
STATE OF NEW MEXICO
House Municipal School
June 30, 2013

Financial Statements and Supplementary Information
As Of And For The Year Ended June 30, 2013
With Independent Auditor's Report Thereon

Sandra Rush
Certified Public Accountant, PC

1101 E Llano Estacado
Clovis, New Mexico 88101

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL

Official Roster
For the year ended June 30, 2013

Board of Education

Rachelle Moon President

Dwight Parker Vice-President

Bill Noland Secretary

Clint Runyan Member

Calvin Downey Member

School Officials

Lecil Richards Superintendent

Marsha Stowe Business Manager

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL

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Financial Section

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Sandra Rush

Certified Public Accountant PC

1101 E Llano Estacado • Clovis, New Mexico 88101 • 575-763-2245

Independent Auditor's Report

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
House Municipal School
House, New Mexico

Report on Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of House Municipal School (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. I also have audited the financial statements of each of the District's nonmajor governmental funds and the budgetary comparisons for the major capital project 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, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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, 2013, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project 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

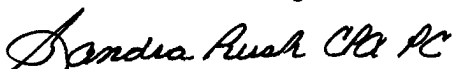
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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. My opinion on the basic financial statements is not affected by this missing information.

Other Information

My audit was conducted for the purpose of forming opinions on The District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules as required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other schedules as required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated September 20, 2013 on my consideration of the District's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The District's internal control over financial reporting and compliance.



Sandra Rush CPA PC
Clovis, New Mexico
September 20, 2013

Basic Financial Statements

Government Wide Financial Statements

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL

Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets:	
Cash	\$ 776,444
Receivables:	
Taxes - current	975
Inventories	<u>493</u>
Total current assets	<u>777,912</u>
Noncurrent assets:	
Bond issuance costs, net	33,065
Capital assets, net	<u>1,977,526</u>
Total non current assets	<u>2,010,591</u>
Total assets	<u>\$ 2,788,503</u>
 <u>LIABILITIES AND NET POSITION</u>	
Current liabilities:	
Accounts payable	7,576
Accrued interest	2,221
Current portion of long term debt	<u>30,000</u>
Total current liabilities	<u>39,797</u>
Noncurrent liabilities:	
Bonds and notes	<u>400,000</u>
Total noncurrent liabilities	<u>400,000</u>
Total liabilities	<u>439,797</u>
Net position:	
Invested in capital assets	1,580,591
Non-spendable, inventory	493
Restricted for:	
General fund	10,663
Special revenue funds	290,680
Capital project fund	379,431
Debt service fund	11,351
Unrestricted	<u>75,497</u>
Total net position	<u>2,348,706</u>
Total liabilities and net position	<u>\$ 2,788,503</u>

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL

Statement of Activities
For the year ended June 30, 2013

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 1,120,534	\$ 303	\$ 86,367	\$ -
Support services:				
Students	183,531	-	-	-
Instruction	10,076	-	-	-
General administration	155,656	-	-	-
School administration	-	-	-	-
Central services	65,796	-	-	-
Operation & maintenance of plant	175,116	600	-	-
Student transportation	156,890	-	155,365	54,949
Other support services	2,035	-	-	-
Food services	48,941	11,481	11,042	-
Community services	1,569	-	-	-
Miscellaneous	1	-	-	-
Capital outlay	84,532	-	-	-
Amortization	3,006	-	-	-
Interest on long-term debt	20,971	-	-	-
Total governmental activities	<u>\$ 2,028,654</u>	<u>\$ 12,384</u>	<u>\$ 252,774</u>	<u>\$ 54,949</u>

General revenues:

Property Tax:

 Levied for general purposes

 Levied for debt service

 Levied for capital projects

Local:

 Payment in lieu of taxes

 Miscellaneous

 Contributions and donations

 Equalization guarantee

 Emergency supplement

Total general revenues

Change in net assets

Net position, beginning of period

Prior period adjustments

Net position, beginning of period,

Net position, end of period

The accompanying notes are an integral part of these financial statements

Net Program
 [Expense]
 Revenues
 Governmental
 Activities
 Total

\$	(1,033,864)
	(183,531)
	(10,076)
	(155,656)
	-
	(65,796)
	(174,516)
	53,424
	(2,035)
	(26,418)
	(1,569)
	(1)
	(84,532)
	(3,006)
	(20,971)
	<u>(1,708,547)</u>
	5,221
	63,093
	21,868
	56,350
	3,471
	12,062
	1,162,996
	259,945
	<u>1,585,006</u>
	(123,541)
	2,223,596
	248,651
	<u>2,472,247</u>
	<u>\$ 2,348,706</u>

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Fund Financial Statements

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL

Balance Sheet
Governmental Funds
June 30, 2013

	General Fund			
	Operational 11000	Teacherege 12000	Transportation 13000	Instructional Materials 14000
ASSETS				
Cash and cash equivalents	\$ 82,654	\$ 10,663	\$ -	\$ -
Accounts receivable:				
Taxes - current	58	-	-	-
Taxes - delinquent taxes	-	-	-	-
Due from other governments	-	-	-	-
Other accounts	-	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ 82,712</u>	<u>\$ 10,663</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ 4,994	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-
Total liabilities	<u>4,994</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Non-spendable	-	-	-	-
Restricted for:				
General fund	-	10,663	-	-
Special revenue funds	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Unassigned:				
General fund	<u>77,718</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>77,718</u>	<u>10,663</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 82,712</u>	<u>\$ 10,663</u>	<u>\$ -</u>	<u>\$ -</u>

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

Special Revenue Wind Farm 29134	Bond Building Capital Outlay 31100	Senate Bill - 9 Capital Outlay 31700	Other Governmental Funds	Total Governmental Funds
\$ 285,066	\$ 339,096	\$ 42,653	\$ 16,312	\$ 776,444
-	-	264	653	975
-	-	-	-	-
-	-	-	-	-
-	-	-	493	493
<u>\$ 285,066</u>	<u>\$ 339,096</u>	<u>\$ 42,917</u>	<u>\$ 17,458</u>	<u>\$ 777,912</u>
\$ -	\$ -	\$ 2,582	\$ -	\$ 7,576
-	-	-	-	-
-	-	2,582	-	7,576
-	-	-	493	493
-	-	-	-	10,663
285,066	-	-	5,614	290,680
-	339,096	40,335	-	379,431
-	-	-	11,351	11,351
-	-	-	-	77,718
<u>285,066</u>	<u>339,096</u>	<u>40,335</u>	<u>17,458</u>	<u>770,336</u>
<u>\$ 285,066</u>	<u>\$ 339,096</u>	<u>\$ 42,917</u>	<u>\$ 17,458</u>	<u>\$ 777,912</u>

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STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Reconciliation of the Balance Sheet
All Governmental Funds to the
Statement of Net Position
June 30, 2013

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

Fund balance - total governmental funds		\$	770,336
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds financial statement, but are reported in the governmental activities of the statement of net position

Capital assets	\$	4,537,375	
Accumulated depreciation		<u>(2,559,849)</u>	1,977,526

Other assets are not available to pay for current - period expenditures and, therefore, are deferred in the funds:

Bond issue cost		48,095	
Amortization of bond issue cost		<u>(15,030)</u>	33,065

Other liabilities are not due and payable in the current period and, therefore, are not reported in the funds

Accrued interest payable			(2,221)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds

			<u>(430,000)</u>
Net position of governmental activities		\$	<u>2,348,706</u>

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the year ended June 30, 2013

