

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016
INDEPENDENT AUDITORS' REPORT

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2016
TABLE OF CONTENTS

FINANCIAL SECTION	Page
OFFICIAL ROSTER	1
INDEPENDENT AUDITORS' REPORT	2 - 4
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	6 - 7
Statement of Activities	8
Governmental Fund Financial Statements:	
Balance Sheet - Governmental Funds	10 - 11
Reconciliation of the Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	13 - 14
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual:	
General Fund	16
Food Services Special Revenue Fund	17
Fiduciary Funds	
Statement of Fiduciary Assets and Liabilities - Agency Fund	19
NOTES TO THE FINANCIAL STATEMENTS	20 - 52
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of the Net Pension Liability Educational Retirement Board (ERB) Plan	54
Schedule of Contributions Educational Retirement Board (ERB) Plan	55

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS (CONTINUED)

Page

SUPPLEMENTARY INFORMATION

Combining and Individual Funds Statements and Schedules:	58
Combining Balance Sheet - Nonmajor Governmental Funds	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	59
Special Revenue Funds	61
Combining Balance Sheet - Nonmajor Special Revenue Funds	64 - 65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	66 - 67
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual	
Athletics Special Revenue Fund	68
Title I Special Revenue Fund	69
IDEA - B Entitlement Special Revenue Fund	70
IDEA - B Preschool Special Revenue Fund	71
Fresh Fruit Vegetables Special Revenue Fund	72
Education Technology Special Revenue Fund	73
Title XIX Medicaid 3/21 Years Special Revenue Fund	74
Principle Training Special Revenue Fund	75
Rural ED Achievement Special Revenue Fund	76
Dual Credit Special Revenue Fund	77
Library GO Bonds Special Revenue Fund	78
NM Reads to Lead Special Revenue Fund	79
Breakfast Elementary Special Revenue Fund	80
School Bus Special Revenue Fund	81
2010 G.O. Bond Student Library (SB1) Special Revenue Fund	82
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual - Major Capital Project Funds	
Capital Improvements SB-9 Capital Projects Fund	84
Bond Building	85

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2016

TABLE OF CONTENTS (CONTINUED)

Page

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual - Major Debt Service Funds	
Debt Service Fund	87
Combining Balance Sheet - General Fund	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund	90
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual:	
Operational Fund	91
Transportation Fund	92
Instructional Materials Fund	93

OTHER SUPPLEMENTAL INFORMATION

Schedule of Vendor Information for Purchases Exceeding \$60,000 (Excluding GRT)	95
Schedule of Changes in Assets and Liabilities - Agency Funds	96
Schedule of Pledged Collateral	99
Schedule of Deposits and Investments Accounts	100
Cash Reconciliation	101

COMPLIANCE SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	103 - 104
Schedule of Findings and Responses	105 - 108
Financial Statement Preparation	109
Exit Conference	110

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
OFFICIAL ROSTER

BOARD OF EDUCATION

Donna Brady
Jim Cooper
Justine Ortiz
Coda Omness
Philbert Candelaria

President
Vice President
Secretary
Member
Member

SCHOOL OFFICIALS

Marvin L. Martin
Mary E. Prudencio

Superintendent
Business Manager



Beasley, Mitchell & Co.

Certified Public Accountants

Donald A. Beasley, CPA, Partner
Christine Wright, CPA, Partner
Beth Fant, EA, Partner
Brad Beasley, CPA, Partner

INDEPENDENT AUDITORS' REPORT

Mr. Timothy Keller
State Auditor of the State of New Mexico
Board Members of Hondo Valley Public Schools

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with audit standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of 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.

Opinion

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 District, as of June 30, 2016, 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 nonmajor governmental and fiduciary funds as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, debt service funds and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis which is required to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 68 - 93 and GASB 68 10 year schedules on pages 54 - 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the

required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements the combining and individual fund financial statements, and the budgetary comparisons that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 15, 2016 on our consideration of 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 in 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 Hondo Valley Public Schools internal control over financial reporting and compliance.


Beasley, Mitchell & Co., LLP
Las Cruces, New Mexico
November 15, 2016

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS	
Current assets	
Cash and cash equivalents	\$ 403,484
Property taxes receivable	21,359
Other receivables	145,984
Inventory	<u>5,176</u>
Total current assets	576,003
Non-current assets	
Capital assets	7,623,483
Less accumulated depreciation	<u>(5,257,422)</u>
Total non-current assets	<u>2,366,061</u>
Total assets	2,942,064
Deferred outflows	
Subsequent contributions	182,976
Deferred outflows	<u>124,232</u>
Total deferred outflows	<u>307,208</u>
Total assets and deferred outflows	<u>\$ 3,249,272</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2016

	<u>Governmental Activities</u>
LIABILITIES AND DEFERRED INFLOWS	
Current liabilities	
Accounts payable	\$ 24,114
Accrued interest	11,486
Current portion of bonds payable	<u>250,000</u>
Total current liabilities	285,600
Long-term obligations	
Net pension liability	3,055,327
Bonds payable	<u>1,245,000</u>
Total long-term liabilities	<u>4,300,327</u>
Total liabilities	4,585,927
Deferred inflows	
Deferred inflows	<u>124,233</u>
Total deferred inflows	<u>124,233</u>
Total liabilities and deferred inflows	4,710,160
NET POSITION	
Net investment in capital assets	859,575
Restricted for	
Cafeteria fund (inventory)	5,176
Special revenue	82,978
Capital projects	193,475
Debt service	160,793
Unrestricted	<u>(2,762,885)</u>
Total net position (deficit)	<u>(1,460,888)</u>
Total liabilities, deferred inflows, and net position	<u>\$ 3,249,272</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expenses) Revenue and Changes Net Assets
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Expenses - Governmental Activities:					
Instruction	\$ 1,338,305	\$ 16,075	\$ 368,057	\$ 55,542	\$ (898,631)
Support services	579,496	19,015	6,193	-	(554,288)
Central services	83,707	-	-	-	(83,707)
Operation and maintenance of plant	300,033	-	-	-	(300,033)
Student transportation	141,505	-	146,470	-	4,965
Food services	179,466	5,304	80,235	-	(93,927)
Interest on long-term debt	54,289	-	-	-	(54,289)
Depreciation	279,708	-	-	-	(279,708)
Total governmental activities	<u>\$ 2,956,509</u>	<u>\$ 40,394</u>	<u>\$ 600,955</u>	<u>\$ 55,542</u>	(2,259,618)
General Revenues:					
Taxes:					
Property taxes, levied for operating programs					16,124
Property taxes, levied for debt services					214,056
Property taxes, levied for capital projects					65,093
State equalization guarantee					1,886,640
Interest and investment earnings					<u>61</u>
Subtotal, general revenue					<u>2,181,974</u>
Change in net position					(77,644)
Net position - beginning of year as previously stated					(113,933)
Restatement					<u>(1,269,311)</u>
Net position - beginning of year as restated					<u>(1,383,244)</u>
Net position - end of year					<u>\$ (1,460,888)</u>

See independent auditors' report and accompanying notes to financial statements.

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General Fund</u>	<u>Food Services Fund</u>	<u>Capital Improvements SB-9 Fund</u>	<u>Capital Outlay Bond Building Fund</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 46,727	\$ 38,450	\$ 132,496
Property taxes receivable	1,152	-	4,646	-
Due from other funds	104,029	-	28,075	-
Inventory	-	5,176	-	-
	<u>-</u>	<u>5,176</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 105,181</u>	 <u>\$ 51,903</u>	 <u>\$ 71,171</u>	 <u>\$ 132,496</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 6,485	\$ 10,990	\$ 6,639	\$ -
	<u>6,485</u>	<u>10,990</u>	<u>6,639</u>	<u>-</u>
Total liabilities	6,485	10,990	6,639	-
Deferred inflows:				
Deferred inflows - property tax	881	-	3,553	-
	<u>881</u>	<u>-</u>	<u>3,553</u>	<u>-</u>
Total deferred inflows	881	-	3,553	-
Total liabilities and deferred inflows	7,366	10,990	10,192	-
Fund balances:				
Nonspendable - Inventory	-	5,176	-	-
Restricted, reported in:				
Special revenue fund	-	35,737	-	-
Capital projects funds	-	-	60,979	132,496
Unassigned, reported in:				
General fund	97,815	-	-	-
	<u>97,815</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	97,815	40,913	60,979	132,496
Total liabilities, deferred inflows and fund balances	<u>\$ 105,181</u>	<u>\$ 51,903</u>	<u>\$ 71,171</u>	<u>\$ 132,496</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016

	Debt Service Fund	Other Governmental Funds	Total
ASSETS			
Cash and cash equivalents	\$ 157,132	\$ 28,679	\$ 403,484
Property taxes receivable	15,561	-	21,359
Due from other funds	-	-	132,104
Grants receivables	-	145,984	145,984
Inventory	-	-	5,176
	<u>172,693</u>	<u>174,663</u>	<u>708,107</u>
Total assets	<u>\$ 172,693</u>	<u>\$ 174,663</u>	<u>\$ 708,107</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 24,114
Due to other funds	-	132,104	132,104
	<u>-</u>	<u>132,104</u>	<u>156,218</u>
Total liabilities	-	132,104	156,218
Deferred inflows:			
Deferred inflows - property tax	11,900	-	16,334
	<u>11,900</u>	<u>-</u>	<u>16,334</u>
Total deferred inflows	11,900	-	16,334
Total liabilities and deferred inflows	11,900	132,104	172,552
Fund balances:			
Nonspendable - Inventory	-	-	5,176
Restricted, reported in:			
Special revenue fund	-	47,241	82,978
Capital projects funds	-	-	193,475
Debt service	160,793	-	160,793
Unassigned, reported in:			
Other funds	-	(4,682)	(4,682)
General fund	-	-	97,815
	<u>160,793</u>	<u>42,559</u>	<u>535,555</u>
Total fund balances	160,793	42,559	535,555
Total liabilities, deferred inflows, and fund balances	<u>\$ 172,693</u>	<u>\$ 174,663</u>	<u>\$ 708,107</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2016

