1
	February 1	February 1	February 1
Interest Rates:	2.60%-3.7%	3.0%-3.5%	.64%-2.69%
Maturity Date:	August 2016	August 2018	August 2020
	<u>Series 2012</u>	<u>Series 2012B</u>	<u>Series 2013</u>
Original Issue:	\$ 550,000	\$ 1,000,000	\$ 650,000
Principal:	August 1	August 1	August 1
Interest:	August 1	August 1	August 1
	February 1	February 1	February 1
Interest Rates:	.70%-2.03	2%	.2 to 2.8%
Maturity Date:	August 2021	August 2022	August 2023
	<u>Series 2014</u>	<u>Series 2015</u>	
Original Issue:	\$ 725,000	\$ 800,000	
Principal:	August 1	August 1	
Interest:	August 1	August 1	
	February 1	February 1	
Interest Rates:	.2 to 2.8%	.214%-2.464%	
Maturity Date:	August 2024	August 2025	

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 7. Long-term Debt (continued)

The following is a summary of the long-term debt and the related activity for the year ended June 30, 2016:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2016</u>	<u>Due Within One Year</u>
General obligation bonds					
Series 8/1/2007	145,000	-	145,000	-	-
General obligation bonds					
Series 8/1/2008	210,000	-	100,000	110,000	110,000
General obligation bonds					
Series 8/1/2009	825,000	-	125,000	700,000	200,000
General obligation bonds					
Series 8/1/2011	655,000	-	100,000	555,000	100,000
General obligation bonds					
Series 8/1/2012	490,000	-	50,000	440,000	50,000
General obligation bonds					
Series 8/1/2012B	800,000	-	100,000	700,000	100,000
General obligation bonds					
Series 8/1/2013	565,000	-	25,000	540,000	25,000
General obligation bonds					
Series 8/1/2014	725,000	-	30,000	695,000	60,000
General obligation bonds					
Series 8/1/2015	-	800,000	-	800,000	85,000
Compensated Absences	104,318	61,988	75,448	\$ 90,858	48,835
Total Long-Term Debt	<u>\$ 4,519,318</u>	<u>\$ 861,988</u>	<u>\$ 750,448</u>	<u>\$ 4,630,858</u>	<u>\$ 778,835</u>

The annual requirements to amortize all general obligation bonds outstanding as June 30, 2016, including interest payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2017	\$ 730,000	\$ 80,466	\$ 810,466
2018	635,000	62,800	697,800
2019	650,000	47,351	697,351
2020	500,000	34,165	534,165
2021	520,000	24,310	544,310
2022-2026	1,505,000	33,005	1,538,005
	<u>\$ 4,540,000</u>	<u>\$ 282,097</u>	<u>\$ 4,822,097</u>

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2016, the long-term portion of compensated absences decreased \$13,460 over the prior year accrual. Compensated absences are usually paid from the general fund. See Note 1 for more details.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 8. Risk Management

The District is a member of the New Mexico Public School Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible for contents and \$10,000 deductible for each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$500,000 per occurrence for Faithful Performance. A limit of \$500,000 applies to Depositor's Forgery, Credit Card Forgery and Money Orders. A limit of \$100,000 applies to Money and Security, which includes a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2016, there have been no claims that have exceeded insurance coverage.

NOTE 9. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A. Deficit Fund Balances: The following funds maintained a deficit fund balance at June 30, 2016:

Nonmajor Funds

Food Services Special Revenue Fund - 21000	\$	77,238
Athletics Special Revenue Fund - 22000		1,530
Kindergarten Three Plus Special Revenue Fund - 27166		2,233
GRADS Instruction Special Revenue Fund		10,850

The District incurred more expenditures than revenues received in these funds in the current year. The District anticipates these fund balances will not be in a deficit state in subsequent years from transfers from other funds.

- B. Excess of expenditures over appropriations: The District did not have any funds with line item expenditures in excess of budget for the year ended June 30, 2016.
- C. Designated cash appropriations in excess of available balance: There was one fund of the District exceeded the budget cash appropriations for the year ended June 30, 2016.

<u>Special Revenue Funds</u>	<u>Designated Cash</u>	<u>Beginning Year Cash & AR Available</u>	<u>Cash Appropriation in Excess of Available Cash</u>
Healthier Schools DOH Special Revenue Fund (28155)	\$6,676	\$6,321	\$355

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan – Educational Retirement Board

General Information about the Pension Plan

Plan description. ERB was created by the state’s Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees’ Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state’s public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates.

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at www.nmerb.org.

Benefits provided. A member’s retirement benefit is determined by a formula which includes three component parts: the member’s final average salary (FAS), the number of years of service credit, and a 0.0235 multiplier. The FAS is the average of the member’s salaries for the last five years of service or any other consecutive five-year period, whichever is greater. A brief summary of Plan coverage provisions follows:

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member’s age and earned service credit add up to the sum of 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member’s age and earned service credit add up to the sum of 80 or more; the member is at least sixty- seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member’s accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member’s surviving beneficiary. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor’s benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor’s benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member’s retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the Cola would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan – Educational Retirement Board (continued)

All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

Contributions. The contribution requirements of plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.90% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District and component unit were \$1,070,717 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015. At June 30, 2016, the District reported a liability of \$17,947,843 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2015. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2015, the District's proportion was 0.27709 percent, which was a decrease of 0.00269 from its proportion measured as of June 30, 2014.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan – Educational Retirement Board (continued)

For the year ended June 30, 2016, the District recognized pension expense of \$1,610,000. At the June 30, 2016, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 345,482
Net difference between projected and actual earnings on pension plan investments	-	159,925
Changes of assumptions	617,322	-
Changes in proportion	418,487	114,329
District's contributions subsequent to the measurement date	1,070,717	-
Total	\$ 2,106,526	\$ 619,736

\$1,070,717 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of June 30, 2015, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$	93,959
2018		82,566
2019		(9,711)
2020		249,259
2021		-
Thereafter		-

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan – Educational Retirement Board (continued)

Actuarial assumptions. The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on actuarial valuation and performed as of June 30, 2015. The liabilities reflect the impact of Senate Bill 115, signed into law March 29, 2013 and new assumptions adopted by the Board of Trustees on June 12, 2015. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by the Board on June 12, 2015 in conjunction with the six year experience study period ending June 30, 2014.
5. For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

The actuarial methods and assumptions used to determine contributions rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increases	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	90% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2014 using Scale AA (one year setback for females)

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan – Educational Retirement Board (continued)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. ERB's investment allocation policy was reviewed and amended by the Board of Trustees on June 14, 2014. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following schedule shows the current asset allocation policy adopted June 14, 2014 as well as the prior allocation policy targets.

Comparative Schedule of Target Investment Allocation

Asset Class	Target Allocation	
	After 6/14/2014	Prior to 6/14/2014
Equities		
<i>Domestic Equities</i>		
Large cap equities	18%	20%
Small- mid cap equities	2%	2%
<i>International Equities</i>		
Developed	5%	5%
Emerging markets	10%	10%
Total equities	35%	37%
Fixed Income		
Opportunistic credit	20%	20%
Core bonds	6%	7%
Emerging market debt	2%	2%
Total fixed income	28%	29%
Alternatives		
Real estate - REITS	7%	5%
Real assets	8%	7%
Private equity	11%	8%
Absolute return	0%	3%
Global asset allocation	5%	5%
Risk parity	5%	5%
Total alternatives	36%	33%
Cash	1%	1%
Total	100%	100%

For the years ended June 30, 2015 and 2014, the annual money-weighted rates of return on pension plan investments were for each asset class above 4.06% and 14.71%, respectively.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 10. Pension Plan – Educational Retirement Board (continued)

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2014 and June 30, 2013. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB’s defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2014. In particular, the table presents the (employer’s) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease	Current Discount Rate	1% Increase
	(6.75%)	(7.75%)	(8.75%)
District's proportionate share of the net pension liability	\$ 24,150,041	\$ 17,947,857	\$ 12,737,377

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2015 and June 30, 2014 which are publicly available at www.nmerb.org.

Payables to the pension plan. The Gadsden Independent Schools remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2016 the District owed the ERB \$331,092 for the contributions withheld in the month of June 2016.

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan

Plan Description. 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.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

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

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

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

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2016, the statute required each participating employer to contribution 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contribution to the RHCA for the years ended June 30, 2016, 2015, and 2014 were \$154,663, \$157,365, and \$153,404, respectively, which equal the required contributions for each year.

NOTE 12. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial. The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 13. Concentrations

The District depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State Appropriations.

NOTE 14. Net Position Restatement

The District has a prior period adjustment of \$6,014,712 which was required for correcting prior period balance of capital assets. Assets were incorrectly being carried forward that were no longer in existence at the District and a building was missing from the listing which has been added as of June 30, 2016. See Note 6 for more information.

NOTE 15. Subsequent Events

The date to which events occurring after June 30, 2016, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is October 26, 2016, which is the date on which the financial statements were issued.

The District entered into Series 2016 General Obligation Bonds in the amount of \$825,000. The closing date was September 23, 2016. Principal is due August 1 with a maturity date of September 1, 2026. The GO Bonds have an interest rate of 0.23533% to 0.99553%.

The District sold a piece of land on July 27, 2016 for \$405,998. The full amount of this will be considered a gain as this land was donated to the district in a previous year. Property location is Weiler's 2nd Addition to Hatch, Block 20, Dona Aña County.

NOTE 16. Commitments

The District has various projects at the middle school totaling approximately \$157,281 as of June 30, 2016.

NOTE 17. Restricted Net Position

The government-wide statement of net position reports \$1,614,056 of restricted net position, all of which is restricted by enabling legislation. For descriptions of the related restrictions for net position restricted for special revenue, debt service and capital projects, see pages 35 and 70-73.

NOTE 18. Payroll Related Expenditures

The District's expenditures are budgeted on a cash basis, with the exception of those expenditures related to payroll.

Payroll expenditures are budgeted on the accrual basis and the beginning fund balance and current year actual expenditures are budgeted on the budgetary comparisons in those funds have accrued payroll for held checks at year end have been adjusted to account for this requirement.

Preschool IDEA-B 24109	\$ (360)
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STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 19. Joint Powers Agreements and MOU's

Ben Archer Health Center

Participants – Ben Archer Health Center
Hatch Valley Public Schools

Responsible party – Ben Archer Health Center and Hatch Valley Public Schools
Description – To establish behavioral health services at Hatch Valley Public Schools

Beginning date – June 18, 2013

Ending date – Until withdrawn

Estimated amount of project – none

Amount contributed – No charges exchanged

Audit responsibility – Hatch Valley Public Schools

Fiscal agent – No charges exchanged

School Resource Officer

Participants – Village of Hatch
Hatch Valley Public Schools

Responsible party – Village of Hatch

Description – To provide and manage a School Resource Officer Program in the District.

Beginning date – August 11, 2014

Ending date – Until withdrawn

Estimated amount – \$45,000

Audit responsibility – Hatch Valley Public Schools

Fiscal agent – Village of Hatch and Hatch Valley Public Schools

Truancy Support

Participants – Ngage New Mexico
Hatch Valley Public Schools

Responsible party – Both

Description – To provide for the “success partnership,” a County-wide education initiative that embraces a collective impact model.

Beginning date – December 31, 2015

Ending date – December 31, 2016

Estimated amount – unknown

Amount contributed- no charges exchanged

Audit responsibility – Hatch Valley Public Schools

Fiscal agent – Village of Hatch and Hatch Valley Public Schools

NOTE 20. Subsequent Pronouncements

In June 2015, GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, was issued. Effective Date: A portion of this provision of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not affect the District's financial statements.

