
STATE OF NEW MEXICO
House Municipal School
June 30, 2014

Financial Statements and Supplementary Information
As Of And For The Year Ended June 30, 2014
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, 2014

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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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, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of House Municipal Schools (the District), as of and for the year ended June 30, 2014, 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, fiduciary funds and the budgetary comparisons for the major capital project fund, debt service fund, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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, 2014, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, and fiduciary fund of the District as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the major capital project fund, debt service fund, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management'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 Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other schedules required by Section 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 August 29, 2014 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

Sandra Rush CPA PC
Clovis, New Mexico
August 29, 2014

Basic Financial Statements

Government Wide Financial Statements

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL

Statement of Net Position
June 30, 2014

| | Governmental Activities |
|-------------------------------------|----------------------------|
| <u>ASSETS</u> | |
| Current assets: | |
| Cash | \$ 777,599 |
| Receivables: | |
| Taxes - current | 603 |
| Due from other governments | 10,436 |
| Inventories | 512 |
| | <hr/> |
| Total current assets | 789,150 |
| | <hr/> |
| Noncurrent assets: | |
| Capital assets, net | 2,037,263 |
| | <hr/> |
| Total non current assets | 2,037,263 |
| | <hr/> |
| Total assets | \$ 2,826,413 |
| | <hr/> <hr/> |
| <u>LIABILITIES AND NET POSITION</u> | |
| Current liabilities: | |
| Accounts payable | 5,994 |
| Accrued interest | 2,073 |
| Current portion of long term debt | 30,000 |
| | <hr/> |
| Total current liabilities | 38,067 |
| | <hr/> |
| Noncurrent liabilities: | |
| Bonds and notes | 370,000 |
| | <hr/> |
| Total noncurrent liabilities | 370,000 |
| | <hr/> |
| Total liabilities | 408,067 |
| | <hr/> |
| Net position: | |
| Invested in capital assets | 1,637,263 |
| Non-spendable, inventory | 512 |
| Restricted for: | |
| General fund | 9,693 |
| Special revenue funds | 8,700 |
| Capital project fund | 212,385 |
| Debt service fund | 9,546 |
| Unrestricted | 540,247 |
| | <hr/> |
| Total net position | 2,418,346 |
| | <hr/> |
| Total liabilities and net position | \$ 2,826,413 |
| | <hr/> <hr/> |

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, 2014

| Functions / Programs | Expenses | Program Revenues | | |
|----------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities | | | | |
| Instruction | \$ 1,201,032 | \$ 824 | \$ 86,328 | \$ - |
| Support services: | | | | |
| Students | 140,485 | - | - | - |
| Instruction | 10,617 | - | 13,956 | - |
| General administration | 127,578 | - | - | - |
| School administration | - | - | - | - |
| Central services | 71,947 | - | - | - |
| Operation & maintenance of plant | 193,237 | - | - | - |
| Student transportation | 171,233 | - | 172,793 | - |
| Other support services | 5,758 | - | - | - |
| Food services | 51,802 | 11,397 | 14,759 | - |
| Community services | - | - | - | - |
| Capital outlay | 37,293 | - | - | 60,890 |
| Interest on long-term debt | 17,917 | - | - | - |
| Total governmental activities | <u>\$ 2,028,899</u> | <u>\$ 12,221</u> | <u>\$ 287,836</u> | <u>\$ 60,890</u> |

General revenues:

Property Tax:

Levied for general purposes
Levied for debt service
Levied for capital projects

Local:

Payment in lieu of taxes
Access board e-rate
Contributions and donations
Insurance recoveries
Interest income
Equalization guarantee
Emergency supplement

Total general revenues

Change in net position

Net position, beginning of period
Prior period adjustments

Net position, beginning of period, restated

Net position, end of period

The accompanying notes are an integral part of these financial statements

Net Program
 [Expense]
 Revenues
 Governmental
 Activities
 Total

\$ (1,113,880)

(140,485)

