

**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
AUDITED FINANCIAL STATEMENTS AND  
OTHER FINANCIAL INFORMATION  
JUNE 30, 2013**

**Dan Austin CPA, PC  
Certified Public Accountants**

**State of New Mexico  
Hondo Valley Public Schools  
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## INTRODUCTORY SECTION

**State of New Mexico  
Hondo Valley Public Schools  
Official Roster  
June 30, 2013**

**BOARD OF EDUCATION:**

Joe Torrez	President
Donna Brady	Vice-President
Jim Cooper	Secretary
Coda Omness	Member
Godfrey Gomez	Member

**SCHOOL OFFICIALS:**

Andrea Nieto	Superintendent
Mary Prudencio	Business Manager

# FINANCIAL SECTION



**Dan Austin CPA, P.C.**  
**700 Mechem Drive Ste. 15**  
**Ruidoso, New Mexico 88345**

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**INDEPENDENT AUDITOR'S REPORT**

Mr. Hector H. Balderas  
New Mexico State Auditor  
Board of Education  
Hondo Valley Municipal Schools

**Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the General Fund and major special revenue funds of the Hondo Valley Public Schools, as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Hondo Valley Public Schools basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Hondo Valley Public Schools non-major governmental and fiduciary funds and the budgetary comparisons for the Major Capital Project and Debt Services Funds and all non-major 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, 2013 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 misstatements, whether due to fraud or error.

**Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 presentation of the financial statements.

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 the Hondo Valley Public Schools, as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparisons for the General Fund and major special revenue funds 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 non-major governmental and fiduciary funds of the Hondo Valley Public Schools, as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the Major Capital Project and Debt Service Funds and the non-

major governmental 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 MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB 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. Our opinion on the basic financial statements is not affected by this missing information.

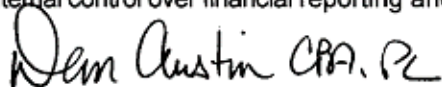
##### **Other Information**

Our audit was conducted for the purpose of forming opinions on the Hondo Valley Public Schools financial statements, the combining and the individual fund financial statements, and the budgetary comparisons. The budgetary comparisons for the Major Capital Project and Debt Service Funds and the non-major governmental funds, the Bank Reconciliation - All Funds, The Schedule of Deposits and Pledged Collateral Under State Requirements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparisons for the Major Capital Project and Debt Service Funds and non-major governmental funds, Bank Reconciliation – All Funds and the Schedule of Schedule of Deposits and Pledged Collateral Under State Requirements are the responsibility of management and were derived from and relates 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 basis financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparisons for the Major Capital Project and Debt Service Funds and the non-major governmental funds, Bank Reconciliation – All Funds, and the Schedule of Deposits and Pledged Collateral Under State Requirements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

##### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2013 on our consideration of the Hondo Valley Public Schools 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 Hondo Valley Public Schools internal control over financial reporting and compliance.



November 11, 2013

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Net Position**  
**June 30, 2013**

	<u>Primary</u> <u>Governmental</u> <u>Governmental</u> <u>Activities</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash	\$ 534,133
Grants Receivable	71,029
Taxes Receivable	20,329
Textbook Credits	4,637
Inventory	796
Total Current Assets	<u>630,924</u>
<b>Noncurrent Assets</b>	
Net Capital Assets	<u>4,122,840</u>
Total Noncurrent Assets	<u>4,122,840</u>
Total Assets	<u>\$ 4,753,764</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Interest Payable	\$ 18,249
Deferred Revenue	12,886
Current Portion Of Long Term Debt	170,000
Total Current Liabilities	<u>201,135</u>
<b>Noncurrent Liabilities</b>	
General Obligation Bonds Payable	<u>1,441,203</u>
Total Noncurrent Liabilities	<u>1,441,203</u>
Total Liabilities	<u>1,642,338</u>
<b>Net Position</b>	
Invested In Capital Assets	2,377,840
Restricted For:	
Capital Projects	231,284
Debt Service	212,970
Other Purposes	98,951
Unrestricted	190,381
Total Net Position	<u>3,111,426</u>
Total Liabilities And Net Position	<u>\$ 4,753,764</u>

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Net Activities**  
**For The Year Ended June 30, 2013**

	Expenses	Program Revenues		Net Program (Expense)Revenue and Changes In Net Assets
		Charges For Services	Operating Grants And Contributions	
<b>Governmental Activities:</b>				
Direct Instruction	\$ 1,118,028	\$ -	\$ 12,231	\$ -
Instructional Support	391,801	-	57,349	-
Administration	224,060	-	9,959	-
Business/Support Services	73,075	-	-	-
Operation Maintenance Plant	658,492	-	-	-
Food Services	143,213	4,126	87,611	-
Athletics	14,027	17,901	-	-
Pupil Transportation	207,097	-	193,604	-
Capital Outlay	62,838	-	-	-
Interest and Amortization On Long-Term Debt	67,437	-	-	-
<b>Total Primary Government</b>	<b>\$ 2,960,068</b>	<b>\$ 22,027</b>	<b>\$ 360,754</b>	<b>\$ -</b>

**General Revenues:**

Property Taxes	
Levied for General Purposes	16,338
Levied for Debt Service	240,638
Levied for Capital Projects	65,943
State Aid Not restricted	2,034,740
Investment Income	190
<b>Total General Revenues</b>	<b>2,357,849</b>
Change In Net Position	(219,438)
Net Position - Beginning	3,330,864
Net Position - Ending	<b>\$ 3,111,426</b>

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**

	General Fund	Special Revenue IASA Title I Fund	Special Revenue SB-9 Fund	Capital Outlay Bond Building Fund	Debt Service Debt Service Fund	Other Governmental Funds	Totals Governmental Funds
<b>Assets</b>							
Cash	\$ 12,001	\$ -	\$ 24,265	\$ 230,323	\$ 196,664	\$ 70,880	\$ 534,133
Grants Receivable	-	39,244	-	-	-	31,785	71,029
Taxes Receivable	-	-	4,023	-	16,306	-	20,329
Due From Other Funds	49,702	-	-	-	-	-	49,702
Inventory	-	-	-	-	-	4,637	4,637
Textbook Credits	796	-	-	-	-	-	796
<b>Total Assets</b>	<b>\$ 62,499</b>	<b>\$ 39,244</b>	<b>\$ 28,288</b>	<b>\$ 230,323</b>	<b>\$ 212,970</b>	<b>\$ 107,302</b>	<b>\$ 680,626</b>
<b>Liabilities And Fund Balances</b>							
<b>Liabilities</b>							
Deferred Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,220	\$ 25,220
Due To Other Funds	-	20,214	-	-	-	29,488	49,702
<b>Total Liabilities</b>	<b>-</b>	<b>20,214</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,708</b>	<b>74,922</b>
<b>Fund Balances</b>							
Non-spendable	-	-	-	-	-	4,637	4,637
Restricted-Special Revenue	-	19,030	28,288	-	-	46,996	94,314
Restricted-Capital Outlay	-	-	-	230,323	-	961	231,284
Restricted- For Debt Service	-	-	-	-	212,970	-	212,970
Unassigned For:							
General Fund	62,499	-	-	-	-	-	62,499
<b>Total Fund Balances</b>	<b>62,499</b>	<b>19,030</b>	<b>28,288</b>	<b>230,323</b>	<b>212,970</b>	<b>52,594</b>	<b>605,704</b>
<b>Total Liabilities And Fund Balances</b>	<b>\$ 62,499</b>	<b>\$ 39,244</b>	<b>\$ 28,288</b>	<b>\$ 230,323</b>	<b>\$ 212,970</b>	<b>\$ 107,302</b>	<b>\$ 680,626</b>

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Reconciliation of Total Government Fund**  
**Balance to Net Assets of Governmental Activities**  
**June 30, 2013**

Total Governmental Fund Balance	\$ 605,704
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,122,840
Interest payable on GO bond debt is not recorded as liability on the governmental funds	(18,249)
Deferred revenue on governmental funds is recognized as current income on government wide statements	12,334
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,611,203)</u>
Net Assets of Governmental Activities	<u>\$ 3,111,426</u>

**The accompanying notes are an integral part of the financial statements.**

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For The Year Ended June 30, 2013**

**Fund**

	General Fund	Special Revenue IASA Title I Fund	Special Revenue SB-9 Fund	Capital Outlay Bond Building Fund	Debt Service Fund	Other Governmental Funds	Totals Governmental Funds
<b>Revenues</b>							
Federal Sources	\$ 8,899	\$ 84,800	\$ -	\$ -	\$ -	\$ 168,228	\$ 261,927
State Sources	2,088,099	-	-	-	-	17,064	2,105,163
Local Sources	22,091	-	70,466	-	256,944	22,644	372,145
Investment Income	43	-	-	135	11	1	190
<b>Total Revenues</b>	<b>2,119,132</b>	<b>84,800</b>	<b>70,466</b>	<b>135</b>	<b>256,955</b>	<b>207,937</b>	<b>2,739,425</b>
<b>Expenditures</b>							
Current:							
Direct Instruction	1,116,406	-	-	-	-	1,622	1,118,028
Instructional Support	220,652	84,800	-	-	-	86,349	391,801
Administration	221,654	-	-	-	2,406	-	224,060
Business/Support Services	73,075	-	-	-	-	-	73,075
Operation Maintenance Plant	223,168	-	75,143	129,897	-	-	428,208
Food Services	58,567	-	-	-	-	84,646	143,213
Athletics	-	-	-	-	-	14,027	14,027
Pupil Transportation	207,097	-	-	-	-	-	207,097
Capital Outlay	-	-	-	117,546	-	27,042	144,588
Debt Service:							
Principal	-	-	-	-	155,000	-	155,000
Interest	-	-	-	-	60,684	-	60,684
<b>Total Expenditures</b>	<b>2,120,619</b>	<b>84,800</b>	<b>75,143</b>	<b>247,443</b>	<b>218,090</b>	<b>213,686</b>	<b>2,959,781</b>
<b>Excess (Deficiency) Of Revenues Over Expenditures</b>	<b>(1,487)</b>	<b>-</b>	<b>(4,677)</b>	<b>(247,308)</b>	<b>38,865</b>	<b>(5,749)</b>	<b>(220,356)</b>
<b>Other Financing Sources (Uses):</b>							
Bond Proceeds	-	-	-	300,274	-	-	300,274
Bond Issue Costs	-	-	-	(42,977)	-	-	(42,977)
Operating Transfers, Net	(1,468)	19,030	-	-	-	(17,562)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,468)</b>	<b>19,030</b>	<b>-</b>	<b>257,297</b>	<b>-</b>	<b>(17,562)</b>	<b>257,297</b>
<b>Net Change In Fund Balances</b>	<b>(2,955)</b>	<b>19,030</b>	<b>(4,677)</b>	<b>9,989</b>	<b>38,865</b>	<b>(23,311)</b>	<b>36,941</b>
<b>Fund Balances (Deficit)</b>							
<b>At Beginning Of Year</b>	<b>65,454</b>	<b>-</b>	<b>32,965</b>	<b>220,334</b>	<b>174,105</b>	<b>75,905</b>	<b>588,763</b>
<b>Fund Balances (Deficit)</b>							
<b>At End Of Year</b>	<b>\$ 62,499</b>	<b>\$ 19,030</b>	<b>\$ 28,288</b>	<b>\$ 230,323</b>	<b>\$ 212,970</b>	<b>\$ 52,594</b>	<b>\$ 605,704</b>