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The District expects this pronouncement to have a material effect on the financial statements.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to the Financial Statements
June 30, 2016

NOTE 20. Subsequent Pronouncements (continued)

In August 2015, GASB Statement No. 77 *Tax Abatement Disclosures*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The District will implement this standard during the fiscal year ended June 30, 2017. The District is still evaluating how this pronouncement will affect the financial statements.

In December 2015, GASB Statement No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In January 2016, GASB Statement No. 80 *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In March 2016, GASB Statement No. 81 *Irrevocable Split-Interest Agreements*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In March 2016, GASB Statement No. 82 *Pension Issues-an amendment of GASB Statement No. 67, No. 68, and No.73*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
Hatch Valley Public Schools
Schedule of Proportionate Share of the Net Pension Liability
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

Schedule I

	2016	2015
	Measurement	Measurement
	Date (As of and	Date (As of and
	for the Year	for the Year
	Ended June 30,	Ended June 30,
	2015)	2014)
Hatch Valley Public School's proportion of the net pension liability (asset)	0.2771%	0.2798%
Hatch Valley Public Schools proportionate share of the net pension liability (asset)	\$ 17,947,843	\$ 15,963,485
Hatch Valley Public Schools covered-employee payroll	7,876,832	7,295,766
Hatch Valley Public Schools proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	228%	219%
Plan fiduciary net position as a percentage of the total pension liability	63.97%	66.34%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Hatch Valley Public Schools will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Schedule of Contributions
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

Schedule II

	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
Contractually required contribution	\$ 1,070,717	\$ 1,094,880
Contributions in relation to the contractually required contribution	<u>1,070,717</u>	<u>1,094,880</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Hatch Valley Public Schools covered-employee payroll	7,702,999	7,876,832
Contribution as a percentage of covered-employee payroll	13.90%	13.90%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Hatch Valley Public Schools will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Notes to Required Supplementary Information
June 30, 2016

Changes of benefit terms.

The COLA and retirement eligibility benefits changes in recent years are described in the Benefits Provided subsection of the financial statement note disclosure Pension Plan – Educational Retirement Board, General Information on the Pension Plan.

Changes of assumptions.

The Board of Trustees approved the following economic and demographic assumptions used in the fiscal year 2015 actuarial calculation of the total pension liability on June 12, 2015:

- 1) Lower wage inflation from 4.25% to 3.75%
- 2) Update the mortality tables to incorporate generational improvements
- 3) Update demographic assumptions to use currently published tables, which may result in minor calculation changes
- 4) Maintain in current 3.00% inflation assumption
- 5) Retain net 4.75% real return assumption
- 6) Retain 7.75% nominal return assumption
- 7) No change to COLA assumption of 2.00% per year
- 8) Maintain current payroll growth assumption of 3.50%
- 9) Maintain experience-based rates for members who joined NMERB by June 30, 2010
- 10) Remove population growth assumption for projections
- 11) Lower population growth from .50% to zero (no impact on valuation results)

Assumption changes increased the Education Retirement Board's total pension liability by \$299,084,856 for fiscal year ending June 30, 2015 as a result of the changes of assumptions described above.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
Hatch Valley Public Schools
Nonmajor Governmental Fund Descriptions
June 30, 2016

SPECIAL REVENUE FUNDS

Food Services (21000) – This fund is used to is utilized to account for Federal and Local sources of income relating to the food service programs. The Food Service Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. Authority for the creation of this fund is NMSA 22-13-13.

Athletics (22000) – This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC.

Migrant Children Education (24103) – To account for federal sources administered by the State Public Education Department to provide for special education needs of children of migratory agricultural workers. Authority for the creation of this fund is (P.L. 100-297).

Entitlement IDEA-B (24106) – The IDEA-B Entitlement/Competitive program is to provide grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Sections 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

Discretionary IDEA-B (24107) – The purpose of this program is to provide administrators and program directors with information and strategies that will support licensed and waived teachers in the areas of special education with day-to-day functions of the classroom. Authority for creation of this fund is Individuals with Disabilities Education Act (IDEA), Part B, Sections 611-617, and Part D, Section 674 as amended, 20 U.S.C. 1411-1417 and 1420, Public Law 105-17.

New Mexico Autism Project (24108) – The purpose of this fund is to support the District’s implementation of the New Mexico Autism Project (NMAP) to improve the outcomes for students with Autism Spectrum Disorders. The intention of this funding may include, but is not limited to NMAP professional development, NMAP curriculum materials, travel expenses related to NMAP trainings, and supplies related to NMAP. Authority for creation of this fund is Part-B Individuals with Disabilities Education Act Special Education Grants to States.

Preschool IDEA-B (24109) – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17.

IDEA-B “Risk Pool” (24120) –To provide additional funding in connection with Individuals with Disabilities Education Act (IDEA) for children who are considered “high cost special education needs.” Local government agencies who meet qualifications will receive this funding. Any unexpended funds will be reallocated by the State to all school districts. Hatch Valley Public Schools did not submit an application for these funds but received monies due to the reallocation component.

English Language Acquisition (24153) – To provide funds to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards. Authority for creation of this fund is the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, and Sections 3101, 3129.

Teacher IIA Teacher/Principal Training & Recruiting (24154) – To improve the skills of teachers and the quality of instruction in mathematics and science and also to increase the accessibility of such instruction to all students. Authority for the creation of this fund is the Rehabilitation Act of 1973, as amended, Title III, Section 303(b)-(d).20 U.S.C. 777a and 797a.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Nonmajor Governmental Fund Descriptions
June 30, 2016

SPECIAL REVENUE FUNDS (Continued)

Rural & Low Income Schools (24160) – To account for funds used to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Authorized by Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

Title I School Improvement (24162) – To account for funds used specifically to improve student achievement in Title I schools with a status of priority or focus. Authorized by Elementary and Secondary Education Act of 1965 (ESEA), as amended, Title I, Part A, 20 U.S.C 6301 et seq.

Immigrant Funding Title III (24163) – Implement district-wide bilingual education programs or special alternative instruction programs to improve, reform, and upgrade relevant programs and operations, within an entire local educational agency, that serve a significant number of children and youth limited English proficiency in local educational agencies with significant concentrations of such children and youth. The program is authorized by Title III, P.L. 107-116.

USDA School Equipment Assistance Program (24183) - To be used for the purchase of new kitchen equipment under the USDA School Equipment Grants funded by the National School Lunch Program. Authority for creation of this fund is through the National School Lunch Program CFDA 10.579.

Title I-IASA - Federal Stimulus (24201) – This fund is used to account for resources provided under the American Recovery and Reinvestment Act of 2009 (ARRA). These federal funds are intended to create an opportunity for educators to implement strategies that will improve education for at-risk students and close the achievement gaps while also stimulating the economy.

Headstart (25127) – To account for federal resources administered by the U.S. Department of Health and Human Services to provide comprehensive early childhood development for disadvantaged preschool children and their families. (Community Opportunities, Accountability and Training Act of 1998) Hatch valley Public Schools' Headstart funding flows through Las Cruces Public School District.

Title XIX - Medicaid 3/21 Years (25153) – To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. Authority for the creation of this fund is the Social Security Act, Title XIX, as amended; Public Laws 89-97, 90-248, and 91-56; 42 U.S.C. 1396 et seq., as amended; Public Law 92-223; Public Law 92-603; Public Law 93-66; Public Law 93-233; Public Law 96-499; Public Law 97-35; Public Law 97-248; Public Law 98-369; Public Law 99-272; Public Law 99-509; Public Law 100-93; Public Law 100-202; Public Law 100-203; Public Law 100-360; Public Law 100-436; Public Law 100-485; Public Law 100-647; Public Law 101-166; Public Law 101-234; Public Law 101-239; Public Law 101-508; Public Law 101-517; Public Law 102-234; Public Law 102-170; Public Law 102-394; Public Law 103-66; Public Law 103-112; Public Law 103-333; Public Law 104-91; Public Law 104-191; Public Law 104-193; Public Law 104-208, 104-134; Balanced Budget Act of 1997, Public Law 105-33; Public Law 106-113; Public Law 106-554; Public Law 108-27; Public Law 108-173; Public Law 109-91; Public Law 109-171; Public Law 109-432; Public Law 110-28.

Dual Credit Instructional Materials/ HB2 (27103) – To account for House Bill 2, 2009 which makes an appropriation for Dual Credit Instructional materials. The dual credit instructional materials must be for a course approved by Higher Education Department and through a college/university for which the District has an approved agreement.

2012 GO Bond Student Library (27107) – This award allows schools to acquire library books, equipment and library resources for public school library resources for public school libraries statewide. The funding was made available through Senate Bill 66, Laws of 2012, 2nd Session, 2012 Senate and House Bill.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Nonmajor Governmental Fund Descriptions
June 30, 2016

SPECIAL REVENUE FUNDS (Continued)

New Mexico Reads to Lead K-3 Reading Initiative (27114) – This fund is to account for funds received to provide children with a firm foundation in literacy and who are not only prepared for future academic success, but will possess a lifelong gift of reading. New Mexico's early reading initiative, New Mexico Reads to Lead, provides an aligned approach for districts and schools to ensure that children can read by the end of third grade—giving them essential skills for future career and college success. The New Mexico Reads to Lead! Initiative funds a reading K–3 Formative Assessment System provided to districts at no cost. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators. In addition, this site highlights literacy resources for parents, teachers, administrators, and other stakeholders. Please visit often as the content will be regularly updated. Authority for the creation of this fund is the New Mexico Public Education Department.

Pre-K Initiative (27149) — To account for funds received to prepare children for success in school, begin to close the achievement gap between students, and help meet the vision of a seamless education system — Pre-Kindergarten through higher education. Authority for the creation of this fund is the New Mexico Public Education Department.

Kindergarten Three Plus (27166) – Funds allow for an extended school year for Kindergarten through third grade students. The program focuses on acclimating young students to the structure of a classroom environment and spending additional time to prepare them for the next grade. Authority for the creation of this fund is the New Mexico Public Education Department.

After School Enrichment Program (27168) – This fund is to be used to implement the District's After School and Summer Enrichment Programs. Authority for the creation of this fund is the New Mexico Public Education Department. The After School and Summer Enrichment Programs are used to create learning centers that will provide students a broad range of exceptional, school-linked learning and development opportunities, designed to complement the students' regular academic program. Authority for the creation of this fund is the New Mexico Public Education Department.

2013 Pre-K Classrooms (27177) – This fund is to be used to renovate and construct pre-kindergarten classrooms. Hatch Valley Public Schools was awarded the amount to plan, design and construct 1 pre-k classroom at Hatch Elementary School. Construction shall meet the current kindergarten adequacy standards (6.27.30 NMAC). This award does not include the purchase of equipment or furniture. The funding was made available through Laws of 2014, HB-55, Chapter 66, Section 47.

S.T.E.M Teacher Initiative (27181) – Funds are used for STEM Teacher recruitment and/or stipend retention. Authority for the creation of this fund is the New Mexico Public Education Department.

NM Grown FVV (27183) – This funding is to be used to implement the New Mexico-Grown Fresh Fruit and Vegetables (NMFFV) program. All state funds for NMFFV are to be spent only on produce grown in New Mexico. Authority for the creation of this fund is the New Mexico Public Education Department.

Social Workers for Middle Schools (27194) – This funding is to be used to hire a Middle School Social Worker. Authority for the creation of this fund is the New Mexico Public Education Department, Special Appropriation Fund.

