

**STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
AUDITED FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION
JUNE 30, 2014**

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

**State of New Mexico
Hondo Valley Public Schools
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June 30, 2014**

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INTRODUCTORY SECTION

**State of New Mexico
Hondo Valley Public Schools
Official Roster
June 30, 2014**

BOARD OF EDUCATION:

Godfrey Gomez	President
Donna Brady	Vice-President
Jim Cooper	Secretary
Coda Omness	Member
Justine Ortiz	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**

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, 2014, 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, 2014 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, 2014, and the respective changes in financial position, 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, 2014, and the respective changes in financial position, 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

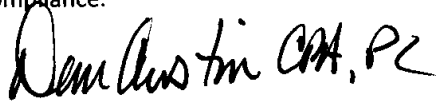
Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial 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 other schedules as required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The other schedules required by 2.2.2 NMAC are the responsibility of management and was 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 statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules as required by 2.2.2 NMAC 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, 2014 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, 2014

State of New Mexico
Hondo Valley Public Schools
Statement of Net Position
June 30, 2014

	<u>Primary</u> <u>Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Current Assets	
Cash	\$ 551,983
Taxes Receivable	19,871
Inventory	<u>3,825</u>
Total Current Assets	<u>575,679</u>
Noncurrent Assets	
Net Capital Assets	<u>3,901,793</u>
Total Noncurrent Assets	<u>3,901,793</u>
Total Assets	<u>\$ 4,477,472</u>
LIABILITIES	
Current Liabilities	
Interest Payable	\$ 15,384
Unavailable Revenue	23,401
Current Portion Of Long Term Debt	<u>175,000</u>
Total Current Liabilities	<u>213,785</u>
Noncurrent Liabilities	
General Obligation Bonds Payable	<u>1,400,000</u>
Total Noncurrent Liabilities	<u>1,400,000</u>
Total Liabilities	<u>1,613,785</u>
Net Position	
Net Invested In Capital Assets	2,514,020
Restricted For:	
Debt Service	204,934
Capital Projects	78,306
Other Purposes	66,427
Unrestricted	<u>-</u>
Total Net Position	<u>2,863,687</u>
Total Liabilities And Net Position	<u>\$ 4,477,472</u>

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

State of New Mexico
Hondo Valley Public Schools
Statement of Activities
For The Year Ended June 30, 2014

	Expenses	Program Revenues			Net Program (Expense) Revenue and Changes In Net Assets
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
Governmental Activities:					
Direct Instruction	\$ 1,137,953	\$ -	\$ -	\$ -	\$ (1,137,953)
Instructional Support	452,232	-	310,805	-	(141,427)
Administration	258,817	-	14,504	-	(244,313)
Business/Support Services	78,388	-	-	-	(78,388)
Operation Maintenance Plant	584,218	-	-	-	(584,218)
Food Services	95,337	2,359	-	-	(92,978)
Athletics	21,203	16,295	-	-	(4,908)
Pupil Transportation	250,396	-	288,351	-	37,955
Capital Outlay	14,148	-	-	-	(14,148)
Interest and On Long-Term Debt	58,209	-	-	-	(58,209)
Total Primary Government	\$ 2,950,901	\$ 18,654	\$ 613,660	\$ -	(2,318,587)

General Revenues:

Property Taxes	
Levied for General Purposes	16,596
Levied for Debt Service	225,288
Levied for Capital Projects	66,902
State Aid Not restricted	1,895,804
Investment Income	55
Total General Revenues	2,204,645
Change In Net Assets	(113,942)
Net Position - Beginning	3,111,426
Restatement	(133,797)
Net Position - Beginning Restated	2,977,629
Net Position - Ending	\$ 2,863,687

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, 2014

		Special Revenue	Special Revenue	Capital Outlay	Debt Service	Other Governmental Funds	Totals
	General Fund	IASA Title I Fund	SB-9 Fund	Bond Building Fund	Debt Service Fund		Governmental Funds
Assets							
Cash	\$ 126,698	\$ -	\$ 61,183	\$ 78,306	\$ 189,484	\$ 96,312	\$ 551,983
Grants Receivable	-	-	-	-	-	-	-
Taxes Receivable	-	-	4,421	-	15,450	-	19,871
Due From Other Funds	72,088	-	-	-	-	-	72,088
Inventory	-	-	-	-	-	3,825	3,825
Textbook Credits	-	-	-	-	-	-	-
Total Assets	\$ 198,786	\$ -	\$ 65,604	\$ 78,306	\$ 204,934	\$ 100,137	\$ 647,767
Liabilities And Fund Balances							
Liabilities							
Unavailable Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,401	\$ 23,401
Due To Other Funds	-	24,634	-	-	-	47,454	72,088
Total Liabilities	-	24,634	-	-	-	70,855	95,489
Fund Balances							
Non-spendable	-	-	-	-	-	3,825	3,825
Restricted-Special Revenue	-	(24,634)	65,604	-	-	72,911	113,881
Restricted-Capital Outlay	-	-	-	78,306	-	-	78,306
Restricted- For Debt Service	-	-	-	-	204,934	-	204,934
Unassigned For:							
Special Revenue	-	-	-	-	-	(47,454)	(47,454)
General Fund	198,786	-	-	-	-	-	198,786
Total Fund Balances	198,786	(24,634)	65,604	78,306	204,934	29,282	552,278
Total Liabilities And Fund Balances	\$ 198,786	\$ -	\$ 65,604	\$ 78,306	\$ 204,934	\$ 100,137	\$ 647,767

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 Position of Governmental Activities
June 30, 2014**

Total Governmental Fund Balance	\$	552,278
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,901,793
Interest payable on GO bond debt is not recorded as liability on the governmental funds		(15,384)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		<u>(1,575,000)</u>
Net Position of Governmental Activities	\$	<u>2,863,687</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, 2014**