	General Fund			
	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
Revenues:				
Local sources	\$ 18,542	\$ 625	\$ -	\$ -
State sources	1,432,635	-	155,365	5,985
Federal sources	4,912	-	-	-
Total revenues	<u>1,456,089</u>	<u>625</u>	<u>155,365</u>	<u>5,985</u>
Expenditures:				
Current				
Instruction	913,147	-	-	5,985
Support services				
Students	145,086	-	-	-
Instruction	5,236	-	-	-
General administration	152,847	-	-	-
School administration	-	-	-	-
Central services	65,796	-	-	-
Operation & maintenance of plant	152,126	3,755	-	-
Student transportation	-	-	155,365	-
Other support services	2,035	-	-	-
Operation of non-instructional services				
Food services operations	25,988	-	-	-
Capital outlay	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,462,261</u>	<u>3,755</u>	<u>155,365</u>	<u>5,985</u>
Excess (deficiency) of revenues over expenditures	(6,172)	(3,130)	-	-
Other financing sources (uses):				
Transfers in (out)	(4,840)	-	-	-
Voided check	22	-	-	-
Total other financing sources (uses)	<u>(4,818)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(10,990)	(3,130)	-	-
Fund balance, beginning of year	89,197	13,793	-	-
Prior period adjustments	(489)	-	-	-
Fund balance, beginning of year restated	<u>88,708</u>	<u>13,793</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 77,718</u>	<u>\$ 10,663</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Special Revenue Wind Farm 29134	Bond Building Capital Outlay 31100	Senate Bill - 9 Capital Outlay 31700	Other Governmental Funds	Total Governmental Funds
\$ 56,600	\$ 1,816	\$ 21,967	\$ 74,877	\$ 174,427
-	-	-	56,025	1,650,010
-	-	-	75,742	80,654
<u>56,600</u>	<u>1,816</u>	<u>21,967</u>	<u>206,644</u>	<u>1,905,091</u>
-	-	-	67,364	986,496
37,652	-	-	793	183,531
-	-	-	4,840	10,076
-	-	217	1,126	154,190
-	-	-	-	-
-	-	-	-	65,796
-	-	-	-	155,881
-	-	-	54,949	210,314
-	-	-	-	2,035
-	-	-	21,841	47,829
-	132,303	84,532	-	216,835
-	-	-	30,000	30,000
-	-	-	19,565	19,565
<u>37,652</u>	<u>132,303</u>	<u>84,749</u>	<u>200,478</u>	<u>2,082,548</u>
18,948	(130,487)	(62,782)	6,166	(177,457)
-	-	-	4,840	-
-	-	-	-	22
-	-	-	4,840	22
18,948	(130,487)	(62,782)	11,006	(177,435)
-	470,083	103,117	5,952	682,142
266,118	(500)	-	500	265,629
<u>266,118</u>	<u>469,583</u>	<u>103,117</u>	<u>6,452</u>	<u>947,771</u>
<u>\$ 285,066</u>	<u>\$ 339,096</u>	<u>\$ 40,335</u>	<u>\$ 17,458</u>	<u>\$ 770,336</u>

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the year ended June 30, 2013

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

Net change in fund balances - total governmental funds \$ (177,435)

Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense

Capital expenditures

Current year capital expenditures capitalized	\$ 187,252	
Depreciation expense	<u>(158,946)</u>	28,306

The issuance of long-term (e.g., bonds, notes, leases) provides current financial resources in governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities

Amortization of bond issuance cost		(3,006)
Accrued interest		(1,406)
Principal payment on bond		<u>30,000</u>

Change in Net Position of Governmental Activities \$ (123,541)

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
General Fund - Operational - 11000
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 10,999	\$ 10,999	\$ 18,512	\$ 7,513
State sources	1,497,566	1,574,323	1,432,635	(141,688)
Federal sources	6,000	6,000	4,912	(1,088)
Total revenues	<u>1,514,565</u>	<u>1,591,322</u>	<u>1,456,059</u>	<u>(135,263)</u>
Expenditures:				
Current				
Instruction	1,022,861	952,806	913,077	39,729
Support services				
Students	150,381	150,381	145,086	5,295
Instruction	8,000	8,000	5,236	2,764
General administration	120,367	153,398	152,847	551
School administration	-	-	-	-
Central services	66,856	66,856	65,796	1,060
Operation & maintenance of plant	176,775	171,775	151,983	19,792
Student transportation	-	-	-	-
Other support services	4,859	4,859	54	4,805
Operation of non-instructional services				
Food services operations	26,124	26,124	25,988	136
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,576,223</u>	<u>1,534,199</u>	<u>1,460,067</u>	<u>74,132</u>
Excess (deficiency) of revenues over(under) expenditures	(61,658)	57,123	(4,008)	(61,131)
Other financing sources (uses):				
Transfers in (out)	-	-	(4,840)	(4,840)
Inter fund receivable	-	-	17,971	17,971
Voided checks	-	-	22	22
Designated cash	61,658	92,987	-	(92,987)
Total other financing sources (uses)	<u>61,658</u>	<u>92,987</u>	<u>13,153</u>	<u>(79,834)</u>
Net change in fund balances	-	150,110	9,145	(140,965)
Cash balance, beginning of year	-	-	73,998	73,998
Prior period adjustment	-	-	(489)	(489)
Cash balance, beginning of year, restated	-	-	<u>73,509</u>	<u>73,509</u>
Cash balance, end of year	<u>\$ -</u>	<u>\$ 150,110</u>	<u>\$ 82,654</u>	<u>\$ (67,456)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 9,145	
Adjustment to revenues for accruals & other deferrals			(17,941)	
Adjustment to expenditures for payables, prepaids & other accruals			<u>(2,194)</u>	
Net change in fund balance (GAAP Basis)			<u>\$ (10,990)</u>	

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
General Fund - Teacherage - 12000
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 2,435	\$ 2,435	\$ 625	\$ (1,810)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>2,435</u>	<u>2,435</u>	<u>625</u>	<u>(1,810)</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	19,290	20,818	8,345	12,473
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>19,290</u>	<u>20,818</u>	<u>8,345</u>	<u>12,473</u>
Excess (deficiency) of revenues over(under) expenditures	(16,855)	(18,383)	(7,720)	10,663
Other financing sources (uses):				
Operating transfers	-	-	-	-
Designated cash	16,855	18,383	-	(18,383)
Total other financing sources (uses)	<u>16,855</u>	<u>18,383</u>	<u>-</u>	<u>(18,383)</u>
Net change in fund balances	-	-	(7,720)	(7,720)
Cash balance, beginning of year	-	-	18,383	18,383
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,663</u>	<u>\$ 10,663</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (7,720)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			4,590	
Net change in fund balance (GAAP Basis)			<u>\$ (3,130)</u>	

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
General Fund - Transportation - 13000
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	158,620	155,365	155,365	-
Federal sources	-	-	-	-
Total revenues	<u>158,620</u>	<u>155,365</u>	<u>155,365</u>	<u>-</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	158,620	155,365	155,365	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>158,620</u>	<u>155,365</u>	<u>155,365</u>	<u>-</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers	-	-	-	-
Reverts back to state	-	-	-	-
Designated cash	158,620	155,365	-	(155,365)
Total other financing sources (uses)	<u>158,620</u>	<u>155,365</u>	<u>-</u>	<u>(155,365)</u>
Net change in fund balances	158,620	155,365	-	(155,365)
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ 158,620</u>	<u>\$ 155,365</u>	<u>\$ -</u>	<u>\$ (155,365)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
General Fund - Instructional Materials - 14000
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	5,985	5,985	5,985	-
Federal sources	-	-	-	-
Total revenues	<u>5,985</u>	<u>5,985</u>	<u>5,985</u>	<u>-</u>
Expenditures:				
Current				
Instruction	5,985	5,985	5,985	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>5,985</u>	<u>5,985</u>	<u>5,985</u>	<u>-</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Operating transfers	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Major Special Revenue Fund - Wind Farm Project - 29134
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ 56,600	\$ 56,600
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	-	-	56,600	56,600
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	37,652	(37,652)
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	-	37,652	(37,652)
Excess (deficiency) of revenues over(under) expenditures	-	-	18,948	18,948
Other financing sources (uses):				
Operating transfers	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	18,948	18,948
Cash balance, beginning of year	-	-	-	-
Prior period adjustment	-	-	266,118	266,118
Cash balance, beginning of year, restated	-	-	266,118	266,118
Cash balance, end of year	\$ -	\$ -	\$ 285,066	\$ 285,066
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 18,948	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ 18,948	

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2013

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 130,004
Total assets	<u>\$ 130,004</u>
<u>LIABILITIES</u>	
Deposits held for others	\$ 130,004
Total liabilities	<u>\$ 130,004</u>

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

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

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of the District's management who is responsible for their integrity and objectivity. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is leg ally 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 citizen s. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Fin ally, 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 position and the statement of activities) report information on all of the non-fiduciary 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 taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who

purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. These include fees for meals, lab fees and activity fees for the District. 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.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are 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, franchise taxes, licenses, 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. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

General Fund (11000) (12000) (13000) (14000)

The General Fund consists of four sub funds. The first is the operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Teacherage Fund is to provide teachers affordable housing to entice them to teach there. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

Special Revenue Funds

Wind Farm Projects (29134)

To account for wind farm payment in lieu of property taxes revenue. The fund was created by definition.