3,339

(127,578)

-

(71,947)

(193,237)

1,560

(5,758)

(25,646)

-

23,597

(17,917)

(1,667,952)

5,227

47,487

21,709

56,350

4,173

4,064

17,804

544

1,095,294

518,000

1,770,652

102,700

2,348,706

(33,060)

2,315,646

\$ 2,418,346

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Fund Financial Statements

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL

Balance Sheet
Governmental Funds
June 30, 2014

| | General Fund | | | |
|-------------------------------------|----------------------|---------------------|-------------------------|-------------------------------------|
| | Operational 11000 | Teacherage 12000 | Transportation 13000 | Instructional Materials 14000 |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 204,524 | \$ 8,330 | \$ - | \$ 1,363 |
| Accounts receivable: | | | | |
| Taxes - current | 41 | - | - | - |
| Taxes - delinquent taxes | - | - | - | - |
| Due from other governments | - | - | - | - |
| Due from other funds | 10,436 | - | - | - |
| Other accounts | - | - | - | - |
| Inventory | - | - | - | - |
| Total assets | <u>\$ 215,001</u> | <u>\$ 8,330</u> | <u>\$ -</u> | <u>\$ 1,363</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 4,526 | \$ - | \$ - | \$ - |
| Due from other funds | - | - | - | - |
| Total liabilities | <u>4,526</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE | | | | |
| Non-spendable | - | - | - | - |
| Restricted for: | | | | |
| General fund | - | 8,330 | - | 1,363 |
| Special revenue funds | - | - | - | - |
| Capital projects | - | - | - | - |
| Debt service | - | - | - | - |
| Unassigned: | | | | |
| General fund | <u>210,475</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balance | <u>210,475</u> | <u>8,330</u> | <u>-</u> | <u>1,363</u> |
| Total liabilities and fund balances | <u>\$ 215,001</u> | <u>\$ 8,330</u> | <u>\$ -</u> | <u>\$ 1,363</u> |

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

| Special Revenue | | | | | |
|----------------------------------|--------------------|------------------------|-----------------------|--------------------------------|--------------------------------|
| IDEA - B Entitlement 24106 | Wind Farm 29134 | Bond Building 31100 | Debt Service 41000 | Other Governmental Funds | Total Governmental Funds |
| \$ - | \$ 333,113 | \$ 143,386 | \$ 9,163 | \$ 77,720 | \$ 777,599 |
| - | - | - | 383 | 179 | 603 |
| 7,720 | - | - | - | 2,716 | 10,436 |
| - | - | - | - | - | 10,436 |
| - | - | - | - | - | - |
| - | - | - | - | 512 | 512 |
| <u>\$ 7,720</u> | <u>\$ 333,113</u> | <u>\$ 143,386</u> | <u>\$ 9,546</u> | <u>\$ 81,127</u> | <u>\$ 799,586</u> |
| \$ - | \$ 1,268 | \$ - | \$ - | \$ 200 | \$ 5,994 |
| 7,720 | - | - | - | 2,716 | 10,436 |
| <u>7,720</u> | <u>1,268</u> | <u>-</u> | <u>-</u> | <u>2,916</u> | <u>16,430</u> |
| - | - | - | - | 512 | 512 |
| - | - | - | - | - | 9,693 |
| - | - | - | - | 8,700 | 8,700 |
| - | - | 143,386 | - | 68,999 | 212,385 |
| - | - | - | 9,546 | - | 9,546 |
| - | 331,845 | - | - | - | 542,320 |
| - | 331,845 | 143,386 | 9,546 | 78,211 | 783,156 |
| <u>\$ 7,720</u> | <u>\$ 333,113</u> | <u>\$ 143,386</u> | <u>\$ 9,546</u> | <u>\$ 81,127</u> | <u>\$ 799,586</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, 2014

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

| | | |
|---|--|------------|
| Fund balance - total governmental funds | | \$ 783,156 |
|---|--|------------|