Amounts reported for government activities in the statement of net position are different because:

Fund balances - total governmental funds	\$ 535,555
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,366,061
Deferred outflows resulting from pension liabilities - GASB 68	
Net deferred outflows	124,232
Contributions made after the measurement date, will be recognized as a reduction of net pension liability.	182,976
Deferred inflows due to actual non-investment experience that was better than expected and changes in benefits or assumption which result in a decrease to net pension liability:	
Net Deferred inflows	(124,233)
Long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds - property tax	16,334
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(3,055,327)
Accrued interest	(11,486)
General obligation bonds	<u>(1,495,000)</u>
Total net position - governmental funds	<u>\$1,460,888</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Food services Fund	Capital Improvements SB-9 Fund	Capital Outlay Bond Building Fund
REVENUES				
Taxes	\$ 16,124	\$ -	\$ 65,093	\$ -
Charges for services	-	-	-	-
Local sources	14,563	3,484	-	-
State sources	1,996,210	-	55,542	-
Federal sources	6,560	80,235	-	-
Transportation distribution	146,470	-	-	-
Earnings from investments	43	-	-	-
Total revenues	<u>2,179,970</u>	<u>83,719</u>	<u>120,635</u>	<u>-</u>
EXPENDITURES				
Current:				
Direct instruction	1,215,009	-	-	-
Instructional support	202,957	-	-	-
Central services	83,707	-	-	-
Operation and maintenance	230,714	-	69,319	-
General administration	235,176	-	689	96,083
Food services	53,132	85,957	-	-
Pupil transportation	179,466	-	-	-
Athletics	-	-	-	-
Capital outlay	-	-	68,601	-
Total expenditures	<u>2,200,161</u>	<u>85,957</u>	<u>138,609</u>	<u>96,083</u>
Net change in fund balance	(20,191)	(2,238)	(17,974)	(96,083)
Fund balance - beginning of year	<u>118,006</u>	<u>43,151</u>	<u>78,953</u>	<u>228,579</u>
Fund balance - end of year	<u>\$ 97,815</u>	<u>\$ 40,913</u>	<u>\$ 60,979</u>	<u>\$ 132,496</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Debt Service Fund	Other Governmental Funds	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Taxes	\$ 211,969	\$ -	\$ 293,186
Local sources	-	15,575	33,622
State sources	-	142,566	2,194,318
Federal sources	-	122,326	209,121
Transportation distribution	-	-	146,470
Earnings from investments	-	-	43
Miscellaneous	18	-	18
	<u> </u>	<u> </u>	<u> </u>
Total revenues	211,987	280,467	2,876,778
EXPENDITURES			
Current:			
Direct instruction	-	121,518	1,336,527
Instructional support	-	27,315	230,272
Central services	-	-	83,707
Operation and maintenance	-	-	300,033
General Administration	2,263	15,013	349,224
Food Services	-	2,416	141,505
Pupil Transportation	-	-	179,466
Athletics	-	12,265	12,265
Capital outlay	-	86,232	154,833
Debt services:			
Principal payments	205,000	-	205,000
Interest	54,289	-	54,289
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	261,552	264,759	3,047,121
Net change in fund balance	(49,565)	15,708	(170,343)
Fund balance, beginning of the year	210,358	26,851	705,898
	<u> </u>	<u> </u>	<u> </u>
Fund balance - end of year	<u>\$ 160,793</u>	<u>\$ 42,559</u>	<u>\$ 535,555</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN THE FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Amount reported for governmental activities in the statement of net position are different because:

Change in fund balances - total governmental funds	\$ (170,343)
--	--------------

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

Depreciation expense	(279,708)
Capital outlay	154,833

Changes in resources related to pension:

Change in deferred outflows	120,750
Change in deferred inflows	266,776
Net pension liability	(388,475)

Property taxes that do not provide current financial resources, made available to pay for the current period's expenditures, reported as deferred inflows in the funds.

2,087

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Change in accrued interest	11,436
Principal payment on bond	<u>205,000</u>

Change in net position of governmental activities	<u>\$ (77,644)</u>
---	--------------------

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
GENERAL FUND COMBINED

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ 16,588	\$ 16,588	\$ 14,972	\$ (1,616)
Local sources	-	-	14,563	14,563
State sources	1,970,552	2,073,049	1,996,210	(76,839)
Federal sources	-	-	6,560	6,560
Earnings from investments	-	-	43	43
Transportation distribution	166,746	174,222	146,470	(27,752)
	<u>2,153,886</u>	<u>2,263,859</u>	<u>2,178,818</u>	<u>(85,041)</u>
Total revenues				
Expenditures:				
Current:				
Direct instruction	1,221,908	1,218,429	1,215,009	3,420
Instructional support	205,415	203,569	202,957	612
Central services	84,465	84,366	83,707	659
Operation and maintenance	204,750	230,750	230,714	36
General administration	223,008	230,587	229,479	1,108
Pupil transportation	166,746	246,278	178,678	67,600
Food services	50,901	53,232	53,132	100
Miscellaneous	1,202	1,202	-	1,202
	<u>2,158,395</u>	<u>2,268,413</u>	<u>2,193,676</u>	<u>74,737</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(4,509)</u>	<u>(4,554)</u>	<u>(14,858)</u>	<u>(10,304)</u>
Net change in fund balance	<u>(4,509)</u>	<u>(4,554)</u>	<u>(14,858)</u>	<u>(10,304)</u>
Fund balance - beginning of year	<u>118,006</u>	<u>118,006</u>	<u>118,006</u>	<u>-</u>
Fund balance - end of year	<u>\$ 113,497</u>	<u>\$ 113,452</u>	<u>\$ 103,148</u>	<u>\$ (10,304)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (14,858)	
Net revenue accruals			1,152	
Net expenditure accruals			(6,485)	
Net changes in fund balance GAAP basis			<u>\$ (20,191)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
FOOD SERVICES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ 1,500	\$ 1,500	\$ 3,484	\$ 1,984
Federal sources	59,503	59,503	69,245	9,742
Total revenues	61,003	61,003	72,729	11,726
Expenditures:				
Current:				
Food services	92,247	92,247	85,957	6,290
Total expenditures	92,247	92,247	85,957	6,290
Excess (deficiency) of revenues over expenditures	(31,244)	(31,244)	(13,228)	18,016
Net change in fund balance	(31,244)	(31,244)	(13,228)	18,016
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ (31,244)</u>	<u>\$ (31,244)</u>	<u>\$ (13,228)</u>	<u>\$ 18,016</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (13,228)	
Net revenue accruals			-	
Net expenditure accruals			<u>10,990</u>	
Net changes in fund balance GAAP basis			<u>\$ (2,238)</u>	

See independent auditors' report and accompanying notes to financial statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND
JUNE 30, 2016

ASSETS

Current Assets

Cash \$ 37,801

Total assets \$ 37,801

LIABILITIES

Current Liabilities

Deposits held in trust for others \$ 37,801

Total liabilities \$ 37,801

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Hondo Valley Public Schools' management who is responsible for their integrity and objectivity. The financial statements and disclosures of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14 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

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by State Equalization Guarantee, taxes and intergovernmental revenues.

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Measurement Focus, Basis of Accounting

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

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

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are accrued as receivable when levied, net of estimated refund and uncollectible amounts. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by district school tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the schools except for those items included in other funds.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Measurement Focus, Basis of Accounting (Continued)

Food Service is a program provides 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. Also State Law NMSA 22-13-13.

Capital Improvements SB-9 Fund is used to account for resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Also to account for resources received from the State of New Mexico General Fund.

Bond Building fund is used to accounts for the revenue received from bonds sold by the District to be used for improvements and additions to school owned property.

Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

Additionally, the District reports the following agency fund:

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

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

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

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

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

Investments for the District are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Restricted Assets - The Debt Service Fund is used to report resources set aside as restricted to make up potential future deficiencies in the revenue bond current debt service account.

Deferred Outflows - In the government-wide fund financial statements, deferred outflows are contributions to a pension plan after the measurement date, and the change in assumption.

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

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Guadalupe and Torrance County. The funds are collected by the County Treasurers and are remitted to the District the following month.

Under the modified accrual method of accounting, the amount remitted by the County Treasurers in July and August is considered measurable and available and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2016.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Prepaid Items - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Inventory - The District uses the consumption method of accounting for inventory. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed.

Inventory is valued at cost utilizing the consumption basis of accounting. Inventory in the Food Service Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed.

U.S.D.A. commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories. Non-commodity inventories are 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. No deferred revenue was recorded for unused commodity inventory as of June 30, 2016.

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C(5). The District was a phase II government for purposes of implementing GASB 34 however, the District does not have any infrastructure asset to report.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

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

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

<u>Assets</u>	<u>Years</u>
Building and improvements	20-50
Furniture, Equipment Vehicles and Library Books	3-15

Unearned Revenues and Deferred Inflows of Resources - Under both accrual and the modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by corresponding liability for unearned revenue. Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. In addition, property taxes receivable but uncollected within sixty (60) days of year end are classified as deferred inflow.

Compensated Absences - Twelve month employees are entitled to accumulate annual leave up to 10 days per year for the first five years. After five years of service, they will earn one and one quarter days per month for a total of 15 days per year.

Qualified employees are entitled to accumulate sick leave. There is no limit to the amount of sick leave which an employee may accumulate; however, no payment is due to the employee upon termination of employment.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net assets.

Deferred Inflows - Within the governmental funds, revenues must be available in order to be recognized. Revenues such as real estate taxes that are not available are recorded as deferred inflows and reflected within the balance sheet.

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Fund Balance of Fund Financial Statements - In the fund financial statements, governmental funds are classified as follows:

Nonspendable - fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes amounts to be held in perpetuity.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Restricted - Fund balance should be reported when constraints placed on the use of resources are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation. Enabling legislation, as the term is used in this Statement, authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party-such as citizens, public interest groups, or the judiciary - to use resources created by enabling legislation only for the purposes specified by the legislation.