Capital Projects Funds

Senate Bill Nine (31700)

The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements.

Bond Building Fund (31100)

The revenues are derived from a School Building Bond issue. Expenditures are restricted to capital improvements.

Additionally, the government reports the following fund types:

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

The Student Activity Fund, an agency fund, accounts for assets held by the District as an agent for the District organizations. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

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

D. Assets, Liabilities and Net Assets 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 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.

Receivables and Payables

Interfund activity is reported as 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 or between proprietary 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 Roosevelt and Quay County. The funds are collected by the County Treasurers and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurers in July and August

2013 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2013.

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

Prepaid Items

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

Instructional Materials

The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the New Mexico Public Education Department "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. The districts are allowed to carry forward unused allocations from year to year.

Inventory

Inventory is valued at cost utilizing the purchase basis of accounting. Inventory in the Special Revenue Funds consists of USDA commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as expenditures at the time individual inventory items are consumed. The USDA commodities are recorded at year-end by audit adjusting entries. 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. Donated commodities for the year ended June 30, 2013 were \$1,587.

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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. 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 are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Building and Improvements	20 - 50 Years
Vehicles	2 - 15 Years
Equipment	2 - 15 Years

Deferred Revenues

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 deferred revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be "available" under the current financial resources measurement focus are reported as deferred revenues in the governmental fund financial statements. GASB 63 amended previous guidance on deferred revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

Compensated Absences

The District contracts with all employees on an annual basis. A terminated employee is paid through the date of dismissal in accordance with their contract. Due to this practice, no liability is reported for unpaid vacation or accumulated sick leave, as no payment is required upon termination of service by employees.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. 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.

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet. There are no outstanding Capital Leases.

Short-Term Debt

Short-term Debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The District does not have any activity in short-term debt.

Fund Equity

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

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

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

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

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

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 of district, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$1,162,996 in state equalization guarantee distributions during the year ended June 30, 2013.

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.

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-12 attending public school within the school district. The District received \$155,365 in transportation distributions during the year ended June 30, 2013.

Instructional Materials

The District had allocations allowed by the State for the current year of \$5,985. The full amount of allocations used to purchase textbooks during the year was \$5,985. Allocations received and utilized are reflected in revenue and expenditures of the General Fund.

Note 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 Department of Education. Auxiliary student activity accounts are not budgeted.

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

Actual expenditures may not exceed the budget on a line item basis, i.e., (each budgeted expenditure must be within budgeted amounts). 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 School 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 of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
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 State of New Mexico Department of Education.
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). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

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

The 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.

Note 3. Cash and Temporary Investments

State statutes authorize the investment of the 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, 2013.

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

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

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

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, District or political subdivision of the State of New Mexico.

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

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 District for a 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.

	Citizens Bank Tucumcari, NM	Type
Total amount on deposit on June 30, 2013		
House Municipal School Operational	\$ 506,392	Checking
House Municipal School Fund	30,420	Checking
House Municipal School Bond Building	100,000	CD
House Municipal School SB-9	20,000	CD
House Municipal School Fund	300,000	CD
House Municipal School Fund	85,000	CD
Total deposited	<u>1,041,812</u>	
Less FDIC coverage	<u>(250,000)</u>	
Total uninsured public funds	<u>791,812</u>	
50% collateral requirement		
as per Section 6-10-17, NMSA 1978	<u>395,906</u>	
Pledged securities		
Fed Natl Mtg Assn Pool	<u>897,381</u>	
Over (under)	<u>\$ 501,475</u>	

Pledged Collateral: FNMA, CUIISP 3138EG5J9, maturity date 9/1/2026, market value \$897,381 held at Texas Independent Bank, Dallas Texas, not in the District’s name.

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2013, none of the District's bank balance of 1,041,812 was exposed to custodial credit risk.

Custodial Credit Risk- Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged to be delivered for the securities underlying an overnight repurchase agreement, or a joint safekeeping receipt to be issued to the District for at least one hundred and two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution. At June 30, 2013, the District's had no investments.

Note 4. Interfund Receivables, Payables, and Transfers

The District records temporary transfers to enable funds to operate until grant monies are received. In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The District had no outstanding interfund receivables or payables for the year ended June 30, 2013.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non routing permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. Operating transfers for the year ended June 30, 2013 were as follows:

	Transfer In	Transfer Out
Operational	\$ (4,840)	\$ -
Library GO Bonds	-	4,840
Totals	<u>\$ (4,840)</u>	<u>\$ 4,840</u>

Note 5. Accounts Receivable

Accounts receivable as of June 30, 2013, are as follows:

	General Fund	Debt Service Fund	SB-9 Fund	Totals
Property tax receivable				
Current	\$ 58	\$ 653	\$ 264	\$ 975
Totals	<u>\$ 58</u>	<u>\$ 653</u>	<u>\$ 264</u>	<u>\$ 975</u>

The above receivables are deemed 100% collectible.

Note 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2013, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

	Beginning Balances	Increase	Adjustments/ Decrease	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 7,875	\$ -	\$ -	\$ 7,875
Capital assets being depreciated				
Buildings and improvements	\$ 3,719,986	\$ 132,303	\$ -	\$ 3,852,289
Equipment, vehicles, information technology equipment, software and library books	631,811	54,949	(9,549)	677,211
Total assets	<u>4,359,672</u>	<u>187,252</u>	<u>(9,549)</u>	<u>4,537,375</u>
Less accumulated depreciation				
Buildings and improvements	(1,994,969)	(123,415)	-	(2,118,384)
Equipment, vehicles, information technology equipment, software and library books	(398,585)	(35,531)	(7,349)	(441,465)
Total accumulated depreciation	<u>(2,393,554)</u>	<u>(158,946)</u>	<u>(7,349)</u>	<u>(2,559,849)</u>
Governmental activity capital assets, net	<u>\$ 1,966,118</u>	<u>\$ 28,306</u>	<u>\$ (16,898)</u>	<u>\$ 1,977,526</u>

Depreciation expense for the year ended June 30, 2013 was charged to the following functions and funds:

Support services - instruction	\$ 134,038
Support service - general administration	1,466
Operation maintenance of plant	19,235
Food service operation	1,112
Community service	1,569
Transportation	1,526
Total depreciation expense	<u>\$ 158,946</u>

Note 7. Long-Term Debt

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. 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, 2013 are for governmental activities. The following bonds were issued for the purpose of erecting, furnishing, remodeling and making additions to District buildings and improving District grounds. A tax is annually assessed, levied and collected upon all taxable property within the District for the purpose of providing the necessary funds to meet the interest and principal payments as they become due. Bonds outstanding at June 30, 2013, are comprised of the following:

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Notes To Financial Statement
June 30, 2013

Series	Date of Issue	Original Amount	Interest Rate
2009	5/15/2009	\$ 540,000	3.4% to 5.00%

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Governmental activities					
Bonds payable					
General Obligation Bonds	\$ 460,000	\$ -	\$ (30,000)	\$ 430,000	\$ 30,000

The annual requirements to amortize the General Obligation Bonds as of June 30, 2013, including interest payments are as follows:

Year Ended June 30,	Principal	Interest	Total
2014	30,000	18,065	48,065
2015	30,000	16,865	46,865
2016	35,000	15,845	50,845
2017	35,000	14,585	49,585
2018	35,000	13,273	48,273
2019-2023	195,000	43,547	238,547
2024-0225	70,000	1,250	71,250
	<u>\$ 430,000</u>	<u>\$ 123,430</u>	<u>\$ 553,430</u>

The payments made to liquidate the debt are paid by the debt service fund.