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 | \$ 4,775,578 | |
| Accumulated depreciation | <u>(2,738,315)</u> | 2,037,263 |

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

| | |
|--------------------------|---------|
| Accrued interest payable | (2,073) |
|--------------------------|---------|

| | |
|---|------------------|
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds | <u>(400,000)</u> |
|---|------------------|

| | |
|---|---------------------|
| Net position of governmental activities | <u>\$ 2,418,346</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, 2014

| | General Fund | | | |
|--|----------------------|---------------------|-------------------------|-------------------------------------|
| | Operational 11000 | Teacherage 12000 | Transportation 13000 | Instructional Materials 14000 |
| Revenues: | | | | |
| Local sources | \$ 27,095 | \$ - | \$ - | \$ - |
| State sources | 1,613,294 | - | 172,793 | 3,430 |
| Federal sources | 4,173 | - | - | - |
| Total revenues | <u>1,644,562</u> | <u>-</u> | <u>172,793</u> | <u>3,430</u> |
| Expenditures: | | | | |
| Current | | | | |
| Instruction | 973,173 | - | - | 2,067 |
| Support services | | | | |
| Students | 140,485 | - | - | - |
| Instruction | 1,501 | - | - | - |
| General administration | 124,610 | - | - | - |
| School administration | - | - | - | - |
| Central services | 71,947 | - | - | - |
| Operation & maintenance of plant | 172,356 | 2,333 | - | - |
| Student transportation | - | - | 172,798 | - |
| Other support services | 5,758 | - | - | - |
| Operation of non-instructional services | | | | |
| Food services operations | 26,815 | - | - | - |
| Capital outlay | - | - | - | - |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | <u>1,516,645</u> | <u>2,333</u> | <u>172,798</u> | <u>2,067</u> |
| Excess (deficiency) of revenues over expenditures | 127,917 | (2,333) | (5) | 1,363 |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | 4,840 | - | - | - |
| Voided check | - | - | - | - |
| Total other financing sources (uses) | <u>4,840</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 132,757 | (2,333) | (5) | 1,363 |
| Fund balance, beginning of year | 77,718 | 10,663 | - | - |
| Prior period adjustments | - | - | 5 | - |
| Fund balance, beginning of year restated | <u>77,718</u> | <u>10,663</u> | <u>5</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 210,475</u> | <u>\$ 8,330</u> | <u>\$ -</u> | <u>\$ 1,363</u> |

The accompanying notes are an integral part of these financial statements

| Special Revenue | | | | | |
|----------------------------------|--------------------|------------------------|-----------------------|--------------------------------|--------------------------------|
| IDEA - B Entitlement 24106 | Wind Farm 29134 | Bond Building 31100 | Debt Service 41000 | Other Governmental Funds | Total Governmental Funds |
| \$ - | \$ 56,350 | \$ 454 | \$ 47,487 | \$ 34,020 | \$ 165,406 |
| - | - | - | - | 128,024 | 1,917,541 |
| 19,408 | - | - | - | 25,071 | 48,652 |
| <u>19,408</u> | <u>56,350</u> | <u>454</u> | <u>47,487</u> | <u>187,115</u> | <u>2,131,599</u> |
| 19,408 | 9,571 | - | - | 63,490 | 1,067,709 |
| - | - | - | - | - | 140,485 |
| - | - | - | - | 9,116 | 10,617 |
| - | - | - | 1,227 | 218 | 126,055 |
| - | - | - | - | - | - |
| - | - | - | - | - | 71,947 |
| - | - | - | - | - | 174,689 |
| - | - | - | - | - | 172,798 |
| - | - | - | - | - | 5,758 |
| - | - | - | - | 23,875 | 50,690 |
| - | - | 196,164 | - | 53,807 | 249,971 |
| - | - | - | 30,000 | - | 30,000 |
| - | - | - | 18,065 | - | 18,065 |
| <u>19,408</u> | <u>9,571</u> | <u>196,164</u> | <u>49,292</u> | <u>150,506</u> | <u>2,118,784</u> |
| - | 46,779 | (195,710) | (1,805) | 36,609 | 12,815 |
| - | - | - | - | (4,840) | - |
| - | - | - | - | - | - |
| - | - | - | - | (4,840) | - |
| - | 46,779 | (195,710) | (1,805) | 31,769 | 12,815 |
| - | 285,066 | 339,096 | 11,351 | 46,442 | 770,336 |
| - | - | - | - | - | 5 |
| - | 285,066 | 339,096 | 11,351 | 46,442 | 770,341 |
| <u>\$ -</u> | <u>\$ 331,845</u> | <u>\$ 143,386</u> | <u>\$ 9,546</u> | <u>\$ 78,211</u> | <u>\$ 783,156</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, 2014