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds to**  
**the Statement of Activities**  
**June 30, 2013**

Net Change in Fund Balances - Total Governmental Funds	\$	36,941
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation was more than the capital outlay in the current period:</p>		
Capital Outlay	\$	81,750
Depreciation		<u>(230,284)</u>
		(148,534)
Deferred revenue on the governmental funds are recognized as current revenue on the government wide statements		1,205
Amortization of Bond Premiums		(14,365)
Bond Proceeds reported in the Government Funds		(300,000)
Bond Issuance Costs		42,977
Repayment of bond and other debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		155,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		<u>7,338</u>
Change in Net Assets of Governmental Activities	\$	<u>(219,438)</u>

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



**State of New Mexico**  
**Hondo Valley Public Schools**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**General Fund**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
<b>Revenues:</b>				
Local Sources-Taxes	\$ 15,652	\$ 15,652	\$ 16,338	\$ 686
Local Sources-Other	-	-	5,753	5,753
Federal Sources	-	8,900	8,899	(1)
State Sources	2,083,926	2,061,676	2,088,099	26,423
Other	100	100	43	(57)
<b>Total Revenues</b>	<u>2,099,678</u>	<u>2,086,328</u>	<u>2,119,132</u>	<u>32,804</u>
<b>Expenditures:</b>				
Direct Instruction	1,164,980	1,119,108	1,111,602	7,506
Instructional Support	180,948	221,511	220,652	859
Administration	216,171	251,291	221,654	29,637
Business Support Services	70,313	74,685	73,075	1,610
Operation Maintenance Plant	251,166	232,208	223,168	9,040
Food Services	58,914	58,917	58,567	350
Athletics	-	-	-	-
Non-Instructional Support	-	-	-	-
Pupil Transportation	189,430	220,022	207,097	12,925
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<u>2,131,922</u>	<u>2,177,742</u>	<u>2,115,815</u>	<u>61,927</u>
Excess (deficiency) of revenues over expenditures	<u>(32,244)</u>	<u>(91,414)</u>	<u>3,317</u>	<u>94,731</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	(1,468)	(1,468)
Excess (deficiency) of revenues over Expenditures & Other Uses	<u>(32,244)</u>	<u>(91,414)</u>	<u>1,849</u>	<u>\$ 96,199</u>
Prior Year End Cash	<u>30,692</u>	<u>30,692</u>		
End of Year Cash Balance	<u>\$ (1,552)</u>	<u>\$ (60,722)</u>	-	
Adjustments to reconcile to GAAP Basis:				
Changes in Textbook Credits			(4,804)	
			<u>-</u>	
<b>Net Change in fund balance GAAP Basis</b>			<u>\$ (2,955)</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-IASA Title I**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 77,902	\$ 98,720	\$ 65,770	\$ (32,950)
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>77,902</u>	<u>98,720</u>	<u>65,770</u>	<u>(32,950)</u>
Expenditures:				
Direct Instruction	-	-	-	-
Instructional Support	77,902	98,720	84,800	13,920
Community Services	-	-	-	-
Total Expenditures	<u>77,902</u>	<u>98,720</u>	<u>84,800</u>	<u>13,920</u>
Excess (deficiency) of revenues over expenditures	-	-	(19,030)	(19,030)
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	19,030	19,030
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	-	\$ <u>(38,060)</u>
Cash Balance at beginning of year	-	-		
Cash balance at end of year	<u>\$ -</u>	<u>\$ -</u>		
Adjustments to reconcile to GAAP Basis:				
Change in Deferred Revenue			-	
Change in Grants Receivable			<u>19,030</u>	
Net Change in fund balance GAAP Basis			<u>\$ 19,030</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-SB-9**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
State Sources	\$ -	\$ -	\$ -	\$ -
Local Sources	100,485	105,792	66,443	(39,349)
Interest Income	-	-	-	-
<b>Total Revenues</b>	<u>100,485</u>	<u>105,792</u>	<u>66,443</u>	<u>(39,349)</u>
<b>Expenditures:</b>				
Operation Maintenance Plant	75,601	82,908	75,143	7,765
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<u>75,601</u>	<u>82,908</u>	<u>75,143</u>	<u>7,765</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>24,884</u>	<u>22,884</u>	<u>(8,700)</u>	<u>(31,584)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In (Out)	-	-	-	-
<b>Excess (deficiency) of revenues over Expenditures &amp; Other Uses</b>	24,884	22,884	(8,700)	<u>\$ (31,584)</u>
Cash Balance at beginning of year	<u>32,965</u>	<u>32,965</u>		
Cash Balance at end of year	<u>\$ 57,849</u>	<u>\$ 55,849</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			<u>4,023</u>	
Net Change in fund balance GAAP Basis			<u>\$ (4,677)</u>	

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

**State of New Mexico  
Hondo Valley Public Schools  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2013**

**ASSETS**

Cash	<u>\$ 44,490</u>
Total Assets	<u>\$ 44,490</u>

**Liabilities**

Liabilities:	
Due to School Groups	<u>\$ 44,490</u>
Total Liabilities	<u>\$ 44,490</u>

**The accompanying notes are an integral part of the financial statements.**

**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

**NOTE 1. FUNCTION OF THE ENTITY**

The Hondo Valley Public Schools (the District) is a public school district, the function of which is to provide primary and secondary educational services for all eligible children ages 3-21 within designated district boundaries. The powers and duties of the local school board are governed by the provisions of Article 5, Chapter 22 of New Mexico Statutes Annotated, 1978. The School District operates under a five member school board form of government.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

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 and No. 39. 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.

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 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.

The District has elected not to apply Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, for the government (district)-wide financial statements.

**A. REPORTING ENTITY**

The Board of Education is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. The District is not included in any other governmental reporting entity.

**B. BASIC FINANCIAL STATEMENTS – DISTRICT-WIDE STATEMENTS**

The basic financial statements include both district-wide (based on the District as a whole) and fund financial statements. The new reporting model focus is on either the District as whole or major individual funds (within the fund financial statements). The District is a public school district that engages in only governmental activities and has no component units. Both the district-wide and fund financial statements (within the basic financial statements) categorize primary activities as governmental activities. In the district-wide Statement of Net Assets, the governmental activities are presented on the full accrual basis, economic resources measurement focus, which incorporates long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, restricted net assets and unrestricted net assets.

**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013**

The district-wide Statement of Activities reports the gross and net cost of the District's function. The function is also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Governmental activities include programs supported primarily by taxes, state and federal grants, and other intergovernmental revenues. The District has no business type activities that rely, to a significant extent, on fees and charges for support, and therefore does not have any proprietary funds.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes 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 district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. All Interfund transactions between governmental funds are eliminated on the district-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the district-wide Statement of Activities.

The funds financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the district-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

The district-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the 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.

### **C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

The financial transactions of the District are reported in various funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The District does not have any proprietary funds.

The funds of the District are described below:

**Major Funds:**

*General Fund* – The General Fund is the primary operating fund for the District, and it is reported as a major governmental fund. It is used to account for all financial resources except those required to be accounted for in another fund.

*IASA Title I Special Revenue Fund* – To account for a project providing remedial instruction in language arts for educationally deprived students in low income areas. The project is funded by the Federal Government through the New Mexico State Department of Education, under the Elementary and Secondary Act of 1965, Title 1, Chapter 1, Part A, 20 U.S.C. 2701 et seq.

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*SB9 Special Revenue Fund* – To account for 2.0 mill levy restricted by board resolution for erecting, remodeling, making additions to, providing equipment for, and furnishing school buildings, improving school grounds and maintenance of school buildings and grounds, exclusive of salary expense of employees.

*Bond Building Capital Projects Fund* - To account for the costs of capital improvements, such as erecting, remodeling, making additions to, providing equipment for, and furnishing school buildings, purchasing and improving school grounds funded by bond proceeds.

*Debt Service Fund* – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in the debt service fund.

**Non-Major Funds:**

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

*Capital Projects Funds* – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund, in addition to the major fund described above.

*Agency Funds* – The District accounts for resources held for others in a custodial capacity in agency (fiduciary) funds.

The governmental fund statements are presented on a current financial resources measurement focus and modified accrual basis of accounting. This presentation is deemed appropriate to (a) demonstrate legal compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the District's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements, reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the district-wide presentation.

**D. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**Accrual**

Governmental activities in the district-wide financial statement are presented on the accrual basis of accounting. Revenue is 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 revenue 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.

**Modified Accrual**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within 60 days of the end of the current fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

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Those revenues susceptible to accrual are property taxes. In accordance with GASB Statement 33, estimated taxes that are not available are recorded as both accounts receivable and deferred revenue. All other revenues are recognized when they are received and are not susceptible to accrual, because they are usually not measurable until payment is actually received. The District received from Lincoln County all collected property taxes by year end. Estimated taxes that were not available at year end have been accrued as taxes receivable and also as deferred revenue liabilities.

**E. USE OF 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**F. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District.

**G. FINANCIAL STATEMENT AMOUNTS**

**1. Cash**

For the purpose of the Statement of Net Assets, "cash" includes all petty cash, demand accounts, savings accounts and certificates of deposit of the District. See Note 4 A for additional cash disclosures.

**2. Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Prior to July 1, 2006, capital assets purchased or acquired with an original cost of \$1,000 or more were capitalized. Contributed assets are reported at fair market value as of the date received. Additions, improvements, computer software and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all assets is provided on the straight-line basis with no salvage value. The estimated useful life for buildings is 30 to 50 years. The estimated useful life for equipment is 5 to 30 years.

Capital expenditures made on the District's building construction projects by the NM Public School Facilities Authority are appropriately included in the District's capital assets.

Library books are not reflected as capital assets because management believes the cumulative value of the library books is not of a material amount.

**3. Compensated Absences**

The District permits the administrative and non-administrative employees to accumulate earned but unused vacation and sick leave, however, the accrued amounts are not monetarily compensated to employees, and therefore, no accrual for compensated absences is recorded.

**4. Long-Term Debt**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of



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the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**5. Inventories**

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories in the Special Revenue Fund consist of USDA commodities and other purchased food items. The cost is recorded as expenditure at the time individual inventory items are purchased. Any reported inventories would be equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

**6. Equity Classifications**

*District-Wide Statements*

Equity is classified as net assets. Net assets is the difference between assets and liabilities. Net assets invested in capital assets represents the historical costs of assets or fair value on date of receipt less accumulated depreciation on those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by the District or external restrictions by other governments, creditors or grantors. Unrestricted net assets are all other net assets that do not meet the definition of "restricted" or "invested in capital assets." It is the District's policy to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

*Fund Statements*

Fund Equity: Restricted fund balance represents amounts that are constrained either by: 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority.

Assigned fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body or a subordinate high-level body or official whom the governing body has delegated.

Unassigned fund balance is the residual classification for the general fund and represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes.

The District's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**7. Revenues and Expenditures**

The primary source of revenue for the District is the New Mexico State Equalization Guarantee, paid to the District by the State of New Mexico, on a unit basis. In addition, the District also receives property tax revenue, and other state and federal grants.