Bond issue cost was amortized as follows:

Issue Cost/Premium/Discount on Bond Issue	\$ 48,095
Accumulated amortization	<u>(15,030)</u>
	<u>\$ 33,065</u>

Note 8. Risk Management

The District is a member of the New Mexico Public School Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance. The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible 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, 2013, there have been no claims that have exceeded insurance coverage.

Note 9. Pension Plan – Educational Retirement Board

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

Funding Policy.

Member Contributions

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

Employer Contributions

In fiscal year 2013, the District was required to contribute 12.4% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 10.9% of the gross covered salary for employees whose annual salary is more than \$20,000. In the future, the District will contribute the following percentages of the gross covered salary of employees: 13.15% of gross covered salary in fiscal year 2014; and 13.9% of gross covered salary in fiscal year 2015. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2013, 2012, and 2011, were \$206,370, \$205,756, and \$204,247, respectively, which equal the amount of the required contributions for each fiscal year.

Note 10. Post-Employment Benefits – State Retiree Health Care Plan

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

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's

effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were 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, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$30,823, \$27,884 and \$25,141, respectively, which equal the required contributions for each year.

Note 11. Contingent Liabilities

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

Note 12. Non-Cash Assistance

The District receives USDA Commodities for use in sponsoring National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2013 was \$1,587.

Note 13. Surety Bond

A surety bond as required by Section 12-6-7 NMSA 1978 Compilation and the New Mexico State Auditor Rule NMAC 2.2.2 covers the officials and certain employees of the District.

Note 14. Other Required Individual Fund Disclosures

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

- A. Deficit fund balance
There are no instances of deficit fund balances.
- B. Excess expenditures over budget.
There are no instances of excess expenditures over budget.

Note 15. Memorandum of Understanding

REC

Purpose: To allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the USDE under the Education of the Handicapped Act, Part B, PL 94-142 among others.

Participants: Regional Education Cooperative and House Municipal School District

Responsible Party for Operation and Audit: Regional Education Cooperative

Beginning and Ending Date of Agreement: July 1, 1995 until the end of any fiscal year during which the school give notice of intent to terminate.

Total Estimated Amount of Project and Actual Amount Contributed: The REC paid expenditures on behalf of the District.

Note 16. Subsequent Accounting Standard Pronouncements

The GASB issued Statement No. 65, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position* which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The District is reviewing the effects of the implementation of this statement.

The GASB issued Statement No. 66, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to amend Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. As a result, government would base their decisions about governmental fund type usage for risk financing activities on the definitions in State No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance* Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and that principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee. These changes would eliminate any uncertainty regarding the application of Statement No. 13, *Accounting for Operating Leases with Schedule Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales of Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. The District is reviewing the effects of the implementation of this statement.

NOTE 17. Subsequent Events Review

The District has evaluated subsequent events through September 20, 2013, which is the date the financial statements were dated.

NOTE 18. Prior Period Adjustment

The Wind Farm fund balance was increased \$226,118 to correct an error. During the year ended June 30, 2010 the District transferred the Wind Farm from a special revenue fund to a non-budgeted student activity fund on the direction of the auditor. The Wind Farm does not meet the definition of a student activity fund since the District owns the cash held in the fund. To correct the error the fund balance was transferred back to a special revenue fund.

The other changes to Net Position were made to correct various errors on the audit for the year ended June 30, 2012. Also, on the audit for the year ended June 30, 2012 the Net Assets on the Government-Wide Statement of Net Assets was \$2,223,516 and the Net Assets on the Government Wide Statements of Activities was \$2,223,596 a difference of \$80. The Statement of Activities beginning Net Position was increased \$248,651 to reflect the following changes:

To agree net assets on 6/2012 Statement of Activities to net assets on Statement of Net Assets	\$ (80)
Capital assets	(9,549)
Accumulated depreciation	(7,349)
Accruals	(489)
Debt Service Fund cash	500
Bond Building Fund cash	(500)
Wind Farm cash	<u>266,118</u>
	<u>\$ 248,651</u>

NOTE 19. Expenditure Exceeded Budgetary Authority

The district maintained expenditures at the function level in which actual expenditures exceeded budgetary authority in the Wind Farm Fund; budget .00 actual expenditures \$37,652.

Supplementary Information Related to Major Funds

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STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Major Capital Projects Fund - Bond Building - 31100
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 2,155	\$ 2,155	\$ 1,816	\$ (339)
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	2,155	2,155	1,816	(339)
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	472,238	472,238	132,803	339,435
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	472,238	472,238	132,803	339,435
Excess (deficiency) of revenues over(under) expenditures	(470,083)	(470,083)	(130,987)	339,096
Other financing sources (uses):				
Interfund payable	-	-	-	-
Designated cash	470,083	470,083	-	(470,083)
Total other financing sources (uses)	470,083	470,083	-	(470,083)
Net change in fund balances	-	-	(130,987)	(130,987)
Cash balance, beginning of year	-	-	470,083	470,083
Cash balance, end of year	\$ -	\$ -	\$ 339,096	\$ 339,096
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (130,987)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			500	
Net change in fund balance (GAAP Basis)			\$ (130,487)	

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Major - Capital Project Fund - Senate Bill Nine - 31700
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 21,088	\$ 21,088	\$ 21,814	\$ 726
State sources	46,889	60,890	-	(60,890)
Federal sources	-	-	-	-
Total revenues	<u>67,977</u>	<u>81,978</u>	<u>21,814</u>	<u>(60,164)</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	250	250	217	33
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	228,972	184,856	82,073	102,783
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>229,222</u>	<u>185,106</u>	<u>82,290</u>	<u>102,816</u>
Excess (deficiency) of revenues over(under) expenditures	(161,245)	(103,128)	(60,476)	42,652
Other financing sources (uses):				
Operating transfers	-	-	-	-
Designated cash	161,245	103,128	-	(103,128)
Total other financing sources (uses)	<u>161,245</u>	<u>103,128</u>	<u>-</u>	<u>(103,128)</u>
Net change in fund balances	-	-	(60,476)	(60,476)
Cash balance, beginning of year	-	-	103,129	103,129
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,653</u>	<u>\$ 42,653</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (60,476)	
Adjustment to revenues for accruals & other deferrals			153	
Adjustment to expenditures for payables, prepaids & other accruals			(2,459)	
Net change in fund balance (GAAP Basis)			<u>\$ (62,782)</u>	

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

Supplementary Information Related to
Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

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 educational tasks. Grants accounted for in the Special Revenue Funds include:

Food Service

To account for revenue and expenditures associated with the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements. Authority for creation of this fund is NMSA 22-13-13.

Athletics

To account for revenue and expenditures associated with the District's budgeted athletic activities. NMAC 6.20.2.

IASA Title I (24101)

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

IDEA-B Entitlement (24106)

The purpose of this program is to account for revenue used to help maximize the resources in meeting the objective of handicapped children. The federal revenues in this fund are received from and administered by the New Mexico Department of Education. Authority for the creation of this fund is Part B of the Handicapped Act, Public Law 105-17.

IDEA-B Preschool

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

IDEA B, Risk Pool

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 the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

Teacher Principal Training and Recruiting

The purpose of this fund is to improve the skills of teachers and the quality of instruction in mathematics and science and also to increase the accessibility of such instruction to all students. Authority for creation of this fund is Title II of the Elementary and Secondary Education Act of 1965 as amended, Public Law 103-382.

Rural Education Achievement Program

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

Dual Credit Instructional Materials

The objective is to account for the monies received from NMHU for the purpose of dual credit college enrollment for qualified high school seniors.

Bus Replacement

To account for a state grant to provide transportation for students in the District. The authority for creating this grant is 22-8-27 NMAC 1978.

2010 GO Student Library

To account for a bond to fund a state grant to provide library books for school districts. The fund was created by NMSA Chapter 117, Section 10C(3).