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

| | | |
|--|----|--------|
| Net change in fund balances - total governmental funds | \$ | 12,815 |
|--|----|--------|

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 | \$ | 238,203 | |
| Depreciation expense | | <u>(178,466)</u> | |
| | | | 59,737 |

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

| | | |
|---|----|----------------|
| Accrued interest | | 148 |
| Principal payment on bond | | <u>30,000</u> |
| Change in Net Position of Governmental Activities | \$ | <u>102,700</u> |

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, 2014

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|------------------|-------------------|-------------------|
| | Original | Final | | |
| Revenue: | | | | |
| Local and county sources | \$ 14,164 | \$ 14,164 | \$ 27,112 | \$ 12,948 |
| State sources | 1,560,357 | 1,613,417 | 1,613,294 | (123) |
| Federal sources | 4,500 | 4,500 | 4,173 | (327) |
| Total revenues | <u>1,579,021</u> | <u>1,632,081</u> | <u>1,644,579</u> | <u>12,498</u> |
| Expenditures: | | | | |
| Current | | | | |
| Instruction | 1,018,732 | 1,080,192 | 972,877 | 107,315 |
| Support services | | | | |
| Students | 152,645 | 155,645 | 140,485 | 15,160 |
| Instruction | 6,000 | 2,000 | 1,501 | 499 |
| General administration | 150,991 | 152,991 | 124,504 | 28,487 |
| School administration | - | - | - | - |
| Central services | 71,874 | 79,874 | 71,947 | 7,927 |
| Operation & maintenance of plant | 175,092 | 210,537 | 172,935 | 37,602 |
| Student transportation | - | - | - | - |
| Other support services | 1,286 | 7,286 | 6,250 | 1,036 |
| Operation of non-instructional services | | | | |
| Food services operations | 31,835 | 32,085 | 26,614 | 5,471 |
| Capital outlay | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | <u>1,608,455</u> | <u>1,720,610</u> | <u>1,517,113</u> | <u>203,497</u> |
| Excess (deficiency) of revenues over(under) expenditures | (29,434) | (88,529) | 127,466 | 215,995 |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | (5,596) | (5,596) |
| Voided checks | - | - | - | - |
| Designated cash | 29,434 | 88,529 | - | (88,529) |
| Total other financing sources (uses) | <u>29,434</u> | <u>88,529</u> | <u>(5,596)</u> | <u>(94,125)</u> |
| Net change in cash balances | - | - | 121,870 | 121,870 |
| Cash balance, beginning of year | - | - | 82,654 | 82,654 |
| Prior period adjustment | - | - | - | - |
| Cash balance, beginning of year, restated | <u>-</u> | <u>-</u> | <u>82,654</u> | <u>82,654</u> |
| Cash balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 204,524</u> | <u>\$ 204,524</u> |
| Net change in fund balance (Non-GAAP Budgetary Basis) | | | \$ 121,870 | |
| Adjustment to revenues for accruals & other deferrals | | | 10,419 | |
| Adjustment to expenditures for payables, prepaids & other accruals | | | 468 | |
| Net change in fund balance (GAAP Basis) | | | <u>\$ 132,757</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, 2014