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
Revenues							
Federal Sources	\$ 7,832	\$ 48,892	\$ -	\$ -	\$ -	\$ 259,453	\$ 316,177
State Sources	2,195,581	-	-	-	-	-	2,195,581
Local Sources	26,235	-	67,301	-	225,288	18,656	337,480
Investment Income	44	-	-	-	11	-	55
Total Revenues	2,229,692	48,892	67,301	-	225,299	278,109	2,849,293
Expenditures							
Current:							
Direct Instruction	1,137,953	-	-	-	-	-	1,137,953
Instructional Support	198,242	92,556	-	28,200	-	133,234	452,232
Administration	233,845	-	-	-	2,261	22,711	258,817
Business/Support Services	78,388	-	-	-	-	-	78,388
Operation Maintenance Plant	223,517	-	29,985	109,669	-	-	363,171
Food Services	55,567	-	-	-	-	39,770	95,337
Athletics	-	-	-	-	-	21,203	21,203
Pupil Transportation	165,893	-	-	-	-	84,503	250,396
Capital Outlay	-	-	-	14,148	-	-	14,148
Debt Service:							
Principal	-	-	-	-	170,000	-	170,000
Interest	-	-	-	-	61,074	-	61,074
Total Expenditures	2,093,405	92,556	29,985	152,017	233,335	301,421	2,902,719
Excess (Deficiency) Of Revenues Over Expenditures	136,287	(43,664)	37,316	(152,017)	(8,036)	(23,312)	(53,426)
Other Financing Sources (Uses):							
Bond Proceeds	-	-	-	-	-	-	-
Bond Issue Costs	-	-	-	-	-	-	-
Operating Transfers, Net	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
Net Change In Fund Balances	136,287	(43,664)	37,316	(152,017)	(8,036)	(23,312)	(53,426)
Fund Balances (Deficit)							
At Beginning Of Year	62,499	19,030	28,288	230,323	212,970	52,594	605,704
Fund Balances (Deficit)							
At End Of Year	\$ 198,786	\$ (24,634)	\$ 65,604	\$ 78,306	\$ 204,934	\$ 29,282	\$ 552,278

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

**State of New Mexico
Hondo Valley Public Schools
Reconiliaton of the Statement of Revenues, Expenditures
and Changes in Fund Blances of Governmental Funds to
the Statement of Activities
June 30, 2014**

Net Change in Fund Balances - Total Governmental Funds \$ (53,426)

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

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 as depreiation expense. This is the amount by which depreciation was more than the capital outlay in the current period:	Capital Outlay	\$ -	
	Depreciation	<u>(221,047)</u>	(221,047)
Unavailable revenue on the governmental funds are recognized as current revenue on the government wide statements			(12,334)
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.			170,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.			<u>2,865</u>
Change in Net Position of Governmental Activities			<u>\$ (113,942)</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, 2014

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Federal Sources	\$ -	\$ 7,833	\$ 7,832	\$ (1)
State Sources	2,139,844	2,186,392	2,195,581	9,189
Local Sources-Taxes	15,940	15,940	16,597	657
Local Sources-Other	-	-	9,638	9,638
Other	-	-	43	43
Total Revenues	2,155,784	2,210,165	2,229,691	19,526
Expenditures:				
Direct Instruction	1,164,345	1,187,325	1,134,157	53,168
Instructional Support	229,708	234,708	198,242	36,466
Administration	234,617	239,640	233,845	5,795
Business Support Services	76,466	79,266	78,388	878
Operation Maintenance Plant	224,940	252,684	223,517	29,167
Food Services	59,522	59,522	55,567	3,955
Athletics	-	-	-	-
Non-Instructional Support	-	-	-	-
Pupil Transportation	200,905	203,848	165,893	37,955
Capital Outlay	-	-	-	-
Total Expenditures	2,190,503	2,256,993	2,089,609	167,384
Excess (deficiency) of revenues over expenditures	(34,719)	(46,828)	140,082	186,910
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	(34,719)	(46,828)	140,082	\$ 186,910
Prior Year End Cash	61,733	61,733		
End of Year Cash Balance	\$ 27,014	\$ 14,905	-	
Adjustments to reconcile to GAAP Basis:				
Changes in Textbook Credits			(796)	
Net Change in fund balance GAAP Basis			\$ 139,286	

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, 2014

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 77,162	\$ 94,772	\$ 88,136	\$ (6,636)
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>77,162</u>	<u>94,772</u>	<u>88,136</u>	<u>(6,636)</u>
Expenditures:				
Direct Instruction	-	-	-	-
Instructional Support	77,162	94,772	92,557	2,215
Community Services	-	-	-	-
Total Expenditures	<u>77,162</u>	<u>94,772</u>	<u>92,557</u>	<u>2,215</u>
Excess (deficiency) of revenues over expenditures	-	-	(4,421)	(4,421)
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	(4,421)	<u>\$ (4,421)</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>(39,243)</u>	
Net Change in fund balance GAAP Basis			<u>\$ (43,664)</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, 2014

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
State Sources	\$ -	\$ -	\$ -	\$ -
Local Sources	106,669	111,758	66,902	(44,856)
Interest Income	-	-	-	-
Total Revenues	106,669	111,758	66,902	(44,856)
Expenditures:				
Operation Maintenance Plant	104,831	109,930	29,985	79,945
Capital Outlay	-	-	-	-
Total Expenditures	104,831	109,930	29,985	79,945
Excess (deficiency) of revenues over expenditures	1,838	1,828	36,917	35,089
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	1,838	1,828	36,917	\$ 35,089
Cash Balance at beginning of year	-	-		
Cash Balance at end of year	\$ 1,838	\$ 1,828		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			399	
Net Change in fund balance GAAP Basis			\$ 37,316	

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, 2014**

ASSETS

Cash	\$ <u>49,484</u>
Total Assets	\$ <u>49,484</u>

Liabilities

Liabilities:	
Due to School Groups	\$ <u>49,484</u>
Total Liabilities	\$ <u>49,484</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, 2014**

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 Position, 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 Position is reported in three parts – invested in capital assets, restricted Net Position and unrestricted Net Position.

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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 unavailable 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 unavailable 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 Position, "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 Position.

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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 Position. Net Position is the difference between assets and liabilities. Net Position invested in capital assets represents the historical costs of assets or fair value on date of receipt less accumulated depreciation on those assets. Net Position 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 Position 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 Position 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 Fund Balance 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, 2014, 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, 2014, 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 6/30/13	Additions	(Reductions)	Balance 6/30/14	Due Within One Year
\$450,000 2011 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.%	150,000		(60,000)	90,000	70,000
\$400,000 2006 GO Bonds due in semi-annual interest payments, matures in October 2016, interest at 4.0 to 4.25%	275,000		(25,000)	250,000	25,000
\$300,000 2005 GO Bonds due in semi-annual interest payments, matures in August 2017, interest at 4.1 to 4.25%	285,000	-	(55,000)	230,000	55,000
\$165,000 2002 GO Bonds due in semi-annual interest payments, matures in July 2014, interest at 3.875 to 5.15%	35,000	-	(20,000)	15,000	15,000
\$300,000 2012 GO Bonds due in semi-annual interest payments, matures in January 2022, interest at 5.15 to 5.95%	<u>300,000</u>	<u>-</u>	<u>(10,000)</u>	<u>290,000</u>	<u>10,000</u>
Total Long-Term Obligations	<u>\$ 1,745,000</u>	<u>\$ -</u>	<u>\$ (170,000)</u>	<u>\$ 1,575,000</u>	<u>\$ 175,000</u>

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The annual requirements to amortize all bonded debt outstanding as of June 30, 2014, 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 \$1,979,574.