Nonmajor Debt Service Fund

Debt Service Fund

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources for the fund are generated by a tax levy based upon property values.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
All Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	<u>Food Service 21000</u>	<u>Athletics 22000</u>	<u>Title I IASA 24101</u>	<u>IDEA - B Entitlement 24106</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 5,311	\$ 303	\$ -	\$ -
Accounts receivable				
Taxes - current	-	-	-	-
Due from other governments	-	-	-	-
Other accounts receivable	-	-	-	-
Inventory	493	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 5,804</u>	<u>\$ 303</u>	<u>\$ -</u>	<u>\$ -</u>
<u>LIABILITIES</u>				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCE</u>				
Non-spendable	493	-	-	-
Restricted for:				
Special revenue funds	5,311	303	-	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>5,804</u>	<u>303</u>	<u>-</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 5,804</u>	<u>\$ 303</u>	<u>\$ -</u>	<u>\$ -</u>

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

IDEA - B Preschool 24109	IDEA - B Risk Pool 24120	Teacher / Principal Training & Recruiting 24154	Rural Education Achievement Program 25233	Dual Credit Instructional Materials 27103	Bus Replacement 27104
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
All Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	2010 GO Student Library 27106	Debt Service 41000	Total Non-major Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ 10,698	\$ 16,312
Accounts receivable			
Taxes - current	-	653	653
Due from other governments	-	-	-
Other accounts receivable	-	-	-
Inventory	-	-	493
	<hr/>	<hr/>	<hr/>
Total assets	\$ -	\$ 11,351	\$ 17,458
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>
Total liabilities	-	-	-
	<hr/>	<hr/>	<hr/>
<u>FUND BALANCE</u>			
Non-spendable	-	-	493
Restricted for:			
Special revenue funds	-	-	5,614
Capital projects funds	-	-	-
Debt service funds	-	11,351	11,351
	<hr/>	<hr/>	<hr/>
Total fund balance	-	11,351	17,458
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	\$ -	\$ 11,351	\$ 17,458
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
All Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2013

	Food Service 21000	Athletics 22000	IASA Title I 24101	IDEA - B Entitlement 24106
Revenues:				
Local sources	\$ 11,481	\$ 303	\$ -	\$ -
State sources	-	-	-	-
Federal sources	11,042	-	16,490	23,566
Total revenues	<u>22,523</u>	<u>303</u>	<u>16,490</u>	<u>23,566</u>
Expenditures:				
Current				
Instruction	-	2,381	16,490	22,773
Support services				
Students	-	-	-	793
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	21,841	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>21,841</u>	<u>2,381</u>	<u>16,490</u>	<u>23,566</u>
Excess (deficiency) revenues over expenditures	682	(2,078)	-	-
Other financing sources (uses):				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	682	(2,078)	-	-
Fund balance, beginning	5,122	2,381	-	-
Prior period adjustment	-	-	-	-
Fund balance, beginning restated	<u>5,122</u>	<u>2,381</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ 5,804</u>	<u>\$ 303</u>	<u>\$ -</u>	<u>\$ -</u>

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

IDEA - B Preschool 24109	IDEA - B Risk Pool 24120	Teacher / Principal Training & Recruiting 24154	Rural Education Achievement Program 25233	Dual Credit Instructional Materials 27103	Bus Replacement 27104
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,076	54,949
<u>4,429</u>	<u>116</u>	<u>4,054</u>	<u>16,045</u>	<u>-</u>	<u>-</u>
<u>4,429</u>	<u>116</u>	<u>4,054</u>	<u>16,045</u>	<u>1,076</u>	<u>54,949</u>
4,429	116	4,054	16,045	1,076	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	54,949
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,429</u>	<u>116</u>	<u>4,054</u>	<u>16,045</u>	<u>1,076</u>	<u>54,949</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
All Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2013

	2010 GO Student Library 27106	Debt Service 41000	Total Non-major Governmental Funds
Revenues:			
Local and county sources	\$ -	\$ 63,093	\$ 74,877
State sources	-	-	56,025
Federal sources	-	-	75,742
	<hr/>	<hr/>	<hr/>
Total revenues	-	63,093	206,644
Expenditures:			
Current			
Instruction	-	-	67,364
Support services			
Students	-	-	793
Instruction	4,840	-	4,840
General administration	-	1,126	1,126
School administration	-	-	-
Central services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	54,949
Other support services	-	-	-
Operation of non-instructional services			
Food services operations	-	-	21,841
Capital outlay	-	-	-
Debt service			
Principal	-	30,000	30,000
Interest	-	19,565	19,565
	<hr/>	<hr/>	<hr/>
Total expenditures	4,840	50,691	200,478
Excess (deficiency) revenues over expenditures	(4,840)	12,402	6,166
Other financing sources (uses):			
Transfers in (out)	4,840	-	4,840
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	4,840	-	4,840
Net change in fund balances	-	12,402	11,006
Fund balance, beginning	-	(1,551)	5,952
Prior period adjustment	-	500	500
	<hr/>	<hr/>	<hr/>
Fund balance, beginning, restated	-	(1,051)	6,452
Fund balance, ending	<u>\$ -</u>	<u>\$ 11,351</u>	<u>\$ 17,458</u>

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Special Revenue Fund - Food Service - 21000
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 13,500	\$ 13,500	\$ 11,481	\$ (2,019)
State sources	-	-	-	-
Federal sources	10,000	10,000	9,455	(545)
Total revenues	<u>23,500</u>	<u>23,500</u>	<u>20,936</u>	<u>(2,564)</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	28,282	28,316	20,441	7,875
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>28,282</u>	<u>28,316</u>	<u>20,441</u>	<u>7,875</u>
Excess (deficiency) of revenues over(under) expenditures	(4,782)	(4,816)	495	5,311
Other financing sources (uses):				
Operating transfers	-	-	-	-
Designated cash	4,782	4,816	-	(4,816)
Total other financing sources (uses)	<u>4,782</u>	<u>4,816</u>	<u>-</u>	<u>(4,816)</u>
Net change in fund balances	-	-	495	495
Cash balance, beginning of year	-	-	4,816	4,816
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,311</u>	<u>\$ 5,311</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 495	
Adjustment to revenues for accruals & other deferrals			1,587	
Adjustment to expenditures for payables, prepaids & other accruals			(1,400)	
Net change in fund balance (GAAP Basis)			<u>\$ 682</u>	

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Special Revenue Fund - Athletics - 22000
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ 303	\$ 303
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	-	-	303	303
Expenditures:				
Current				
Instruction	3,894	2,381	2,381	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	3,894	2,381	2,381	-
Excess (deficiency) of revenues over(under) expenditures	(3,894)	(2,381)	(2,078)	303
Other financing sources (uses):				
Operating transfers	-	-	-	-
Voided checks	-	-	-	-
Designated cash	3,894	2,381	-	(2,381)
Total other financing sources (uses)	3,894	2,381	-	(2,381)
Net change in fund balances	-	-	(2,078)	(2,078)
Cash balance, beginning of year	-	-	2,381	2,381
Cash balance, end of year	\$ -	\$ -	\$ 303	\$ 303
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ (2,078)	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ (2,078)	