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|---------------|-------------------|-----------------|
| | Original | Final | | |
| Revenue: | | | | |
| Local and county sources | \$ 600 | \$ 600 | \$ - | \$ (600) |
| State sources | - | - | - | - |
| Federal sources | - | - | - | - |
| Total revenues | <u>600</u> | <u>600</u> | <u>-</u> | <u>(600)</u> |
| Expenditures: | | | | |
| Current | | | | |
| Instruction | - | - | - | - |
| Support services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General administration | - | - | - | - |
| School administration | - | - | - | - |
| Central services | - | - | - | - |
| Operation & maintenance of plant | 12,424 | 11,263 | 2,333 | 8,930 |
| Student transportation | - | - | - | - |
| Other support services | - | - | - | - |
| Operation of non-instructional services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | <u>12,424</u> | <u>11,263</u> | <u>2,333</u> | <u>8,930</u> |
| Excess (deficiency) of revenues over(under) expenditures | (11,824) | (10,663) | (2,333) | 8,330 |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | - | - |
| Voided checks | - | - | - | - |
| Designated cash | 11,824 | 10,663 | - | (10,663) |
| Total other financing sources (uses) | <u>11,824</u> | <u>10,663</u> | <u>-</u> | <u>(10,663)</u> |
| Net change in cash balances | - | - | (2,333) | (2,333) |
| Cash balance, beginning of year | - | - | 10,663 | 10,663 |
| Cash balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,330</u> | <u>\$ 8,330</u> |
| Net change in fund balance (Non-GAAP Budgetary Basis) | | | \$ (2,333) | |
| Adjustment to revenues for accruals & other deferrals | | | - | |
| Adjustment to expenditures for payables, prepaids & other accruals | | | - | |
| Net change in fund balance (GAAP Basis) | | | <u>\$ (2,333)</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, 2014

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|----------------|----------------|-------------|
| | Original | Final | | |
| Revenue: | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | 160,242 | 172,793 | 172,793 | - |
| Federal sources | - | - | - | - |
| Total revenues | 160,242 | 172,793 | 172,793 | - |
| Expenditures: | | | | |
| Current | | | | |
| Instruction | - | - | - | - |
| Support services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General administration | - | - | - | - |
| School administration | - | - | - | - |
| Central services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | 160,242 | 172,798 | 172,798 | - |
| Other support services | - | - | - | - |
| Operation of non-instructional services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | 160,242 | 172,798 | 172,798 | - |
| Excess (deficiency) of revenues over(under) expenditures | - | (5) | (5) | - |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | - | - |
| Voided checks | - | - | 5 | 5 |
| Designated cash | - | 5 | - | (5) |
| Total other financing sources (uses) | - | 5 | 5 | - |
| Net change in cash 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 | | | (5) | |
| Adjustment to expenditures for payables, prepaids & other accruals | | | - | |
| Net change in fund balance (GAAP Basis) | | | <u>\$ (5)</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, 2014

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|--------------|-----------------|-----------------|
| | Original | Final | | |
| Revenue: | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | 3,262 | 2,068 | 3,430 | 1,362 |
| Federal sources | - | - | - | - |
| Total revenues | <u>3,262</u> | <u>2,068</u> | <u>3,430</u> | <u>1,362</u> |
| Expenditures: | | | | |
| Current | | | | |
| Instruction | 3,262 | 2,068 | 2,067 | 1 |
| 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>3,262</u> | <u>2,068</u> | <u>2,067</u> | <u>1</u> |
| Excess (deficiency) of revenues over(under) expenditures | - | - | 1,363 | 1,363 |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | - | - |
| Voided checks | - | - | - | - |
| Designated cash | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in cash balances | - | - | 1,363 | 1,363 |
| Cash balance, beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,363</u> | <u>\$ 1,363</u> |
| Net change in fund balance (Non-GAAP Budgetary Basis) | | | \$ 1,363 | |
| Adjustment to revenues for accruals & other deferrals | | | - | |
| Adjustment to expenditures for payables, prepaids & other accruals | | | - | |
| Net change in fund balance (GAAP Basis) | | | <u>\$ 1,363</u> | |