Unassigned - fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The District's policy is to apply restricted resources first, committed sources second, assigned resources third, and unassigned resources last when an expense is incurred for purposes for which all or any fund balance classification is available.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Equity Classifications

Government-Wide Statements

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

- a. Net position invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Net position - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

E. Revenues

State Equalization Guarantee - School districts in the State of New Mexico receive a state equalization guarantee distribution which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's program costs.

A school district's program costs are determined through the use of various formulas using program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$1,886,640 in state equalization guarantee distributions during the year ended June 30, 2016.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. Revenues (Continued)

Tax Revenues - The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered

'measurable' and 'available' in the governmental fund financial statements. The District recognized \$293,186 in tax revenues in the governmental fund financial statements during the year ended June 30, 2016. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Transportation Distribution - School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$146,470 in transportation distributions during the year ended June 30, 2016.

Public School Capital Outlay - Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program per Section 22-24-4(B), core administrative function of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4 (0); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

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

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. Revenues (Continued)

New Accounting Pronouncements - In 2015, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. Earlier application is encouraged. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, GASB issued GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and amendments to Certain Provisions of GASB Statements 67 and 68*. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities or pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The objective of his Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information supporting assessments of accountability and interperiod equity, and creating additional transparency. The District is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. Revenues (Continued)

New Accounting Pronouncements (Continued)

In 2015, the GASB issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The District is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The District is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, the GASB issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged. The objective of this

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. Revenues (Continued)

New Accounting Pronouncements (Continued)

Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The District is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

In 2015, the GASB issued GASB Statement No. 77, *Tax Abatement Disclosures*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. The District is analyzing the effect that this statement will have on its financial statements, and currently believes it will have no significant effect on the financial statements for the upcoming year.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

These budgets are prepared on the Non-GAAP cash basis. Budgeted expenditures exclude encumbrances and the budget secures appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, when the budget is approved those funds are legally restricted and shown as reserved fund balance.

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

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

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

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Public Education Department.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the School Board and the New Mexico Public Education Department.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

6. Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Budget basis expenditures exclude encumbrances.

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

The District is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

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

3. DEPOSIT AND INVESTMENTS

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2016.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

3. DEPOSIT AND INVESTMENTS (CONTINUED)

The types of collateral allowed are limited to direct obligations of the United States Government or agency, districts or political subdivisions of the States of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are owned by the public unit. Time deposits, savings deposits and interest bearing money market accounts at a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the unlimited coverage for non interest bearing accounts.

Deposits - NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the School District for at least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

	<u>Wells Fargo</u>	<u>Wells Fargo CD</u>	<u>Total</u>
Cash on deposit at June 30, 2016	\$ 566,224	\$ 11,250	\$ 577,474
FDIC coverage	<u>(250,000)</u>	<u>(11,250)</u>	<u>(261,250)</u>
Total uninsured public funds	<u>\$ 316,224</u>	<u>\$ -</u>	<u>\$ 316,224</u>
Pledged collateral	\$ 213,039	\$ -	\$ 213,039
Collateral requirement (50% of uninsured public funds)	<u>158,112</u>	<u>-</u>	<u>158,112</u>
Over collateralization	<u>\$ 54,927</u>	<u>\$ -</u>	<u>\$ 54,927</u>

Custodial Credit Risk-Deposits - Custodial Credit Risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). As of June 30, 2016, \$316,224 of the District's bank balance of \$566,224 was exposed to custodial credit risk because or was uninsured and the collateral was held by the pledging bank's trust department, not in the District's name. At June 30, 2016, the carrying amount of these deposits was \$441,285.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

3. DEPOSIT AND INVESTMENTS (CONTINUED)

Reconciliation of Cash and Cash Equivalents

Cash and cash equivalents per Governmental Funds - balance sheet	<u>\$ 403,484</u>
Total	<u>403,484</u>
Statement of fiduciary net assets - cash	<u>37,801</u>
Total cash and cash equivalents	441,285
Add outstanding checks and other reconciling items	<u>136,189</u>
Bank balance of deposits and investments	<u>\$ 577,474</u>
Cash source:	
Wells Fargo Bank	\$ 566,224
Wells Fargo Bank - CD	<u>11,250</u>
Total cash and cash equivalents	<u>\$ 577,474</u>

Credit and Interest Rate Risk

Interest rate risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the School District's investment policy limits the School District's investment portfolio to maturities of less than one year.

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

The composition of interfund balances during the year ended June 30, 2016 is as follows:

Governmental Activities	Due from other funds	Due to other funds
General fund	\$ 104,029	\$ -
Capital Improvements SB-9	28,075	-
Title I - IASA	-	19,556
IDEA - IDEA B Entitlement	-	17,475
IDEA - B Pre - School	-	758
2010 G.O. Bond Student Library (SB1)	-	1,779
Library GO Bonds	-	195
Library GO	-	6,109
School Bus	-	86,232
	<u> -</u>	<u> 86,232</u>
Totals	<u>\$ 132,104</u>	<u>\$ 132,104</u>

All interfund balances are to be repaid within one year. There were no operating transfers for the year ended June 30, 2016.

5. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2016, are as follows:

	General	Major Governmental Funds	Non-Major Governmental Funds	Total
Government grants	\$ -	\$ -	\$ 145,984	\$ 145,984
Property taxes	<u>1,152</u>	<u>20,207</u>	<u>-</u>	<u>21,359</u>
Total	<u>\$ 1,152</u>	<u>\$ 20,207</u>	<u>\$ 145,984</u>	<u>\$ 167,343</u>

The above receivables are deemed 100% collectible.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

6. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2016 is as follows:

	Balance June 30, 2015, As Previously Stated	Adjustments	Balance June 30, 2015, As Restated	Additions	Retirements	Balance June 30, 2016
Governmental Activities:						
Capital assets not being depreciated:						
Land	\$ 89,628	\$ -	\$ 89,628	\$ -	\$ -	\$ 89,628
Total capital assets not being depreciated	89,628	-	89,628	-	-	89,628
Capital assets being depreciated:						
Buildings & building improvements	5,659,947	61,873	5,721,820	-	-	5,721,820
Equipment	1,647,978	9,224	1,657,202	154,833	-	1,812,035
Total capital assets being depreciated	7,307,925	71,097	7,379,022	154,833	-	7,533,855
Less accumulated depreciation for:						
Buildings & building improvements	2,217,295	1,338,295	3,555,590	128,480	-	3,684,070
Equipment	1,420,011	2,113	1,422,124	151,228	-	1,573,352
Total accumulated depreciation	3,637,306	1,340,408	4,977,714	279,708	-	5,257,422
Total capital assets being depreciated, net	3,670,619	(1,269,311)	2,401,308	(124,875)	-	2,276,433
Governmental activities capital assets, net	\$ 3,760,247	\$ (1,269,311)	\$ 2,490,936	\$ (124,875)	\$ -	\$ 2,366,061

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

6. CAPITAL ASSETS (CONTINUED)

For the year ended June 30, 2016, depreciation was charged to the following functions:

Governmental Activities	
Support services	\$ 151,228
Operations and maintenance of plant	<u>128,480</u>
 Total	 <u>\$ 279,708</u>

7. LONG-TERM OBLIGATIONS

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of general obligation bonds issued was \$2,250,000. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2016 are for governmental activities.

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

	Series 2005 GO Bonds	Series 2006 GO Bonds	Series 2009 GO Bonds	Series 2010 GO Bonds	Series 2011 GO Bonds	Series 2012 GO Bonds	Series 2015 GO Bonds
Original Issue	\$300,000	\$400,000	\$250,000	\$250,000	\$450,000	\$300,000	\$300,000
Maturity	8/1/2017	10/01/2016	06/01/2019	03/01/2018	05/01/2018	01/01/2022	09/01/2025
Principal	August 1	October 1	June 15	March 15	May 15	January 15	September 15
Interest Rate	4.10%	4.00%	3.25%	3.00%	3.70%	5.15%	3.00%
Interest	February & August	April & October	June & December	March & September	May & November	January & July	March & September

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

7. LONG-TERM OBLIGATIONS (CONTINUED)

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

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
Governmental Activities:					
Bonds payable	\$ 1,700,000	\$ -	\$ 205,000	\$ 1,495,000	\$ 250,000
Total governmental activities	<u>\$ 1,700,000</u>	<u>\$ -</u>	<u>\$ 205,000</u>	<u>\$ 1,495,000</u>	<u>\$ 250,000</u>

The annual requirements to amortize the Series 2005 GO Bonds general obligation bond outstanding as of June 30, 2016, including interest payments are as follows:

Years ending June 30,	Principal	Interest	Total
2017	\$ 60,000	\$ 3,795	\$ 63,795
2018	<u>60,000</u>	<u>1,260</u>	<u>61,260</u>
	<u>\$ 120,000</u>	<u>\$ 5,055</u>	<u>\$ 125,055</u>

The annual requirements to amortize the Series 2006 GO Bonds general obligation bond outstanding as of June 30, 2016, including interest payments are as follows:

Years ending June 30,	Principal	Interest	Total
2017	\$ 55,000	\$ 1,169	\$ 56,169
	<u>\$ 55,000</u>	<u>\$ 1,169</u>	<u>\$ 56,169</u>

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

7. LONG-TERM OBLIGATIONS (CONTINUED)

The annual requirements to amortize the Series 2009 GO Bonds general obligation bond outstanding as of June 30, 2016, including interest payments are as follows:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 25,000	\$ 3,013	\$ 28,013
2018	25,000	2,025	27,025
2019	25,000	1,025	26,025
	<u>\$ 75,000</u>	<u>\$ 6,063</u>	<u>\$ 81,063</u>