NM Highway Dept (Road) (28120) - To account for funding received through the New Mexico Department of Transportation specifically for Hatch Valley Public Schools to excavate and repave 6 areas, including subgrade prep, base course, Garfield Elementary, Bear avenue intersection with Rio Grande Elementary bus loop, Bear Avenue at intersection with E. Herrera road, Rio Grande Elementary Cafeteria Road, and bus yard. Authorization for the creation of this fund is the New Mexico Public Education Department with approval from the NM Department of Transportation Commission.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Nonmajor Governmental Fund Descriptions
June 30, 2016

SPECIAL REVENUE FUNDS (Continued)

Healthier Schools DOH (28155) – This grant is an MOA with the New Mexico Department of Health and Hatch Valley Public Schools to implement at least one youth-led Community transformation Grant (CTG) for strategic direction in the education system to encourage healthy eating among elementary school age children and to implement at least on youth-led CTG strategic direction in the food system to encourage healthy eating.

GRADS Child Care (28189) – To account for a program funded by the Public Education Department for the purpose to establish and maintain an in-school, family and consumer science instructional and intervention program for pregnant and parenting students, which focuses on knowledge and skills related to positive self, pregnancy, parenting and economic independence. Special Revenue fund established by the local school board.

GRADS Instruction (28190) – To account for a program funded by the Public Education Department for the purpose to establish and maintain an in-school, family and consumer science instructional and intervention program for pregnant and parenting students, which focuses on knowledge and skills related to positive self, pregnancy, parenting and economic independence. Special Revenue fund established by the local school board.

GRADS Plus (28203) - To account for a program as an instructional component for teenage parents to be used for summer case management and GRADS case management period. Special Revenue fund established by the local school board.

CAPITAL FUNDS PROJECT

Bond Building (31100) – The purpose of this fund is to account for bond proceeds plus any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District. Authority for the creation of this fund is the New Mexico Public Education Department.

Public School Capital Outlay (31200) – The purpose of this fund is to account for funds received from the local ad valorem tax levy for use in remodeling and equipping classroom facilities. Funding authority is the New Mexico Public Education Department.

Special Capital Outlay (31300) – To account for resources received by revenue generated local sources for the purpose of remodeling and improvements on existing structures. Funding authority is the New Mexico Public Education Department.

SB-9 Capital Improvements (31700) – To account for resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Funding authority is the New Mexico Public Education Department.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue			
	Food Services 21000	Athletics 22000	Migrant Children Education 24103	Entitlement IDEA-B 24106
<i>Assets</i>				
Cash and cash equivalents	\$ 1,353	\$ -	\$ -	\$ -
Property taxes receivable	-	-	-	-
Intergovernmental receivables	11,154	-	-	99,416
Inventory	7,127	-	-	-
Due from general fund	-	-	1,453	3,984
<i>Total assets</i>	\$ 19,634	\$ -	\$ 1,453	\$ 103,400
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 48,438	\$ -	\$ -	\$ -
Accrued payroll	48,434	-	-	36,060
Due to NM Public Education Department	-	-	-	-
Due to other funds	-	1,530	1,453	67,340
<i>Total liabilities</i>	96,872	1,530	1,453	103,400
<i>Deferred inflows of resources</i>				
Unavailable revenue- property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	-	-	-	-
<i>Fund balances</i>				
Nonspendable:				
Inventory	7,127	-	-	-
Spendable				
Restricted for:				
Educational purposes	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	(84,365)	(1,530)	-	-
<i>Total fund balances</i>	(77,238)	(1,530)	-	-
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 19,634	\$ -	\$ 1,453	\$ 103,400

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

Special Revenue

Discretionary IDEA-B 24107	New Mexico Autism Project 24108	Preschool IDEA-B 24109	IDEA-B "Risk Pool" 24120	English Language Acquisition 24153	Title IIA Teacher/Principal Training & Recruiting 24154
\$ -	\$ 673	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	504	3,421	-	5,063	24,820
-	-	-	-	-	-
<u>5,730</u>	<u>-</u>	<u>3,219</u>	<u>-</u>	<u>4,702</u>	<u>-</u>
<u>\$ 5,730</u>	<u>\$ 1,177</u>	<u>\$ 6,640</u>	<u>\$ -</u>	<u>\$ 9,765</u>	<u>\$ 24,820</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,998	-	-	11,792
-	1,177	-	-	-	7,868
<u>5,730</u>	<u>-</u>	<u>4,642</u>	<u>-</u>	<u>9,765</u>	<u>5,160</u>
<u>5,730</u>	<u>1,177</u>	<u>6,640</u>	<u>-</u>	<u>9,765</u>	<u>24,820</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 5,730</u>	<u>\$ 1,177</u>	<u>\$ 6,640</u>	<u>\$ -</u>	<u>\$ 9,765</u>	<u>\$ 24,820</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue			
	Rural & Low Income Schools 24160	Title I School Improvement 24162	Immigrant Funding Title III 24163	USDA School Equipment 24183
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Property taxes receivable	-	-	-	-
Intergovernmental receivables	-	-	-	7,308
Inventory	-	-	-	-
Due from general fund	20,945	-	1,587	-
	<u>20,945</u>	<u>-</u>	<u>1,587</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 20,945</u>	<u>\$ -</u>	<u>\$ 1,587</u>	<u>\$ 7,308</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to NM Public Education Department	-	-	-	-
Due to other funds	20,945	-	1,587	7,308
	<u>20,945</u>	<u>-</u>	<u>1,587</u>	<u>7,308</u>
<i>Total liabilities</i>	<u>20,945</u>	<u>-</u>	<u>1,587</u>	<u>7,308</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue- property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable:				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Educational purposes	-	-	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 20,945</u>	<u>\$ -</u>	<u>\$ 1,587</u>	<u>\$ 7,308</u>

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

Special Revenue

Title I-IASA Federal Stimulus 24201	Headstart 25127	Title XIX Medicaid 3/21 Years 25153	Dual Credit Instructional Materials/HB2 27103	2012 GO Bond Student Library Fund 27107
\$ -	\$ 22,719	\$ 24,436	\$ -	\$ -
-	-	-	-	-
-	-	-	723	-
-	-	-	-	-
306	-	-	-	-
<u>\$ 306</u>	<u>\$ 22,719</u>	<u>\$ 24,436</u>	<u>\$ 723</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	13,204	-	-
-	22,719	-	-	-
306	-	-	723	-
<u>306</u>	<u>22,719</u>	<u>13,204</u>	<u>723</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	11,232	-	-
-	-	-	-	-
-	-	-	-	-
-	-	11,232	-	-
<u>\$ 306</u>	<u>\$ 22,719</u>	<u>\$ 24,436</u>	<u>\$ 723</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue			
	New Mexico Reads to Lead K-3 Reading Initiative 27114	Pre-K Initiative 27149	Kindergarten Three Plus 27166	After School Enrichment Program 27168
<i>Assets</i>				
Cash and cash equivalents	\$ 6,175	\$ -	\$ -	\$ -
Property taxes receivable	-	-	-	-
Intergovernmental receivables	16,274	66,015	90,191	13,224
Inventory	-	-	-	-
Due from general fund	-	-	-	-
<i>Total assets</i>	<u>\$ 22,449</u>	<u>\$ 66,015</u>	<u>\$ 90,191</u>	<u>\$ 13,224</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ 1,824	\$ -
Accrued payroll	15,776	49,769	21,590	1
Due to NM Public Education Department	-	-	-	-
Due to other funds	5,752	15,795	69,010	13,223
<i>Total liabilities</i>	<u>21,528</u>	<u>65,564</u>	<u>92,424</u>	<u>13,224</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue- property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Nonspendable:				
Inventory	-	-	-	-
Spendable				
Restricted for:				
Educational purposes	921	451	-	-
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	(2,233)	-
<i>Total fund balances</i>	<u>921</u>	<u>451</u>	<u>(2,233)</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 22,449</u>	<u>\$ 66,015</u>	<u>\$ 90,191</u>	<u>\$ 13,224</u>

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

Special Revenue

2013 Pre-K Classrooms 27177	S.T.E.M Teacher Initiative 27181	NM Grown FVV 27183	Social Workers for Middle Schools 27194	NM Highway Dept (Road) 28120
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	11,947	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,947</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	11,379	-
-	-	-	-	-
-	-	-	568	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>11,947</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ 11,947	\$ -

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue			
	Healthier Schools DOH 28155	GRADS Child Care 28189	GRADS Instruction 28190	GRADS Plus 28203
<i>Assets</i>				
Cash and cash equivalents	\$ 6,321	\$ 2,125	\$ 11,147	\$ 16,908
Property taxes receivable	-	-	-	-
Intergovernmental receivables	-	-	-	-
Inventory	-	-	-	-
Due from general fund	-	-	-	-
<i>Total assets</i>	<u>\$ 6,321</u>	<u>\$ 2,125</u>	<u>\$ 11,147</u>	<u>\$ 16,908</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to NM Public Education Department	-	-	-	-
Due to other funds	-	-	21,997	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>21,997</u>	<u>-</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue- property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
<i>Nonspendable:</i>				
Inventory	-	-	-	-
<i>Spendable</i>				
<i>Restricted for:</i>				
Educational purposes	6,321	2,125	-	16,908
Capital acquisitions and improvements	-	-	-	-
Unassigned	-	-	(10,850)	-
<i>Total fund balances</i>	<u>6,321</u>	<u>2,125</u>	<u>(10,850)</u>	<u>16,908</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 6,321</u>	<u>\$ 2,125</u>	<u>\$ 11,147</u>	<u>\$ 16,908</u>

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

Capital Projects

Bond Building 31100	Public School Capital Outlay 31200	Special Capital Outlay 31300	SB-9 Capital Improvements 31700	Total Nonmajor Governmental Funds
\$ 105,555	\$ -	\$ 27,421	\$ 50,255	\$ 275,088
-	-	-	142,566	142,566
14,167	-	-	-	364,227
-	-	-	-	7,127
-	-	-	-	41,926
<u>\$ 119,722</u>	<u>\$ -</u>	<u>\$ 27,421</u>	<u>\$ 192,821</u>	<u>\$ 830,934</u>
\$ 13,538	\$ -	\$ -	\$ 1,007	\$ 64,807
-	-	-	-	210,003
-	-	-	-	31,764
-	-	-	-	252,834
<u>13,538</u>	<u>-</u>	<u>-</u>	<u>1,007</u>	<u>559,408</u>
-	-	-	117,748	117,748
-	-	-	117,748	117,748
-	-	-	-	7,127
-	-	-	-	37,958
106,184	-	27,421	74,066	207,671
-	-	-	-	(98,978)
<u>106,184</u>	<u>-</u>	<u>27,421</u>	<u>74,066</u>	<u>153,778</u>
<u>\$ 119,722</u>	<u>\$ -</u>	<u>\$ 27,421</u>	<u>\$ 192,821</u>	<u>\$ 830,934</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue			
	Food Services 21000	Athletics 22000	Migrant Children Education 24103	Entitlement IDEA-B 24106
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	996,833	-	-	336,527
State flowthrough	13,779	-	-	-
State direct	-	-	-	-
Charges for services	27,476	52,242	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>1,038,088</u>	<u>52,242</u>	<u>-</u>	<u>336,527</u>
<i>Expenditures</i>				
Current:				
Instruction	-	54,412	-	211,593
Support services - students	-	-	-	75,303
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	49,631
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food service operations	1,103,538	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>1,103,538</u>	<u>54,412</u>	<u>-</u>	<u>336,527</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(65,450)</u>	<u>(2,170)</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Bond proceeds	-	-	-	-
Transfers in	155,000	-	-	-
Reversion to other entities	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>155,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	89,550	(2,170)	-	-
<i>Fund balances - beginning</i>	<u>(166,788)</u>	<u>640</u>	<u>-</u>	<u>-</u>
<i>Fund balances - ending</i>	<u>\$ (77,238)</u>	<u>\$ (1,530)</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue			
	Rural & Low Income Schools 24160	Title I School Improvement 24162	Immigrant Funding Title III 24163	USDA School Equipment 24183
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	21,616	25,000	-	7,308
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	21,616	25,000	-	7,308
<i>Expenditures</i>				
Current:				
Instruction	21,616	25,000	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food service operations	-	-	-	1,267
Capital outlay	-	-	-	6,041
<i>Total expenditures</i>	21,616	25,000	-	7,308
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Bond proceeds	-	-	-	-
Transfers in	-	-	-	-
Reversion to other entities	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning</i>	-	-	-	-
<i>Fund balances - ending</i>	\$ -	\$ -	\$ -	\$ -