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Major 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, 2014

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|--------|---------|----------|
| | Original | Final | | |
| Revenue: | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | 17,860 | 19,408 | 11,688 | (7,720) |
| Total revenues | 17,860 | 19,408 | 11,688 | (7,720) |
| Expenditures: | | | | |
| Current | | | | |
| Instruction | 17,860 | 19,408 | 19,408 | - |
| 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 | 17,860 | 19,408 | 19,408 | - |
| Excess (deficiency) of revenues over (under) expenditures | - | - | (7,720) | (7,720) |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | 7,720 | 7,720 |
| Voided checks | - | - | - | - |
| Designated cash | - | - | - | - |
| Total other financing sources (uses) | - | - | 7,720 | 7,720 |
| Net change in cash 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
Major Special Revenue Fund - Wind Farm - 29134
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2014

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|------------|------------|--------------|
| | Original | Final | | |
| Revenue: | | | | |
| Local and county sources | \$ - | \$ 285,066 | \$ 56,350 | \$ (228,716) |
| State sources | - | - | - | - |
| Federal sources | - | - | - | - |
| Total revenues | - | 285,066 | 56,350 | (228,716) |
| Expenditures: | | | | |
| Current | | | | |
| Instruction | - | 285,066 | 8,303 | 276,763 |
| 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 | - | 285,066 | 8,303 | 276,763 |
| Excess (deficiency) of revenues over(under) expenditures | - | - | 48,047 | 48,047 |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | - | - |
| Voided checks | - | - | - | - |
| Designated cash | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in cash balances | - | - | 48,047 | 48,047 |
| Cash balance, beginning of year | - | - | 285,066 | 285,066 |
| Cash balance, end of year | \$ - | \$ - | \$ 333,113 | \$ 333,113 |
| Net change in fund balance (Non-GAAP Budgetary Basis) | | | \$ 48,047 | |
| Adjustment to revenues for accruals & other deferrals | | | - | |
| Adjustment to expenditures for payables, prepaids & other accruals | | | (1,268) | |
| Net change in fund balance (GAAP Basis) | | | \$ 46,779 | |

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, 2014

| | <u>Agency Funds</u> |
|---------------------------|-------------------------|
| <u>ASSETS</u> | |
| Cash and cash equivalents | \$ 100,764 |
| Total assets | <u>\$ 100,764</u> |
| <u>LIABILITIES</u> | |
| Deposits held for others | \$ 100,764 |
| Total liabilities | <u>\$ 100,764</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 Schools (District) is a special purpose government corporation governed by an elected five member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education of the District. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

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 legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

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 inter fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The 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:

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

The *Transportation Fund* is used to account for the transportation distribution received from the State Department of Education which is used to pay for the costs associated with transporting school age children.

The *Instructional Materials Fund* is used to account for the monies received from the State Department of Education for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

The *IDEA B Entitlement and Discretionary Fund* is used 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.

The *Wind Farm Projects Fund* is used to account for wind farm payment in lieu of property taxes revenue. The fund was created by definition.

The *Bond Building Capital Project* fund is used to account for resources received from the Department of Education state equalization guarantee for use in remodeling and equipping classroom facilities.

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

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.

As a general rule the effect of inter fund 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 Position or Equity

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

State 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: Inter fund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as inter fund 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 inter fund 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 tax levies in Quay and Roosevelt Counties. 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 2014 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2014.

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 U.S.D.A. 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 U.S.D.A. 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, 2014 were \$1,790.

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 |

Unearned 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 unearned 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 unearned revenues in the governmental fund financial statements.

Deferred inflows/outflows of resources: 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 assets. Bond issuance costs are reflected as a current period expense per GASB 65. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund 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.