The annual requirements to amortize the Series 2010 GO Bonds general obligation bond outstanding as of June 30, 2016, including interest payments are as follows:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 100,000	\$ 8,075	\$ 108,075
2018	125,000	4,625	129,625
	<u>\$ 225,000</u>	<u>\$ 12,700</u>	<u>\$ 237,700</u>

The annual requirements to amortize the Series 2011 GO Bonds general obligation bond outstanding as of June 30, 2016, including interest payments are as follows:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ 17,275	\$ 17,275
2018	-	17,275	17,275
2019	75,000	17,275	92,275
2020	200,000	14,275	214,275
2021	175,000	6,475	181,475
	<u>\$ 450,000</u>	<u>\$ 72,575</u>	<u>\$ 522,575</u>

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

7. LONG-TERM OBLIGATIONS (CONTINUED)

The annual requirements to amortize the Series 2012 GO Bonds general obligation bond outstanding as of June 30, 2016, including interest payments are as follows:

Years ending June 30,	Principal	Interest	Total
2017	\$ 10,000	\$ 6,555	\$ 16,555
2018	50,000	6,380	56,380
2019	100,000	5,380	105,380
2020	10,000	3,130	13,130
2021	10,000	2,880	12,880
2022	90,000	2,610	92,610
	<u>\$ 270,000</u>	<u>\$ 26,935</u>	<u>\$ 296,935</u>

The annual requirements to amortize the Series 2015 GO Bonds general obligation bond outstanding as of June 30, 2016, including interest payments are as follows:

Years ending June 30,	Principal	Interest	Total
2017	\$ -	\$ 8,860	\$ 8,860
2018	-	8,860	8,860
2019	-	8,860	8,860
2020	-	8,860	8,860
2021	-	8,860	8,860
2022	300,000	24,560	324,560
	<u>\$ 300,000</u>	<u>\$ 68,860</u>	<u>\$ 368,860</u>

Compensated Absences - Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year.

In prior years, the general fund was typically used to liquidate long-term liabilities other than debt.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

8. RISK MANAGEMENT

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

The NMPSIA provides coverage for up to a maximum of \$500,000 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, 2016, there have been no claims that have exceeded insurance coverage.

9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD

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

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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: 10.7% of their gross salary.

Employer Contributions - Hondo Valley Public Schools contributed 14.2% of gross covered salary.

The contribution requirements of plan members and the Hondo Valley Public Schools are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. Hondo Valley Public Schools contributions to ERB for the fiscal years ending June 30, 2016, and 2015 were \$183,392, and \$186,456, respectively, which equal the amount of the required contributions for each fiscal year.

The District adopted GASB 68 during the year ended June 30, 2016. GASB 68, *Accounting and Financial Reporting for Pensions*, requires contributing employers of cost-sharing multiple employer defined benefit pension plans to include the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources related to their share of the pension plan in their government-wide financial statement presentation. ERB engaged their financial statement auditors to prepare a schedule allocating these obligations to the contributing employers as of the year ended June 30, 2015. As part of adopting GASB 68 during the current year, the District recognized a Net Pension Liability (NPL), which represents the District's share of the underfunded pension obligation at June 30, 2016.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)

For the year ended June 30, 2016, the District recognized pension expense of \$21,359. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Changes in proportion	\$ 19,143	\$ 53,837
Changes in assumptions	105,089	-
Net difference between projected and actual earnings on pension plan investments	-	13,753
Difference between expected and actual experience	-	56,643
District contributions subsequent to the measurement date	<u>182,976</u>	<u>-</u>
Total	<u>\$ 307,208</u>	<u>\$ 124,233</u>

\$182,976 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of June 30, 2015, will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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

Year ended June 30:

2017	\$	(29,172)
2018		(24,065)
2019		10,816
2020		42,436
2021	\$	-

Actuarial assumptions. As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

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

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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

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

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class.

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2015. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB's defined contribution plan, are included in the projection of cash flows.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

9. PENSION PLAN- EDUCATIONAL RETIREMENT BOARD (CONTINUED)

ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2015. In particular, the table presents the (employer's) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of net pension	\$ 4,111,146.00	\$ 3,055,327.00	\$ 2,168,328.00

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

Payables to the pension plan. The District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2016 the District did not owe ERB any funds.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

9. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE 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 provided health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

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

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

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

10. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN (CONTINUED)

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, 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, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

Hondo Valley Public Schools contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$26,388, \$26,819, and \$25,812 respectively, which equal the required contributions for each year.

11. LOSS CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

11. LOSS CONTINGENCIES (CONTINUED)

The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

12. ANALYSIS FOR IMPAIRMENT

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In management's opinion, there are no impaired assets at June 30, 2016.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 15, 2016, the date the financial statements were available to be issued.

14. RESTATEMENT

A prior period adjustment of \$1,269,311 was recorded for in the government wide financial statements. The restatement was made to adjust beginning balances due to error, as follows:

	<u>Government-Wide</u>
Property, plant, and equipment	\$ 71,097
Accumulated depreciation	<u>(1,340,408)</u>
Total prior period adjustment	<u>\$ (1,269,311)</u>

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2016

	<u>2015</u>	<u>2016</u>
The Hondo Valley Public Schools's proportion of the net pension liability	\$ 2,666,850	\$ 3,055,327
The Hondo Valley Public Schools's proportionate share of the net pension liability	0.0467%	0.0472%
The Hondo Valley Public Schools's covered-employee payroll	\$ 1,288,403	\$ 1,287,892
The Hondo Valley Public Schools's proportionate share of the net pension liability as a percentage of its covered-employee payroll	206.99 %	237.23 %
Plan fiduciary net position as a percentage of the total pension liability	66.54 %	63.97 %

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

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
SCHEDULE OF CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
LAST 10 FISCAL YEARS*
FOR THE YEAR ENDED JUNE 30, 2016

	2015	2016
Contractually required contribution	\$ 186,458	\$ 182,976
Contributions in relation to the contractually required contribution	<u>186,458</u>	<u>182,976</u>
Contribution deficiency (excess)	-	-
The Hondo Valley Public Schools's covered-employee payroll	<u>\$ 1,288,403</u>	<u>\$ 1,287,892</u>
Contributions as a percentage of covered-employee payroll	<u>14.47 %</u>	<u>14.21 %</u>

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Hondo Valley Public Schools will present information for those years for which information is available.

See independent auditors' report and accompanying notes to financial statements.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue	Total
ASSETS		
Cash on deposit	\$ 28,679	\$ 28,679
Grants receivable	145,984	145,984
Total assets	\$ 174,663	\$ 174,663
 LIABILITIES DEFERRED INFLOWS, AND FUND BALANCES		
Liabilities:		
Due to other funds	\$ 132,104	\$ 132,104
Total liabilities	132,104	132,104
Fund balances:		
Restricted, reported in:		
Special revenue funds	47,241	47,241
Unrestricted fund balance	(4,682)	(4,682)
Total fund balance	42,559	42,559
Total liabilities, deferred inflows, and fund balances	\$ 174,663	\$ 174,663

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue	Total
Revenues:		
Local sources	\$ 15,575	\$ 15,575
State sources	142,566	142,566
Federal sources	122,326	122,326
Total revenues	280,467	280,467
Expenditures:		
Current:		
Direct instruction	121,518	121,518
Instructional support	27,315	27,315
Food services	2,416	2,416
Administration	15,013	15,013
Athletics	12,265	12,265
Capital outlay	86,232	86,232
Total expenditures	264,759	264,759
Net changes in fund balances	15,708	15,708
Fund balance - beginning of year	26,851	26,851
Fund balance - end of year	\$ 42,559	\$ 42,559

See independent auditors' report and accompanying notes to financial statements.

SPECIAL REVENUE FUNDS

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

The Special Revenue Funds are used to account for Federal, State and Local Funded grants. These grants are awarded to the District with the purpose of accomplishing specific education tasks. Grants accounted for in the Special Revenue Funds include:

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

TITLE I IASA (24101 ENTITLEMENT), (24201 FEDERAL STIMULUS) - 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 Education Act of 1965, Title I, Chapter 1, Part A, 20 U.S.C. 2701 et seq.

IDEA-B ENTITLEMENT SPECIAL (24106), (24206 FEDERAL STIMULUS) - This fund is used to account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100,639, and 101-476, 20 U.S.C. 1411-1420.

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

SCHOOL RENOVATION IDEA & TECHNOLOGY (24166) – To account for funds used to provide financial assistance to districts to purchase and install an Infrared Audio Enhancement System to help improve the quality of teaching and learning in their schools.

FRESH FRUIT VEGETABLES (24118) - 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.

EDUCATION TECHNOLOGY (24133) – 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.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

TITLE XIX MEDICAID 3/21 YEARS (25153) - To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children (Title XIX Social Security Act).

ENMR PLATEAU - EDUCATION FOUNDATION SCHOOL GRANT (26191) - To account for monies received to purchase equipment needed to use the Accelerated Math Program.

2012 GO BOND LIBRARY (27107) - To account for monies received from, Laws of 2012 to be used to improve the library, acquire library books or library resources that support the library program.

NEW MEXICO READS TO LEAD (27114) - Provides an aligned approach for districts and schools to ensure that children can read by the end of third grade - giving them essential skills for future career and college success. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators.

TEACHER/PRINCIPAL TRAINING & RECRUITING (24154) - To account for grant funds to increase student academic achievement through strategies such as improving teacher and principal quality. Financing and authority is Elementary and Secondary Education Act of 1965 as amended, Title II, Part A, Public Law 107-110.

RURAL EDUCATION ACHIEVEMENT PROGRAM (25233) – To provide financial assistance to rural district 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 IM/HB2 (27103) – To account for monies received to purchase course materials for dual credit college classes.

2010 GO BOND LIBRARY (27107) (27106) - To account for funds received from the New Mexico Public Education Department for purchasing library books. Fund and Authority is provided by Senate Bill 471, Laws of 2008.