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

Special Revenue

Title I-IASA Federal Stimulus 24201	Headstart 25127	Title XIX Medicaid 3/21 Years 25153	Dual Credit Instructional Materials/HB2 27103	2012 GO Bond Student Library Fund 27107
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	90,166	-	-
-	-	-	4,821	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	90,166	4,821	-
-	-	-	4,821	-
-	-	87,281	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	87,281	4,821	-
-	-	2,885	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	2,885	-	-
-	-	8,347	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,232</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue			
	New Mexico Reads to Lead K-3 Reading Initiative 27114	Pre-K Initiative 27149	Kindergarten Three Plus 27166	After School Enrichment Program 27168
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
State flowthrough	97,499	345,365	233,065	33,011
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>97,499</u>	<u>345,365</u>	<u>233,065</u>	<u>33,011</u>
<i>Expenditures</i>				
Current:				
Instruction	97,499	251,686	204,093	33,011
Support services - students	-	15,646	3,241	-
Support services - instruction	-	-	2,158	-
Support services - general administration	-	6,176	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	71,857	9,211	-
Food service operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>97,499</u>	<u>345,365</u>	<u>218,703</u>	<u>33,011</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>14,362</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Bond proceeds	-	-	-	-
Transfers in	-	-	-	-
Reversion to other entities	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>14,362</u>	<u>-</u>
<i>Fund balances - beginning</i>	<u>921</u>	<u>451</u>	<u>(16,595)</u>	<u>-</u>
<i>Fund balances - ending</i>	<u>\$ 921</u>	<u>\$ 451</u>	<u>\$ (2,233)</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue			
	Healthier Schools DOH 28155	GRADS Child Care 28189	GRADS Instruction 28190	GRADS Plus 28203
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	3,000	6,500	14,000
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	-	3,000	6,500	14,000
<i>Expenditures</i>				
Current:				
Instruction	-	3,000	6,500	864
Support services - students	-	-	-	12,227
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food service operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	3,000	6,500	13,091
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	909
<i>Other financing sources (uses)</i>				
Bond proceeds	-	-	-	-
Transfers in	-	-	-	-
Reversion to other entities	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	909
<i>Fund balances - beginning</i>	6,321	2,125	(10,850)	15,999
<i>Fund balances - ending</i>	\$ 6,321	\$ 2,125	\$ (10,850)	\$ 16,908

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

Capital Projects

Bond Building 31100	Public School Capital Outlay 31200	Special Capital Outlay 31300	SB-9 Capital Improvements 31700	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 155,713	\$ 155,713
-	-	-	-	1,624,779
-	-	-	109,862	927,078
-	-	-	-	23,500
-	-	-	-	79,718
241	-	-	-	241
241	-	-	265,575	2,811,029
-	-	-	-	1,085,894
-	-	-	-	258,664
-	-	-	-	2,158
-	-	-	1,340	57,387
142,889	-	-	289,071	431,960
-	-	-	-	81,068
-	-	-	-	1,104,805
619,657	-	-	-	625,698
762,546	-	-	290,411	3,647,634
(762,305)	-	-	(24,836)	(836,605)
800,000	-	-	-	800,000
-	-	-	-	155,000
-	(1,316)	-	-	(1,316)
800,000	(1,316)	-	-	953,684
37,695	(1,316)	-	(24,836)	117,079
68,489	1,316	27,421	98,902	36,699
<u>\$ 106,184</u>	<u>\$ -</u>	<u>\$ 27,421</u>	<u>\$ 74,066</u>	<u>\$ 153,778</u>

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

STATE OF NEW MEXICO

Statement B-1

Hatch Valley Public Schools

Food Services Special Revenue Fund (21000)

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	1,020,386	1,020,386	934,533	(85,853)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	20,000	20,000	2,625	(17,375)
Local grants	-	-	-	-
Charges for services	39,310	39,310	27,476	(11,834)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>1,079,696</u>	<u>1,079,696</u>	<u>964,634</u>	<u>(115,062)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Food services operations	1,079,696	1,124,964	1,008,549	116,415
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>1,079,696</u>	<u>1,124,964</u>	<u>1,008,549</u>	<u>116,415</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(45,268)</u>	<u>(43,915)</u>	<u>1,353</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	45,268	-	(45,268)
Transfers in (out)	-	-	155,000	155,000
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>45,268</u>	<u>155,000</u>	<u>109,732</u>
<i>Net change in fund balances</i>	-	-	111,085	111,085
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(109,732)</u>	<u>(109,732)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,353</u>	<u>\$ 1,353</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ 111,085
Adjustments for revenue accruals				73,454
Adjustments to expenditures for food service function accruals				(94,989)
<i>Net change in fund balances (GAAP)</i>				<u>\$ 89,550</u>

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

STATE OF NEW MEXICO

Statement B-2

Hatch Valley Public Schools

Athletics Special Revenue Fund (22000)

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	36,000	59,987	52,242	(7,745)
Investment income	-	-	-	-
Miscellaneous	470	470	-	(470)
Total revenues	36,470	60,457	52,242	(8,215)
<i>Expenditures</i>				
Current:				
Instruction	37,376	61,352	54,667	6,685
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	37,376	61,352	54,667	6,685
<i>Excess (deficiency) of revenues over expenditures</i>	(906)	(895)	(2,425)	(1,530)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	906	895	-	(895)
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	906	895	-	(895)
<i>Net change in fund balances</i>	-	-	(2,425)	(2,425)
<i>Fund balances - beginning of year</i>	-	-	895	895
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (1,530)	\$ (1,530)
Net change in fund balances (non-GAAP budgetary basis)				\$ (2,425)
No adjustments for revenue accruals				-
Adjustments to expenditures for accrual in instruction function				255
Net change in fund balances (GAAP)				\$ (2,170)

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-3

Hatch Valley Public Schools
Migrant Children Education Special Revenue Fund (24103)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	(1,453)	(1,453)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,453)</u>	<u>\$ (1,453)</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-4

Hatch Valley Public Schools
Entitlement IDEA-B Special Revenue Fund (24106)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	268,169	339,801	307,391	(32,410)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>268,169</u>	<u>339,801</u>	<u>307,391</u>	<u>(32,410)</u>
<i>Expenditures</i>				
Current:				
Instruction	145,244	213,646	192,074	21,572
Support services - students	73,460	76,506	75,303	1,203
Support services - instruction	-	-	-	-
Support services - general administration	49,465	49,649	49,631	18
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>268,169</u>	<u>339,801</u>	<u>317,008</u>	<u>22,793</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(9,617)</u>	<u>(9,617)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(9,617)	(9,617)
<i>Fund balances - beginning of year</i>	-	-	(57,723)	(57,723)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (67,340)</u>	<u>\$ (67,340)</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ (9,617)
Adjustments to revenue for federal flowthrough accrual				29,136
Adjustments to expenditures for instructional function accruals				(19,519)
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-5

Hatch Valley Public Schools
 Discretionary IDEA-B Special Revenue Fund (24107)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	(5,730)	(5,730)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,730)</u>	<u>\$ (5,730)</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-6

Hatch Valley Public Schools
New Mexico Autism Project Special Revenue Fund (24108)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	7,090	7,698	608
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>7,090</u>	<u>7,698</u>	<u>608</u>
<i>Expenditures</i>				
Current:				
Instruction	-	7,090	4,632	2,458
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>7,090</u>	<u>4,632</u>	<u>2,458</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>3,066</u>	<u>3,066</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	3,066	3,066
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(2,393)</u>	<u>(2,393)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 673</u>	<u>\$ 673</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ 3,066
Adjustments to revenue for federal flowthrough accrual				(4,592)
Adjustments to expenditures for instruction function accruals				1,526
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hatch Valley Public Schools
Preschool IDEA-B Special Revenue Fund (24109)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

Statement B-7

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	14,921	15,285	15,460	175
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	14,921	15,285	15,460	175
<i>Expenditures</i>				
Current:				
Instruction	14,921	15,285	15,285	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	14,921	15,285	15,285	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	175	175
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Net change in fund balances</i>	-	-	175	175
<i>Fund balances - beginning of year</i>	-	-	(4,817)	(4,817)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (4,642)	\$ (4,642)
Net change in fund balances (non-GAAP budgetary basis)				\$ 175
Adjustments to revenue for federal flowthrough accrual				(226)
Adjustments to expenditures for instructional function accrual				51
<i>Net change in fund balances (GAAP)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-8

Hatch Valley Public Schools

IDEA-B "Risk Pool" Special Revenue Fund (24120)

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	280	261	(19)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>280</u>	<u>261</u>	<u>(19)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	280	-	280
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>280</u>	<u>-</u>	<u>280</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>261</u>	<u>261</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	261	261
<i>Fund balances - beginning of year</i>	-	-	(261)	(261)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ 261
Adjustments to revenues for federal flowthrough accruals				(261)
No adjustments to expenditures for instructional function accruals				-
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Hatch Valley Public Schools
English Language Acquisition Special Revenue Fund (24153)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

Statement B-9

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
				<u>Final to Actual</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	53,133	86,367	46,107	(40,260)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	53,133	86,367	46,107	(40,260)
<i>Expenditures</i>				
Current:				
Instruction	52,091	85,325	31,786	53,539
Support services - students	-	-	-	-
Support services - general administration	1,042	1,042	240	802
Support services - school administration	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	53,133	86,367	32,026	54,341
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	14,081	14,081
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Net change in fund balances</i>	-	-	14,081	14,081
<i>Fund balances - beginning of year</i>	-	-	(23,846)	(23,846)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (9,765)	\$ (9,765)
Net change in fund balances (non-GAAP budgetary basis)				\$ 14,081
Adjustments to revenue for federal flowthrough accruals				(14,081)
No adjustments to expenditure accruals				-
<i>Net change in fund balances (GAAP)</i>				\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-10

Hatch Valley Public Schools

Title IIA Teacher/Principal Training & Recruiting Special Revenue Fund (24154)

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	83,929	106,276	119,082	12,806
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	83,929	106,276	119,082	12,806
<i>Expenditures</i>				
Current:				
Instruction	83,929	106,276	98,859	7,417
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	83,929	106,276	98,859	7,417
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	20,223	20,223
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Net change in fund balances</i>	-	-	20,223	20,223
<i>Fund balances - beginning of year</i>	-	-	(25,383)	(25,383)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (5,160)	\$ (5,160)
Net change in fund balances (non-GAAP budgetary basis)				\$ 20,223
Adjustments to revenue for federal flowthrough accruals				(22,119)
Adjustments to expenditures for instruction function accruals				1,896
<i>Net change in fund balances (GAAP)</i>				\$ -

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Rural & Low Income Schools Special Revenue Fund (24160)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