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Special Revenue Fund - IASA Title I - 24101
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	16,490	20,960	4,470
Total revenues	-	16,490	20,960	4,470
Expenditures:				
Current				
Instruction	-	16,490	16,490	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	16,490	16,490	-
Excess (deficiency) of revenues over(under) expenditures	-	-	4,470	4,470
Other financing sources (uses):				
Interfund payable	-	-	(4,470)	(4,470)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(4,470)	(4,470)
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Special Revenue Fund - IDEA-B Entitlement - 24106
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	23,566	32,239	8,673
Total revenues	-	23,566	32,239	8,673
Expenditures:				
Current				
Instruction	-	22,773	22,773	-
Support services				
Students	-	793	793	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	23,566	23,566	-
Excess (deficiency) of revenues over(under) expenditures	-	-	8,673	8,673
Other financing sources (uses):				
Interfund payable	-	-	(8,673)	(8,673)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(8,673)	(8,673)
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Special Revenue Fund - IDEA-B Preschool - 24109
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	4,429	6,326	1,897
Total revenues	-	4,429	6,326	1,897
Expenditures:				
Current				
Instruction	-	4,429	4,429	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	4,429	4,429	-
Excess (deficiency) of revenues over(under) expenditures	-	-	1,897	1,897
Other financing sources (uses):				
Interfund payable	-	-	(1,897)	(1,897)
Operating transfers	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(1,897)	(1,897)
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Special Revenue Fund - Risk Pool - 24120
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	116	142	26
Total revenues	-	116	142	26
Expenditures:				
Current				
Instruction	-	116	116	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	116	116	-
Excess (deficiency) of revenues over(under) expenditures	-	-	26	26
Other financing sources (uses):				
Interfund payable	-	-	(26)	(26)
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	(26)	(26)
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Special Revenue Fund - Teacher/Principal Training and Recruiting - 24154
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	4,319	4,504	4,054	(450)
Total revenues	4,319	4,504	4,054	(450)
Expenditures:				
Current				
Instruction	4,319	4,504	4,054	450
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	4,319	4,504	4,054	450
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Special Revenue Fund - Rural Education Achievement Program - 25233
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	28,180	28,180	16,045	(12,135)
Total revenues	<u>28,180</u>	<u>28,180</u>	<u>16,045</u>	<u>(12,135)</u>
Expenditures:				
Current				
Instruction	28,180	28,180	16,045	12,135
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>28,180</u>	<u>28,180</u>	<u>16,045</u>	<u>12,135</u>
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Special Revenue Fund - Dual Credit Instructional Materials - 27103
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	1,076	1,076	-
Federal sources	-	-	-	-
Total revenues	-	1,076	1,076	-
Expenditures:				
Current				
Instruction	-	1,076	1,076	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	1,076	1,076	-
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			\$ -	

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Special Revenue Fund - Bus Replacement - 27104
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	54,949	54,949	-
Total revenues	-	54,949	54,949	-
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	54,949	54,949	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	-	54,949	54,949	-
Excess (deficiency) of revenues over(under) expenditures	-	-	-	-
Other financing sources (uses):				
Interfund payable	-	-	-	-
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Special Revenue Fund - Library 2010 GO Bonds - 27106
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	6,077	4,840	1,237	(3,603)
Federal sources	-	-	-	-
Total revenues	6,077	4,840	1,237	(3,603)
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	6,077	4,840	4,840	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	6,077	4,840	4,840	-
Excess (deficiency) of revenues over(under) expenditures	-	-	(3,603)	(3,603)
Other financing sources (uses):				
Interfund payable	-	-	(1,237)	(1,237)
Transfers in (out)	-	-	4,840	4,840
Designated cash	-	-	-	-
Total other financing sources (uses)	-	-	3,603	3,603
Net change in fund balances	-	-	-	-
Cash balance, beginning of year	-	-	-	-
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ -	
Adjustment to revenues for accruals & other deferrals			-	
Adjustment to expenditures for payables, prepaids & other accruals			-	
Net change in fund balance (GAAP Basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Debt Service Fund - Debt Service - 41000
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenue:				
Local and county sources	\$ 49,565	\$ 49,565	\$ 62,557	\$ 12,992
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	<u>49,565</u>	<u>49,565</u>	<u>62,557</u>	<u>12,992</u>
Expenditures:				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	510	1,626	1,126	500
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	30,000	30,000	30,000	-
Interest	19,565	19,565	19,565	-
Total expenditures	<u>50,075</u>	<u>51,191</u>	<u>50,691</u>	<u>500</u>
Excess (deficiency) of revenues over(under) expenditures	(510)	(1,626)	11,866	13,492
Other financing sources (uses):				
Operating transfers	-	-	(1,668)	(1,668)
Debt service reserve	(8,549)	(7,433)	-	7,433
Designated cash	9,059	9,059	-	(9,059)
Total other financing sources (uses)	<u>510</u>	<u>1,626</u>	<u>(1,668)</u>	<u>(3,294)</u>
Net change in fund balances	-	-	10,198	10,198
Cash balance, beginning of year	-	-	-	-
Prior period adjustment	-	-	500	500
Cash balance, beginning of year, restated	-	-	500	500
Cash balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,698</u>	<u>\$ 10,698</u>
Net change in fund balance (Non-GAAP Budgetary Basis)			\$ 10,198	
Adjustment to revenues for accruals & other deferrals			1,132	
Adjustment to expenditures for payables, prepaids & other accruals			<u>1,072</u>	
Net change in fund balance (GAAP Basis)			<u>\$ 12,402</u>	

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

Supplementary Information
Related to Fiduciary Funds

AGENCY FUNDS

Activity Trust Fund

To account for funds of various student groups that is custodial in nature.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Agency Funds
Statement of Changes in Assets and Liabilities
June 30, 2013

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>ASSETS</u>				
Student activity groups	\$ 390,664	\$ 56,963	\$ 317,623	\$ 130,004
Total assets	<u>\$ 390,664</u>	<u>\$ 56,963</u>	<u>\$ 317,623</u>	<u>\$ 130,004</u>
<u>LIABILITIES</u>				
Funds handled on behalf of:				
Student activity groups	\$ 390,664	\$ 56,963	\$ 317,623	\$ 130,004
Total liabilities	<u>\$ 390,664</u>	<u>\$ 56,963</u>	<u>\$ 317,623</u>	<u>\$ 130,004</u>

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Agency Funds - Activity
Statement of Changes in Assets and Liabilities
June 30, 2013

	Beginning Balance	Additions	Deductions	Ending Balance
ASSETS				
General	\$ 91,466	\$ 2,044	\$ 1,516	\$ 91,994
Class of 2013	668	-	668	-
Class of 2014	1,473	2,570	2,933	1,110
Class of 2015	857	238	-	1,095
Class of 2016	496	1,178	190	1,484
Class of 2017	228	241	-	469
Class of 2018	-	246	-	246
Publications	1,437	3,236	3,551	1,122
FFA	7,545	25,523	22,010	11,058
FCCLA	4,098	3,566	3,329	4,335
Business Professionals of America	708	4,579	3,318	1,969
Student Council	676	-	120	556
TLC Book Deposit	3,392	3,326	3,412	3,306
Elementary Athletics	1,319	576	488	1,407
PTO	650	5,358	5,504	504
Athletics	6,828	3,846	4,126	6,548
Accelerated Reader	1,602	215	-	1,817
Honor Society	1,103	221	340	984
Technology	26,257	-	26,257	-
Achievement	20,000	-	20,000	-
Student Travel	82,831	-	82,831	-
Florida Power and Light	69,043	-	69,043	-
Leadership	25,000	-	25,000	-
Scholarship	42,987	-	42,987	-
	<u>\$ 390,664</u>	<u>\$ 56,963</u>	<u>\$ 317,623</u>	<u>\$ 130,004</u>
Total assets	<u>\$ 390,664</u>	<u>\$ 56,963</u>	<u>\$ 317,623</u>	<u>\$ 130,004</u>
LIABILITIES				
Due to student groups	<u>\$ 390,664</u>	<u>\$ 56,963</u>	<u>\$ 317,623</u>	<u>\$ 130,004</u>
Total liabilities	<u>\$ 390,664</u>	<u>\$ 56,963</u>	<u>\$ 317,623</u>	<u>\$ 130,004</u>

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

Other Supplemental Information

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Cash Reconciliation - All Funds
For the year ended June 30, 2013