NEW MEXICO READS TO LEAD (29107) - Provides an aligned approach for districts and schools to ensure that children can read by the end of third grade - giving them essential skills for future career and college success. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

BREAKFAST AFTER THE BELL (27155) - is a school breakfast program in which food shall be served or consumed, at no charge, after the instructional day has begun, provided that instruction occurs simultaneously, to all students attending that elementary school through a school breakfast program that meets the federal school breakfast program standards as authorized by Section 4 of the Child Nutrition Act of 1966 and operated in accordance with all applicable policies, guidance, and law, including the requirements listed in 7 CFR Part 220.

SCHOOL BUS (27178) - The purpose of this grant is to provide funds for purchasing and operating school buses.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Special Revenue Funds						
	Athletics 22000	Title I 24101	Entitlement IDEA-B 24106	IDEA-B Preschool 24109	Fresh Fruit Vegetables 24118	Education Technology 24133	Title XIX Medicaid 25153
ASSETS							
Cash on deposit	\$ 3,315	\$ -	\$ -	\$ -	\$ 394	\$ 239	\$ 18,277
Grants receivable	-	38,034	15,525	-	-	-	-
Total assets	\$ 3,315	\$ 38,034	\$ 15,525	\$ -	\$ 394	\$ 239	\$ 18,277
LIABILITIES AND FUND BALANCES							
Liabilities:							
Due to other funds	\$ -	\$ 19,556	\$ 17,475	\$ 758	\$ -	\$ -	\$ -
Total liabilities	-	19,556	17,475	758	-	-	-
Fund balances:							
Restricted:							
Special revenue funds	3,315	18,478	-	-	394	239	18,277
Unrestricted fund balance	-	-	(1,950)	(758)	-	-	-
Total fund balance	3,315	18,478	(1,950)	(758)	394	239	18,277
Total liabilities and fund balances	\$ 3,315	\$ 38,034	\$ 15,525	\$ -	\$ 394	\$ 239	\$ 18,277

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2016

	Special Revenue Funds								
	Principle Training 24154	Rural Ed Achievement 25233	Dual Credit 27103	Library GO Bonds 27107	NM Reads to Lead 27114	Breakfast Elementary 27155	School Bus 27178	2010 G.O. Bond Student Library (SB1) 27106	Total Special Revenue Funds
ASSETS									
Cash on deposit	\$ 1,747	\$ -	\$ -	\$ -	\$ -	\$ 4,707	\$ -	\$ -	\$ 28,679
Grants receivable	-	-	-	6,193	-	-	86,232	-	145,984
Total assets	\$ 1,747	\$ -	\$ -	\$ 6,193	\$ -	\$ 4,707	\$ 86,232	\$ -	\$ 174,663
LIABILITIES AND FUND BALANCES									
Liabilities:									
Due to other funds	\$ -	\$ 1,779	\$ -	\$ 6,109	\$ -	\$ -	\$ 86,232	\$ 195	\$ 132,104
Total liabilities	-	1,779	-	6,109	-	-	86,232	195	132,104
Fund balances:									
Restricted:									
Special revenue funds	1,747	-	-	84	-	4,707	-	-	47,241
Unrestricted fund balance	-	(1,779)	-	-	-	-	-	(195)	(4,682)
Total fund balance	1,747	(1,779)	-	84	-	4,707	-	(195)	42,559
Total liabilities and fund balances	\$ 1,747	\$ -	\$ -	\$ 6,193	\$ -	\$ 4,707	\$ 86,232	\$ -	\$ 174,663

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Special Revenue Funds						
	Athletics 22000	Title I 24101	Entitlement IDEA-B 24106	IDEA-B Preschool 24109	Fresh Fruit Vegetables 24118	Education Technology 24133	Title XIX Medicaid 25153
Revenues:							
Local sources	\$ 15,575	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	68,931	26,963	227	1,820	-	19,015
Total revenues	<u>15,575</u>	<u>68,931</u>	<u>26,963</u>	<u>227</u>	<u>1,820</u>	<u>-</u>	<u>19,015</u>
Expenditures:							
Current:							
Direct instruction	-	46,639	25,843	985	-	-	738
Instructional support	-	7,279	3,070	-	-	-	-
Food services	-	-	-	-	2,416	-	-
Administration	-	15,013	-	-	-	-	-
Athletics	12,265	-	-	-	-	-	-
Total expenditures	<u>12,265</u>	<u>68,931</u>	<u>28,913</u>	<u>985</u>	<u>2,416</u>	<u>-</u>	<u>738</u>
Net changes in fund balances	3,310	-	(1,950)	(758)	(596)	-	18,277
Fund balance - beginning of	<u>5</u>	<u>18,478</u>	<u>-</u>	<u>-</u>	<u>990</u>	<u>239</u>	<u>-</u>
Fund balance - end of year as restated	<u>\$ 3,315</u>	<u>\$ 18,478</u>	<u>\$ (1,950)</u>	<u>\$ (758)</u>	<u>\$ 394</u>	<u>\$ 239</u>	<u>\$ 18,277</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2016

	Special Revenue Funds								
	Principle Training 24154	Rural Ed Achievement 25233	Dual Credit 27103	Library GO Bonds 27107	NM Reads to Lead 27114	Breakfast Elementary 27155	School Bus 27178	2010 G.O. Bond Student Library (SB1) 27106	Total Special Revenue Funds
Revenues:									
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,575
State sources	-	-	-	6,193	50,000	141	86,232	-	142,566
Federal sources	3,359	2,011	-	-	-	-	-	-	122,326
Total revenues	3,359	2,011	-	6,193	50,000	141	86,232	-	280,467
Expenditures:									
Current:									
Direct instruction	2,530	5,640	-	-	39,143	-	-	-	121,518
Instructional support	-	-	-	6,109	10,857	-	-	-	27,315
Food services	-	-	-	-	-	-	-	-	2,416
Administration	-	-	-	-	-	-	-	-	15,013
Athletics	-	-	-	-	-	-	-	-	12,265
Capital outlay	-	-	-	-	-	-	86,232	-	86,232
Total expenditures	2,530	5,640	-	6,109	50,000	-	86,232	-	264,759
Net changes in fund balances	829	(3,629)	-	84	-	141	-	-	15,708
Fund balance - beginning	918	1,850	-	-	-	4,566	-	(195)	26,851
Fund balance - end of year	<u>\$ 1,747</u>	<u>\$ (1,779)</u>	<u>\$ -</u>	<u>\$ 84</u>	<u>\$ -</u>	<u>\$ 4,707</u>	<u>\$ -</u>	<u>\$ (195)</u>	<u>\$ 42,559</u>