Statement B-11

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	21,677	21,677	28,616	6,939
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	21,677	21,677	28,616	6,939
<i>Expenditures</i>				
Current:				
Instruction	21,677	21,677	21,616	61
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	21,677	21,677	21,616	61
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	7,000	7,000
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<i>Net change in fund balances</i>	-	-	7,000	7,000
<i>Fund balances - beginning of year</i>	-	-	(27,945)	(27,945)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (20,945)	\$ (20,945)
Net change in fund balances (non-GAAP budgetary basis)				\$ 7,000
Adjustments to revenues for federal flowthrough accruals				(7,000)
No adjustments for expenditure accruals				-
Net change in fund balances (GAAP)				\$ -

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Title I School Improvement Special Revenue Fund (24162)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

Statement B-12

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
				<u>Final to Actual</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	40,000	25,000	(15,000)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>40,000</u>	<u>25,000</u>	<u>(15,000)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	40,000	25,000	15,000
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>40,000</u>	<u>25,000</u>	<u>15,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Immigrant Funding Title III Special Revenue Fund (24163)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

Statement B-13

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	(1,587)	(1,587)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (1,587)	\$ (1,587)
Net change in fund balances (non-GAAP budgetary basis)				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net change in fund balances (GAAP)</i>				\$ -

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

STATE OF NEW MEXICO

Statement B-14

Hatch Valley Public Schools

USDA School Equipment Program Special Revenue Fund (24183)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	7,308	-	(7,308)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>7,308</u>	<u>-</u>	<u>(7,308)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Food services operations	-	7,308	7,308	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>7,308</u>	<u>7,308</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(7,308)</u>	<u>(7,308)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	(7,308)	(7,308)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,308)</u>	<u>\$ (7,308)</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ (7,308)
Adjustments to revenues for federal flowthrough accruals				7,308
No adjustments for expenditure accruals				-
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Title I-IASA Federal Stimulus Special Revenue Fund (24201)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

Statement B-15

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
				<u>Final to Actual</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Reversion to other entities	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	(306)	(306)
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (306)</u>	<u>\$ (306)</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Headstart Special Revenue Fund (25127)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

Statement B-16

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	22,719	22,719
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ 22,719	\$ 22,719
Net change in fund balances (non-GAAP budgetary basis)				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net change in fund balances (GAAP)</i>				\$ -

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Title XIX Medicaid 3/21 Years Special Revenue Fund (25153)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

Statement B-17

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
				<u>Final to Actual</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	90,166	90,166	90,166	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>90,166</u>	<u>90,166</u>	<u>90,166</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	99,973	99,973	79,554	20,419
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>99,973</u>	<u>99,973</u>	<u>79,554</u>	<u>20,419</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(9,807)</u>	<u>(9,807)</u>	<u>10,612</u>	<u>20,419</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	9,807	9,807	-	(9,807)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>9,807</u>	<u>9,807</u>	<u>-</u>	<u>(9,807)</u>
<i>Net change in fund balances</i>	-	-	10,612	10,612
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>13,824</u>	<u>13,824</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,436</u>	<u>\$ 24,436</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ 10,612
No adjustments for revenue accruals				-
Adjustments to expenditures for support services accruals				<u>(7,727)</u>
<i>Net change in fund balances (GAAP)</i>				<u>\$ 2,885</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Dual Credit Instructional Materials/HB2 Special Revenue Fund (27103)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

Statement B-18

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	4,821	7,090	2,269
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>4,821</u>	<u>7,090</u>	<u>2,269</u>
<i>Expenditures</i>				
Current:				
Instruction	-	4,821	4,821	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>4,821</u>	<u>4,821</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>2,269</u>	<u>2,269</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>2,269</u>	<u>2,269</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(2,992)</u>	<u>(2,992)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (723)</u>	<u>\$ (723)</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ 2,269
Adjustments to revenues for state flowthrough accruals				(2,269)
No adjustments for expenditure accruals				-
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO

Statement B-19

Hatch Valley Public Schools

2012 GO Bond Student Library Special Revenue Fund (27107)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	18,471	18,471	-	(18,471)
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>18,471</u>	<u>18,471</u>	<u>-</u>	<u>(18,471)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	18,471	18,471	-	18,471
Support services - general administration	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Community services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>18,471</u>	<u>18,471</u>	<u>-</u>	<u>18,471</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO

Statement B-20

Hatch Valley Public Schools

New Mexico Reads to Lead K-3 Reading Initiative Special Revenue Fund (27114)

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	97,500	97,500	100,829	3,329
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>97,500</u>	<u>97,500</u>	<u>100,829</u>	<u>3,329</u>
<i>Expenditures</i>				
Current:				
Instruction	97,500	97,500	90,338	7,162
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>97,500</u>	<u>97,500</u>	<u>90,338</u>	<u>7,162</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>10,491</u>	<u>10,491</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	10,491	10,491
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(10,068)</u>	<u>(10,068)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 423</u>	<u>\$ 423</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ 10,491
Adjustments to revenues for state flowthrough accruals				(3,330)
Adjustments to expenditures for instructional function accrual				(7,161)
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Pre-K Initiative Special Revenue Fund (27149)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

Statement B-21

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
				<u>Final to Actual</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	368,558	368,558	327,671	(40,887)
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>368,558</u>	<u>368,558</u>	<u>327,671</u>	<u>(40,887)</u>
<i>Expenditures</i>				
Current:				
Instruction	263,918	263,918	224,372	39,546
Support services - students	15,576	15,643	15,643	-
Support services - instruction	-	-	-	-
Support services - general administration	9,064	9,064	6,179	2,885
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	80,000	79,933	71,857	8,076
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>368,558</u>	<u>368,558</u>	<u>318,051</u>	<u>50,507</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>9,620</u>	<u>9,620</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>9,620</u>	<u>9,620</u>
<i>Fund balances - beginning of year,</i>	<u>-</u>	<u>-</u>	<u>(25,415)</u>	<u>(25,415)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,795)</u>	<u>\$ (15,795)</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ 9,620
Adjustments to revenues for state flowthrough accruals				17,694
Adjustments to expenditures for instruction and support services accruals				(27,314)
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Kindergarten Three Plus Special Revenue Fund (27166)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

Statement B-22

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	114,262	244,909	205,113	(39,796)
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	114,262	244,909	205,113	(39,796)
<i>Expenditures</i>				
Current:				
Instruction	105,500	272,610	209,298	63,312
Support services - students	1,736	5,163	3,473	1,690
Support services - instruction	1,696	2,866	2,265	601
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	5,330	13,028	11,694	1,334
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	114,262	293,667	226,730	66,937
<i>Excess (deficiency) of revenues over expenditures</i>	-	(48,758)	(21,617)	27,141
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	48,758	-	(48,758)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	48,758	-	(48,758)
<i>Net change in fund balances</i>	-	-	(21,617)	(21,617)
<i>Fund balances - beginning of year,</i>	-	-	(47,393)	(47,393)
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (69,010)	\$ (69,010)
Net change in fund balances (non-GAAP budgetary basis)				\$ (21,617)
Adjustments to revenues for state flowthrough accruals				27,952
Adjustments to expenditures for instruction function accruals				8,027
<i>Net change in fund balances (GAAP)</i>				\$ 14,362

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

STATE OF NEW MEXICO

Statement B-23

Hatch Valley Public Schools

After School Enrichment Program Special Revenue Fund (27168)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	35,000	19,787	(15,213)
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>35,000</u>	<u>19,787</u>	<u>(15,213)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	35,000	33,010	1,990
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>35,000</u>	<u>33,010</u>	<u>1,990</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(13,223)</u>	<u>(13,223)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(13,223)</u>	<u>(13,223)</u>
<i>Fund balances - beginning of year,</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,223)</u>	<u>\$ (13,223)</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ (13,223)
Adjustments to revenues for state flowthrough accruals				13,224
Adjustments to expenditures for instruction function accruals				(1)
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO

Statement B-24

Hatch Valley Public Schools
 2013 Pre-K Classrooms Special Revenue Fund (27177)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	375,000	375,000	-	(375,000)
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>375,000</u>	<u>375,000</u>	<u>-</u>	<u>(375,000)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	375,000	375,000	-	375,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>375,000</u>	<u>375,000</u>	<u>-</u>	<u>375,000</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year,</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO

Statement B-25

Hatch Valley Public Schools

S.T.E.M Teacher Initiative Special Revenue Fund (27181)

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	30,375	24,710	(5,665)
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>30,375</u>	<u>24,710</u>	<u>(5,665)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	30,375	24,710	5,665
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>30,375</u>	<u>24,710</u>	<u>5,665</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year,</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO

Statement B-26

Hatch Valley Public Schools
 NM Grown FVV Special Revenue Fund (27183)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	1,369	-	(1,369)
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>1,369</u>	<u>-</u>	<u>(1,369)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>1,369</u>	<u>-</u>	<u>1,369</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year,</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO

Statement B-27

Hatch Valley Public Schools

Social Workers for Middle Schools Special Revenue Fund (27194)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	65,000	53,019	(11,981)
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	65,000	53,019	(11,981)
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	65,000	53,587	11,413
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	65,000	53,587	11,413
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(568)	(568)
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(568)	(568)
<i>Fund balances - beginning of year,</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ (568)	\$ (568)
Net change in fund balances (non-GAAP budgetary basis)				\$ (568)
Adjustments to revenues for state flowthrough accruals				11,947
Adjustments to expenditures for support services accruals				(11,379)
<i>Net change in fund balances (GAAP)</i>				\$ -

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

STATE OF NEW MEXICO

Statement B-28

Hatch Valley Public Schools
 NM Highway Dept (Road) Special Revenue Fund (28120)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	17,092	-	(17,092)
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>17,092</u>	<u>-</u>	<u>(17,092)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	17,092	-	17,092
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>17,092</u>	<u>-</u>	<u>17,092</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Healthier Schools DOH Special Revenue Fund (28155)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

Statement B-29

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
				<u>Final to Actual</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	6,676	6,676	-	6,676
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>6,676</u>	<u>6,676</u>	<u>-</u>	<u>6,676</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(6,676)</u>	<u>(6,676)</u>	<u>-</u>	<u>6,676</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	6,676	6,676	-	(6,676)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>6,676</u>	<u>6,676</u>	<u>-</u>	<u>(6,676)</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>6,321</u>	<u>6,321</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,321</u>	<u>\$ 6,321</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
GRADS Child Care Special Revenue Fund (28189)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

Statement B-30

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
				<u>Final to Actual</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	3,000	3,000	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	3,000	3,000	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	-	-	2,125	2,125
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,125</u>	<u>\$ 2,125</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO

Statement B-31

Hatch Valley Public Schools

GRADS Instruction Special Revenue Fund (28190)

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	6,500	6,500	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	6,500	6,500	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>6,500</u>	<u>6,500</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(10,850)</u>	<u>(10,850)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,850)</u>	<u>\$ (10,850)</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO

Statement B-32

Hatch Valley Public Schools

GRADS Plus Special Revenue Fund (28203)

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	14,000	14,000	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>14,000</u>	<u>14,000</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	868	864	4
Support services - students	-	13,132	12,227	905
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>14,000</u>	<u>13,091</u>	<u>909</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>909</u>	<u>909</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	-	-	909	909
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>15,999</u>	<u>15,999</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,908</u>	<u>\$ 16,908</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ 909
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net change in fund balances (GAAP)</i>				<u>\$ 909</u>