Fiscal Year Ended June 30, 2014	Principal	Interest	Total
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	200,000	24,405	224,405
2020-2022	485,000	34,245	519,245
	<u>\$ 1,575,000</u>	<u>\$ 234,371</u>	<u>\$ 1,809,371</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 Position can be reconciled as follows:

Total Long-Term Debt	\$ 1,575,000
Current Portion of Long-Term Debt	<u>(175,000)</u>
Long-Term Debt 6-30-2014	<u>\$ 1,400,000</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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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 78 discloses the details deposits and securities of the district. Per the schedule noted above, total deposits not insured by the FDIC amounted to \$448,356 requiring that depositories to pledge securities. Depositories pledged securities as of June 30, 2014, the fair market value of pledged securities amounted to \$271,344 or an excess of \$47,166.

At June 30, 2014 the carrying amount of the District's deposits with financial institutions was \$601,119 and the bank balances were \$709,606. 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, 2014, \$177,012 of the District's bank balances of \$709,606 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>Other</u>		
	<u>Fund</u>			
Title I	\$ (24,634)	\$ 24,634	\$ -	\$ -
Idea B	(30,339)	30,339	-	-
Principle Training	(8,657)	8,657	-	-
Dual Credit	(405)	405	-	-
Special Cap Outlay	(8,053)	8,053	-	-
Totals	<u>\$ (72,088)</u>	<u>\$ 72,088</u>	<u>\$ -</u>	<u>\$ -</u>

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.

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B. Capital Assets

Capital activity as of June 30, 2014 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
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	5,659,947	-	-	5,659,947
Equipment	<u>1,564,991</u>	<u>-</u>	<u>-</u>	<u>1,564,991</u>
Total capital assets being depreciated	<u>7,224,938</u>	<u>-</u>	<u>-</u>	<u>7,224,938</u>
Less accumulated depreciation for:				
Buildings and improvements	1,923,307	146,994	-	2,070,301
Equipment	<u>1,268,419</u>	<u>74,053</u>	<u>-</u>	<u>1,342,472</u>
Total accumulated depreciation	<u>3,191,726</u>	<u>221,047</u>	<u>-</u>	<u>3,412,773</u>
Total capital assets being depreciated, net	<u>3,884,678</u>	<u>(221,047)</u>	<u>-</u>	<u>3,812,165</u>
Governmental activity capital assets, net	<u>\$ 3,974,306</u>	<u>\$ (221,047)</u>	<u>\$ -</u>	<u>\$ 3,901,793</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, 20014, there have been no claims that have exceeded insurance coverage.

B. Retiree Health Care Act Contributions

Post-Employment Benefits-State Retiree Healthcare Plan

Plan description: Hondo Valley Public 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 NMRIICA 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.stal.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, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary;

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JUNE 30, 2014**

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, 2014, 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, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$25,812, \$26,119 and \$23,308, 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.

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 2014; 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 2014, the District was required to contribute 13.15% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 10.1% 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: 13.9% 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, 2014, 2013 and 2012** were \$169,596, \$170,543, and \$128,122, 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 unavailable 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.

E. Restatements

GASB 65 requires governments to restate its Governments to restate its government-wide financial statements to restate its basic financial statements to expend bond issuance cost in the year of bond origination instead of amortizing the costs over the life of the bond. The District is restating its beginning net position by (\$133,797) on page 11 to comply with this GASB statement.

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JUNE 30, 2014**

F. 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, 2014

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

Statement No. 67, Financial Reporting for Pension Plans. This statement also amends Statement No. 25. Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans. and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trust or equivalent arrangements. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered plans that provide postemployment benefits other than pensions. This Statement is effective for financial statements for the fiscal years beginning after June 15, 2013 with earlier application encouraged. The District has reviewed the statement and has determined that this does not apply to the District.

Statement No. 68, Accounting and Financial Reporting for Pensions. The statement replaces the requirements of GASBS 27. Accounting for Pensions by State and Local Governmental Employers. and the requirements of GASBS 50 Pension Disclosures, as they related to pensions that are provided through pension plans administered as trusts. The requirements of Statements 27 and 50 remain applicable for pensions that are covered by GASBS 68. This statement is effective for financial statements for fiscal years beginning after June 15, 2014. The District is reviewing the effects of the implementation of this statement.

Statement No. 69, Government Combinations and Disposals of Government Operations. This statement establishes accounting and financial reporting standards related to government mergers, acquisitions, and transfers of operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013 and should be applied on a prospective basis. The District has reviewed the statement and has determined that this does not apply to the District.

Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees. This statement establishes accounting and financial reporting standards for financial guarantees that are non-exchange transactions extended or received by a state or local government. A non-exchange financial guarantee is a guarantee of an obligation of a legally separate entity or individual, including a blended or discretely presented component unit, which requires the guarantor to indemnify a third-party obligation holder under specified conditions. This statement is effective for financial statements for reporting periods beginning after June 15, 2013. The District has reviewed the statement and has determined that this does not apply to the District.

NOTE 7. 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.

NOTE 8. Subsequent Events Review

Hondo Valley Public Schools has evaluated subsequent events through November 11, 2014, which is the date the financial statements were dated.

SUPPLEMENTARY INFORMATION

State of New Mexico
Hondo Valley Public Schools
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Total
<u>Assets</u>			
Cash	\$ 96,312	\$ -	\$ 96,312
Grants Receivable	-	-	-
Due From Other Funds	-	-	-
Inventory	3,825	-	3,825
Total Assets	<u>\$ 100,137</u>	<u>\$ -</u>	<u>\$ 100,137</u>
<u>Liabilities</u>			
Unavailable Revenue	\$ 23,401	\$ -	\$ 23,401
Due to Other Funds	47,454	-	47,454
Total Liabilities	<u>70,855</u>	<u>-</u>	<u>70,855</u>
<u>Fund Balance</u>			
Non Spendable - Inventory	3,825	-	3,825
Restricted-Special Revenue	72,911	-	72,911
Restricted-Capital Outlay	-	-	-
Unassigned	(47,454)	-	(47,454)
Total Fund Balance	<u>29,282</u>	<u>-</u>	<u>29,282</u>
Total Liabilities and Fund Balance	<u>\$ 100,137</u>	<u>\$ -</u>	<u>\$ 100,137</u>

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, 2014

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Total
Revenues:			
Federal Sources	\$ 259,453	\$ -	\$ 259,453
State Sources	-	-	-
Local Sources	18,656	-	18,656
Investment Income	-	-	-
Total Revenues	<u>278,109</u>	<u>-</u>	<u>278,109</u>
Expenditures:			
Direct Instruction	-	-	-
Instructional Support	133,234	-	133,234
Administration	22,711	-	22,711
Business Support Services	-	-	-
Operation Maintenance Plant	38,809	961	39,770
Food Services	21,203	-	21,203
Athletics	-	-	-
Non-Instructional Support	-	-	-
Pupil Transportation	84,503	-	84,503
Capital Outlay	-	-	-
Total Expenditures	<u>300,460</u>	<u>961</u>	<u>301,421</u>
Excess (deficiency) of revenues over expenditures	<u>(22,351)</u>	<u>(961)</u>	<u>(23,312)</u>
Other Financing Sources (Uses)			
Transfers In (Out)	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	<u>(22,351)</u>	<u>(961)</u>	<u>(23,312)</u>
Fund Balance at beginning of year	<u>51,633</u>	<u>961</u>	<u>52,594</u>
Fund balance at end of year	<u>\$ 29,282</u>	<u>\$ -</u>	<u>\$ 29,282</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, 2014