The Lincoln County Treasurer bills and collects the District's tax levy, which is payable in two installments on November 10 and April 10. Property taxes attach as an enforceable lien on January 1. Collections by the County are remitted to the District monthly. No allowance for uncollectible taxes has been recorded since all taxes are

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considered collectible by the County Treasurer. As of June 30, 2013, all uncollected taxes are considered delinquent.

Expenditures are recognized when the related fund liability is incurred. The exception is that principal on long-term debt is recognized when due.

**NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

By its nature as a government unit, the District is subject to various laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows:

**A. BUDGETS AND BUDGETARY ACCOUNTING**

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

- (1) During the month of March, school administrators attend a pre-budget workshop sponsored by the State Department of Education, Public School Budget and Finance Analysis Unit. Necessary direction and budget forms are afforded those attending in preparation of the budget.
- (2) During the months of March and April, local budget workshops are conducted to obtain input in formulating the budget. These workshops are held with the budget committee each week during the entire budget preparation cycle.
- (3) Prior to June 20 of each year, the local school board and the State Superintendent of Public Instruction, at public hearing of which notice has been published by the local school board, fix and approve the estimated budgets for the School District for the ensuing fiscal year.
- (4) The State Department of Education, School Budget Planning Unit, should:
  - a. On or before July 1 of each year, approve and certify to the local school board the estimated operating budgets for use by the local school board pending approval by the State Department of Education, School Budget Planning Unit; and
  - b. Make corrections, revisions, and amendments to the estimated budgets fixed by the local school board and the director to conform the budgets to the requirements of the law and to the Manual of Procedures for Accounting and Budgeting of the State Department of Education; and
  - c. Before the first Monday of September of each year approve and certify to the local school board the operating budgets for use by the local school board based upon the estimated budgets fixed by the local school board and the director.
- (5) Operating budgets shall not be altered or amended after approval and certification by the State Department of Education except for the following purposes and according to the following procedures:
  - a. Upon written request of the local school board, the director of the State Department of Education, School Budget Planning Unit, may authorize transfers within the budget or provide for items not included, when the total amount of the budget will not be increased thereby;
  - b. Upon written request of the local school board, the director in conformance with the regulations of the State Department of Education and with the approval of the Superintendent, may authorize an increase in any budget if the increase is necessary because of the receipt of revenue that was not anticipated at the time the budget was fixed and if the increase is directly related to a special project or program for which the additional revenue was received;

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- c. Upon written request of the local school board, the director may authorize an increase in a budget of not more than one thousand dollars (\$1000); or
- d. Upon written request of the local school board, the Administration, after notice and a public hearing, may authorize an increase in the budget in an amount exceeding one thousand dollars (\$1,000). The notice of the hearing shall designate the District, which proposes to alter or amend its budget, together with the time, place and date of the hearing. The notice of the hearing shall be published at least once a week for two consecutive weeks in a newspaper of general circulation in the county in which the District is situated. The last publication of the notice shall be at least three days prior to the date set for the hearing.
- e. Budgeted adjustments were made during the year.

Expenditures may not legally exceed budgeted amounts at the function level. No funds exceeded budget in this current year.

- (6) Budgeted transfers may be made between accounts within a functional category without State Department of Education approval if the total budgeted expenditures of the function are not changed.
- (7) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue funds, Debt Service Fund, and the Capital Projects Funds.
- (8) Appropriation of funds unused during the fiscal year may be carried over to the next fiscal year by budgeting those funds in the subsequent year's budget.
- (9) To conform to the State Department of Education regulations, budgets for all funds of the District are adopted on the cash basis of accounting with the following exception:

Federal Projects – Federal categorical grants are budgeted on the grant's project year rather than the District's fiscal year and, therefore, may not reflect cash basis budgeting. Unexpended portions of prior year's programs are re-budgeted into the subsequent year's program budget. Because the programs may be incomplete at June 30, the schedules of budgeted and actual revenue and expenditures may present unrealized revenue and unexpended budget, rather than budget savings. Information included in the Schedule of Federal Awards may not fully agree with other federal award reports that the District submits directly to federal granting agencies because, among other reasons, the award reports (a) may be prepared for a different fiscal period and (b) may include cumulative (from prior years) data rather than data for the current year only.

Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are adopted on a basis inconsistent with Generally Accepted Accounting Principles (GAAP). Budgetary comparisons presented for these funds in this report are on the Non-GAAP (Cash Basis) budgetary basis.

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2013, was properly amended by the Board through the year.

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**B. LONG-TERM DEBT**

A summary in changes in long-term obligations follows:

	Balance 6/30/12	Additions	(Reductions)	Balance 6/30/13	Due Within One Year
\$450,000 2009 GO Bonds due in semi-annual interest payments, matures in June, 2019, interest rates 3.7 to 4.0.%	\$ 450,000	\$ -	\$ -	\$ 450,000	\$ -
\$250,000 2010 GO Bonds due in semi-annual interest payments, matures in June, 2019, interest rates 3.00 to 3.7.%	250,000		-	250,000	-
\$250,000 2009 GO Bonds due in semi-annual interest payments, matures in June, 2019, interest rates 3.25 to 4.1.%	175,000		(25,000)	150,000	60,000
\$400,000 2006 GO Bonds due in semi-annual interest payments, matures in October 2016, interest at 4.0 to 4.25%	360,000		(85,000)	275,000	25,000
\$300,000 2005 GO Bonds due in semi-annual interest payments, matures in August 2017, interest at 4.1 to 4.25%	300,000	-	(15,000)	285,000	55,000
\$165,000 2002 GO Bonds due in semi-annual interest payments, matures in July 2014, interest at 3.875 to 5.15%	65,000	-	(30,000)	35,000	20,000
\$300,000 2012 GO Bonds due in semi-annual interest payments, matures in January 2022, interest at 5.15 to 5.95%	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>10,000</u>
<b>Total Long-Term Obligations</b>	<b><u>\$ 1,600,000</u></b>	<b><u>\$ 300,000</u></b>	<b><u>\$ (155,000)</u></b>	<b><u>\$ 1,745,000</u></b>	<b><u>\$ 170,000</u></b>

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The annual requirements to amortize all bonded debt outstanding as of June 30, 2013, are shown below:

The legal debt margin is specified by Article IX Section 11 of the Constitution of the State of New Mexico as not greater than 6% of the assessed value of the taxable property within the School District. Based on this criterion, the maximum general obligation debt permissible is \$1,937,694.

Fiscal Year Ended June 30, 2013	Principal	Interest	Total
2014	170,000	61,798	231,798
2015	175,000	54,920	229,920
2016	205,000	47,901	252,901
2017	250,000	40,604	290,604
2018	260,000	32,296	292,296
2019-2022	685,000	58,650	743,650
	<u>\$ 1,745,000</u>	<u>\$ 296,169</u>	<u>\$ 2,041,169</u>

Property tax revenue recorded in the Debt Service Fund has been used to retire debt liabilities.

The reconciliation of Long-Term Debt above is reported in the Statement of Net Assets can be reconciled as follows:

Total Long-Term Debt	\$ 1,745,000
Unamortized Bond Origination Costs	(133,797)
Current Portion of Long-Term Debt	<u>(170,000)</u>
Long-Term Debt 6-30-2013	<u>\$ 1,441,203</u>

**NOTE 4. DETAIL NOTES ON ACCOUNTS AND TRANSACTION CLASSES**

**A. CASH**

State statutes authorize the investment of school district funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The District is also allowed to invest in United States Government obligations; however, they have never taken this opportunity. All funds of the District must follow the above investment policies.

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

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JUNE 30, 2013**

The rate of interest in non-demand interest-bearing accounts shall not 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 the 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 for the state or the United States or are backed by the full faith and credit of those governments.

Statutes require depositories to pledge collateral against deposits in excess of the federal deposit insurance. Collateral is required in the amount of fifty percent of the uninsured deposits and requires securities to be delivered, or a joint safekeeping receipt be issued, to the local school district by the depository institution. The Schedule of Deposits and Security Requirements on **page 82** discloses the details deposits and securities of the district. Per the schedule noted above, total deposits not insured by the FDIC amounted to \$419,227 requiring that depositories to pledge securities. However, depositories pledged securities as of June 30, 2013, the fair market value of pledged securities amounted to \$233,862 or an excess of \$24,249.

At June 30, 2013 the carrying amount of the District's deposits with financial institutions was \$578,622 and the bank balances were \$709,142. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: a. Uncollateralized, b. Collateralized with securities held by the pledging financial institution, or c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. At June 30, 2013, \$185,365 of the District's bank balances of \$709,142 was exposed to custodial credit risk.

**B. INTERFUND TRANSACTIONS**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables at year end are planned to be eliminated in the subsequent year.

	<u>Due From</u>	<u>Due To</u>		<u>Totals</u>
		<u>General</u>		
		<u>Fund</u>	<u>Transportation</u>	
Title I	\$ (20,214)	\$ 7,274	\$ 12,940	\$ -
Principle Training	(14,248)	14,248	-	-
Rural Education	(6,030)	6,030	-	-
Duel Credit	(456)	456	-	-
Special Cap Outlay	(8,754)	8,754	-	-
<b>Totals</b>	<b>\$ (49,702)</b>	<b>\$ 36,762</b>	<b>\$ 12,940</b>	<b>\$ -</b>

Transfers are used to move revenues from the fund that collects them to the fund that budgets them. Interfund transfers have been eliminated in the government-wide financial statements.

**STATE OF NEW MEXICO  
HONDO VALLEY PUBLIC SCHOOLS  
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**B. Capital Assets**

Capital activity as of June 30, 2013 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 89,628	\$ -	\$ -	\$ 89,628
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>89,628</u>	<u>-</u>	<u>-</u>	<u>89,628</u>
Capital assets being depreciated:				
Buildings and improvements	5,578,197	81,750	-	5,659,947
Equipment	<u>1,564,991</u>	<u>-</u>	<u>-</u>	<u>1,564,991</u>
Total capital assets being depreciated	<u>7,143,188</u>	<u>81,750</u>	<u>-</u>	<u>7,224,938</u>
Less accumulated depreciation for:				
Buildings and improvements	1,779,038	144,269	-	1,923,307
Equipment	<u>1,182,404</u>	<u>86,015</u>	<u>-</u>	<u>1,268,419</u>
Total accumulated depreciation	<u>2,961,442</u>	<u>230,284</u>	<u>-</u>	<u>3,191,726</u>
Total capital assets being depreciated, net	<u>4,181,746</u>	<u>(148,534)</u>	<u>-</u>	<u>4,033,212</u>
Governmental activity capital assets, net	<u>\$ 4,271,374</u>	<u>\$ (148,534)</u>	<u>\$ -</u>	<u>\$ 4,122,840</u>

Government activities depreciation expense was charged to the operation maintenance plant function.

**NOTE 5. OTHER NOTES**

**A. Risk Management**

The Hondo Valley Public School District is subject to risk of loss through areas of general liability, workers compensation, and natural disaster. To minimize the risk of financial loss, the school participates in the New Mexico Public School Insurance Authority (a risk pool of all education agencies within the State of New Mexico). The New Mexico Public School Insurance Authority acts as a common carrier of insurance. The assumption of risk is upon the payment of premiums by the school to the New Mexico Public Insurance Authority and lies with the Authority. Premiums are reevaluated annually by the Authority and the District's risk is limited to premiums paid and respective deductibles.