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

STATE OF NEW MEXICO

Statement B-33

Hatch Valley Public Schools
Bond Building Capital Projects Fund (31100)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	300	300	241	(59)
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>300</u>	<u>300</u>	<u>241</u>	<u>(59)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	175,000	160,606	14,394
Community services operations	-	-	-	-
Capital outlay	868,800	694,409	603,189	91,220
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>868,800</u>	<u>869,409</u>	<u>763,795</u>	<u>105,614</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(868,500)</u>	<u>(869,109)</u>	<u>(763,554)</u>	<u>105,555</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	68,500	69,109	-	(69,109)
Bond Proceeds	800,000	800,000	800,000	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>868,500</u>	<u>869,109</u>	<u>800,000</u>	<u>(69,109)</u>
<i>Net change in fund balances</i>	-	-	36,446	36,446
<i>Fund balances - beginning of year</i>	-	-	69,109	69,109
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,555</u>	<u>\$ 105,555</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ 36,446
No adjustments for revenue accruals				-
Adjustments to expenditures for capital outlay accruals				1,249
<i>Net change in fund balances (GAAP)</i>				<u>\$ 37,695</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Public School Capital Outlay Capital Projects Fund (31200)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

Statement B-34

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
Reversion to other entries	-	-	(1,316)	(1,316)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	(1,316)	(1,316)
<i>Net change in fund balances</i>	-	-	(1,316)	(1,316)
<i>Fund balances - beginning of year</i>	-	-	1,316	1,316
<i>Fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balances (non-GAAP budgetary basis)				\$ (1,316)
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net change in fund balances (GAAP)</i>				\$ (1,316)

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Special Capital Outlay Capital Projects Fund (31300)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2016

Statement B-35

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
				<u>Final to Actual</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Capital outlay	27,421	27,421	-	27,421
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>27,421</u>	<u>27,421</u>	<u>-</u>	<u>27,421</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(27,421)</u>	<u>(27,421)</u>	<u>-</u>	<u>27,421</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	27,421	27,421	-	(27,421)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>27,421</u>	<u>27,421</u>	<u>-</u>	<u>(27,421)</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>27,421</u>	<u>27,421</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,421</u>	<u>\$ 27,421</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ -
No adjustments for revenue accruals				-
No adjustments for expenditure accruals				-
<i>Net change in fund balances (GAAP)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO

Statement B-36

Hatch Valley Public Schools

SB-9 Capital Improvements Capital Projects Fund (31700)

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ 148,887	\$ 148,887	\$ 133,972	\$ (14,915)
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	389,537	612,295	148,367	(463,928)
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>538,424</u>	<u>761,182</u>	<u>282,339</u>	<u>(478,843)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	2,000	2,000	1,340	660
Support services - school administration	-	-	-	-
Operation and maintenance of plant	543,382	800,795	312,357	488,438
Capital outlay	40,000	40,000	-	40,000
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>585,382</u>	<u>842,795</u>	<u>313,697</u>	<u>529,098</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(46,958)</u>	<u>(81,613)</u>	<u>(31,358)</u>	<u>50,255</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	46,958	81,613	-	(81,613)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>46,958</u>	<u>81,613</u>	<u>-</u>	<u>(81,613)</u>
<i>Net change in fund balances</i>	-	-	(31,358)	(31,358)
<i>Fund balances - beginning of year</i>	-	-	81,613	81,613
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,255</u>	<u>\$ 50,255</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ (31,358)
Adjustments to revenues for property tax accruals				(16,764)
Adjustments to expenditures for capital outlay accruals				23,286
<i>Net change in fund balances (GAAP)</i>				<u>\$ (24,836)</u>

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

STATE OF NEW MEXICO

Statement B-37

Hatch Valley Public Schools

Debt Service Fund (41000)

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ 768,752	\$ 768,752	\$ 703,652	\$ (65,100)
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Local grants	-	-	-	-
Oil and gas taxes	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Bond Premiums	-	-	-	-
<i>Total revenues</i>	<u>768,752</u>	<u>768,752</u>	<u>703,652</u>	<u>(65,100)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	8,500	8,500	7,037	1,463
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Debt service:				
Principal	1,421,414	1,436,925	675,000	761,925
Interest	93,752	93,752	87,902	5,850
<i>Total expenditures</i>	<u>1,523,666</u>	<u>1,539,177</u>	<u>769,939</u>	<u>769,238</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(754,914)</u>	<u>(770,425)</u>	<u>(66,287)</u>	<u>704,138</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	754,914	770,425	-	(770,425)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>754,914</u>	<u>770,425</u>	<u>-</u>	<u>(770,425)</u>
<i>Net change in fund balances</i>	-	-	(66,287)	(66,287)
<i>Fund balances - beginning of year</i>	-	-	770,425	770,425
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 704,138</u>	<u>\$ 704,138</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ (66,287)
Adjustments to revenue for property tax accruals				113,738
No adjustments for expenditure accruals				-
<i>Net change in fund balances (GAAP)</i>				<u>\$ 47,451</u>

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

GENERAL FUND

STATE OF NEW MEXICO
Hatch Valley Public Schools
Combining Balance Sheet
General Fund
June 30, 2016

Statement C-1

	General Fund				Total General Fund
	Operational	Teacherage	Pupil Transportation	Instructional Materials	
	11000	12000	13000	14000	
<i>Current assets</i>					
Cash and cash equivalents	\$ 700,661	\$ 12,184	\$ 159,995	\$ 16,809	\$ 889,649
Property taxes receivable	9,488	-	-	-	9,488
Intergovernmental receivables	17,390	-	-	-	17,390
Due from other funds	359,992	-	-	-	359,992
<i>Total assets</i>	<u>\$ 1,087,531</u>	<u>\$ 12,184</u>	<u>\$ 159,995</u>	<u>\$ 16,809</u>	<u>\$ 1,276,519</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>					
Accounts payable	\$ 27,058	\$ -	\$ 5,578	\$ 1,311	\$ 33,947
Accrued payroll	828,355	-	49,170	-	877,525
Deferred revenue					
Due to special revenue funds	41,926	-	-	-	41,926
<i>Total liabilities</i>	<u>897,339</u>	<u>-</u>	<u>54,748</u>	<u>1,311</u>	<u>953,398</u>
<i>Deferred inflows of resources</i>					
Unavailable revenue - property taxes	4,011	-	-	-	4,011
<i>Total deferred inflows of resources</i>	<u>4,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,011</u>
<i>Fund balances</i>					
<i>Spendable</i>					
<i>Restricted for:</i>					
Educational purposes	-	12,184	105,247	15,498	132,929
<i>Committed for:</i>					
Subsequent years expenditures	186,181	-	-	-	186,181
Unassigned	-	-	-	-	-
<i>Total fund balances</i>	<u>186,181</u>	<u>12,184</u>	<u>105,247</u>	<u>15,498</u>	<u>319,110</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,087,531</u>	<u>\$ 12,184</u>	<u>\$ 159,995</u>	<u>\$ 16,809</u>	<u>\$ 1,276,519</u>

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

STATE OF NEW MEXICO
Hatch Valley Public Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2016

Statement C-2

	General Fund				Total General Fund
	Operational	Teacherage	Pupil Transportation	Instructional Materials	
	11000	12000	13000	14000	
<i>Revenues</i>					
Property taxes	\$ 33,940	\$ -	\$ -	\$ -	\$ 33,940
Intergovernmental revenue:					
Federal flowthrough	20,233	-	-	-	20,233
State flowthrough	-	-	-	90,572	90,572
State direct	9,422,968	-	-	-	9,422,968
Local grants	57,635	-	-	-	57,635
Transportation distribution	-	-	696,356	-	696,356
Charges for services	21,636	1,675	-	-	23,311
Investment income	366	-	-	-	366
Miscellaneous	112,796	-	8,923	-	121,719
Total revenues	9,669,574	1,675	705,279	90,572	10,467,100
<i>Expenditures</i>					
Current:					
Instruction	5,392,529	-	-	86,202	5,478,731
Support services - students	1,046,915	-	-	-	1,046,915
Support services - instruction	345,919	-	-	-	345,919
Support services - general administration	221,481	-	-	-	221,481
Support services - school administration	667,579	-	-	-	667,579
Central services	288,866	-	-	-	288,866
Operation and maintenance of plant	1,704,730	-	-	-	1,704,730
Student transportation	-	-	614,071	-	614,071
Other support services	8,464	-	-	-	8,464
Capital outlay	-	-	-	-	-
Total expenditures	9,676,483	-	614,071	86,202	10,376,756
<i>Excess (deficiency) of revenues over expenditures</i>	(6,909)	1,675	91,208	4,370	90,344
<i>Other financing sources (uses)</i>					
Transfers in/(out)	(155,000)	-	-	-	(155,000)
Sale of capital assets	8,245	-	-	-	8,245
Reversion to other entities	-	-	(24,526)	-	(24,526)
Total other financing sources (uses)	(146,755)	-	(24,526)	-	(171,281)
Net change in fund balances	(153,664)	1,675	66,682	4,370	(80,937)
Fund balances - beginning	339,845	10,509	38,565	11,128	400,047
Fund balances - ending	\$ 186,181	\$ 12,184	\$ 105,247	\$ 15,498	\$ 319,110

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

STATE OF NEW MEXICO

Statement C-3

Hatch Valley Public Schools

General Fund - Operational (11000)

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ 32,361	\$ 32,361	\$ 29,088	\$ (3,273)
Intergovernmental revenue:				
Federal flowthrough	31,853	31,853	20,233	(11,620)
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	9,403,049	9,426,455	9,422,968	(3,487)
Local grants	75,000	75,000	73,639	(1,361)
Charges for services	2,500	2,500	21,636	19,136
Investment income	500	500	366	(134)
Miscellaneous	100,000	100,000	95,562	(4,438)
<i>Total revenues</i>	<u>9,645,263</u>	<u>9,668,669</u>	<u>9,663,492</u>	<u>(5,177)</u>
<i>Expenditures</i>				
Current:				
Instruction	5,469,207	5,468,121	5,080,602	387,519
Support services - students	1,210,691	1,168,420	1,037,006	131,414
Support services - instruction	345,603	361,527	349,181	12,346
Support services - general administration	228,336	235,761	221,584	14,177
Support services - school administration	680,252	690,852	667,973	22,879
Central services	265,498	280,765	280,765	-
Operation and maintenance of plant	1,756,223	1,767,528	1,718,644	48,884
Other support services	34,615	34,615	8,464	26,151
Community services operations	-	-	-	-
<i>Total expenditures</i>	<u>9,990,425</u>	<u>10,007,589</u>	<u>9,364,219</u>	<u>643,370</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(345,162)</u>	<u>(338,920)</u>	<u>299,273</u>	<u>638,193</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	345,162	338,920	-	(338,920)
Sale of capital assets	-	-	8,245	8,245
Transfers in (out)	-	-	(155,000)	(155,000)
<i>Total other financing sources (uses)</i>	<u>345,162</u>	<u>338,920</u>	<u>(146,755)</u>	<u>(485,675)</u>
<i>Net change in fund balances</i>	-	-	152,518	152,518
<i>Fund balances - beginning of year</i>	-	-	908,135	908,135
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,060,653</u>	<u>\$ 1,060,653</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ 152,518
Adjustments to revenue for property tax accrual and local sources accrual				6,082
Adjustments to expenditures for various function accruals				(312,264)
<i>Net change in fund balances (GAAP)</i>				<u>\$ (153,664)</u>

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

STATE OF NEW MEXICO

Statement C-4

Hatch Valley Public Schools

General Fund - Teacherage (12000)