	<u>Beginning Cash</u>	<u>Receipts</u>	<u>Distributions</u>	<u>Other</u>
House Municipal School				
Operational	\$ 73,998	\$ 1,456,059	\$ (1,460,067)	\$ 13,153
Teacherage	18,383	625	(8,345)	-
Transportation	-	155,365	(155,365)	-
Instructional Materials	-	5,985	(5,985)	-
Food Services	4,816	20,936	(20,441)	-
Athletics	2,381	303	(2,381)	-
Federal Flowthrough	-	63,721	(48,655)	(15,066)
Federal Direct	-	16,045	(16,045)	-
State Flowthrough	-	57,262	(60,865)	3,603
Capital Improvements Bond Building	470,083	1,816	(132,803)	-
Capital Improvement SB-9	103,129	21,814	(82,290)	-
Debt Service	-	62,557	(50,691)	(1,668)
	<u>672,790</u>	<u>1,862,488</u>	<u>(2,043,933)</u>	<u>22</u>
Sub-total governmental funds				
Wind farm	-	56,600	(37,652)	-
	<u>672,790</u>	<u>1,919,088</u>	<u>(2,081,585)</u>	<u>22</u>
Total governmental funds				
Fund - Student Activities	390,664	56,963	(317,623)	-
	<u>390,664</u>	<u>56,963</u>	<u>(317,623)</u>	<u>-</u>
Total House Municipal School	<u>\$ 1,063,454</u>	<u>\$ 1,976,051</u>	<u>\$ (2,399,208)</u>	<u>\$ 22</u>

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>
House Municipal School			
Operational	Checking	Citizens	\$ 506,392
	Certificate	Citizens	100,000
	of Deposit	Citizens	20,000
	Certificate		-
	of Deposit		(135,014)
Reconciling items - outstanding deposit			
Reconciling items - outstanding checks			
			<u>491,378</u>
Total operational account			
Fund Account	Certificate	Citizens	285,066
	of Deposit		
			<u>\$ 776,444</u>
Total governmental funds			
Fund Account	Checking	Citizens	\$ 30,420
	Certificate	Citizens	14,934
	of Deposit	Citizens	85,000
	Certificate		-
	of Deposit		(350)
Reconciling items - outstanding deposit			
Reconciling items - outstanding checks			
			<u>\$ 130,004</u>
Total student activities			

<u>Net Cash End of Period</u>	<u>Adjustments to the Report</u>	<u>Total Cash on Report</u>
\$ 83,143	\$ (489)	\$ 82,654
10,663	-	10,663
-	-	-
-	-	-
5,311	-	5,311
303	-	303
-	-	-
-	-	-
-	-	-
339,096	-	339,096
42,653	-	42,653
10,198	500	10,698
491,367	11	491,378
18,948	266,118	285,066
510,315	266,129	776,444
130,004	-	130,004
\$ 640,319	\$ 266,129	\$ 906,448

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds Revenue
For the year ended June 30, 2013

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
Revenues:				
Local sources:				
Taxes levied / assessed	\$ 5,221	\$ -	\$ -	\$ -
Payment in lieu of taxes	-	-	-	-
Interest	-	25	-	-
Fees	-	-	-	-
Rentals	-	600	-	-
Contributions	11,812	-	-	-
Insurance recoveries	1,509	-	-	-
Total local sources	18,542	625	-	-
State sources:				
Equalization guarantee	1,162,996	-	-	-
Emergency supplement	259,945	-	-	-
Flow through grants	9,694	-	-	-
Transportation	-	-	155,365	-
Instructional materials	-	-	-	5,985
Total local sources	1,432,635	-	155,365	5,985
Federal sources:				
Direct grants	-	-	-	-
Flow through grants	-	-	-	-
Access board (e-rate)	4,912	-	-	-
Total federal sources	4,912	-	-	-
Total	<u>\$ 1,456,089</u>	<u>\$ 625</u>	<u>\$ 155,365</u>	<u>\$ 5,985</u>

<u>Food Service 21000</u>	<u>Athletics 22000</u>	<u>IASA Title I 24101</u>	<u>IDEA - B Entitlement 24106</u>	<u>IDEA - B Preschool 24109</u>	<u>IDEA - B Risk Pool 24109</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
11,481	303	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>11,481</u>	<u>303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,042	-	16,490	23,566	4,429	116
-	-	-	-	-	-
<u>11,042</u>	<u>-</u>	<u>16,490</u>	<u>23,566</u>	<u>4,429</u>	<u>116</u>
<u>\$ 22,523</u>	<u>\$ 303</u>	<u>\$ 16,490</u>	<u>\$ 23,566</u>	<u>\$ 4,429</u>	<u>\$ 116</u>

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds Revenue
For the year ended June 30, 2013

	Teacher / Principal Training & Recruiting 24154	Rural Education Achievement Program 25233	Dual Credit Instructional Materials 27103	Library 2010 Go Bond 27106
Revenues:				
Local sources:				
Taxes levied / assessed	\$ -	\$ -	\$ -	\$ -
Payment in lieu of taxes	-	-	-	-
Interest	-	-	-	-
Fees	-	-	-	-
Rentals	-	-	-	-
Contributions	-	-	-	-
Insurance recoveries	-	-	-	-
Total local sources	-	-	-	-
State sources:				
Equalization guarantee	-	-	-	-
Emergency supplement	-	-	-	-
Flow through grants	-	-	1,076	-
Transportatic State sources:	-	-	-	-
Instructional materials	-	-	-	-
Total state sources	-	-	1,076	-
Federal sources:				
Direct grants	-	16,045	-	-
Flow through grants	4,054	-	-	-
Access board (e-rate)	-	-	-	-
Total federal sources	4,054	16,045	-	-
Totals	<u>\$ 4,054</u>	<u>\$ 16,045</u>	<u>\$ 1,076</u>	<u>\$ -</u>

Bus Replacement 27104	2010 GOB Instructional Materials 27171	Wind Farm 29134	Capital Outlay Bond Building 31100	Capital Outlay Senate Bill - 9 31700
\$ -	\$ -	\$ -	\$ -	\$ 21,868
-	-	56,350	-	-
-	-	-	1,816	99
-	-	-	-	-
-	-	250	-	-
-	-	-	-	-
-	-	56,600	1,816	21,967
-	-	-	-	-
-	-	-	-	-
54,949	-	-	-	-
-	-	-	-	-
-	-	-	-	-
54,949	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 54,949</u>	<u>\$ -</u>	<u>\$ 56,600</u>	<u>\$ 1,816</u>	<u>\$ 21,967</u>

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds Revenue
For the year ended June 30, 2013

	<u>Debt Service 41000</u>	<u>Totals</u>
Revenues:		
Local sources:		
Taxes levied / assessed	\$ 63,093	\$ 90,182
Payment in lieu of taxes	-	56,350
Interest	-	1,940
Fees	-	11,784
Rentals	-	600
Contributions	-	12,062
Insurance recoveries	-	1,509
	<hr/>	<hr/>
Total local sources	63,093	174,427
State sources:		
Equalization guarantee	-	1,162,996
Emergency supplement	-	259,945
Flow through grants	-	65,719
Transportation State sources:	-	155,365
Instructional materials	-	5,985
	<hr/>	<hr/>
Total state sources	-	1,650,010
Federal sources:		
Direct grants	-	16,045
Flow through grants	-	59,697
Access board (e-rate)	-	4,912
	<hr/>	<hr/>
Total federal sources	-	80,654
Totals	<u>\$ 63,093</u>	<u>\$ 1,905,091</u>

Compliance Section

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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

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
House Municipal School
House, New Mexico

I 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 fund of House Municipal School (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued my report thereon dated September 20, 2013.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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. I consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. 13-1

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. I consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. 13-2 and 13-3.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 11-2, 11-3, 13-1, 13-2, and 13-3

The District's Response to Findings

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

Purpose of this Report

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


Sandra Rush CPA PC
Clovis, New Mexico
September 20, 2013

STATE OF NEW MEXICO
 HOUSE MUNICIPAL SCHOOL
 Schedule of Findings and Responses
 June 30, 2013

Prior Year Audit Findings

11-2	PED Cash Reports Compliance and Internal Control - Significant Deficiency	Repeated
11-3	Budget Violations Compliance and Internal Control - Significant Deficiency	Repeated
12-1	Cash Appropriations in Excess Of Available Resources - Compliance and Internal Control - Significant Deficiency	Resolved
12-2	Semimonthly Pay for Non-certified Employees Compliance and Internal Control - Significant Deficiency	Resolved

Current Year Findings

11-2 PED Cash Reports - Compliance and Internal Control - Significant Deficiency

Condition

The District's PED Cash Report at year end did not properly reflect the June 30, 2013 reconciled cash balances. The Operational Fund (11000) cash was under stated \$2,104.96 and Technology for Education Fund (27117) cash was over stated \$400.50, and Teacher/Principal Training Fund (24154) cash was over stated \$1,704.46.