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.

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The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible to 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 \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include 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, 2009, there have been no claims that have exceeded insurance coverage.

**B. Retiree Health Care Act Contributions**

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

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf, unless that person retires before the employer's NMRHCA effective date, in which event the time period required for the employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; or (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 RCHA 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 RCHA or viewed on their website at [www.nmrhca.slat.nm.us](http://www.nmrhca.slat.nm.us).

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirement for the contributions can be changed by the New Mexico State Legislature. Employers that chose 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 members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1: municipal police member coverage plan 3, 4 or 5; municipal fire member coverage plan 3.4, or 5; municipal detention office member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; and each participating employee was required to contribute 1.25%



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of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each 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, 2013, 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 contributions to the RIICA for the years ended June 30, 2013, 2012 and 2011 were \$ 26,119, \$23,308 and \$22,402, respectively, which equal the required contributions for each year.

**C. ERA Pension Plan**

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

*Funding Policy.*

**Member contributions**

Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the plan: 9.40% of their gross salary in fiscal year 2013; 10.1% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

**Employer Contributions**

In the fiscal year 2013, the District was required to contribute 12.4% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 10.9% of the gross covered salary for employees whose annual salary is more than \$20,000.

In the future, the District will contribute the following percentages of the gross covered salary of employees: 13.5% of gross covered salary in fiscal year 2014; and 13.9% of gross covered salary in fiscal year 2015.

The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article II, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to the ERB for the years ended June 30, 2013, 2012 and 2011 were \$145,344 \$128,122, and \$151,677, respectively, which equal the required contributions for each year.

**D. Federal Grants**

The District receives indirect cost allocations for the various federal programs it administers. These reimbursements are for costs incurred for administrative functions on behalf of the federal programs. Indirect costs are budgeted and reported as federal revenue in the general fund and revenue and expenditures in the federal project funds.

Unexpended portions of federal monies received for these programs are recognized as deferred grant revenue at year end. These funds are not realized as revenue until expended by the District. Amounts expended in excess of federal monies received are reported as accounts receivable.

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**E. Memorandum of Understanding**

Eastern New Mexico University - Ruidoso Dual Enrollment Agreement

Purpose: Eastern New Mexico University - Ruidoso will provide higher education to qualified Hondo Valley Public Schools High School junior and senior students in both technical and arts and science courses.

Participants: Eastern New Mexico University - Ruidoso and Hondo Valley Public Schools.

Responsibility: Hondo Valley Public Schools will be responsible for tuition and enrollment fees for the enrolled students.

Beginning and ending dates of agreement: July 1, 2010 to June 30, 2013

Estimated costs: Total costs are dependent on the number of enrolled students and is the sole responsibility of Hondo Valley Public Schools.

**NOTE 6. Subsequent Accounting Standard Pronouncements**

The GASB issued Statement No. 65, *Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position* which is effective for financial statements for periods beginning after December 15, 2013. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The District is reviewing the effects of the implementation of this statement.

The GASB issued Statement No. 66, which is effective for financial statements for periods beginning after December 15, 2013. Earlier application is encouraged. The objective of this statement is to amend Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. As a result, government would base their decisions about governmental fund type usage for risk financing activities on the definitions in State NO. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and that principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee. These changes would eliminate any uncertainty regarding the application of Statement No. 13, *Accounting for Operating Leases with Schedule Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales of Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. The District is reviewing the effects of the implementation of this statement.

**NOTE 7. Subsequent Events Review**

Hondo Valley Public Schools has evaluated subsequent events through November 11, 2013, which is the date the financial statements were dated.

**NOTE 8. Surety Bond**

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

## SUPPLEMENTARY INFORMATION

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2013**

<u>Assets</u>	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Total
Cash	\$ 69,919	\$ 961	\$ 70,880
Grants Receivable	23,031	8,754	31,785
Due From Other Funds	-	-	-
Inventory	4,637	-	4,637
<b>Total Assets</b>	<b>\$ 97,587</b>	<b>\$ 9,715</b>	<b>\$ 107,302</b>
<u>Liabilities</u>			
Deferred Income	\$ 25,220	\$ -	\$ 25,220
Due to Other Funds	20,734	8,754	29,488
<b>Total Liabilities</b>	<b>45,954</b>	<b>8,754</b>	<b>54,708</b>
<u>Fund Balance</u>			
Non Spendable - Inventory	4,637	-	4,637
Restricted-Special Revenue	46,996	-	46,996
Restricted-Capital Outlay	-	961	961
Unreserved	-	-	-
<b>Total Fund Balance</b>	<b>51,633</b>	<b>961</b>	<b>52,594</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 97,587</b>	<b>\$ 9,715</b>	<b>\$ 107,302</b>

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2013**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Total
<b>Revenues:</b>			
Federal Sources	\$ 168,228	\$ -	\$ 168,228
State Sources	8,310	8,754	17,064
Local Sources	22,644	-	22,644
Investment Income	1	-	1
	<u>199,183</u>	<u>8,754</u>	<u>207,937</u>
<b>Total Revenues</b>			
<b>Expenditures:</b>			
Direct Instruction	1,622	-	1,622
Instructional Support	86,349	-	86,349
Administration	-	-	-
Business Support Services	-	-	-
Operation Maintenance Plant	-	-	-
Food Services	84,646	-	84,646
Athletics	14,027	-	14,027
Non-Instructional Support	-	-	-
Pupil Transportation	-	-	-
Capital Outlay	-	27,042	27,042
	<u>186,644</u>	<u>27,042</u>	<u>213,686</u>
<b>Total Expenditures</b>			
Excess (deficiency) of revenues over expenditures	<u>12,539</u>	<u>(18,288)</u>	<u>(5,749)</u>
Other Financing Sources (Uses)			
Transfers In (Out)	<u>(17,562)</u>	<u>-</u>	<u>(17,562)</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(5,023)	(18,288)	(23,311)
Fund Balance at beginning of year	<u>56,656</u>	<u>19,249</u>	<u>75,905</u>
Fund balance at end of year	<u>\$ 51,633</u>	<u>\$ 961</u>	<u>\$ 52,594</u>

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

## General Fund

To Account for resources traditionally associated with governments which are not required to be accounted for in any other fund.

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Combining Balance Sheet**  
**General Fund**  
**June 30, 2013**

<u>Assets</u>	Operational Fund	Transportation Fund	Instructional Materials Fund	Total
Cash	\$ 9,028	\$ 2,922	\$ 51	\$ 12,001
Textbook Credits	-	-	796	796
Due From Other Funds	<u>36,762</u>	<u>12,940</u>	<u>-</u>	<u>49,702</u>
<b>Total Assets</b>	<b><u>\$ 45,790</u></b>	<b><u>\$ 15,862</u></b>	<b><u>\$ 847</u></b>	<b><u>\$ 62,499</u></b>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<u>Fund Balance</u>				
Non-spendable	-	-	-	-
Restricted-Special Revenue	-	-	-	-
Restricted-Capital Outlay	-	-	-	-
Restricted- For Debt Service	-	-	-	-
Unassigned For:	-	-	-	-
General Fund	<u>45,790</u>	<u>15,862</u>	<u>847</u>	<u>62,499</u>
<b>Total Fund Balance</b>	<b><u>45,790</u></b>	<b><u>15,862</u></b>	<b><u>847</u></b>	<b><u>62,499</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 45,790</u></b>	<b><u>\$ 15,862</u></b>	<b><u>\$ 847</u></b>	<b><u>\$ 62,499</u></b>

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**General Fund**  
**For the Year Ended June 30, 2013**

	Operational Fund	Transportation Fund	Instructional Materials Fund	Total
<b>Revenues:</b>				
Federal Sources	\$ 8,899	\$ -	\$ -	\$ 8,899
State Sources	1,887,524	190,127	10,448	2,088,099
Local Sources-Taxes	16,338	-	-	16,338
Local Sources-Other Sources	2,816	2,937	-	5,753
Investment Income	43	-	-	43
<b>Total Revenues</b>	<u>1,915,620</u>	<u>193,064</u>	<u>10,448</u>	<u>2,119,132</u>
<b>Expenditures:</b>				
Direct Instruction	1,100,409	-	15,997	1,116,406
Instructional Support	220,652	-	-	220,652
Administration	221,654	-	-	221,654
Business Support Services	73,075	-	-	73,075
Operation Maintenance Plant	223,168	-	-	223,168
Food Services	58,567	-	-	58,567
Athletics	-	-	-	-
Pupil Transportation	-	207,097	-	207,097
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<u>1,897,525</u>	<u>207,097</u>	<u>15,997</u>	<u>2,120,619</u>
Excess (deficiency) of revenues over expenditures	<u>18,095</u>	<u>(14,033)</u>	<u>(5,549)</u>	<u>(1,487)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>(1,468)</u>	<u>-</u>	<u>-</u>	<u>(1,468)</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	16,627	(14,033)	(5,549)	(2,955)
Fund Balance at beginning of year	<u>29,163</u>	<u>29,895</u>	<u>6,396</u>	<u>65,454</u>
Fund balance at end of year	<u>\$ 45,790</u>	<u>\$ 15,862</u>	<u>\$ 847</u>	<u>\$ 62,499</u>

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



**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**General Fund-Operational**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ 8,900	\$ 8,899	\$ (1)
State Sources	1,884,049	1,861,102	1,887,524	26,422
Local Sources-Taxes	15,652	15,652	16,338	686
Local Sources-Other	-	-	2,816	2,816
Investment Income	<u>100</u>	<u>100</u>	<u>43</u>	<u>(57)</u>
Total Revenues	<u>1,899,801</u>	<u>1,885,754</u>	<u>1,915,620</u>	<u>29,866</u>
Expenditures:				
Direct Instruction	1,154,533	1,107,864	1,100,409	7,455
Instructional Support	180,948	221,511	220,652	859
Administration	216,171	251,291	221,654	29,637
Business Support Services	70,313	74,685	73,075	1,610
Operation Maintenance Plant	251,166	232,208	223,168	9,040
Food Services	58,914	58,914	58,567	347
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,932,045</u>	<u>1,946,473</u>	<u>1,897,525</u>	<u>48,948</u>
Excess (deficiency) of revenues over expenditures	<u>(32,244)</u>	<u>(60,719)</u>	<u>18,095</u>	<u>78,814</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>(1,468)</u>	<u>(1,468)</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	<u>(32,244)</u>	<u>(60,719)</u>	<u>16,627</u>	<u>\$ 77,346</u>
Prior Year End Cash	<u>76</u>	<u>76</u>		
End of Year Cash Balance	<u>\$ (32,168)</u>	<u>\$ (60,643)</u>		
Adjustments to reconcile to GAAP Basis:				
Change Accounts Receivable			-	
Capital Outlay			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ 16,627</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**General Fund-Transportation**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ 189,430	\$ 190,127	\$ 190,127	\$ -
Local Sources	-	-	2,937	2,937
Total Revenues	<u>189,430</u>	<u>190,127</u>	<u>193,064</u>	<u>2,937</u>
Expenditures:				
Transportation	189,430	220,022	207,097	12,925
Capital Outlay	-	-	-	-
Total Expenditures	<u>189,430</u>	<u>220,022</u>	<u>207,097</u>	<u>12,925</u>
Excess (deficiency) of revenues over expenditures	-	(29,895)	(14,033)	15,862
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	(29,895)	(14,033)	<u>\$ 15,862</u>
Prior Year End Cash	<u>29,895</u>	<u>29,895</u>		
End of Year Cash Balance	<u>\$ 29,895</u>	<u>\$ -</u>		
Adjustments to reconcile to GAAP Basis:				
Change Accounts Receivable			-	
Capital Outlay			-	
Net Change in fund balance GAAP Basis			<u>\$ (14,033)</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**General Fund-Instructional Materials**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ 10,447	\$ 10,447	\$ 10,448	\$ 1
Interest Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>10,447</u>	<u>10,447</u>	<u>10,448</u>	<u>1</u>
Expenditures:				
Direct Instruction	10,447	11,244	11,193	51
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>10,447</u>	<u>11,244</u>	<u>11,193</u>	<u>51</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(797)</u>	<u>(745)</u>	<u>52</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	(797)	(745)	<u>\$ 52</u>
Prior Year End Cash	<u>797</u>	<u>797</u>		
End of Year Cash Balance	<u>\$ 797</u>	<u>\$ -</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Textbook Credits			(4,804)	
Change in Due from Other Governments			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ (5,549)</u>	