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
Local grants	-	-	-	-
Oil and gas taxes	-	-	-	-
Charges for services	7,200	7,200	1,875	(5,325)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>7,200</u>	<u>7,200</u>	<u>1,875</u>	<u>(5,325)</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	16,347	17,509	-	17,509
Other support services	-	-	-	-
Community services operations	-	-	-	-
<i>Total expenditures</i>	<u>16,347</u>	<u>17,509</u>	<u>-</u>	<u>17,509</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(9,147)</u>	<u>(10,309)</u>	<u>1,875</u>	<u>12,184</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	9,147	10,309	-	(10,309)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>9,147</u>	<u>10,309</u>	<u>-</u>	<u>(10,309)</u>
<i>Net change in fund balances</i>	-	-	1,875	1,875
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>10,309</u>	<u>10,309</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,184</u>	<u>\$ 12,184</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ 1,875
Adjustments to revenues for charges for services accrual				(200)
No adjustments to expenditures				-
<i>Net change in fund balances (GAAP)</i>				<u>\$ 1,675</u>

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

STATE OF NEW MEXICO

Statement C-5

Hatch Valley Public Schools

General Fund - Pupil Transportation (13000)

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Transportation distribution	675,542	696,356	696,356	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	8,923	8,923
<i>Total revenues</i>	<u>675,542</u>	<u>696,356</u>	<u>705,279</u>	<u>8,923</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	675,542	720,882	630,771	90,111
<i>Total expenditures</i>	<u>675,542</u>	<u>720,882</u>	<u>630,771</u>	<u>90,111</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	(24,526)	74,508	99,034
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	24,526	-	(24,526)
Reversion to other entities	-	-	(24,526)	(24,526)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	<u>24,526</u>	<u>(24,526)</u>	<u>(49,052)</u>
<i>Net change in fund balances</i>	-	-	49,982	49,982
<i>Fund balances - beginning of year</i>	-	-	110,013	110,013
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,995</u>	<u>\$ 159,995</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ 49,982
No adjustments for revenue accruals				-
Adjustments to expenditures for student transportation accruals				16,700
<i>Net change in fund balances (GAAP)</i>				<u>\$ 66,682</u>

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

STATE OF NEW MEXICO

Statement C-6

Hatch Valley Public Schools

General Fund - Instructional Materials (14000)

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (Non-GAAP Budgetary Basis) and Actual

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances Favorable (Unfavorable)
	Original	Final		Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
State flowthrough	70,805	90,572	90,572	-
State direct	-	-	-	-
Local grants	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>70,805</u>	<u>90,572</u>	<u>90,572</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	70,805	101,700	84,891	16,809
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
<i>Total expenditures</i>	<u>70,805</u>	<u>101,700</u>	<u>84,891</u>	<u>16,809</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(11,128)</u>	<u>5,681</u>	<u>16,809</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	11,128	-	(11,128)
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>11,128</u>	<u>-</u>	<u>(11,128)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>5,681</u>	<u>5,681</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>11,128</u>	<u>11,128</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,809</u>	<u>\$ 16,809</u>
Net change in fund balances (non-GAAP budgetary basis)				\$ 5,681
No adjustments for revenue accruals				-
Adjustments to expenditures for student transportation accruals				(1,311)
<i>Net change in fund balances (GAAP)</i>				<u>\$ 4,370</u>

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

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO

Schedule III

Hatch Valley Public Schools

Agency Funds

Schedule of Changes in Fiduciary Assets and Liabilities

For the Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Hatch Elementary School	\$ 10,814	\$ 14,323	\$ 13,536	\$ 11,601
Garfield Elementary School	365	15,478	12,110	3,733
Rio Grande Elementary School	8,949	27,449	25,617	10,781
Hatch Middle School	12,806	26,178	27,594	11,390
Hatch High School	55,465	56,866	47,962	64,369
Athletics	3,874	23,360	21,084	6,150
	<u>\$ 92,273</u>	<u>\$ 163,654</u>	<u>\$ 147,903</u>	<u>\$ 108,024</u>

See independent auditors' report.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Schedule of Collateral Pledged by Depository For Public Funds
June 30, 2016

Schedule IV

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2016</u>
Bank of the West				
	FNMA CONV 30 YR SF	9/1/2042	3138MAKS6	\$ 388,251
	G2ST MA 3172 3.00	10/20/2045	36179RQZ5	84,154
	GNMA2 Single Family 30	9/20/2043	36179NM96	391,996
	G2SF MA 2600 3.000	2/20/2045	36179Q3H2	<u>430,929</u>
	Total Bank of the West			<u>1,295,330</u>
Name and location of safekeeper for above pledged collateral: 2527 Camino Ramon, San Ramon, CA 94583				
Wells Fargo				
	FNMA FNMS 3.000%	12/1/2042	3138ML5J9	6,589
	FNMA FNMS 3.000%	5/1/2043	3138W5F78	<u>549,367</u>
	Total Wells Fargo Bank			<u>555,956</u>
Name and location of safekeeper for above pledged collateral: BNY Mellon, One Wall Street, Fourth Floor, New York, NY 10286				
	<i>Total Pledged Collateral</i>			<u><u>\$ 1,851,286</u></u>

See independent auditors' report.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Cash Reconciliation
June 30, 2016

	Operational Fund 11000	Teacherage Fund 12000	Transportation Fund 13000	Instructional Materials Fund 14000
Cash, June 30, 2015	\$ 382,794	\$ 10,309	\$ 80,445	\$ 11,128
Add:				
Receipts	9,670,636	1,875	705,278	90,572
Transfer in	-	-	-	-
Payroll liabilities	426,711	-	28,985	-
Loans from other funds	-	-	-	-
Adjustments per PED cash report	354	-	-	-
Total cash available	10,480,495	12,184	814,708	101,700
Less:				
Expenditures	(9,665,247)	-	(650,373)	(84,891)
Reversion to other entities	-	-	(24,525)	-
Transfers out	(155,000)	-	-	-
Loans to other funds	(473,108)	-	-	-
Cash, June 30, 2016	<u>\$ 187,140</u>	<u>\$ 12,184</u>	<u>\$ 139,810</u>	<u>\$ 16,809</u>
Plus:				
Audit adjustments	(2,342)	-	-	-
Loans for negative cash	(359,994)	-	-	-
District recorded loans for RFRs	473,108	-	-	-
Audit recorded held checks	402,749	-	20,185	-
Cash per financial statement	<u>\$ 700,661</u>	<u>\$ 12,184</u>	<u>\$ 159,995</u>	<u>\$ 16,809</u>

See independent auditors' report.

Food Services Fund 21000	Athletics Fund 22000	Federal Flowthrough Fund 24000	Federal Direct Fund 25000	State Flowthrough Fund 27000
\$ (143,275)	\$ 895	\$ (417,463)	\$ 31,066	\$ (132,174)
964,634	53,442	1,590,129	90,166	738,219
155,000	-	-	-	-
29,295	-	109,078	8,344	47,137
17,786	330	304,716	-	150,276
-	-	-	-	-
1,023,440	54,667	1,586,460	129,576	803,458
(1,023,440)	(54,667)	(1,586,058)	(87,282)	(803,458)
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 402</u>	<u>\$ 42,294</u>	<u>\$ -</u>
-	(1,200)	(1,104)	-	-
-	1,530	231,394	-	105,073
(17,786)	(330)	(304,716)	-	(150,276)
19,139	-	74,697	4,861	51,378
<u>\$ 1,353</u>	<u>\$ -</u>	<u>\$ 673</u>	<u>\$ 47,155</u>	<u>\$ 6,175</u>

See independent auditors' report.

STATE OF NEW MEXICO

Hatch Valley Public Schools

Cash Reconciliation

June 30, 2016

	State Direct Fund 28000	Bond Building Fund 31100	Public School Capital Outlay 31200	Spec. Cap. Outlay-State Fund 31300
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash, June 30, 2015	\$ 13,596	\$ 69,109	\$ 1,316	\$ 27,421
Add:				
Receipts	23,500	800,241	-	-
Transfer in	-	-	-	-
Payroll liabilities	-	-	-	-
Loans from other funds	-	-	-	-
Adjustments per PED cash report	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total cash available	37,096	869,350	1,316	27,421
Less:				
Expenditures	(27,238)	(763,795)	-	-
Reversion to other entities	-	-	(1,316)	-
Transfers out	-	-	-	-
Loans to other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash, June 30, 2016	<u>\$ 9,858</u>	<u>\$ 105,555</u>	<u>\$ -</u>	<u>\$ 27,421</u>
Plus:				
Audit adjustments	4,646	-	-	-
Loans for negative cash	21,997	-	-	-
District recorded loans for RFRs	-	-	-	-
Audit recorded held checks	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash per financial statement	<u>\$ 36,501</u>	<u>\$ 105,555</u>	<u>\$ -</u>	<u>\$ 27,421</u>

See independent auditors' report.

Cap. Improve. SB-9 Fund 31700	Debt Service Fund 41000	Total
\$ 81,613	\$ 770,425	\$ 787,205
282,339	703,652	15,714,683
-	-	155,000
-	-	649,550
-	-	473,108
-	-	354
363,952	1,474,077	17,779,900
(313,697)	(769,939)	(15,830,085)
-	-	(25,841)
-	-	(155,000)
-	-	(473,108)
<u>\$ 50,255</u>	<u>\$ 704,138</u>	<u>\$ 1,295,866</u>
-	-	-
-	-	-
-	-	-
-	-	573,009
<u>\$ 50,255</u>	<u>\$ 704,138</u>	<u>\$ 1,868,875</u>

See independent auditors' report.

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STATE OF NEW MEXICO
Hatch Valley Public Schools
Schedule of Deposits
June 30, 2016

Schedule VI

<u>Bank Account</u>	<u>Checking</u> <u>Bank of the West</u>	<u>Checking</u> <u>Wells Fargo Bank</u>	<u>Investing</u> <u>NMFA</u>	<u>Totals</u>
Operational Account	\$ 30,000	\$ -	\$ -	\$ 30,000
Sweep Account	384,310	-	-	384,310
Cafeteria Account	1,681	32,862	-	34,543
Payroll Account	30,000	-	-	30,000
Sweep Account	422,479	-	-	422,479
Capital Projects Account	8,524	-	-	8,524
Budgetary Clearing Account	10,000	-	-	10,000
Sweep Account	82,504	-	-	82,504
Debt Service Account	-	721,212	-	721,212
Energy Efficient Account	-	114,990	-	114,990
Office Account	-	362	-	362
Direct Deposit Clearing	-	25,487	-	25,487
Athletics	-	6,786	-	6,786
Activity Account	-	102,459	-	102,459
Building Improvements	-	-	131,518	131,518
	<hr/>	<hr/>	<hr/>	<hr/>
Total Deposits	969,498	1,004,158	131,518	2,105,174
Reconciling Items	(102,973)	(25,242)	(310)	(128,525)
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Reconciled Balance June 30, 2016</i>	<u>\$ 866,525</u>	<u>\$ 978,916</u>	<u>\$ 131,208</u>	1,976,649
Plus: Petty Cash				250
Less: Fiduciary Funds Cash				(108,024)
Less: restricted investments per Exhibit A-1				(111,346)
				<hr/>
<i>Cash and cash equivalents per Government-wide Financial Statements</i>				<u>\$ 1,757,529</u>
Cash and cash equivalents per Exhibit A-1				\$ 1,210,589
Restricted cash and cash equivalents per Exhibit A-1				546,940
				<hr/>
				<u>\$ 1,757,529</u>

See independent auditors' report.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)
For the Year Ended June 30, 2016

Prepared by: District Staff

Title: Business Manager

RFB/ RFP #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract*	\$ Amount of Amended Contract**
None				

None

See independent auditors' report.

<p>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</p>	<p>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</p>	<p>Was the vendor in-state and chose Veteran's preference (Y or N). For federal funds answer N/A</p>	<p>Brief Description of the Scope of Work</p>
--	--	---	--

See independent auditors' report.