Reclassifications: Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year's presentation.

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 \$1,095,294 in state equalization guarantee distributions during the year ended June 30, 2014.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District recognized \$74,423 in tax revenues in the governmental fund financial statements during the year ended June 30, 2014. 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 \$172,793 in transportation distributions during the year ended June 30, 2014.

Instructional Materials: The District had allocations allowed by the State for the current year of \$3,430. The full amount of allocations used to purchase textbooks during the year was \$3,430. 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, 2014.

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

New Mexico 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, 2014 | | |
| House Municipal School Operational | \$ 526,149 | Checking |
| House Municipal School Fund Account | 16,862 | Checking |
| House Municipal School Bond Building | 100,000 | CD |
| House Municipal School SB-9 | 20,000 | CD |
| House Municipal School Wind Farm | 275,000 | CD |
| House Municipal School Fund | 85,000 | CD |
| Total deposited | <u>1,023,011</u> | |
| Less FDIC coverage | <u>(250,000)</u> | |
| Total uninsured public funds | <u>773,011</u> | |
| 50% collateral requirement as per Section 6-10-17, NMSA 1978 | <u>386,506</u> | |
| Pledged securities | | |
| Fed Natl Mtg Assn Pool | <u>690,246</u> | |
| Over (under) | <u>\$ 303,740</u> | |
| | | |
| Custodial Credit Risk-Deposits | | |
| Account Balance | \$ 1,023,011 | |
| FDIC Insured | 250,000 | |
| Collateral: | | |
| Collateral held by the pledging bank, not in the the District's name | 690,246 | |
| Uninsured and uncollateralized | <u>82,765</u> | |
| Total Deposits | <u>\$ 1,023,011</u> | |

Pledged Collateral: FNMA Pool AL0848, CUISP 3138EG5J9, maturity date 6/1/2026, market value \$690,246 held at Texas Independent Bank, Dallas Texas, securities held in Citizens Bank name, pledged held in House Municipal School 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, 2014, \$82,765 of the District's bank balance of \$1,023,011 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, 2014, the District had no investment balances therefore there was no custodial credit risk.

NOTE 4 Accounts Payables and Accrued Expenses

Accounts payable and Accrued Expenses as of June 30, 2014, are as follows:

| | | |
|----------------------|----|---------------------|
| Payable to suppliers | \$ | 5,994 |
| Accrued interest | | <u>2,073</u> |
| | \$ | <u><u>8,067</u></u> |

NOTE 5. Interfund Receivables, Payables, and Transfers

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

The composition of interfund balances during the year ended June 30, 2014 is as follows:

| | <u>Interfund Receivable</u> | <u>Interfund Payable</u> | <u>Total</u> |
|-------------------|---------------------------------|------------------------------|----------------|
| Operational | \$ 10,436 | \$ - | \$ 10,436 |
| Dual Credit | | (400) | (400) |
| Preschool | | (376) | (376) |
| NM Read to Lead | | (1,349) | (1,349) |
| NM Fruits and Veg | | (591) | (591) |
| Entitlement | | <u>(7,720)</u> | <u>(7,720)</u> |
| Totals | <u>\$ 10,436</u> | <u>\$ (10,436)</u> | <u>\$ -</u> |

NOTE 6. Accounts Receivable

Accounts Receivable as of June 30, 2014, are as follows:

| | General Fund | Debt Service Fund | SB-9 Fund | Other Governmental Funds | Totals |
|----------------------------------|-----------------|----------------------|---------------|--------------------------------|------------------|
| Property tax receivable | \$ 41 | \$ 383 | \$ 179 | \$ - | \$ 603 |
| Due from grantor | | | | | |
| Dual Credit | - | - | - | 400 | 400 |
| Preschool | - | - | - | 376 | 376 |
| NM Read to Lead | - | - | - | 1,349 | 1,349 |
| NM Fruits and Veg Entitlement | - | - | - | 591 | 591 |
| | - | - | - | 7,720 | 7,720 |
| Totals | <u>\$ 41</u> | <u>\$ 383</u> | <u>\$ 179</u> | <u>\$ 10,436</u> | <u>\$ 11,039</u> |