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

## SPECIAL REVENUE FUNDS

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

**Athletics** -To account for revenues received from non-instructional activities for use in the district's athletic and other non-instructional programs. Required by the New Mexico State Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund.

**IDEA-B Discretionary** - The IDEA-B Entitlement/Discretionary project provides funds for free appropriate public education to all children with disabilities. The program is funded by the Federal government and passed through the State Department of Education under the Individuals with Disabilities Education Act, Part B, Sections 611-617, and Part 0, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

**Teacher and Principal Training** - To account for Title II funds used for professional development training and travel as an incentive to attract and retain highly qualified teachers. The project is funded by the Federal Government through the New Mexico State Department of Education, under the Elementary and Secondary Act of 1965.

**Safe and Drug Free Schools** - The purpose of this fund is to account for a federal grant restricted to the establishment and implementation of substance abuse education and prevention programs in the elementary and secondary schools. The Authority for the creation of this fund is ESEA 1965, Title IV, Part A as amended, 20 USC 7112-7143.

**Title I Federal Stimulus** - This fund's major objectives are to provide supplemental educational opportunities for academically disadvantaged children in the area where they reside. 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; education need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for the 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.

**Idea B-Federal Stimulus Instruction** - The objective of the Assistance to States for the Education of Preschool Children Program is to assist in providing free, appropriate public education to all 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 Preschool** - The objective of the Assistance to States for the Education of Preschool Children Program is to assist in providing free, appropriate public education to all 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.

**Breakfast for Elementary Students**- The purpose of this program is to account for revenues and expenditures used carrying out the provisions of the grant award. The fund was created by grant provisions.

**English Language Acquisition** - The objective of the Assistance to States for the Education of non-english speakers is to assist in providing free, resources to enhance the acquisition of the English language by providing funding through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17.

**Rural Education. Achievement Program** - To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

**State Stabilization SEG Federal Stimulus**- The objective is to provide funding equal to the 2006 base year to assist with the budget crises. Authority is the American Recovery and Reinvestment Act of 2009.

**Dual Credit** – The objective of the fund is to account for monies received from Eastern New Mexico University for the purpose of dual credit college enrollment for qualified high school seniors.

**GO Library Bonds Laws** - The objective of this act is to acquire library books, equipment and library resources for public school libraries and juvenile detention libraries. Funds are acquired from General Obligation Bonds through the Public Education Department. Authority for creation of this fund is the Legislation in Chapter 117, Laws of 2008, Section 10C (3).

**Technology for Education** - To account for distributions received from the Educational Technology fund for the expansion and improvement of technology in education. These funds are restricted to expenditure by New Mexico Statutes and the schools approved long-term technology plan. Authority for the creation of this fund is NMSA 22-15A-1 to 22-15A-10.

**Education Job Fund** – The objective is to provide funding for educational jobs and related services for early childhood, elementary and secondary education at the school level. Authority is the federal Education Jobs Fund Program.

**Title XIX Medicaid** – The objective of this program is to provide federal funds for the implementation of Medical Assistance Program Medicaid providing payments for medical assistance to low income families with dependent children. Authority is the Title XIX Medical Assistance Program of the Social Security Act (42 USC 1396, et seq.)

**Fresh Fruit and Vegetable Program** - The Fresh Fruit and Vegetable Program (FFVP) is funded by the US Department of Agriculture and provides a fresh fruit or vegetable snack to all students in participating schools. The goal of this program is to increase the variety of fruits and vegetables children consume, create healthier school food environments, and positively impact the nutrition of not only the students but their families. Elementary schools with at least 50 percent of their students eligible for free and reduced-price meals can apply to participate in FFVP.

**Other Federal and State Grants** - To record miscellaneous Federal and State grant funds not recorded in other special revenue funds. The projects are funded by the Federal Government through the New Mexico State Department of Education, to the District as sub-grants under various sections. Authority for this fund comes from the local Board of Education.

**IASA Title I** - The Title I project provides remedial instruction in language arts for educationally deprived students in low income areas. The project is funded by the Federal Government through the New Mexico State Department of Education, under the Elementary and Secondary Act of 1965, Title 1, Chapter 1, Part A, 20 U.S.C. 2701 et seq.

**Science Fund** – To account for resources received from a special appropriation for the purchase of science instructional material and supplies need for inquiry or project based science instruction.

**Formative Assessments** – The purpose of this grant is to provide funds for assessing the academic level of students. Authority for this fund is Laws of 1997, Chapter 32.

State of New Mexico  
Hondo Valley Public Schools  
Combining Balance Sheet  
Special Revenue Funds  
June 30, 2013

Assets	Food	Athletics	Discretionary	Idea B	Pre-School	Fresh Fruit	Education	Principle	Idea B	Idea B	Title XIX
	Services					Vegetables	Technology	Training	Stimulus Inst.	Preschool	Medical
Cash	\$ 26,980	\$ 8,092	\$ -	\$ -	\$ -	\$ 1,628	\$ 277	\$ -	\$ -	\$ 376	\$ 25,220
Taxes receivable	-	-	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	14,248	-	-	-
Due From Other Funds	-	-	-	-	-	-	-	-	-	-	-
Inventory	4,637	-	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 31,617</b>	<b>\$ 8,092</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,628</b>	<b>\$ 277</b>	<b>\$ 14,248</b>	<b>\$ -</b>	<b>\$ 376</b>	<b>\$ 25,220</b>
<b>Liabilities</b>											
Deferred Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,220
Due to Other Funds	-	-	-	-	-	-	-	14,248	-	-	-
	-	-	-	-	-	-	-	14,248	-	-	25,220
<b>Fund Balance</b>											
Non-spendable	4,637	-	-	-	-	-	-	-	-	-	-
Restricted-Special Revenue	26,980	8,092	-	-	-	1,628	277	-	-	376	-
Unassigned -General Fund	-	-	-	-	-	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>31,617</b>	<b>8,092</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,628</b>	<b>277</b>	<b>-</b>	<b>-</b>	<b>376</b>	<b>-</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 31,617</b>	<b>\$ 8,092</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,628</b>	<b>\$ 277</b>	<b>\$ 14,248</b>	<b>\$ -</b>	<b>\$ 376</b>	<b>\$ 25,220</b>

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

State of New Mexico  
Hondo Valley Public Schools  
Combining Balance Sheet  
Special Revenue Funds  
June 30, 2013

	<u>Assets</u>									
	Rural Ed Achievement	Dual Credit	Library GO Bonds	Formative Assessment	Breakfast Elementary	Science Instruction	School Libraries	Other Grants	Nonmajor Total	
Cash	\$ -	\$ -	\$ -	\$ -	\$ 1,899	\$ -	\$ -	\$ 5,447	\$ 69,919	
Taxes receivable	-	-	-	-	-	-	-	-	-	
Grants receivable	6,030	456	-	-	-	-	-	2,297	23,031	
Due From Other Funds	-	-	-	-	-	-	-	-	-	
Inventory	-	-	-	-	-	-	-	-	4,637	
<b>Total Assets</b>	<b>\$ 6,030</b>	<b>\$ 456</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,899</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,744</b>	<b>\$ 97,587</b>	
	<u>Liabilities</u>									
Deferred Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,220	
Due to Other Funds	6,030	456	-	-	-	-	-	-	20,734	
<b>Total Liabilities</b>	<b>6,030</b>	<b>456</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,954</b>	
	<u>Fund Balance</u>									
Non-spendable	-	-	-	-	-	-	-	-	4,637	
Restricted-Special Revenue	-	-	-	-	1,899	-	-	7,744	46,996	
Unassigned -General Fund	-	-	-	-	-	-	-	-	-	
<b>Total Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,899</b>	<b>-</b>	<b>-</b>	<b>7,744</b>	<b>51,633</b>	
<b>Total Liabilities and Fund Balance</b>	<b>\$ 6,030</b>	<b>\$ 456</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,899</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,744</b>	<b>\$ 97,587</b>	

(Continued)

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

State of New Mexico  
Hondo Valley Public Schools  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Special Revenue Funds  
For the Year Ended June 30, 2013

REVENUES:	Food Services		Athletics		Idea B Discretionary		Idea B Pre-School		Fresh Fruit Vegetables		Education Technology		Principle Training		Idea B Stimulus Inst.		Idea B Preschool		Title IX Medicaid		
		\$		\$		\$		\$		\$		\$		\$		\$		\$		\$	
Federal Sources	\$	85,076	-	-	47,891	164	1,935	-	-	-	-	9,959	-	-	-	-	-	-	-	13,309	
State Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Local Sources	4,132	18,512	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investment Income	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenues	89,009	18,512	47,891	164	1,935	-	9,959	-	-	-	-	1,622	-	-	-	-	-	-	-	13,309	
<b>Expenditures:</b>																					
Direct Instruction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,622	-	-	-	-	
Instructional Support	-	-	47,891	164	-	-	-	-	-	-	-	-	9,959	-	-	-	-	-	-	13,309	
Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Business/Support Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Operation Maintenance Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Food Services	79,067	-	-	-	-	-	2,771	-	-	-	-	-	-	-	-	-	-	-	-	-	
Athletics	-	14,027	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Community Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditures	79,067	14,027	47,891	164	2,771	-	9,959	-	-	-	-	1,622	-	-	-	-	-	-	-	13,309	
Excess (Deficiency) of Revenues Over Expenditures	10,742	4,485	-	-	(836)	-	-	-	-	(1,622)	-	-	-	-	-	-	-	-	-	-	
<b>Other Financing Sources (Uses)</b>																					
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers (Out)	(19,030)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Other Financing Sources (Uses)	(19,030)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Change in Fund Balances	(8,288)	4,485	-	-	(836)	-	-	-	-	(1,622)	-	-	-	-	-	-	-	-	-	-	
Fund Balances, Beginning	39,905	3,607	-	-	2,654	277	-	-	-	1,022	-	-	-	-	-	-	-	-	-	376	
Fund Balances, Ending	\$ 31,617	\$ 8,092	\$ -	\$ -	\$ 1,818	\$ 277	\$ -	\$ -	\$ 1,628	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 376	