<u>Assets</u>	Operational Fund	Transportation Fund	Instructional Materials Fund	Total
Cash	\$ 68,741	\$ 56,864	\$ 1,093	\$ 126,698
Textbook Credits		-	-	-
Due From Other Funds	<u>72,088</u>	<u>-</u>	<u>-</u>	<u>72,088</u>
Total Assets	<u>\$ 140,829</u>	<u>\$ 56,864</u>	<u>\$ 1,093</u>	<u>\$ 198,786</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balance</u>				
Non-spendable	-	-	-	-
Restricted-Special Revenue	-	-	-	-
Restricted-Capital Outlay	-	-	-	-
Restricted- For Debt Service	-	-	-	-
Unassigned For:				
General Fund	<u>140,829</u>	<u>56,864</u>	<u>1,093</u>	<u>198,786</u>
Total Fund Balance	<u>140,829</u>	<u>56,864</u>	<u>1,093</u>	<u>198,786</u>
 Total Liabilities and Fund Balance	 <u>\$ 140,829</u>	 <u>\$ 56,864</u>	 <u>\$ 1,093</u>	 <u>\$ 198,786</u>

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, 2014

	Operational Fund	Transportation Fund	Instructional Materials Fund	Total
Revenues:				
Federal Sources	\$ 7,832	\$ -	\$ -	\$ 7,832
State Sources	1,982,955	203,848	8,778	2,195,581
Local Sources-Taxes	16,597	-	-	16,597
Local Sources-Other Sources	6,591	3,047	-	9,638
Investment Income	44	-	-	44
Total Revenues	2,014,019	206,895	8,778	2,229,692
Expenditures:				
Direct Instruction	1,129,421	-	8,532	1,137,953
Instructional Support	198,242	-	-	198,242
Administration	233,845	-	-	233,845
Business Support Services	78,388	-	-	78,388
Operation Maintenance Plant	223,517	-	-	223,517
Food Services	55,567	-	-	55,567
Athletics	-	-	-	-
Pupil Transportation	-	165,893	-	165,893
Capital Outlay	-	-	-	-
Total Expenditures	1,918,980	165,893	8,532	2,093,405
Excess (deficiency) of revenues over expenditures	95,039	41,002	246	136,287
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	95,039	41,002	246	136,287
Fund Balance at beginning of year	45,790	15,862	847	62,499
Fund balance at end of year	\$ 140,829	\$ 56,864	\$ 1,093	\$ 198,786

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, 2014

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources		\$ 7,833	\$ 7,832	\$ (1)
State Sources	1,938,939	1,974,808	1,982,955	8,147
Local Sources-Taxes	15,940	15,940	16,597	657
Local Sources-Other	-	-	6,591	6,591
Investment Income	-	-	44	44
Total Revenues	<u>1,954,879</u>	<u>1,998,581</u>	<u>2,014,019</u>	<u>15,438</u>
Expenditures:				
Direct Instruction	1,164,345	1,179,589	1,129,421	50,168
Instructional Support	229,708	234,708	198,242	36,466
Administration	234,617	239,640	233,845	5,795
Business Support Services	76,466	79,266	78,388	878
Operation Maintenance Plant	224,940	252,684	223,517	29,167
Food Services	59,522	59,522	55,567	3,955
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,989,598</u>	<u>2,045,409</u>	<u>1,918,980</u>	<u>126,429</u>
Excess (deficiency) of revenues over expenditures	<u>(34,719)</u>	<u>(46,828)</u>	<u>95,039</u>	<u>141,867</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	<u>(34,719)</u>	<u>(46,828)</u>	<u>95,039</u>	<u>\$ 141,867</u>
Prior Year End Cash	<u>45,790</u>	<u>45,790</u>		
End of Year Cash Balance	<u>\$ 11,071</u>	<u>\$ (1,038)</u>		
Adjustments to reconcile to GAAP Basis:				
Change Accounts Receivable			-	
Capital Outlay			-	
Net Change in fund balance GAAP Basis			<u>\$ 95,039</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, 2014

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ 200,905	\$ 203,848	\$ 203,848	\$ -
Local Sources	-	-	3,047	3,047
Total Revenues	<u>200,905</u>	<u>203,848</u>	<u>206,895</u>	<u>3,047</u>
Expenditures:				
Transportation	200,905	203,848	165,893	37,955
Capital Outlay	-	-	-	-
Total Expenditures	<u>200,905</u>	<u>203,848</u>	<u>165,893</u>	<u>37,955</u>
Excess (deficiency) of revenues over expenditures	-	-	41,002	41,002
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	41,002	<u>\$ 41,002</u>
Prior Year End Cash	<u>15,892</u>	<u>15,892</u>		
End of Year Cash Balance	<u>\$ 15,892</u>	<u>\$ 15,892</u>		
Adjustments to reconcile to GAAP Basis:				
Change Accounts Receivable			-	
Capital Outlay			-	
Net Change in fund balance GAAP Basis			<u>\$ 41,002</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, 2014

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
State Sources	\$ -	\$ 7,736	\$ 8,778	\$ 1,042
Interest Income	-	-	-	-
Total Revenues	<u>-</u>	<u>7,736</u>	<u>8,778</u>	<u>1,042</u>
Expenditures:				
Direct Instruction	-	7,736	7,736	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>7,736</u>	<u>7,736</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,042</u>	<u>1,042</u>
Other Financing Sources (Uses) Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	1,042	<u>\$ 1,042</u>
Prior Year End Cash	<u>51</u>	<u>51</u>		
End of Year Cash Balance	<u>\$ 51</u>	<u>\$ 51</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Textbook Credits			(796)	
Change in Due from Other Governments			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ 246</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 Principle 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 71112-7143.

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.

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.

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.

NM Reads to Lead – To account for resources received from a special appropriation for the purchase of reading materials for Grades K-3 in alignment with the Common Core State Standards.

School Bus Grants – The purpose of this grant is to provide funds for purchasing and operating school buses. Authority for this fund is b statute..