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
ATHLETICS FUND SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Local Sources	\$ 17,933	\$ 17,933	\$ 15,575	\$ (2,358)
Total revenues	17,933	17,933	15,575	(2,358)
Expenditures:				
Current:				
Athletics	19,978	19,978	12,265	7,713
Total expenditures	19,978	19,978	12,265	7,713
Excess (deficiency) of revenues over expenditures	(2,045)	(2,045)	3,310	5,355
Net change in fund balance	(2,045)	(2,045)	3,310	5,355
Fund balance - beginning of year	5	5	5	-
Fund balance - end of year	<u>\$ (2,040)</u>	<u>\$ (2,040)</u>	<u>\$ 3,315</u>	<u>\$ 5,355</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 3,310	
Net revenue accruals			-	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ 3,310</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
TITLE I SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Federal Sources	\$ 73,151	\$ 72,185	\$ 30,897	\$ (41,288)
Total revenues	73,151	72,185	30,897	(41,288)
Expenditures:				
Current:				
Instructional Support	7,278	7,281	7,279	2
Administration	14,748	15,024	15,013	11
Direct instruction	<u>50,780</u>	<u>49,535</u>	<u>46,639</u>	<u>2,896</u>
Total expenditures	<u>72,806</u>	<u>71,840</u>	<u>68,931</u>	<u>2,883</u>
Excess (deficiency) of revenues over expenditures	<u>22,371</u>	<u>22,650</u>	<u>(38,034)</u>	<u>(38,392)</u>
Net change in fund balance	22,371	22,650	(38,034)	(38,392)
Fund balance - beginning of year	<u>18,478</u>	<u>18,478</u>	<u>18,478</u>	<u>-</u>
Fund balance - end of year	<u>\$ 40,849</u>	<u>\$ 41,128</u>	<u>\$ (19,556)</u>	<u>\$ (38,392)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (38,034)	
Net revenue accruals			38,034	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
ENTITLEMENT IDEA - B SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 37,090	\$ 45,132	\$ 11,438	\$ (33,694)
Total revenues	37,090	45,132	11,438	(33,694)
Expenditures:				
Current:				
Direct instructional	34,018	79,150	25,843	53,307
Instruction support	3,072	3,072	3,070	2
Total expenditures	37,090	82,222	28,913	53,309
Excess (deficiency) of revenues over expenditures	-	(37,090)	(17,475)	19,615
Net change in fund balances	-	(37,090)	(17,475)	19,615
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ (74,180)	\$ (17,475)	\$ 19,615
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (17,475)	
Net revenue accruals			15,525	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (1,950)	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
IDEA-B PRESCHOOL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 1,865	\$ 1,865	\$ 227	\$ (1,638)
Total revenues	1,865	1,865	227	(1,638)
Expenditures:				
Current:				
Direct instructional	1,865	1,865	985	880
Total expenditures	1,865	1,865	985	880
Excess (deficiency) of revenues over expenditures	-	-	(758)	758
Net change in fund balances	-	-	(758)	758
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (758)</u>	<u>\$ (1,516)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (758)	
Net revenue accruals			-	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ (758)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
FRESH FRUIT VEGETABLES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 3,600	\$ 1,820	\$ (1,780)
Total revenues	-	3,600	1,820	(1,780)
Expenditures:				
Current:				
Food Services	-	3,600	2,416	1,184
Total expenditures	-	3,600	2,416	1,184
Excess (deficiency) of revenues over expenditures	-	-	(596)	596
Net change in fund balances	-	-	(596)	596
Fund balance - beginning of year	-	-	990	990
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 394</u>	<u>\$ 394</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (596)	
Net revenue accruals			-	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ (596)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
EDUCATION TECHNOLOGY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance - beginning of year	-	-	239	239
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 239</u>	<u>\$ 239</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
TITLE XIX MEDICAID YEARS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 3,847	\$ 3,847	\$ 19,015	\$ 15,168
Total Revenue	<u>3,847</u>	<u>3,847</u>	<u>19,015</u>	<u>15,168</u>
Expenditures:				
Current:				
Direct instruction	<u>15,027</u>	<u>15,027</u>	<u>738</u>	<u>14,289</u>
Total expenditures	<u>15,027</u>	<u>15,027</u>	<u>738</u>	<u>14,289</u>
Excess (deficiency) of revenues over expenditures	<u>(11,180)</u>	<u>(11,180)</u>	<u>18,277</u>	<u>29,457</u>
Net change in fund balances	(11,180)	(11,180)	18,277	29,457
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ (11,180)</u>	<u>\$ (11,180)</u>	<u>\$ 18,277</u>	<u>\$ 29,457</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 18,277	
Net revenue accruals			-	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ 18,277</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
PRINCIPLE TRAINING SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 7,722	\$ 7,722	\$ 3,359	\$ (4,363)
Total revenues	7,722	7,722	3,359	(4,363)
Expenditures:				
Current:				
Direct instruction	7,722	7,722	2,530	5,192
Total expenditures	7,722	7,722	2,530	5,192
Excess (deficiency) of revenues over expenditures	-	-	829	829
Net change in fund balance	-	-	829	829
Fund balance - beginning of year	918	918	918	-
Fund balance - end of year	<u>\$ 918</u>	<u>\$ 918</u>	<u>\$ 1,747</u>	<u>\$ 829</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 829	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ 829</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
RURAL ED ACHIEVEMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 2,255	\$ 25,961	\$ 2,011	\$ (23,950)
Total revenues	2,255	25,961	2,011	(23,950)
Expenditures:				
Current:				
Direct instruction	2,255	22,961	5,640	17,321
Total expenditures	2,255	22,961	5,640	17,321
Excess (deficiency) of revenues over expenditures	-	3,000	(3,629)	(6,629)
Net change in fund balance	-	3,000	(3,629)	(6,629)
Fund balance - beginning of year	-	-	1,850	1,850
Fund balance - end of year	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ (1,779)</u>	<u>\$ (4,779)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (3,629)	
Net revenue accruals			-	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ (3,629)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
DUAL CREDIT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 756	\$ -	\$ (756)
Total revenues	-	756	-	(756)
Expenditures:				
Current:				
Direct instruction	-	756	-	756
Total expenditures	-	756	-	756
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
LIBRARY GO BONDS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 12,550	\$ 12,550	\$ -	\$ (12,550)
Total revenues	12,550	12,550	-	(12,550)
Expenditures:				
Current:				
Instructional Support	<u>12,550</u>	<u>12,550</u>	<u>6,109</u>	<u>6,441</u>
Total expenditures	12,550	12,550	6,109	6,441
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(6,109)</u>	<u>(6,109)</u>
Net change in fund balances	-	-	(6,109)	(6,109)
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,109)</u>	<u>\$ (6,109)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (6,109)	
Net revenue accruals			6,193	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ 84</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
NM READS TO LEAD SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Total revenues	50,000	50,000	50,000	-
Expenditures:				
Current:				
Direct Instruction	39,149	39,149	39,143	6
Instructional support	10,857	10,857	10,857	-
Total expenditures	50,006	50,006	50,000	6
Excess (deficiency) of revenues over expenditures	39,143	39,143	-	-
Net change in fund balance	39,143	39,143	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ 39,143</u>	<u>\$ 39,143</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
BREAKFAST ELEMENTARY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ 141	\$ 141
Total revenues	-	-	141	141
 Excess (deficiency) of revenues over expenditures	 -	 -	 141	 141
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	141	141
Fund balance - beginning of year	-	-	4,566	4,566
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,707</u>	<u>\$ 4,707</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 141	
Net revenue accruals			-	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ 141</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
SCHOOL BUS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 86,232	\$ -	\$ (86,232)
Total revenues	-	86,232	-	(86,232)
Expenditures:				
Current:				
Capital Outlay	-	86,232	86,232	-
Total expenditures	-	86,232	86,232	-
Excess (deficiency) of revenues over expenditures	-	-	(86,232)	(86,232)
Net change in fund balance	-	-	(86,232)	(86,232)
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (86,232)</u>	<u>\$ (86,232)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (86,232)	
Net revenue accruals			86,232	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
2010 G.O. BOND STUDENT LIBRARY (SB1) SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	(195)	(195)
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (195)</u>	<u>\$ (195)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ -	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ -</u>	

MAJOR CAPITAL PROJECTS FUNDS

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
CAPITAL IMPROVEMENTS SB-9 FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 66,884	\$ 66,884	\$ 60,447	\$ (6,437)
State sources	55,542	55,542	55,542	-
Total revenues	<u>122,426</u>	<u>122,426</u>	<u>115,989</u>	<u>(6,437)</u>
Expenditures:				
Current:				
Operation & Maintenance	114,426	114,426	62,680	51,746
General Administrative	669	689	689	-
Capital outlay	68,601	68,601	68,601	-
Total expenditures	<u>183,696</u>	<u>183,716</u>	<u>131,970</u>	<u>51,746</u>
Excess (deficiency) of revenues over expenditures	<u>61,270</u>	<u>61,290</u>	<u>(15,981)</u>	<u>45,309</u>
Net change in fund balances	61,270	61,290	(15,981)	45,309
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>78,953</u>	<u>78,953</u>
Fund balance - end of year	<u>\$ 61,270</u>	<u>\$ 61,290</u>	<u>\$ 62,972</u>	<u>\$ 124,262</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (15,981)	
Net revenue accruals			4,646	
Net expenditure accruals			<u>(6,639)</u>	
Net changes in fund balance GAAP basis			<u>\$ (17,974)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
BOND BUILDING CAPITAL OUTLAY FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
General administration	292,151	292,151	96,083	196,068
Capital outlay	-	-	-	-
Total expenditures	292,151	292,151	96,083	196,068
Excess (deficiency) of revenues over expenditures	292,151	292,151	(96,083)	196,068
Net change in fund balances	292,151	292,151	(96,083)	196,068
Fund balance - beginning of year	-	-	228,579	228,579
Fund balance - end of year	\$ 292,151	\$ 292,151	\$ 132,496	\$ 424,647
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (96,083)	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			\$ (96,083)	

See independent auditors' report and accompanying notes to financial statements.

MAJOR DEBT SERVICE FUNDS

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 252,177	\$ 252,177	\$ 196,408	\$ (55,769)
Miscellaneous	<u>-</u>	<u>-</u>	<u>18</u>	<u>18</u>
Total revenues	252,177	252,177	196,426	(55,769)
Expenditures:				
Current:				
General administration	2,522	2,522	2,263	259
Debt service:				
Reserve	117,558	117,558	-	117,558
Principal	205,000	205,000	205,000	-
Interest	<u>54,289</u>	<u>54,289</u>	<u>54,289</u>	<u>-</u>
Total expenditures	<u>379,369</u>	<u>379,369</u>	<u>261,552</u>	<u>117,817</u>
Excess (deficiency) of revenues over expenditures	<u>127,192</u>	<u>127,192</u>	<u>(65,126)</u>	<u>62,048</u>
Net change in fund balances	127,192	127,192	(65,126)	62,048
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>210,358</u>	<u>210,358</u>
Fund balance - end of year	<u>\$ 127,192</u>	<u>\$ 127,192</u>	<u>\$ 145,232</u>	<u>\$ 272,406</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (65,126)	
Net revenue accruals			15,561	
Net expenditure accruals			<u>-</u>	
Net changes in fund balance GAAP basis			<u>\$ (49,565)</u>	

See independent auditors' report and accompanying notes to financial statements.

GENERAL FUND

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
COMBINING BALANCE SHEET
GENERAL FUND
JUNE 30, 2016

	Operational 11000	Transportation 13000	Instructional Material 14000	Total
ASSETS				
Cash	\$ -	\$ -	\$ -	\$ -
Taxes receivable	1,152	-	-	1,152
Due from other funds	71,683	26,293	6,053	104,029
Total assets	\$ 72,835	\$ 26,293	\$ 6,053	\$ 105,181
 LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 5,697	\$ 788	\$ -	\$ 6,485
Total liabilities	5,697	788	-	6,485
Deferred inflows:				
Property tax	881	-	-	881
Total deferred inflows	881	-	-	881
Fund balances:				
Unassigned, reported in:				
General fund	66,257	25,505	6,053	97,815
Total fund balances	66,257	25,505	6,053	97,815
Total liabilities, deferred inflows, and fund balances	\$ 72,835	\$ 26,293	\$ 6,053	\$ 105,181

See independent auditors' report and accompanying notes to 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, 2016

	Operational 11000	Transportation 13000	Instructional Material 14000	Total
REVENUES				
Taxes	\$ 16,124	\$ -	\$ -	\$ 16,124
Local sources	14,563	-	-	14,563
State sources	1,986,560	-	9,650	1,996,210
Federal sources	6,560	-	-	6,560
Transportation distribution	-	146,470	-	146,470
Earnings from investments	43	-	-	43
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	2,023,850	146,470	9,650	2,179,970
EXPENDITURES				
Current:				
Direct instruction	1,208,177	-	6,832	1,215,009
Instructional support	202,957	-	-	202,957
Central services	83,707	-	-	83,707
Operation and maintenance	230,714	-	-	230,714
General administration	235,176	-	-	235,176
Food services	53,132	-	-	53,132
Pupil transportation	-	179,466	-	179,466
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	2,013,863	179,466	6,832	2,200,161
Net change in fund balance	9,987	(32,996)	2,818	(20,191)
Fund balance at beginning of year	<hr/> 56,270	<hr/> 58,501	<hr/> 3,235	<hr/> 118,006
Fund balance at end of year	<hr/> \$ 66,257	<hr/> \$ 25,505	<hr/> \$ 6,053	<hr/> \$ 97,815