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



State of New Mexico  
Hondo Valley Public Schools  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Special Revenue Funds  
For the Year Ended June 30, 2013

	Rural Ed	Dual	Library	Formative	Breakfast	Science	School	Other	Nonmajor
	Achievement	Credit	GO Bonds	Assessment	Elementary	Instruction	Libraries	Grants	Total
Federal Sources	\$ 9,284	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166,228
State Sources	-	574	-	1,158	1,109	2,532	-	2,937	8,310
Local Sources	-	-	-	-	-	-	-	-	22,644
Investment Income	-	-	-	-	-	-	-	-	1
<b>Total Revenues</b>	<b>9,284</b>	<b>574</b>	<b>-</b>	<b>1,158</b>	<b>1,109</b>	<b>2,532</b>	<b>-</b>	<b>2,937</b>	<b>196,183</b>
<b>Expenditures:</b>									
Direct Instruction	-	-	-	-	-	-	-	-	1,622
Instructional Support	9,284	574	141	1,158	-	2,532	1,327	-	86,349
Administration	-	-	-	-	-	-	-	-	-
Business/Support Services	-	-	-	-	-	-	-	-	-
Operation Maintenance Plant	-	-	-	-	-	-	-	-	-
Food Services	-	-	-	-	2,808	-	-	-	84,646
Athletics	-	-	-	-	-	-	-	-	14,037
Community Services	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>9,284</b>	<b>574</b>	<b>141</b>	<b>1,158</b>	<b>2,808</b>	<b>2,532</b>	<b>1,327</b>	<b>-</b>	<b>186,644</b>
Excess (Deficiency) of Revenues Over Expenditures	-	-	(141)	-	(1,699)	-	(1,327)	2,937	12,539
<b>Other Financing Sources (Uses)</b>									
Transfers In	-	-	141	-	-	-	1,327	-	1,468
Transfers (Out)	-	-	-	-	-	-	-	-	(19,030)
<b>Net Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>141</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,327</b>	<b>-</b>	<b>(17,562)</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,699)</b>	<b>-</b>	<b>-</b>	<b>2,937</b>	<b>(5,023)</b>
Fund Balances, Beginning	-	-	-	-	3,598	-	-	4,807	56,656
Fund Balances, Ending	\$ -	\$ -	\$ -	\$ -	\$ 1,899	\$ -	\$ -	\$ 7,744	\$ 51,633

(Continued)

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Food Services**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal Sources	\$ 59,000	\$ 59,000	\$ 85,676	\$ 26,676
State Sources	-	-	-	-
Local Sources	3,000	3,000	4,132	1,132
Interest Income	-	-	-	-
Other	-	-	1	1
Total Revenues	<u>62,000</u>	<u>62,000</u>	<u>89,809</u>	<u>27,809</u>
Expenditures:				
Food Services	81,441	98,700	80,498	18,202
Capital Outlay	-	-	-	-
Total Expenditures	<u>81,441</u>	<u>98,700</u>	<u>80,498</u>	<u>18,202</u>
Excess (deficiency) of revenues over expenditures	<u>(19,441)</u>	<u>(36,700)</u>	<u>9,311</u>	<u>46,011</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	(19,441)	(36,700)	9,311	<u>\$ 46,011</u>
Cash Balance at beginning of year	<u>46,010</u>	<u>46,010</u>		
Cash Balance at end of year	<u>\$ 26,569</u>	<u>\$ 9,310</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Inventory			\$ 1,431	
Change in Receivables			-	
Net Change in fund balance GAAP Basis			<u>\$ 10,742</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Athletics**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ -	\$ -	\$ -	\$ -
Local Sources	13,500	13,500	18,512	5,012
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>13,500</u>	<u>13,500</u>	<u>18,512</u>	<u>5,012</u>
Expenditures:				
Athletics	17,106	17,106	14,027	3,079
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>17,106</u>	<u>17,106</u>	<u>14,027</u>	<u>3,079</u>
Excess (deficiency) of revenues over expenditures	<u>(3,606)</u>	<u>(3,606)</u>	<u>4,485</u>	<u>8,091</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(3,606)	(3,606)	4,485	<u>\$ 8,091</u>
Cash Balance at beginning of year	<u>3,607</u>	<u>3,607</u>		
Cash Balance at end of year	<u>\$ 1</u>	<u>\$ 1</u>		
Adjustments to reconcile to GAAP Basis:				
Change in Receivables			\$ -	
Change in Due from Other Governments			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ 4,485</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Idea B Discretionary**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ 94,105	\$ 49,738	\$ (44,367)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>94,105</u>	<u>49,738</u>	<u>(44,367)</u>
Expenditures:				
Direct Instruction	-	-	-	-
Instructional support	<u>-</u>	<u>94,105</u>	<u>47,891</u>	<u>46,214</u>
Total Expenditures	<u>-</u>	<u>94,105</u>	<u>47,891</u>	<u>46,214</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,847</u>	<u>1,847</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	1,847	<u>\$ 1,847</u>
Cash Balance at beginning of year	<u>-</u>	<u>-</u>		
Cash Balance at end of year	<u>\$ -</u>	<u>\$ -</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			(1,847)	
Change in Due from Other Governments			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ -</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Idea B Preschool**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ 3,693	\$ 808	\$ (2,885)
State Sources				-
Local Sources	-	-	-	-
Interest Income				-
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>3,693</u>	<u>808</u>	<u>(2,885)</u>
Expenditures:				
Instructional Support	-	3,693	164	3,529
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>3,693</u>	<u>164</u>	<u>3,529</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>644</u>	<u>644</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	644	<u>\$ 644</u>
Cash Balance at beginning of year	<u>-</u>	<u>-</u>		
Cash Balance at end of year	<u>\$ -</u>	<u>\$ -</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			(644)	
Change in Due from Other Governments			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ -</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Fresh Fruit and Vegetable**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 4,029	\$ 4,029	\$ 1,935	\$ (2,094)
State Sources				-
Local Sources	-	-	-	-
Interest Income				-
Other	-	-	-	-
Total Revenues	<u>4,029</u>	<u>4,029</u>	<u>1,935</u>	<u>(2,094)</u>
Expenditures:				
Food Services	4,029	6,493	2,771	3,722
Capital Outlay	-	-	-	-
Total Expenditures	<u>4,029</u>	<u>6,493</u>	<u>2,771</u>	<u>3,722</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(2,464)</u>	<u>(836)</u>	<u>1,628</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	(2,464)	(836)	<u>\$ 1,628</u>
Cash Balance at beginning of year	<u>2,464</u>	<u>2,464</u>		
Cash Balance at end of year	<u>\$ 2,464</u>	<u>\$ -</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			-	
Change in Due from Other Funds			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ (836)</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Education Through Technology**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ 500	\$ -	\$ (500)
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
	<u>-</u>	<u>500</u>	<u>-</u>	<u>(500)</u>
Total Revenues				
Expenditures:				
Instructional Support	-	500	-	500
Capital Outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures				
	<u>-</u>	<u>500</u>	<u>-</u>	<u>500</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Cash Balance at beginning of year	<u>277</u>	<u>277</u>		
Cash Balance at end of year	<u>\$ 277</u>	<u>\$ 277</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			-	
Change in Due from Other Governments			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ -</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Principle Training**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 10,838	\$ 24,573	\$ 7,324	\$ (17,249)
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>10,838</u>	<u>24,573</u>	<u>7,324</u>	<u>(17,249)</u>
Expenditures:				
Instructional Support	10,838	24,573	9,959	14,614
Capital Outlay	-	-	-	-
Total Expenditures	<u>10,838</u>	<u>24,573</u>	<u>9,959</u>	<u>14,614</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(2,635)</u>	<u>(2,635)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	(2,635)	<u>\$ (2,635)</u>
Cash Balance at beginning of year	<u>-</u>	<u>-</u>		
Cash Balance at end of year	<u>\$ -</u>	<u>\$ -</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			2,635	
Change in Due from Other Governments			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ -</u>	

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



**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Idea B - Stimulus**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Direct Instruction	1,622	1,622	1,622	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,622</u>	<u>1,622</u>	<u>1,622</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(1,622)</u>	<u>(1,622)</u>	<u>(1,622)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	(1,622)	(1,622)	(1,622)	<u>\$ -</u>
Cash Balance at beginning of year	<u>1,622</u>	<u>1,622</u>		
Cash Balance at end of year	<u>\$ -</u>	<u>\$ -</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			-	
Change in Due from Other Governments			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ (1,622)</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Idea B Pre-School**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Instructional Support	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	-	<u>\$ -</u>
Cash Balance at beginning of year	<u>376</u>	<u>376</u>		
Cash Balance at end of year	<u>\$ 376</u>	<u>\$ 376</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			-	
Change in Deferred Income			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ -</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Title IX Medicaid**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ 13,500	\$ 27,400	\$ 13,900
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>13,500</u>	<u>27,400</u>	<u>13,900</u>
Expenditures:				
Instructional Support	-	24,629	13,309	11,320
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>24,629</u>	<u>13,309</u>	<u>11,320</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(11,129)</u>	<u>14,091</u>	<u>25,220</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	(11,129)	14,091	<u>\$ 25,220</u>
Cash Balance at beginning of year	<u>11,129</u>	<u>11,129</u>		
Cash Balance at end of year	<u>\$ 11,129</u>	<u>\$ -</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			-	
Change in Deferred Revenue			<u>(14,091)</u>	
Net Change in fund balance GAAP Basis			<u>\$ -</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Rural Education Achievement**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 9,956	\$ 13,200	\$ 7,171	\$ (6,029)
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>9,956</u>	<u>13,200</u>	<u>7,171</u>	<u>(6,029)</u>
Expenditures:				
Food Services	9,956	23,156	9,294	13,862
Capital Outlay	-	-	-	-
Total Expenditures	<u>9,956</u>	<u>23,156</u>	<u>9,294</u>	<u>13,862</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(9,956)</u>	<u>(2,123)</u>	<u>7,833</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	(9,956)	(2,123)	<u>\$ 7,833</u>
Cash Balance at beginning of year	-	-		
Cash Balance at end of year	<u>\$ -</u>	<u>\$ (9,956)</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			2,123	
Change in Due from Other Governments			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ -</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Dual Credit**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	574	118	(456)
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>574</u>	<u>118</u>	<u>(456)</u>
Expenditures:				
Instructional Support	-	574	574	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>574</u>	<u>574</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(456)</u>	<u>(456)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	<u>-</u>	<u>-</u>	<u>(456)</u>	<u>\$ (456)</u>
Cash Balance at beginning of year	<u>-</u>	<u>-</u>		
Cash Balance at end of year	<u>\$ -</u>	<u>\$ -</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			456	
Change in Due from Other Governments			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ -</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Go Library Bonds**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	1,922	1,922	2,333	411
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>1,922</u>	<u>1,922</u>	<u>2,333</u>	<u>411</u>
Expenditures:				
Instructional Support	1,922	1,922	-	1,922
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,922</u>	<u>1,922</u>	<u>-</u>	<u>1,922</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>2,333</u>	<u>2,333</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>141</u>	<u>141</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	<u>-</u>	<u>-</u>	<u>2,474</u>	<u>\$ 2,192</u>
Cash Balance at beginning of year	<u>-</u>	<u>-</u>		
Cash Balance at end of year	<u>\$ -</u>	<u>\$ -</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			(2,474)	
Change in Due from Other Governments			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ -</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Formative Assessments**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	1,158	1,158	1,158	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
<b>Total Revenues</b>	<u>1,158</u>	<u>1,158</u>	<u>1,158</u>	<u>-</u>
<b>Expenditures:</b>				
Instructional Support	1,158	1,158	1,158	-
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<u>1,158</u>	<u>1,158</u>	<u>1,158</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Cash Balance at beginning of year	<u>-</u>	<u>-</u>		
Cash Balance at end of year	<u>\$ -</u>	<u>\$ -</u>		
<b>Adjustments to reconcile to GAAP Basis:</b>				
Changes in Receivables			-	
Change in Due from Other Governments			<u>-</u>	
<b>Net Change in fund balance GAAP Basis</b>			<u>\$ -</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Breakfast for Elementry**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	2,809	2,809	1,109	(1,700)
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
<b>Total Revenues</b>	<u>2,809</u>	<u>2,809</u>	<u>1,109</u>	<u>(1,700)</u>
<b>Expenditures:</b>				
Food Services	2,809	2,809	2,808	1
Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<u>2,809</u>	<u>2,809</u>	<u>2,808</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	-	-	(1,699)	(1,699)
<b>Other Financing Sources (Uses)</b>				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	(1,699)	<u>\$ (1,699)</u>
Cash Balance at beginning of year	<u>3,598</u>	<u>3,598</u>		
Cash Balance at end of year	<u>\$ 3,598</u>	<u>\$ 3,598</u>		
<b>Adjustments to reconcile to GAAP Basis:</b>				
Changes in Receivables			-	
Change in Due from Other Governments			-	
<b>Net Change in fund balance GAAP Basis</b>			<u>\$ (1,699)</u>	