The District's June 30, 2012 audit report reported a transfers from Technology for Education Fund (27117) in the amount of \$400.50 and a transfer from Teacher/Principal Training Fund (27117) in the amount of \$1,704.45 to Operational (11000) in the amount of \$2,104.96. However the transfer did not occur until October 2012.

The District's board minutes do not document board approval of the transfers.

The June 30, 2012 audited cash does not agree with the Districts general ledger.

Criteria

6.20.11 (B) (6) NMAC 1978 and Regulation SBE-6 states the reports sent to the New Mexico Public Education Department (PED) must agree to the Districts general ledger and must be submitted quarterly and annually by July 31.

State Auditors Rule 2.2.2 12 C 4(b) states the audit report of each school district shall include a cash reconciliation schedule which reconciles the cash balance as of the end of the previous fiscal year to the cash balance as of the end of the current fiscal year.

6.20.2.14 F states permanent transfers of previously receipted cash require local board and SIDE approval prior to the transfer. All other types of cash transfers require only local board approval.

Cause

The District's audit report dated June 30, 2012 reported transfers that did not occur until October 2012.

Effect

The District is not in compliance with 6.20.11 (B) (6) NMAC 1978 and Regulation SBE-6. Noncompliance may result in poor decision making by the District's governing board.

Recommendation

I recommend the District's board of governance approve all transfers prior to actually transferring the funds.

Response

In the future the District's board of governance will approve and document in the minutes all transfers prior to the funds actual transfer.

11-3 Budget Violations - Compliance and Internal Control - Significant Deficiency

STATE OF NEW MEXICO
 HOUSE MUNICIPAL SCHOOL
 Schedule of Findings and Responses
 June 30, 2013

Condition

The District maintained expenditures at the function level in which actual expenditures exceeded budgetary authority in the following fund:

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Over Budget</u>
Wind Farm (29134)				
Support services - students	\$ 0	\$ 0	\$ 37,562	\$ (37,562)

Criteria

Sound financial management and state regulation 6.20.2.9(A) NMAC and state statute 223-8-5 through 22-8-12.2 NMAC 1978, require that budgets not be exceeded at the legal level of control. For school district's, the expenditure level is the legal level of control.

Cause

The Wind Farm was originally in a non-budgeted student activity fund, thus there was not budget established for the fund. See note 18.

Effect

The District was not in compliance with regulation 6.20.2.9(A) NMAC and state statute 223-8-5 through 22-8-12.2 NMAC 1978.

Recommendation

The District should develop a budget for all funds.

Response

In the future Wind Farm will be reported as a special revenue and it will be included in the budget process.

13-1 Wind Farm Revenue - Compliance and Internal Control - Material Weakness

Condition

The District reports Wind Farm revenue, payment in lieu of taxes in a student activity fund.

Criteria

The appropriate fund classification for student activity funds is determined by their legal status. If resources accounted for in student activity funds are legally owned by students or student groups, these funds should be classified as *Agency Funds* (Fund 23000). If the school district legally owns the resources accounted for in student activity funds, they should be accounted for in the *General or Special Revenue Fund type*. Reference PSAB Supplement 3, Uniform Chart of Accounts.

Effect

The District is not in compliance with PSAB Supplement 3, Uniform Chart of Accounts.

Cause

The District received guidance from a prior auditor concerning the proper accounting of the Wind Farm payment in lieu of taxes revenue.

Recommendation

I recommend the District change the accounting for the Wind Farm payment in lieu of taxes revenue from a student agency fund to a special revenue fund.

Response

In the future Wind Farm will be reported as 29134.0000.41280.

13-2 Exit Conference – Other –

Condition

The auditor did not hold an exit conference in person with representatives of the District's governing authority and top management.

Criteria

New Mexico State Statutes Section 12-6-12 requires the state auditor to promulgate reasonable regulations necessary to carry out the duties of the office. New Mexico Administrative Code Title 2, Chapter 2, Part 2, Audits of Governmental Entities Requirements for Contracting and Conducting Audits of Agencies section 2.2.2.10(J)(1) states the following, "The IPA must hold an exit conference with representatives of the agency's governing authority and top management including representatives of any component units (housing authorities, charter schools, hospitals, foundations, etc.) if applicable. If component unit representatives cannot attend the combined exit conference, a separate exit conference must be held with the component unit's governing authority and top management. The exit conference must be held in person; a telephone or webcam exit conference will not meet this requirement. If **extraordinary circumstances** exist that will prevent the exit conference from taking place in person, the IPA shall submit a written request for an exemption from this requirement to the State Auditor at least 48 hours prior to the scheduled exit conference. The written request for the exemption must include the justification for the request and the concurring signature of the agency. The IPA may not hold a telephonic or webcam exit conference without prior written approval of the State Auditor. The date of the conference(s) and the names and titles of personnel attending must be stated in the last page of the audit report".

Effect

The purpose of the presentation is to afford the auditor the opportunity to directly communicate the results of the audit, including the expression of the auditor's opinion on the financial statements along with matters communicated in the report on internal controls that includes the audit findings. Without a timely presentation, appropriate action by the governing board, if necessary, could be delayed or foregone.

Cause

The District was not aware of section 2.2.2.10(J)(1) NMAC, and the previous year's auditor failed to hold an exit conference in person or obtain written authorization for the New Mexico Office of the State Auditor to have a phone conference.

Recommendation

The District should become familiar with section 2.2.2.10(J)(1) NMAC, and establish a procedure to ensure compliance with the code section.

Response

All future exit conferences will be held in person unless prior written approval is obtained from the New Mexico Office of the State Auditor to have a phone conference.

13-3 Presentation of Audit Report – Other –

Condition

The audit report for the year ended June 30, 2012 was not presented to a quorum of the District's governing authority at a public meeting for approval.

Criteria

New Mexico State Statutes Section 12-6-12 requires the state auditor to promulgate reasonable regulations necessary to carry out the duties of the office. New Mexico Administrative Code Title 2, Chapter 2, Part 2, Audits of Governmental Entities Requirements for Contracting and Conducting Audits of Agencies section 2.2.2.10(J)(3)(d) states the following, "Once the audit report is officially released to the agency by the State Auditor and the required waiting period of five calendar days has passed, unless waived, the audit report shall be presented by the independent public accountant, to a quorum of the governing authority of the District at a meeting held in accordance with the Open Meetings Act. The presentation of the audit report should be documented in the minutes of the meeting."

Effect

The purpose of the presentation is to afford the auditor the opportunity to directly communicate the results of the audit, including the expression of the auditor's opinion on the financial statements along with matters communicated in the report on internal controls that includes the audit findings. Without a timely presentation, appropriate action by the governing board, if necessary, could be delayed or foregone.

Cause

The District was not aware of section 2.2.2.10(J)(3)(d) NMAC, and the previous year's auditor failed to inform the District of her responsibility to present the audit report to the governing board.

Recommendation

The District should become familiar with section 2.2.2.10(J)(3)(d) NMAC, and establish a procedure to ensure compliance with the code section. The presentation should be on a timely basis so that appropriate action by the governing board, where necessary, can be taken.

Response

All future audit reports will be presented to the governing body at the first board meeting following the official release by the office of the State Auditor and the waiting period of 5 days has passed. The auditor will be in attendance either at this meeting, or a later meeting, at which time the motion to accept the audit report will be requested by the governing body.

Financial Statement Preparation

The financial statements were prepared by District personnel with assistance from Sandra Rush, CPA. The financial statements remain the responsibility of the District's management.

Exit Conference

The contents of this report were discussed with, Lecil Richards, Superintendent, Dwight Parker, board vice president, Calvin Downey board member, Marsha Stowe, business manager, Lisa Downey audit committee, and Sandra Rush, CPA, in an exit conference on November 13, 2013.