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
OPERATIONAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Taxes	\$ 16,588	\$ 16,588	\$ 14,972	\$ (1,616)
Local sources	-	-	14,563	14,563
State sources	1,963,288	1,992,468	1,986,560	(5,908)
Federal sources	-	-	6,560	6,560
Earnings from investments	-	-	43	43
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	1,979,876	2,009,056	2,022,698	13,642
Expenditures:				
Current:				
Direct instruction	1,214,644	1,209,904	1,208,177	1,727
Instructional support	205,415	203,569	202,957	612
Central services	84,465	84,366	83,707	659
Operation and maintenance	204,750	230,750	230,714	36
General administration	223,008	230,587	229,479	1,108
Food services	50,901	53,232	53,132	100
Debt service:				
Miscellaneous	1,202	1,202	-	1,202
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	1,984,385	2,013,610	2,008,166	5,444
Excess (deficiency) of revenues over expenditures	<hr/> (4,509)	<hr/> (4,554)	<hr/> 14,532	<hr/> 19,086
Net change in fund balance	(4,509)	(4,554)	14,532	19,086
Fund balance - beginning of year	<hr/> 56,270	<hr/> 56,270	<hr/> 56,270	<hr/> -
Fund balance - end of year	<u>\$ 51,761</u>	<u>\$ 51,716</u>	<u>\$ 70,802</u>	<u>\$ 19,086</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 14,532	
Net revenue accruals			1,152	
Net expenditure accruals			<u>(5,697)</u>	
Net changes in fund balance GAAP basis			<u>\$ 9,987</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
TRANSPORTATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Transportation distribution	\$ 166,746	\$ 174,222	\$ 146,470	\$ (27,752)
State sources	-	72,056	-	(72,056)
	<u>166,746</u>	<u>246,278</u>	<u>146,470</u>	<u>(99,808)</u>
Total revenues				
Expenditures:				
Current:				
Pupil transportation	166,746	203,472	178,678	24,794
	<u>166,746</u>	<u>203,472</u>	<u>178,678</u>	<u>24,794</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>42,806</u>	<u>(32,208)</u>	<u>(75,014)</u>
Net change in fund balance	-	42,806	(32,208)	(75,014)
Fund balance - beginning of year	<u>58,501</u>	<u>58,501</u>	<u>58,501</u>	<u>-</u>
Fund balance - end of year	<u>\$ 58,501</u>	<u>\$ 101,307</u>	<u>\$ 26,293</u>	<u>\$ (75,014)</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ (32,208)	
Net revenue accruals			-	
Net expenditure accruals			<u>(788)</u>	
Net changes in fund balance GAAP basis			<u>\$ (32,996)</u>	

See independent auditors' report and accompanying notes to financial statements.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
INSTRUCTIONAL MATERIALS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-
GAAP BUDGETARY BASIS) AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
State sources	\$ 7,264	\$ 8,525	\$ 9,650	\$ 1,125
Total revenues	7,264	8,525	9,650	1,125
Expenditures:				
Current:				
Direct instruction	7,264	8,525	6,832	1,693
Total expenditures	7,264	8,525	6,832	1,693
Excess (deficiency) of revenues over expenditures	-	-	2,818	2,818
Net change in fund balance	-	-	2,818	2,818
Fund balance - beginning of year	3,235	3,235	3,235	-
Fund balance - end of year	<u>\$ 3,235</u>	<u>\$ 3,235</u>	<u>\$ 6,053</u>	<u>\$ 2,818</u>
Reconciliation of budgetary basis to GAAP basis:				
Net changes in fund balance budgetary basis			\$ 2,818	
Net revenue accruals			-	
Net expenditure accruals			-	
Net changes in fund balance GAAP basis			<u>\$ 2,818</u>	

See independent auditors' report and accompanying notes to financial statements.

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)
FOR THE YEAR ENDED JUNE 30, 2016

RFB#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the Procurement Documentation of ALL Vendor(s) that Responded	In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the Vendor In-State and Chose Veteran's Preference (Y or N) For Federal Funds Answer N/A	Brief Description of the Scope of Work
N/A	State	Summit Transportation	\$86,232	\$86,232	1623 Aspen Ave NW Albuquerque, NM 87104	In - State	N/A	Route Bus

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	23008 Fire Recovery Donation	23009 BoxTop Program	23100 Elementary	23101 Kindergarden	23102 First Grade	23103 Second Grade	23104 Third Grade	23105 Fourth Grade	23106 Fifth Grade
Beginning Cash	\$ 465	\$ 310	\$ 103	\$ -	\$ -	\$ 67	\$ 69	\$ 77	\$ 126
Additions	-	107	-	532	474	420	551	391	413
Deletions	<u>(465)</u>	<u>(73)</u>	<u>-</u>	<u>(186)</u>	<u>(95)</u>	<u>(371)</u>	<u>(258)</u>	<u>(161)</u>	<u>(124)</u>
Ending Cash	\$ -	\$ 344	\$ 103	\$ 346	\$ 379	\$ 116	\$ 362	\$ 307	\$ 415
Beginning Liabilities	\$ 465	\$ 310	\$ 103	\$ -	\$ -	\$ 67	\$ 69	\$ 77	\$ 126
Additions	-	107	-	532	474	420	551	391	413
Deletions	<u>(465)</u>	<u>(73)</u>	<u>-</u>	<u>(186)</u>	<u>(95)</u>	<u>(371)</u>	<u>(258)</u>	<u>(161)</u>	<u>(124)</u>
Ending Liabilities	\$ -	\$ 344	\$ 103	\$ 346	\$ 379	\$ 116	\$ 362	\$ 307	\$ 415
	23107 Sixth Grade	23108 Seventh Grade	23109 Eighth Grade	23200 Fiesta	23201 Fiesta Decorating Committee	23310 Varsity Cheerleaders	23450 Senior Class	23460 Junior Class	23470 Sophomore Class
Beginning Cash	\$ 221	\$ -	\$ 147	\$ 6,998	\$ -	\$ -	\$ 658	\$ 1,863	\$ 464
Additions	504	60	132	9,264	-	1,391	158	2,018	192
Deletions	<u>(205)</u>	<u>-</u>	<u>-</u>	<u>(2,435)</u>	<u>-</u>	<u>(1,058)</u>	<u>(816)</u>	<u>(707)</u>	<u>(6,954)</u>
Ending Cash	\$ 520	\$ 60	\$ 279	\$ 13,827	\$ -	\$ 333	\$ -	\$ 3,174	\$ 656
Beginning Liabilities	\$ 221	\$ -	\$ 147	\$ 6,998	\$ -	\$ -	\$ 658	\$ 1,863	\$ 464
Additions	504	60	132	9,264	-	1,391	158	2,018	192
Deletions	<u>(205)</u>	<u>-</u>	<u>-</u>	<u>(2,435)</u>	<u>-</u>	<u>(1,058)</u>	<u>(816)</u>	<u>(707)</u>	<u>(6,954)</u>
Ending Liabilities	\$ 520	\$ 60	\$ 279	\$ 13,827	\$ -	\$ 333	\$ -	\$ 3,174	\$ 656

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	23480	23500	23600	23620	23630	23640	23645	23650	23660
	Freshman Class	Yearbook	NHS	Student Council	6 Man Football District	FFA	Welding Award ENMU	H Club Concession	Shop
Beginning Cash	\$ 196	\$ 381	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 933	\$ 1
Additions	117	20	-	727	78	4,540	365	33,049	300
Deletions	(1)	(220)	-	(711)	(78)	(4,540)	(365)	(33,982)	
Ending Cash	\$ 312	\$ 181	\$ -	\$ 16	\$ -	\$ -	\$ -	\$ -	\$ 13
Beginning Liabilities	\$ 196	\$ 381	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 933	\$ 1
Additions	117	20	-	727	78	4,540	365	33,049	300
Deletions	(1)	(220)	-	(711)	(78)	(4,540)	(365)	(33,982)	
Ending Liabilities	\$ 312	\$ 181	\$ -	\$ 16	\$ -	\$ -	\$ -	\$ -	\$ 13
	23670	23680	23700	23710	23720	23730	23740	23750	
	Rodeo Club	Art	Knowledge Bowl	Clements Scholarship	Clements Interest	Counselors Fund	Qualls Scholarship	Hairstyles By Evelyn	Upward Bound
Beginning Cash	\$ -	\$ -	\$ 80	\$ 11,250	\$ 10	\$ 1	\$ -	\$ -	\$ -
Additions	-	-	50	-	8	662	-	-	-
Deletions	-	-	-	-	-	-	-	-	-
Ending Cash	\$ -	\$ -	\$ 130	\$ 11,250	\$ 18	\$ 663	\$ -	\$ -	\$ -
Beginning Liabilities	\$ -	\$ -	\$ 80	\$ 11,250	\$ 10	\$ 1	\$ -	\$ -	\$ -
Additions	-	-	50	-	8	662	-	-	-
Deletions	-	-	-	-	-	-	-	-	-
Ending Liabilities	\$ -	\$ -	\$ 130	\$ 11,250	\$ 18	\$ 663	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	23830	23850	23880	23890	23900	23901	23902	23903	23904
	Crimestoppers	Sunshine Committee	Library Fund	General Fund	Drivers ED	JH/Varsity Girls Basketball	Boys Basketball	Girls Volleyball	JH Girls Basketball
Beginning Cash	\$ -	\$ 94	\$ 1	\$ 577	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	-	150	2,885	14,356	-	-	-	-	-
Deletions	-	(50)	(2,510)	(14,878)	(1)	-	-	-	-
Ending Cash	\$ -	\$ 194	\$ 376	\$ 55	\$ (1)	\$ -	\$ -	\$ -	\$ -
Beginning Liabilities	\$ -	\$ 94	\$ 1	\$ 577	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	-	150	2,885	14,356	-	-	-	-	-
Deletions	-	(50)	(2,510)	(14,878)	(1)	-	-	-	-
Ending Liabilities	\$ -	\$ 194	\$ 376	\$ 55	\$ (1)	\$ -	\$ -	\$ -	\$ -
	23905	23906	23920	23940	23950	23970	23970	23960	
	Halloween Carnival Bottom	Culinary Class	PTSO	Film Class - LYLE	Character Counts - LYLE	Football District II	Halloween	Soldiers Fund	TOTAL
Beginning Cash	\$ -	\$ 234	\$ 558	\$ -	\$ -	\$ -	\$ -	\$ 1,971	\$ 27,855
Additions	-	175	-	-	-	-	532	-	74,321
Deletions	-	(85)	-	-	-	-	-	(12)	(71,341)
Ending Cash	\$ -	\$ 324	\$ 558	\$ -	\$ -	\$ -	\$ 532	\$ 1,959	\$ 37,801
Beginning Liabilities	\$ -	\$ 234	\$ 558	\$ -	\$ -	\$ -	\$ -	\$ 1,971	\$ 27,855
Additions	-	175	-	-	-	-	532	-	74,621
Deletions	-	(85)	-	-	-	-	-	(12)	(71,341)
Ending Liabilities	\$ -	\$ 324	\$ 558	\$ -	\$ -	\$ -	\$ 532	\$ 1,959	\$ 37,801