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



**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue-Science Instruction**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ 2,533	\$ 2,533	\$ 2,532	\$ (1)
Other	-	-	-	-
Total Revenues	<u>2,533</u>	<u>2,533</u>	<u>2,532</u>	<u>(1)</u>
Expenditures:				
Instructional Support	2,533	2,533	2,532	1
Capital Outlay	-	-	-	-
Total Expenditures	<u>2,533</u>	<u>2,533</u>	<u>2,532</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	-	<u>\$ -</u>
Cash Balance at beginning of year	-	-		
Cash Balance at end of year	<u>\$ -</u>	<u>\$ -</u>		
Reconciliation to GAAP Basis				
Changes in Receivables			\$ -	
Change in Due from Other Governments			-	
Excess (Deficiency) of revenues over expenditures			<u>\$ -</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-School Libraries**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Instruction Support	-	1,327	1,327	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>1,327</u>	<u>1,327</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(1,327)</u>	<u>(1,327)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>1,327</u>	<u>1,327</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	<u>-</u>	<u>(1,327)</u>	<u>-</u>	<u>\$ (1,327)</u>
Cash Balance at beginning of year	<u>-</u>	<u>-</u>		
Cash Balance at end of year	<u>\$ -</u>	<u>\$ (1,327)</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			-	
Change in Due from Other Governments			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ -</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Special Revenue Fund-Other Grants**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	2,937	(2,937)
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>2,937</u>	<u>(2,937)</u>
Expenditures:				
Food Services	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>2,937</u>	<u>(2,937)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	2,937	<u>\$ (2,937)</u>
Cash Balance at beginning of year	<u>4,807</u>	<u>4,807</u>		
Cash Balance at end of year	<u>\$ 4,807</u>	<u>\$ 4,807</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			-	
Change in Due from Other Governments			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ 2,937</u>	

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

## **Debt Service Fund**

This fund is established to receive revenue for the payment of interest and principal on outstanding general obligation school bond issues.

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Balance Sheet**  
**Debt Service Fund**  
**June 30, 2013**

<b><u>Assets</u></b>	
Cash	\$ 196,664
Taxes Receivable	<u>16,306</u>
<b>Total Assets</b>	<b>\$ <u>212,970</u></b>
<b><u>Liabilities</u></b>	
Deferred Revenue	\$ -
Due to Other Funds	<u>-</u>
<b>Total Liabilities</b>	<b><u>-</u></b>
<b><u>Fund Balance</u></b>	
Restricted for Debt Service	<u>212,970</u>
<b>Total Fund Balance</b>	<b><u>212,970</u></b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>212,970</u></b>

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Debt Service Fund**  
**For the Year Ended June 30, 2013**

Revenues:	
Local Sources	\$ 256,944
Interest	<u>11</u>
Total Revenues	<u>256,955</u>
Expenditures:	
Administrative	2,406
Debt Service:	
Principal	155,000
Interest and Fiscal Charge	<u>60,684</u>
Total Expenditures	<u>218,090</u>
Excess (deficiency) of revenues over expenditures	<u>38,865</u>
Other Financing Sources (Uses)	
Transfers In (Out)	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	38,865
Fund Balance at beginning of year	<u>174,105</u>
Fund balance at end of year	<u>\$ 212,970</u>

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)-**  
**Debt Service Fund**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$ 215,684	\$ 215,684	\$ 240,638	\$ 24,954
Interest Income	<u>12</u>	<u>12</u>	<u>11</u>	<u>(1)</u>
Total Revenues	<u>215,696</u>	<u>215,696</u>	<u>240,649</u>	<u>24,953</u>
Expenditures:				
Administrative	2,410	2,410	2,406	4
Debt Service:				
Principal	155,000	155,000	155,000	-
Interest	<u>60,684</u>	<u>60,684</u>	<u>60,684</u>	<u>-</u>
Total Expenditures	<u>218,094</u>	<u>218,094</u>	<u>218,090</u>	<u>4</u>
Excess (deficiency) of revenues over expenditures	<u>(2,398)</u>	<u>(2,398)</u>	<u>22,559</u>	<u>24,957</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(2,398)	(2,398)	22,559	<u>\$ 24,957</u>
Cash Balance at beginning of year	<u>174,105</u>	<u>174,105</u>		
Cash Balance at end of year	<u>\$ 171,707</u>	<u>\$ 171,707</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			16,306	
Net Change in fund balance GAAP Basis			<u>\$ 38,865</u>	

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

## Capital Projects Funds

**BOND BUILDING** - To account for the costs of capital improvements, such as erecting, remodeling, making additions to, providing equipment for, and furnishing school buildings, purchasing and improving school grounds funded by bond proceeds.

**SPECIAL CAPITAL OUTLAY STATE** - To account for financing and construction of school improvements funded from a special legislative appropriation from the State of New Mexico.

**PUBLIC SCHOOL CAPITAL OUTLAY 20%** - To account for monies to be set aside out of Impact Aid, Forest Reserve, and Local taxes for capital improvements in public schools. Authority for the creation of this fund is Section 22-8-5 NMSA 1978.



**State of New Mexico**  
**Hondo Valley Public Schools**  
**Combining Balance Sheet**  
**Capital Project Funds**  
**June 30, 2013**

<u>Assets</u>	Special Capital Outlay State	Public School Capital Outlay 20%	Total
Cash	\$ -	\$ 961	\$ 961
Grants Receivable	8,754	-	8,754
<b>Total Assets</b>	<b>\$ 8,754</b>	<b>\$ 961</b>	<b>\$ 9,715</b>
<u>Liabilities</u>			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	8,754	-	-
<b>Total Liabilities</b>	<b>8,754</b>	<b>-</b>	<b>8,754</b>
<u>Fund Balance</u>			
Restricted for Capital Projects	-	961	961
<b>Total Fund Balance</b>	<b>-</b>	<b>961</b>	<b>961</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 8,754</b>	<b>\$ 961</b>	<b>\$ 9,715</b>

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Capital Project Funds**  
**For the Year Ended June 30, 2013**

	Special Capital Outlay Fund	Public School Capital Outlay 20%	Total
<b>Revenues:</b>			
Federal Sources	\$ -	\$ -	\$ -
State Sources	8,754	-	8,754
Local Sources	-	-	-
Other	-	-	-
<b>Total Revenues</b>	<u>8,754</u>	<u>-</u>	<u>8,754</u>
<b>Expenditures:</b>			
Operation Maintenance Plant	-	-	-
Capital Outlay	27,042	-	27,042
<b>Total Expenditures</b>	<u>27,042</u>	<u>-</u>	<u>27,042</u>
Excess (deficiency) of revenues over expenditures	<u>(18,288)</u>	<u>-</u>	<u>(18,288)</u>
Other Financing Sources (Uses)			
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(18,288)	-	(18,288)
Fund Balance at beginning of year	<u>18,288</u>	<u>961</u>	<u>19,249</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 961</u>	<u>\$ 961</u>

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Major Fund-Capital Projects Fund-Bond Building**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Bond Proceeds	\$ -	\$ 300,000	\$ 300,274	\$ 274
Interest Income	-	-	135	135
Total Revenues	<u>-</u>	<u>300,000</u>	<u>300,409</u>	<u>409</u>
Expenditures:				
Operation Maintenance Plant	75,000	305,195	189,765	115,430
Capital Outlay	-	100,000	57,678	42,322
Bond Issuance Costs	-	45,000	42,977	2,023
Total Expenditures	<u>75,000</u>	<u>450,195</u>	<u>290,420</u>	<u>159,775</u>
Excess (deficiency) of revenues over expenditures	<u>(75,000)</u>	<u>(150,195)</u>	<u>9,989</u>	<u>160,184</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	<u>(75,000)</u>	<u>(150,195)</u>	<u>9,989</u>	<u>\$ 160,184</u>
Cash Balance at beginning of year	<u>18,288</u>	<u>18,288</u>		
Cash Balance at end of year	<u>\$ (56,712)</u>	<u>\$ (131,907)</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ 9,989</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Capital Projects Fund-Special Capital Outlay State**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ 116,521	\$ 116,521	\$ -	\$ (116,521)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>116,521</u>	<u>116,521</u>	<u>-</u>	<u>(116,521)</u>
Expenditures:				
Operation Maintenance Plant	-	-	-	-
Capital Outlay	<u>116,521</u>	<u>116,521</u>	<u>27,042</u>	<u>89,479</u>
Total Expenditures	<u>116,521</u>	<u>116,521</u>	<u>27,042</u>	<u>89,479</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(27,042)</u>	<u>(27,042)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	(27,042)	<u>\$ (27,042)</u>
Cash Balance at beginning of year	<u>-</u>	<u>-</u>		
Cash Balance at end of year	<u>\$ -</u>	<u>\$ -</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			8,754	
Change in Due from Other Governments			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ (18,288)</u>	

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

**State of New Mexico**  
**Hondo Valley Public Schools**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance - Budget and Actual (Non-GAAP)**  
**Capital Projects Fund-Public Schools Capital Outlay State 20%**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ -	\$ -	\$ -	\$ -
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Operation Maintenance Plant	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	-	<u>\$ -</u>
Cash Balance at beginning of year	<u>961</u>	<u>961</u>		
Fund balance at end of year	<u>\$ 961</u>	<u>\$ 961</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			-	
Change in Due from Other Govt.			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ -</u>	

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

## **Fiduciary Fund**

**AGENCY FUND** – To account for assets held by the school district in a trustee capacity for individuals, private organizations, other governments and/or other funds.