State of New Mexico
Hondo Valley Public Schools
Combining Balance Sheet
Special Revenue Funds
June 30, 2014

	Assets									
	Food Services	Athletics	Idea B Discretionary	Idea B Pre-School	Fresh Fruit Vegetables	Education Technology	Principal Training	Idea B Preschool	Title XIX Medicaid	
Cash	\$ 58,920	\$ 3,185	\$ -	\$ -	\$ 1,229	\$ 277	\$ -	\$ 376	\$ 23,401	
Taxes receivable	-	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-	-	-	-
Inventory	3,825	-	-	-	-	-	-	-	-	-
Total Assets	\$ 62,745	\$ 3,185	\$ -	\$ -	\$ 1,229	\$ 277	\$ -	\$ 376	\$ 23,401	
Liabilities										
Unavailable Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,401	
Due to Other Funds	-	-	(30,339)	-	-	-	(8,657)	-	-	-
	-	-	(30,339)	-	-	-	(8,657)	-	23,401	-
Fund Balance										
Non-spendable	3,825	-	-	-	-	-	-	-	-	-
Restricted-Special Revenue	58,920	3,185	-	-	1,229	277	-	376	-	-
Unassigned	-	-	(30,339)	-	-	-	(8,657)	-	-	-
Total Fund Balance	62,745	3,185	(30,339)	-	1,229	277	(8,657)	376	-	-
Total Liabilities and Fund Balance	\$ 62,745	\$ 3,185	\$ (60,678)	\$ -	\$ 1,229	\$ 277	\$ (17,314)	\$ 376	\$ 23,401	-

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, 2014

	Assets							Nonmajor Total
	Rural Ed Achievement	Dual Credit	Library GO Bonds	NM Reads To Lead	Breakfast Elementary	School Bus	Other Grants	
Cash	\$ -	\$ -	\$ -	\$ -	\$ 4,120	\$ -	\$ 4,804	\$ 96,312
Taxes receivable	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	3,825
Total Assets	\$ -	\$ -	\$ -	\$ -	\$ 4,120	\$ -	\$ 4,804	\$ 100,137

Liabilities

Unavailable Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,401
Due to Other Funds	(405)	-	-	(8,053)	-	-	-	(47,454)
Total Liabilities	(405)	-	-	(8,053)	-	-	-	(24,053)

Fund Balance

Non-spendable	-	-	-	-	-	-	-	3,825
Restricted-Special Revenue	-	-	-	-	4,120	-	4,804	72,911
Unassigned -General Fund	(405)	-	-	(8,053)	-	-	-	(47,454)
Total Fund Balance	(405)	-	-	(8,053)	4,120	-	4,804	29,282
Total Liabilities and Fund Balance	\$ (810)	\$ -	\$ -	\$ (16,106)	\$ 4,120	\$ -	\$ 4,804	\$ 5,229

(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, 2014

Revenues:	Food Services	Athletics	Idea B Discretionary	Idea B Pre-School	Fresh Fruit Vegetables	Education Technology	Principles Training	Idea B Preschool	Title IX Medicaid
Federal Sources	\$ 64,540	\$ -	\$ 11,755	\$ 248	\$ 1,145	\$ -	\$ 14,054	\$ -	\$ 17,306
State Sources	-	-	-	-	-	-	-	-	-
Local Sources	2,360	16,296	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-	-
Total Revenues	66,900	16,296	11,755	248	1,145	-	14,054	-	17,306
Expenditures:									
Direct Instruction	-	-	-	-	-	-	-	-	-
Instructional Support	-	-	42,094	248	-	-	-	-	17,306
Administration	-	-	-	-	-	-	22,711	-	-
Business/Support Services	-	-	-	-	-	-	-	-	-
Operation Maintenance Plant	-	-	-	-	-	-	-	-	-
Food Services	35,772	-	-	-	1,544	-	-	-	-
Athletics	-	21,203	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	35,772	21,203	42,094	248	1,544	-	22,711	-	17,306
Excess (Deficiency) of Revenues Over Expenditures	31,128	(4,907)	(30,339)	-	(399)	-	(8,657)	-	-
Other Financing Sources (Uses)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers (Out)	-	-	-	-	-	-	-	-	-
Net Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	31,128	(4,907)	(30,339)	-	(399)	-	(8,657)	-	-
Fund Balances, Beginning	31,617	8,092	-	-	1,628	277	-	376	-
Fund Balances, Ending	\$ 62,745	\$ 3,185	\$ (30,339)	\$ -	\$ 1,229	\$ 277	\$ (8,657)	\$ 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, 2014

	Rural Ed Achievement	Dual Credit	Library GO Bonds	NM Reads To Lead	Breakfast Elementary	School Bus	Other Grants	Nonmajor Total
Federal Sources	\$ 19,733	\$ -	74	\$ 42,381	\$ 3,714	\$ 84,503	\$ -	\$ 259,453
State Sources	-	-	-	-	-	-	-	-
Local Sources	-	-	-	-	-	-	-	18,656
Investment Income	-	-	-	-	-	-	-	-
Total Revenues	19,733	-	74	42,381	3,714	84,503	-	278,109
Expenditures:								
Direct Instruction	-	-	-	-	-	-	-	-
Instructional Support	20,138	-	74	50,434	-	-	2,940	133,234
Administration	-	-	-	-	-	-	-	22,711
Business/Support Services	-	-	-	-	-	-	-	-
Operation Maintenance Plant	-	-	-	-	-	-	-	-
Food Services	-	-	-	-	1,493	-	-	38,809
Athletics	-	-	-	-	-	-	-	21,203
Transportation	-	-	-	-	-	84,503	-	84,503
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	20,138	-	74	50,434	1,493	84,503	2,940	300,460
Excess (Deficiency) of Revenues Over Expenditures	(405)	-	-	(8,053)	2,221	-	(2,940)	(22,351)
Other Financing Sources (Uses)								
Transfers In	-	-	-	-	-	-	-	-
Transfers (Out)	-	-	-	-	-	-	-	-
Net Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
Net Change in Fund Balances	(405)	-	-	(8,053)	2,221	-	(2,940)	(22,351)
Fund Balances, Beginning	-	-	-	-	1,899	-	7,744	51,633
Fund Balances, Ending	(405)	-	-	(8,053)	4,120	-	4,804	29,282

(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, 2014

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Federal Sources	\$ 80,000	\$ 80,000	\$ 64,540	\$ (15,460)
State Sources	-	-	-	-
Local Sources	2,625	2,625	2,360	(265)
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>82,625</u>	<u>82,625</u>	<u>66,900</u>	<u>(15,725)</u>
Expenditures:				
Food Services	126,474	126,474	34,961	91,513
Capital Outlay	-	-	-	-
Total Expenditures	<u>126,474</u>	<u>126,474</u>	<u>34,961</u>	<u>91,513</u>
Excess (deficiency) of revenues over expenditures	<u>(43,849)</u>	<u>(43,849)</u>	<u>31,939</u>	<u>75,788</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	<u>(43,849)</u>	<u>(43,849)</u>	<u>31,939</u>	<u>\$ 75,788</u>
Cash Balance at beginning of year	-	-		
Cash Balance at end of year	<u>\$ (43,849)</u>	<u>\$ (43,849)</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Inventory			\$ (811)	
Change in Receivables			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ 31,128</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, 2014