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2016

The Bank of New York Mellon

Description of Pledge Collateral	<u>CUSIP</u>	<u>Market Value</u>	<u>Maturity Date</u>
FMAC FMAR 2.444%	3128 LLAG1	\$ <u>213,039</u>	12/1/2041
Total		\$ <u>213,039</u>	

Hondo Valley Public Schools are in compliance as disclosed in Note 3.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
SCHEDULE OF DEPOSITS AND INVESTMENT ACCOUNTS
JUNE 30, 2016

	Account Type	Amount Per Bank	Net Reconciling Items	Balance Per Books
Wells Fargo				
General Operational	Checking	\$ 529,873	\$ (126,389)	\$ 403,484
Activity Fund	Checking	<u>36,351</u>	<u>(9,800)</u>	<u>26,551</u>
Total Wells Fargo		566,224	(136,189)	430,035
Wells Fargo CD				
CD - Agency	CD	<u>11,250</u>	<u>-</u>	<u>11,250</u>
Total CD		<u>11,250</u>	<u>-</u>	<u>11,250</u>
Total deposits		<u>\$ 577,474</u>	<u>\$ (136,189)</u>	<u>\$ 441,285</u>

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
CASH RECONCILIATION
JUNE 30, 2016

	Operational 11000	Teacherege 12000	Transportation 13000	Instructional Materials 14000	Food Service 21000	Athletics Account 22000	Non- Instruct. 23000
Cash, June 30, 2015	\$ 55,026	\$ -	\$ 58,501	\$ 3,235	\$ 39,746	\$ 5	\$ 27,855
Cash receipts, 2015-2016	2,040,279	-	175,720	9,651	83,720	15,576	69,857
Cash disbursements, 2015-2016	<u>(2,023,622)</u>	<u>-</u>	<u>(207,928)</u>	<u>(6,833)</u>	<u>(76,739)</u>	<u>(12,266)</u>	<u>(59,911)</u>
Cash balance, June 30, 2016	<u>\$ 71,683</u>	<u>\$ -</u>	<u>\$ 26,293</u>	<u>\$ 6,053</u>	<u>\$ 46,727</u>	<u>\$ 3,315</u>	<u>\$ 37,801</u>

	Federal Flowthrough 24000	Federal Direct 25000	State Flowthrough 27000	Bond Building 31100	Cap. Impro. SB 9 31700	Debt Service Fund 41000	Total
Cash, June 30, 2015	\$ (23,243)	\$ 16,097	\$ (78,474)	\$ 228,579	\$ 73,916	\$ 192,394	\$ 593,637
Cash receipts, 2015-2016	87,889	6,779	133,771	422	124,715	226,289	2,974,668
Cash disbursements, 2015-2016	<u>(100,055)</u>	<u>(6,378)</u>	<u>(143,126)</u>	<u>(96,505)</u>	<u>(132,106)</u>	<u>(261,551)</u>	<u>(3,127,020)</u>
Cash balance, June 30, 2016	<u>\$ (35,409)</u>	<u>\$ 16,498</u>	<u>\$ (87,829)</u>	<u>\$ 132,496</u>	<u>\$ 66,525</u>	<u>\$ 157,132</u>	<u>\$ 441,285</u>

COMPLIANCE SECTION



Beasley, Mitchell & Co.

Certified Public Accountants

Donald A. Beasley, CPA, Partner
Christine Wright, CPA, Partner
Beth Fant, EA, Partner
Brad Beasley, CPA, Partner

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. Timothy Keller
State Auditor of the State of New Mexico
Board of Directors of 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, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds of Hondo Valley Public Schools (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and the combined and individual funds and related budgetary comparisons presented as supplementary information, and have issued our report thereon dated November 15, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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 that might be material weaknesses or significant deficiencies 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 material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. (2015-002, 2016-001)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the schedule of findings and responses. (2016-002)

Management Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Beasley, Mitchell & Co., LLP
Las Cruces, New Mexico
November 15, 2016

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
SUMMARY OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

PRIOR AUDIT FINDINGS

Current status

2015-001	Budget Violations - Compliance and Internal Control - Significant Deficiency
2015-002	Certification of Inventory - Compliance and Internal Control - Significant Deficiency Condition
2015-003	Late Audit Report

Resolved
Revised and Repeated
Resolved

CURRENT AUDIT FINDINGS

Current status

2016-001	Lack of Internal Control Over Adjusting Entries - Significant Deficiency
2016-002	Lack of Internal Control over the Usage of Electronic Signatures - Other Matters

New
New

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
SUMMARY OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

(2015-002) Certification of Inventory - Significant Deficiency

CONDITION	An annual physical count of fixed assets inventory was completed at the end of Fiscal year 2016. However, they were not certified by the board members. The school has included this in the board agenda to certify the fixed assets inventory in its November Board meeting.
CRITERIA	Section 12-6-10(A) NMSA 1978 requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The agency shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the agency's auditors. In addition according to NMAC 2.20.1.16 (E) the results of the physical inventory shall be recorded in a written inventory report, certified as to correctness and signed by the governing authority of the agency.
CAUSE	Management obtained approval only for the disposal of fixed assets not the complete fixed assets inventory.
EFFECT	Physical count of inventory and certifying is necessary to determine if all the fixed assets has been accounted for accurately.
RECOMMENDATION	The school should certify the fixed assets inventory in school Board meeting.
MANAGEMENT RESPONSE	The school has included this in the board agenda to certify the fixed assets inventory of FY 2016 in its November Board meeting. The School will continue to do this in the upcoming fiscal years.

EXPECTED COMPLETION: 06/30/2017

EMPLOYEE RESPONSIBLE: Business Manager

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
SUMMARY OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

(2016-001) Lack of Internal Control Over Adjusting Entries - Significant Deficiency

CONDITION	Five out of five journal entry samples judgementally selected were not reviewed and approved.
CRITERIA	Section 6-5-2, NMSA 1978, requires that the authority shall implement internal control accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.
CAUSE	The School was unaware of this requirement.
EFFECT	There may be unauthorized adjustments made, leaving room for error and management override.
RECOMMENDATION	The School should implement a review process for all transactions to mitigate risk of error, or manipulation.
MANAGEMENT RESPONSE	The School will implement a process of authorizing journal entries that involves signed approval from Superintendent.

EXPECTED COMPLETION: 06/30/2017

EMPLOYEE RESPONSIBLE: Business Manager

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
SUMMARY OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

(2016-002) Lack of Internal Control Over the Usage of Electronic Signatures - Other Matters

CONDITION	It was identified that the school uses electronic signature of the two board members through their software (Infinite Visions) for every checks. A check list is provided to the board members once a month at the board meeting for their review. However, supporting documentation is not reviewed by the board members. There is a lack of segregation of duties.
CRITERIA	Appropriate internal controls including monitoring in cash disbursements is required to maintain proper reporting of all revenues and expenditures as required by Section 6-6-3, NMSA 1978.
CAUSE	There was a lack of management oversight
EFFECT	This increases the risk of error, fraud, waste or abuse.
RECOMMENDATION	The School should implement internal controls and segregation of duties to mitigate risk.
RESPONSE	The School will implement a process of reviewing and approving the checklists along with supporting documents by the Superintendent.

EXPECTED COMPLETION: 06/30/2017

EMPLOYEE RESPONSIBLE: Business Manager

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
FINANCIAL STATEMENT PREPARATION
FOR THE YEAR ENDED JUNE 30, 2016

The financial statements of Hondo Valley Public Schools as of, and for the year ended June 30, 2016 were prepared by Beasley, Mitchell & Co., LLP, with the aid of responsible District personnel. Official responsible personnel agree that the presentations are made with their knowledge and agreement.

STATE OF NEW MEXICO
HONDO VALLEY PUBLIC SCHOOLS
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2016

An entrance conference was conducted October 10, 2016 in a closed meeting of the Hondo Valley Public Schools pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

Hondo Valley Public Schools

Donna F. Brady	BOD President
Marvin L. Martin	Superintendent
Mary E. Prudencio	Business Manager

Beasley, Mitchell & Co., LLP

Dahlia Garcia	Senior
Avi Chettry	Staff

An exit conference was conducted October 13, 2016 in a closed meeting of the Hondo Valley Public Schools pursuant to Section 12-6-5 NMSA, 1978 with the following individuals in attendance:

Hondo Valley Public Schools

Donna F. Brady	BOD President
Marvin L. Martin	Superintendent
Mary E. Prudencio	Business Manager

Beasley, Mitchell & Co., LLP

Dahlia Garcia	Senior
Avi Chettry	Staff