State of New Mexico  
Hondo Valley Public Schools  
Statement of Changes in Account Balances-Agency Funds  
For the Year Ended June 30, 2013

	Balance 6/30/2012	Additions	Deductions	Balance 6/30/2013
Fire Recovery Donation	\$ 100	\$ -	\$ -	\$ 100
Box Tops	20	205	40	185
Elementary	-	45	45	-
Kindergarten	-	216	216	-
First Grade	27	189	208	8
Second Grade	116	233	232	117
Third Grade	35	286	183	138
Fourth Grade	29	181	178	32
Fifth Grade	47	171	173	45
Sixth Grade	112	-	-	112
Seventh Grade	294	170	-	464
Eight Grade	1,661	-	-	1,661
Fiesta	6,385	7,540	2,621	11,304
Fiesta Decorating	-	-	-	-
Cheerleaders	849	-	-	849
Senior Class	-	216	-	216
Junior Class	1,408	687	1,846	249
Sophomore Class	1,695	-	-	1,695
Freshman Class	413	1,469	-	1,882
Yearbook	1,552	1,290	505	2,337
National Honor Society	1,091	-	-	1,091
Student Council	11	-	-	11
Football	-	159	159	-
FFA	-	5,358	5,003	355
H-Club	1,829	31,770	32,315	1,284
Welding Award	-	750	732	18
Rodeo Club	-	-	-	-
Art	-	-	-	-
Knowledge Bowl	551	-	-	551
Clement Scholarship	11,252	1	-	11,253
Clement School Int	223	7	-	230
Counselors Fund	292	370	-	662
Qualls Scholarship	123	-	-	123
Hairstyles	-	500	-	500
Sunshine Committee	110	-	-	110
Library Fund	590	970	983	577
General Fund	393	1,140	646	887
Drivers Ed	330	-	-	330
Girls Basketball	-	-	-	-
Culinary Class	234	-	-	234
Boys Basketball	4,500	-	2,970	1,530
JH Girls Basketball	-	-	-	-
PTSO	877	331	150	1,058
Girls Volleyball	-	-	-	-
Halloween	181	-	-	181
Character Counts	-	-	-	-
Soldier Care Packages	1,929	543	361	2,111
	<u>\$ 39,259</u>	<u>\$ 54,797</u>	<u>\$ 49,566</u>	<u>\$ 44,490</u>

## Other Reports



State of New Mexico  
Hondo Valley Public Schools  
Schedule of Deposits and Pledged Collateral Under State Requirements  
June 30, 2013

Institution	Financial	Account Name	Account Type	Reconciled Balance	O/S Deposits Balance	O/S Checks Balance	Balance Not On Deposit 06-30-13	FDIC or Other Insurance	Not Insured By FDIC	Required Collateral	FMV of Collateral	Pledged Over(Short)
Wells Fargo		Operations	Checking	335,848	-	128,165	\$ 464,013	250,000	-	-	-	-
		Debt Service	Checking	196,663	-	-	196,663	-	-	-	-	-
		Activity Fund	Checking	34,862	-	2,355	37,217	28,665	-	-	-	-
		Activity Fund	CD	11,250	-	-	11,250	11,250	-	-	-	-
				<u>578,623</u>		<u>130,520</u>	<u>709,143</u>	<u>289,915</u>	<u>\$ 419,228</u>	<u>\$ 209,614</u>	<u>\$ 233,862</u>	<u>\$ 24,248</u>

Pledged Collateral

Description	Custodian	Maturity	Par	Rate	Market Value	Cusip
Wells Fargo						
FNAH8825	Bank of New York-Mellon	3/1/2041	\$ 7,336	4.50%	\$ 7,806	3135A1AR2
FNAQ9991	Bank of New York-Mellon	2/1/2043	68,570	3.00%	66,875	3138A9CW2
FNAR1196	Bank of New York-Mellon	1/1/2043	19,622	3.00%	19,246	3138AAYX3
FNAB7579	Bank of New York-Mellon	1/1/2043	122,275	3.00%	119,935	3138AULUP
			<u>\$ 237,803</u>		<u>\$ 233,862</u>	

State of New Mexico  
Hondo Valley Public Schools  
Bank Reconciliation  
June 30, 2013

Fund	11000	13000	14000	21000	22000	23000	24000	25000	27000	31100	31400	31700	32100	41000	Total
	Operational	Transport	Instructional Materials	Food Serr.	Athletics	Non Instruction	Federal Flow through	Federal Direct	State Flow through	Building	Special Cap Outlay State	Capital Imp. SB-B	PSCOC 20%	Debt Service	
Audited Net Cash 6-30-12	\$ 76	\$ 16,965	\$ 797	\$ 36,700	\$ 3,606	\$ 39,280	\$ 4,738	\$ 11,129	\$ 8,406	\$ 220,334	\$ 18,288	\$ 32,965	\$ 961	\$ 174,105	\$ 568,320
Outstanding Loans (Net)	29,087	12,940	-	-	-	-	(34,318)	(3,907)	(3,802)	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash 6-30-12	29,163	29,895	797	36,700	3,606	39,280	(29,580)	7,222	4,604	220,334	18,288	32,965	961	174,105	568,320
Revenues to Date	1,913,482	190,128	10,448	89,814	17,901	54,733	125,566	34,571	10,828	300,409	-	65,942	-	240,649	3,054,471
Prior Year Warrants Voided	2,138	2,937	-	5	611	-	183	-	-	-	-	500	-	-	6,374
Total Resources to Date Current Yr	1,944,783	222,960	11,245	126,519	22,118	93,993	96,169	41,793	15,432	520,743	18,288	99,407	961	414,754	3,629,165
Expenditures to Date	1,897,525	207,098	11,194	80,499	14,027	49,503	147,390	22,603	7,073	290,420	27,042	75,142	-	218,090	3,047,606
Transfers to Date (In) Out	(1,468)	-	-	19,040	-	-	(19,040)	-	1,468	-	-	-	-	-	-
Net Cash	45,790	15,862	51	26,980	8,091	44,490	(32,181)	19,190	6,891	230,323	(8,754)	24,265	961	196,664	578,623
Adjustments	(36,762)	(12,940)	-	-	-	-	34,462	6,030	456	-	8,754	-	-	-	-
Total Cash	\$ 9,028	\$ 2,922	\$ 51	\$ 26,980	\$ 8,091	\$ 44,490	\$ 2,281	\$ 25,220	\$ 7,347	\$ 230,323	\$ -	\$ 24,265	\$ 961	\$ 196,664	\$ 578,623
Cash Reconciliation:															
Cash in Bank	\$ 133,972	\$ 25,806	\$ 51	\$ 29,043	\$ 8,481	\$ 46,845	\$ (22,393)	\$ 20,726	\$ 8,511	\$ 230,850	\$ -	\$ 29,626	\$ 961	\$ 196,664	\$ 709,143
Adjustments	(36,762)	(12,940)	-	-	-	-	34,462	6,030	456	-	8,754	-	-	-	-
Outstanding Checks	(88,182)	(9,944)	-	(2,063)	(390)	(2,355)	(9,788)	(1,536)	(1,620)	(528)	(8,754)	(5,360)	-	-	(130,520)
Total Cash	\$ 9,028	\$ 2,922	\$ 51	\$ 26,980	\$ 8,091	\$ 44,490	\$ 2,281	\$ 25,220	\$ 7,347	\$ 230,322	\$ -	\$ 24,266	\$ 961	\$ 196,664	\$ 578,623

Cash is presented in the Financial Statements as:

Operational Cash	\$ 534,133
Fiduciary Cash	44,490
Total Cash	\$ 578,623

**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 AUDITOR'S REPORT**

Mr. Hector H. Balderas, New Mexico State Auditor and  
Board of Education  
Hondo Valley Public Schools

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, and the aggregate remaining fund information, the budgetary comparisons of the General Fund and major special revenue funds of the Hondo Valley Public Schools, as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Hondo Valley Public Schools basic financial statements, and the combining and individual funds and the related budgetary comparison of the non-major funds, presented as supplemental information, and have issued our report thereon dated November 11, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hondo Valley Public Schools internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hondo Valley Public Schools internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Hondo Valley Public Schools internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hondo Valley Public Schools financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items as items 13-1 and 13-2.

## Response to Findings

Hondo Valley Public Schools' responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Hondo Valley Public Schools' responses were not subjected to 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 entity'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 Hondo Valley Public Schools internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

 Dawn Austin CPA, PC

November 11, 2013

**State of New Mexico  
Hondo Valley Public Schools  
Schedule of Audit Findings and Questioned Costs  
June 30, 2013**

**RESOLUTION OF PRIOR YEAR FINDINGS**

None

**CURRENT YEAR FINDINGS**

**13 - 1 Late Submission of Audit Engagement Contract (Compliance)**

Condition: The audit engagement recommendation and contract were not submitted to the New Mexico State Auditor's office by the due date of May 1, 2013.

Criteria: The New Mexico State Auditor requires public entities to submit their engagement contract to the State Auditor by July 1. If the contracts are submitted late, it is considered to be an instance of noncompliance per 2.2.2.8 (G) (6) (c) NMAC.

Cause: The District did not complete the recommendation and contract by May 1, 2013 and submit to the Office of the State Auditor.

Effect: Noncompliance with state audit rule.

Recommendation: Complete the audit reports in a timely manner.

Response: The School will submit future contracts by the due date.

**13 - 2 Late Audit Report (Compliance)**

Condition: The audit report was not submitted to the New Mexico State Auditor's office by the due date of December 1, 2013.

Criteria: The New Mexico State Auditor requires public entities to submit their audit reports by December 1. If the reports are submitted late, it is considered to be an instance of noncompliance with Subsection A of 2.2.2.9 NMAC.

Cause: The Auditor submitted the report prior to December 1, 2013. The Office of the State Auditor requested changes to the report and considered the report late.

Effect: Noncompliance with state audit rule.

Recommendation: Complete the audit reports in a timely manner.

Response: The School will submit future audit reports by the due date.

**State of New Mexico  
Hondo Valley Public Schools  
Schedule of Audit Findings and Questioned Costs  
June 30, 2013**

**FINANCIAL STATEMENT PREPARATION**

Although it would be preferred and desirable for the District to prepare its own GAAP-based financial statements, it is felt that the District's personnel not have the time to prepare them. Therefore, the outside auditor per the contract agreement between the auditor and the School, and approved by the Office of the State Auditor has prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report. However, the responsibility for the content of the report remains with school management.

**EXIT CONFERENCE**

On November 14, 2013, an exit conference was held at the District's administrative offices. Present were Mary Prudencio, Business Manager, Joe Torrez, Board President, and Dan Austin, CPA, representing the audit firm. The report for the year ended June 30, 2013, was discussed as well as other financial reporting considerations.