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ -	\$ -	\$ -	\$ -
Local Sources	17,000	17,000	16,296	(704)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>17,000</u>	<u>17,000</u>	<u>16,296</u>	<u>(704)</u>
Expenditures:				
Athletics	23,162	23,162	21,203	1,959
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>23,162</u>	<u>23,162</u>	<u>21,203</u>	<u>1,959</u>
Excess (deficiency) of revenues over expenditures	<u>(6,162)</u>	<u>(6,162)</u>	<u>(4,907)</u>	<u>1,255</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(6,162)	(6,162)	(4,907)	<u>\$ 1,255</u>
Cash Balance at beginning of year	<u>8,091</u>	<u>8,091</u>		
Cash Balance at end of year	<u>\$ 1,929</u>	<u>\$ 1,929</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>\$ (4,907)</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, 2014

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Federal Sources	\$ -	\$ 88,928	\$ 11,755	\$ (77,173)
Other	-	-	-	-
Total Revenues	-	88,928	11,755	(77,173)
Expenditures:				
Direct Instruction	-	-	-	-
Instructional support	-	88,928	42,094	46,834
Total Expenditures	-	88,928	42,094	46,834
Excess (deficiency) of revenues over expenditures	-	-	(30,339)	(30,339)
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	(30,339)	<u>\$ (30,339)</u>
Cash Balance at beginning of year	-	-		
Cash Balance at end of year	\$ -	\$ -		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			-	
Change in Due from Other Governments			-	
Net Change in fund balance GAAP Basis			\$ (30,339)	

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal Sources	\$ -	\$ 3,845	\$ 248	\$ (3,597)
State Sources				-
Local Sources	-	-	-	-
Interest Income				-
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>3,845</u>	<u>248</u>	<u>(3,597)</u>
Expenditures:				
Instructional Support	-	3,845	248	3,597
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>3,845</u>	<u>248</u>	<u>3,597</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	-	<u>\$ -</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			-	
Change in Due from Other Governments			-	
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, 2014

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Federal Sources	\$ 3,350	\$ 3,350	\$ 1,145	\$ (2,205)
State Sources				-
Local Sources	-	-	-	-
Interest Income				-
Other	-	-	-	-
Total Revenues	3,350	3,350	1,145	(2,205)
Expenditures:				
Food Services	3,350	3,350	1,544	1,806
Capital Outlay	-	-	-	-
Total Expenditures	3,350	3,350	1,544	1,806
Excess (deficiency) of revenues over expenditures	-	-	(399)	(399)
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	(399)	\$ (399)
Cash Balance at beginning of year	1,628	1,628		
Cash Balance at end of year	\$ 1,628	\$ 1,628		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			-	
Change in Due from Other Funds			-	
Net Change in fund balance GAAP Basis			\$ (399)	

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, 2014

	<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>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, 2014

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 10,993	\$ 21,772	\$ 14,054	\$ (7,718)
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>10,993</u>	<u>22,772</u>	<u>14,054</u>	<u>(7,718)</u>
Expenditures:				
Instructional Support	10,993	22,772	22,710	62
Capital Outlay	-	-	-	-
Total Expenditures	<u>10,993</u>	<u>22,772</u>	<u>22,710</u>	<u>62</u>
Excess (deficiency) of revenues over expenditures	-	-	(8,656)	(7,656)
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	(8,656)	<u>\$ (7,656)</u>
Cash Balance at beginning of year	-	-		
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			-	
Net Change in fund balance GAAP Basis			<u>\$ (8,656)</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, 2014

	<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, 2014

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ 10,000	\$ 10,000	\$ 15,487	\$ 5,487
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>15,487</u>	<u>5,487</u>
Expenditures:				
Instructional Support	31,124	31,124	17,306	13,818
Capital Outlay	-	-	-	-
Total Expenditures	<u>31,124</u>	<u>31,124</u>	<u>17,306</u>	<u>13,818</u>
Excess (deficiency) of revenues over expenditures	<u>(21,124)</u>	<u>(21,124)</u>	<u>(1,819)</u>	<u>19,305</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	(21,124)	(21,124)	(1,819)	<u>\$ 19,305</u>
Cash Balance at beginning of year	<u>25,220</u>	<u>25,220</u>		
Cash Balance at end of year	<u>\$ 4,096</u>	<u>\$ 4,096</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Accounts Receivable			1,819	
Change in Deferred Revenue			-	
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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal Sources	\$ -	\$ 17,339	\$ 19,733	\$ 2,394
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>17,339</u>	<u>19,733</u>	<u>2,394</u>
Expenditures:				
Instructional Support	-	17,339	14,108	3,231
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>17,339</u>	<u>14,108</u>	<u>3,231</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>5,625</u>	<u>5,625</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	5,625	<u>\$ 5,625</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			(6,030)	
Change in Due from Other Governments			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ (405)</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, 2014

	<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:				
Instructional Support	-	-	-	-
Capital Outlay	-	-	-	-
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)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	-	<u>\$ -</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			-	
Change in Due from Other Governments			-	
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, 2014

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	1,812	1,812	74	(1,738)
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>1,812</u>	<u>1,812</u>	<u>74</u>	<u>(1,738)</u>
Expenditures:				
Instructional Support	1,812	1,812	74	1,738
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,812</u>	<u>1,812</u>	<u>74</u>	<u>1,738</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>-</u>	<u>-</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>\$ -</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-NM Reads to Lead
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ 51,001	\$ 42,381	\$ (8,620)
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>-</u>	<u>51,001</u>	<u>42,381</u>	<u>(8,620)</u>
Expenditures:				
Instructional Support	-	51,001	50,434	567
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>51,001</u>	<u>50,434</u>	<u>567</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(8,053)</u>	<u>(8,053)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	(8,053)	<u>\$ (8,053)</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			-	
Change in Due from Other Governments			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ (8,053)</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, 2014

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ 1,493	\$ 3,714	\$ 2,221
State Sources	-	-	-	-
Local Sources	-	-	-	-
Interest Income	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>1,493</u>	<u>3,714</u>	<u>2,221</u>
Expenditures:				
Food Services	-	1,493	1,493	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>1,493</u>	<u>1,493</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>2,221</u>	<u>2,221</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	-	-	2,221	<u>\$ 2,221</u>
Cash Balance at beginning of year	<u>1,899</u>	<u>1,899</u>		
Cash Balance at end of year	<u>\$ 1,899</u>	<u>\$ 1,899</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>\$ 2,221</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-School Bus
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ 84,503	\$ 84,503	\$ -
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>84,503</u>	<u>84,503</u>	<u>-</u>
Expenditures:				
Transportation	-	84,503	84,503	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>84,503</u>	<u>84,503</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
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>		
Reconciliation to GAAP Basis				
Changes in Receivables			\$ -	
Change in Due from Other Governments			<u>-</u>	
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-Other Grants
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Federal Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Institutional Support	-	3,000	2,940	60
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>3,000</u>	<u>2,940</u>	<u>60</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(3,000)</u>	<u>(2,940)</u>	<u>60</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	(3,000)	(2,940)	<u>\$ 60</u>
Cash Balance at beginning of year	<u>-</u>	<u>-</u>		
Cash Balance at end of year	<u>\$ -</u>	<u>\$ (3,000)</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>\$ (2,940)</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, 2014