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COMPLIANCE SECTION

**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***

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor and
Board of Education
Office of Management and Budget
Hatch Valley Public Schools
Hatch, New Mexico

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparisons of the General Fund and major special revenue fund of the Hatch Valley Public Schools (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District presented as supplementary information, and have issued our report thereon dated October 26, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described on the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be a material weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompany schedule of findings and questioned costs that we consider to be a material weakness. See item FS 2016-001.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

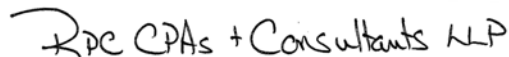
We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as items NM 2016-001 and NM 2016-002.

District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
October 26, 2016

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FEDERAL FINANCIAL ASSISTANCE

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor and
Board of Education
Office of Management and Budget
Hatch Valley Public Schools
Hatch, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Hatch Valley Public Schools (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

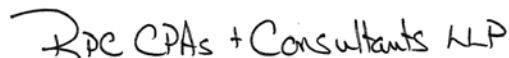
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as FA 2016-001 that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
October 26, 2016

STATE OF NEW MEXICO
Hatch Valley Public Schools
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Number	CFDA Number	Federal Expenditures	Funds provided to subrecipients	Noncash Assistance
U.S. Department of Education					
<i>Passed through New Mexico Public Education Department</i>					
Title I - IASA	*	24101	84.010 (2)	\$ 1,039,549	\$ -
IDEA-B Entitlement		24106	84.027 (1)	336,527	-
IDEA-B Competitive		24108	84.027 (1)	3,106	-
IDEA-B Preschool		24109	84.173 (1)	15,234	-
Title III English Language Acquisition		24153	84.365A	32,026	-
Improving Teacher Quality		24154	84.367A	96,963	-
Rural and Low Income Schools		24160	84.358B	21,616	-
Title I School Improvement	*	24162	80.010A (2)	25,000	-
Total U.S. Department of Education				<u>1,570,021</u>	<u>-</u>
U.S. Department of Agriculture					
<i>Federal Direct Payments</i>					
Forest Reserve		11000	10.665	20,233	-
<i>Passed through State of New Mexico</i>					
Child Nutrition Cluster	*	21000	10.553 and 10.555	1,103,538	-
CN Discretionary Grants		24183	10.579	7,308	-
Total U.S. Department of Agriculture				<u>1,131,079</u>	<u>-</u>
Total Federal Financial Assistance				<u>\$ 2,701,100</u>	<u>\$ 62,300</u>

* Denotes Major Federal Financial Assistance Program

() Denotes Cluster

See independent auditors' report.
See accompanying notes to the schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Hatch Valley Public Schools (The District) and is presented on the accrual basis of accounting, which is the same basis as was used to prepare the financial statements. The information in this schedule is presented in accordance with the requirements of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

2. 10% de Minimus Indirect Cost Rate

The District did not elect to use the 10% indirect cost rate.

3. Loans

The District did not expend federal awards related to loans or loan guarantees during the year.

4. Federally Funded Insurance

The District has no federally funded insurance.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 2,701,100
Total expenditures funded by other sources	<u>13,132,778</u>
<i>Total expenditures</i>	<u><u>\$ 15,833,878</u></u>

STATE OF NEW MEXICO
Hatch Valley Public Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements? | None noted |

Federal Awards:

- | | |
|---|------------|
| 1. Type of auditors’ report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | Yes |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
10.553 and 10.555 84.010	Child Nutrition Cluster Title I - IASA

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | No |

SECTION II – FINANCIAL STATEMENT FINDINGS

FS 2016-001 – Capital Assets (Material Weakness)

Condition: The District is maintaining a capital assets listing, however, the capital asset inventory listing was not being reviewed for additions, deletions and dates in service.

- The capital assets listing contained 77 assets from prior years with a cost value of \$4,881,910 and accumulated depreciation of \$3,564,935 which the District disposed of in prior years.
- The capital assets listing was missing 1 asset with a cost value of \$9,232,915 and accumulated depreciation of \$3,139,191 which the District owned in prior years.
- The dates in service on 4 assets listed on the capital assets listing were incorrect, resulting in an adjustment of \$1,237,963 to accumulated depreciation.

The District did subsequently identify these errors and proposed entries to correct these balances.

Criteria: Per section 2.20.1.18 D of NMAC, all disposition must be recorded in the fixed asset inventory records. Appropriate entries must also be made in the financial accounts to reflect the disposition of property. Gains or losses on disposal must be recorded in funds where such accounting is required. Per section 2.20.1.10 B of NMAC, fixed assets acquired through purchases shall be recorded at cost to prepare the asset for its intended use. These costs include freight or shipping, taxes, site preparation and installing, testing, recondition and other similar costs. If consideration other than cash are exchanged for the assets, the fair market value of such consideration at the time of the transaction is the proper measure of the cost of the assets so acquired. Per section 2.20.1.12 A of NMAC depreciation is a set of methods for allocating the cost of an asset over its economic life. Per section 2.20.1.12 B of NMAC, depreciation normally should not be recorded until the asset is ready for use.

Effect: The District was incorrectly including assets which were no longer owned by the District, incorrectly excluding assets which were owned by the District and incorrectly calculating depreciation based on in service dates, which could cause the financial statements to misrepresent the balances reported as capital assets.

Cause: The District did not verify the capital asset listing for dates in service, additions, and dispositions.

Auditors' Recommendation: We recommend the District reconcile additions and deletions of capital assets to the general ledger yearly.

Agency's Response: In prior years, only additions and deletions were reviewed and not the entire Fixed Asset listing. Many items were overlooked, or not added to the computer system for tracking purposes. The District has worked to produce a comprehensive, accurate listing of Fixed Assets and will work to maintain that listing on a go forward basis. The Maintenance Director and Business manager will work together each year by August 30 to ensure all assets are properly accounted for.

SECTION III – FEDERAL AWARD FINDINGS

FA 2016-001 — Internal Controls over Documentation of Personnel Expenses for Title I – (Significant Deficiency)

Federal Program Information:

Funding Agency: U.S. Department of Education
Title: Title I - IASA
CFDA Number: 84.010
Award Year: 2015-16
Grant Year: 2015-16

Condition: During our review of internal controls over the compliance with documentation of employee time and effort for Title I, RPC noted that the District did not obtain and retain appropriate documentation of employee time and effort for salaries and wages paid out of the Title I program.

Criteria: Per OMB Guidance § 200.430(i) Compensation – Personal Services - Standards for Documentation of Personnel Expenses, charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

Effect: The District may unintentionally expense employees' salary out of the Title I funding that do not qualify for Title I funding or more than what is applicable for the work performed by that employee for Title I program purposes.

Cause: The District did not have proper controls in place to verify that documentation was maintained to indicate the employees' time and effort for Title I. This documentation should be kept with the Title I program information to verify and document the verification that the employees' time is allowable under the program requirements.

Questioned Costs: Unknown

Auditors' Recommendation: We recommend that the District implement controls for documenting and retaining information to indicate which follows the requirements over OMB Guidance § 200.430(i).

Agency's Response: The District has relied on informal procedures to track employees charged to Federal awards. In the future, a listing of all personnel charged to Federal Awards will be supplied to the Superintendent/Federal Programs Director after the first payroll of the year. The listing will be used to track which employees require the Personnel Activity Records. A review will be done on a quarterly basis.

SECTION IV – SECTION 12-6-5 NMSA FINDINGS

NM 2016-001 – Recording of Revenue – Finding that does not rise to the level of a Significant Deficiency

Condition: During testwork performed to verify reimbursement basis funds' expenditures tie to revenues, RPC noted the following:

- two deposits made during the fiscal year to fund 27149 instead of 27194 in the amounts of \$2,986 each
- one deposit made during the fiscal year to fund 24154 instead of 11000 in the amount of \$1,102
- one deposit included in the accounts receivable balance posted to 24149 instead of 24194 in the amount of \$11,947
- one deposit included in the accounts receivable balance posted to 24109 instead of 24108 in the amount of \$504
- one deposit incorrectly excluded from accounts receivable balance posted the debit and credit to cash instead of credit to cash and credit to revenue for fund 24114 in the amount of \$16,274

Criteria: Per NMAC 6.20.2.13C, all school districts shall prepare, maintain, and report budget and financial information utilizing a standard and uniform chart of accounts. The District recorded the deposits to the incorrect funds according to the uniform chart of accounts.

Effect: The District was incorrectly utilizing the chart of accounts, which could cause the financial statements to misrepresent revenue types and mismatch revenues and expenditures in each fund.

Cause: The District did not verify against proper documentation as to the source and reason for the received funds prior to recording.

Auditors' Recommendation: We recommend the District review and require all deposit entry documents to be accompanied by the reimbursement request form to ensure the correct fund is credited for the revenue received.

Agency's Response: The District had new personnel in FY16 that were unfamiliar with the Chart of Accounts. All deposits are now reviewed and reconciled to ensure accuracy. Employees have been retrained in the proper method for identifying incoming wires, and the Business Manager will do a quarterly reconciliation of deposits by Fund.

SECTION IV – SECTION 12-6-5 NMSA FINDINGS (continued)

NM 2016-002 – Cash Appropriations in Excess of Available Cash Balances – Finding that does not rise to the level of a Significant Deficiency

Condition: The District maintained a deficit budget in excess of available cash balances in the following funds:

<u>Special Revenue Funds</u>	<u>Designated Cash</u>	<u>Beginning Year Cash & AR Available</u>	<u>Cash Appropriation in Excess of Available Cash</u>
Healthier Schools DOH Special Revenue Fund (28155)	\$6,676	\$6,321	\$355

Criteria: Section 2.2.2.10. (P) (1), NMAC, requires all School District funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the Public Education Department for approval. Cash balances rebudgeted to make up for deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

Effect: The District will have to supplement the budget deficit with other funds, which may lead to financial difficulties and deplete the budget in other funds.

Cause: The District has internal controls in place to monitor budget versus available cash, however this fund was missed in the process. The District did not budget revenue for this fund.

Auditors’ Recommendations: Budget deficits for future years should be reviewed to insure all funds have adequate budget authority and sufficient cash balances for budgeted deficits. Greater attention should be given to the budget monitoring process end-of-the-year cash balance estimates.

Agency’s Response: This was the result of a prior year deficit. A new award was received and the balance was calculated incorrectly. The District will review cash balances for all funds once final reports are prepared and budget only the cash available. The Business Manager will provide back-up documentation to be attached to BARs to ensure accuracy. Cash balance carry forwards will be reviewed before any expenditures are made.

STATE OF NEW MEXICO
Hatch Valley Public Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

SECTION V – PRIOR YEAR AUDIT FINDINGS

Financial Statement Findings

- FS 2008-005 – Budgetary Controls – Finding that does not rise to the level of a significant deficiency – Resolved
- FS 2015-001 – Internal Controls Over Non-Standard Journal Entries – Material Weakness – Resolved
- FS 2015-002 – Lack of Segregation of Duties Over the Receipting Process – Significant Deficiency – Resolved

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STATE OF NEW MEXICO
Hatch Valley Public Schools
Other Disclosures
For the Year Ended June 30, 2016

OTHER DISCLOSURES

Exit Conference

An exit conference was held on October 26, 2016. The following individuals were in attendance:

Hatch Valley Public Schools

Linda Hale – Superintendent
Julie Crespy – Business Manager
Patrick Garay – Audit Committee
Elva J. Garay – Board Vice President
Lupe Castillo – Board Member

RPC CPAs + Consultants, LLP

Bobby Cordova, CPA – Partner

Auditor Prepared Financials

RPC CPAs + Consultants, LLP prepared the GAAP-basis financial statements and footnotes of Hatch Valley Public Schools from the original books and records provided to them by the management of the District. The responsibility for the financial statements remains with the District.