<u>Assets</u>	
Cash	\$ 189,484
Taxes Receivable	<u>15,450</u>
Total Assets	\$ <u>204,934</u>
<u>Liabilities</u>	
Deferred Revenue	\$ -
Due to Other Funds	<u>-</u>
Total Liabilities	<u>-</u>
<u>Fund Balance</u>	
Restricted for Debt Service	<u>204,934</u>
Total Fund Balance	<u>204,934</u>
Total Liabilities and Fund Balance	\$ <u>204,934</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
Debt Service Fund
For the Year Ended June 30, 2014

Revenues:	
Local Sources	\$ 225,288
Interest	<u>11</u>
Total Revenues	<u>225,299</u>
Expenditures:	
Administrative	2,261
Debt Service:	
Principal	170,000
Interest and Fiscal Charge	<u>61,074</u>
Total Expenditures	<u>233,335</u>
Excess (deficiency) of revenues over expenditures	<u>(8,036)</u>
Other Financing Sources (Uses)	
Transfers In (Out)	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(8,036)
Fund Balance at beginning of year	<u>212,970</u>
Fund balance at end of year	<u>\$ 204,934</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, 2014

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$ 231,086	\$ 231,086	\$ 226,144	\$ (4,942)
Interest Income	<u>12</u>	<u>12</u>	<u>11</u>	<u>(1)</u>
Total Revenues	<u>231,098</u>	<u>231,098</u>	<u>226,155</u>	<u>(4,943)</u>
Expenditures:				
Administrative	2,311	2,311	2,261	50
Debt Service:				
Principal	170,000	170,000	170,000	-
Interest	<u>61,074</u>	<u>61,074</u>	<u>61,074</u>	<u>-</u>
Total Expenditures	<u>233,385</u>	<u>233,385</u>	<u>233,335</u>	<u>50</u>
Excess (deficiency) of revenues over expenditures	<u>(2,287)</u>	<u>(2,287)</u>	<u>(7,180)</u>	<u>(4,893)</u>
Other Financing Sources (Uses)				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over Expenditures & Other Uses	(2,287)	(2,287)	(7,180)	<u>\$ (4,893)</u>
Cash Balance at beginning of year	<u>-</u>	<u>-</u>		
Cash Balance at end of year	<u>\$ (2,287)</u>	<u>\$ (2,287)</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			<u>(856)</u>	
Net Change in fund balance GAAP Basis			<u>\$ (8,036)</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, 2014

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

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, 2014

	Special Capital Outlay Fund	Public School Capital Outlay 20%	Total
Revenues:			
Federal Sources	\$ -	\$ -	\$ -
State Sources	-	-	-
Local Sources	-	-	-
Other	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Operation Maintenance Plant	-	961	961
Capital Outlay	-	-	-
Total Expenditures	<u>-</u>	<u>961</u>	<u>961</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(961)</u>	<u>(961)</u>
Other Financing Sources (Uses)			
Transfers In (Out)	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	-	(961)	(961)
Fund Balance at beginning of year	<u>-</u>	<u>961</u>	<u>961</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<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)
Major Fund-Capital Projects Fund-Bond Building
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Bond Proceeds	\$ -	\$ -	\$ -	\$ -
Interest Income	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Operation Maintenance Plant	134,000	134,000	109,669	24,331
Capital Outlay	70,000	70,000	14,148	55,852
Non Instructional	<u>30,392</u>	<u>30,392</u>	<u>28,200</u>	2,192
Total Expenditures	<u>234,392</u>	<u>234,392</u>	<u>152,017</u>	<u>82,375</u>
Excess (deficiency) of revenues over expenditures	<u>(234,392)</u>	<u>(234,392)</u>	<u>(152,017)</u>	<u>82,375</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	<u>(234,392)</u>	<u>(234,392)</u>	<u>(152,017)</u>	<u>\$ 82,375</u>
Cash Balance at beginning of year	<u>-</u>	<u>-</u>		
Cash Balance at end of year	<u>\$ (234,392)</u>	<u>\$ (234,392)</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			<u>-</u>	
Net Change in fund balance GAAP Basis			<u>\$ (152,017)</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, 2014

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ 8,754	\$ 8,754	\$ 8,754	\$ -
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>8,754</u>	<u>8,754</u>	<u>8,754</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>8,754</u>	<u>8,754</u>	<u>8,754</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	8,754	8,754	8,754	<u>\$ -</u>
Cash Balance at beginning of year	<u>(8,754)</u>	<u>(8,754)</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 Funds			<u>(8,754)</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)
Capital Projects Fund-Public Schools Capital Outlay State 20%
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
State Sources	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Operation Maintenance Plant	961	961	961	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>961</u>	<u>961</u>	<u>961</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(961)</u>	<u>(961)</u>	<u>(961)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers In (Out)	-	-	-	-
Excess (deficiency) of revenues over Expenditures & Other Uses	(961)	(961)	(961)	<u>\$ -</u>
Cash Balance at beginning of year	<u>961</u>	<u>961</u>		
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>		
Adjustments to reconcile to GAAP Basis:				
Changes in Receivables			-	
Change in Due from Other Govt.			-	
Net Change in fund balance GAAP Basis			<u>\$ (961)</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, 2014

	Balance 6/30/2013	Additions	Deductions	Balance 6/30/2014
Fire Recovery Donation	\$ 100	\$ 331	\$ -	\$ 431
Box Tops	185	168	77	276
Elementary	216	-	133	83
Kindergarten	-	384	384	-
First Grade	-	354	354	-
Second Grade	8	333	335	6
Third Grade	117	130	180	67
Fourth Grade	138	318	293	163
Fifth Grade	32	233	264	1
Sixth Grade	45	217	115	147
Seventh Grade	112	50	-	162
Eight Grade	464	-	-	464
Fiesta	11,304	9,170	3,656	16,818
Fiesta Decorating	-	-	-	-
Cheerleaders	849	-	849	-
Senior Class	249	650	899	-
Junior Class	1,695	97	-	1,792
Sophomore Class	1,882	2,028	297	3,613
Freshman Class	1,661	-	-	1,661
Yearbook	2,337	30	1,244	1,123
National Honor Society	1,091	-	1,091	-
Student Council	11	-	11	-
Football	-	150	150	-
FFA	355	4,658	5,013	-
H-Club	1,284	27,945	26,099	3,130
Shop	-	900	900	-
Welding Award	18	-	-	18
Rodeo Club	-	-	-	-
Art	-	-	-	-
Knowledge Bowl	551	-	357	194
Clement Scholarship	11,253	-	3	11,250
Clement School Int	230	202	430	2
Counselors Fund	662	-	-	662
Quails Scholarship	123	-	123	-
Hairstyles	500	-	500	-
Sunshine Committee	110	-	15	95
Library Fund	577	104	264	417
General Fund	887	9,281	7,208	2,960
Drivers Ed	330	-	330	-
Girls Basketball	-	-	-	-
Culinary Class	234	-	-	234
Boys Basketball	1,530	-	367	1,163
JH Girls Basketball	-	-	-	-
PTSO	1,058	100	599	559
Football Dist II	-	144	144	-
Halloween	181	-	181	-
Character Counts	-	-	-	-
Soldier Care Packages	2,111	-	118	1,993
	<u>\$ 44,490</u>	<u>\$ 57,977</u>	<u>\$ 52,983</u>	<u>\$ 49,484</u>

Other Reports

State of New Mexico
Hondo Valley Public Schools
Schedule of Deposits and Pledged Collateral Under State Requirements
June 30, 2014

Institution	Financial	Account Name	Account Type	Reconciled Balance	O/S Deposits Balance	O/S Checks Balance	Balance On Deposit 06-30-14	FDIC or Other Insurance	Not Insured By FDIC	Required Collateral	FMV of Collateral	Pledged Over(Short)
Wells Fargo		Operations	Checking	\$ 362,499	\$ 348	\$ 105,776	\$ 467,927	250,000				
		Debt Service	Checking	189,484	-	-	189,484	-				
		Activity Fund	Checking	38,234	-	2,711	40,945	-				
		Activity Fund	CD	11,250	-	-	11,250	11,250				
			<u>\$ 601,467</u>	<u>\$ 348</u>	<u>\$ 108,487</u>	<u>\$ 709,606</u>	<u>\$ 261,250</u>	<u>\$ 448,356</u>	<u>\$ 224,178</u>	<u>\$ 271,344</u>	<u>\$ 47,166</u>	

Pledged Collateral

Description	Custodian	Maturity	Par	Rate	Market Value	Cusip
Wells Fargo						
FNAJ7717	Bank of New York-Mellon	12/1/2026	\$ 199,459	3.00%	\$ 207,928	3138E0SF7
FNMA1306	Bank of New York-Mellon	1/1/2043	63,962	3.00%	63,416	31418ANY0
			<u>\$ 263,421</u>		<u>\$ 271,344</u>	

State of New Mexico
Hondo Valley Public Schools
Bank Reconciliation
June 30, 2014

Fund	11000	13000	14000	21000	22000	23000	24000	25000	27000	31100	31400	31700	32100	41000	Total
	Operational	Transport	Instructional	Food Serv.	Athletics	Non Instruction	Federal Flow through	Federal Direct	State Flow through	Bond Building	Special Capital Outlay State	Capital Imp. SB-9	PSCOC 20%	Debt Service	
Audited Net Cash 6-30-13	\$ 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
Outstanding Loans (Net)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash 6-30-12	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
Revenues to Date	2,059,808	203,848	8,778	68,902	16,296	51,162	135,298	35,220	130,672	529	-	66,902	-	226,154	3,003,569
Loan Repayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments	(9,025)	15,987	-	19,040	-	1,922	(53,308)	(6,030)	(641)	-	-	-	-	-	(32,056)
Total Resources to Date Current Year	2,059,810	222,757	8,829	114,922	24,387	97,574	84,271	54,410	137,378	230,851	-	91,168	961	422,818	3,550,136
Expenditures to Date	1,918,981	165,893	7,736	56,004	21,202	48,090	146,019	31,414	136,504	152,545	-	29,985	961	233,335	2,948,669
Loan Repayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Date (In) Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash	140,829	56,864	1,093	58,918	3,185	49,484	(61,748)	22,996	874	78,306	-	61,183	-	189,483	601,467
Outstanding Loans (Out) In	(72,088)	-	-	-	-	-	63,630	405	8,053	-	-	-	-	-	-
Investments on Hand	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash	\$ 68,741	\$ 56,864	\$ 1,093	\$ 58,918	\$ 3,185	\$ 49,484	\$ 1,882	\$ 23,401	\$ 8,927	\$ 78,306	\$ -	\$ 61,183	\$ -	\$ 189,483	\$ 601,467
Cash in Bank	\$ 151,175	\$ 64,907	\$ 1,093	\$ 59,858	\$ 4,565	\$ 52,195	\$ 8,131	\$ 23,401	\$ 11,820	\$ 80,596	\$ -	\$ 62,382	\$ -	\$ 189,483	\$ 709,606
Outstanding Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding Checks	82,782	8,043	-	940	1,380	2,711	6,249	-	2,893	2,290	-	1,199	-	-	108,487
Deposits	348	-	-	-	-	-	-	-	-	-	-	-	-	-	348
Total Cash	\$ 68,741	\$ 56,864	\$ 1,093	\$ 58,918	\$ 3,185	\$ 49,484	\$ 1,882	\$ 23,401	\$ 8,927	\$ 78,306	\$ -	\$ 61,183	\$ -	\$ 189,483	\$ 601,467

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

INDEPENDENT AUDITORS REPORT

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 special revenue funds of the Hondo Valley Public Schools, as of and for the year ended June 30, 2014 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 comparisons of Hondo Valley Public Schools, presented as supplemental information, and have issued our report thereon dated November 11, 2014.

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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying summary of prior year audit findings as items as item 2013-002.

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.

A handwritten signature in black ink that reads "Dan Austin CPA, PC". The signature is written in a cursive style.

November 11, 2014

**State of New Mexico
Hondo Valley Public Schools
Schedule of Audit Findings and Questioned Costs
June 30, 2014**

SUMMARY OF PRIOR YEAR AUDIT FINDINGS

2013-001 Late Submission of Audit Engagement Contract (Compliance)-Resolved
2013-002 Late Audit Report – (Compliance) Repeated

CURRENT YEAR FINDINGS

2013-002 Late Audit Report (Compliance)

Condition: The audit report was not submitted to the New Mexico State Auditor's office by the due date of November 15, 2014.

Criteria: The New Mexico State Auditor requires public entities to submit their audit reports by November 15, 2014. 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 November 15, 2014. The Office of the State Auditor requested changes to the report and considered the report late.

Effect: Noncompliance with state audit rule.

Recommendation: Require auditor to complete correct audit reports in a timely manner.

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

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 17, 2014, an exit conference was held at the District's administrative offices. Present were Andrea Nieto, Superintendent, Mary Prudencio, Business Manager, Coda Omoness, Board Member, and Dan Austin, CPA, representing the audit firm. The report for the year ended June 30, 2014, was discussed as well as other financial reporting considerations.