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2014, 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 | \$ 3,852,289 | \$ - | \$ - | \$ 3,852,289 |
| Equipment, vehicles, information technology equipment, software and library books | 677,211 | 238,203 | (2,150) | 913,264 |
| Total assets | <u>4,537,375</u> | <u>238,203</u> | <u>(2,150)</u> | <u>4,773,428</u> |
| Less accumulated depreciation | | | | |
| Buildings and improvements | (2,118,384) | (140,377) | - | (2,258,761) |
| Equipment, vehicles, information technology equipment, software and library books | <u>(441,465)</u> | <u>(38,089)</u> | <u>2,150</u> | <u>(477,404)</u> |
| Total accumulated depreciation | <u>(2,559,849)</u> | <u>(178,466)</u> | <u>2,150</u> | <u>(2,736,165)</u> |
| Governmental activity capital assets, net | <u>\$ 1,977,526</u> | <u>\$ 59,737</u> | <u>\$ -</u> | <u>\$ 2,037,263</u> |

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Notes to the Financial Statements
June 30, 2014

Capital assets, net of depreciation, at June 30, 2014 appear in the Statement of Net Position as follows:

Governmental activities \$2,037,263

Depreciation expense for the year ended June 30, 2014 were charged to the following functions and funds:

| | | |
|--|----|-----------------------|
| Support services - instruction | \$ | 133,323 |
| Support service - general administration | | 1,523 |
| Operation maintenance of plant | | 18,548 |
| Student transportation | | 4,579 |
| Food service operation | | 1,112 |
| Community service | | 1,569 |
| Capital outlay | | <u>17,812</u> |
| Total depreciation expense | \$ | <u><u>178,466</u></u> |

NOTE 8. 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, 2014 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.

| 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 | \$ 430,000 | \$ - | \$ (30,000) | \$ 400,000 | \$ 30,000 |

The annual requirements to amortize the General Obligation Bonds as of June 30, 2014, including interest payments are as follows:

| Year Ended June 30, | Principal | Interest | Total |
|---------------------|-------------------|-------------------|-------------------|
| 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 | 35,000 | 11,907 | 46,907 |
| 2020-2024 | 205,000 | 35,050 | 240,050 |
| 2025 | 25,000 | 1,250 | 26,250 |
| | <u>\$ 400,000</u> | <u>\$ 108,775</u> | <u>\$ 508,775</u> |

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

NOTE 9. 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, 2014, there have been no claims that have exceeded insurance coverage.

NOTE 10. Other Required Individual Fund Disclosures

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

A. Deficit fund balance
None

B. Excess Expenditures over budget.
None

NOTE 11. Pension Plan- Educational Retirement Board

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

Funding Policy

Member contributions

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

Employer Contributions

In the fiscal year 2014, the District was required to contribute 13.15% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 10.1% of the gross covered salary for employees whose annual salary is more than \$20,000.

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

The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to the ERB for the years ended June 30, 2014, 2013 and 2012 were \$247,591, \$206,370, and \$205,756, respectively, which equal the required contributions for each year.

NOTE 12. Post-Employment Benefits-State Retiree Healthcare Plan

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

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plan 3, 4 or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention office member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15 (G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$31,947, \$30,823, and \$27,884, respectively, which equal the required contributions for each year.

NOTE 13. 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 14. Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2014 was \$1,790.

NOTE 15. Surety Bond

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

NOTE 16. Memorandum of Understanding

District

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 Schools

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 gives notice of intent to terminate.

Total Estimated Amount of Project and Actual Amount Contributed: The REC paid expenditures on behalf of the District in the amount of \$21,073.

Clovis Community College Dual Enrollment Agreement

Purpose: Clovis Community College will provide higher education to qualified House High School junior and senior students in both technical and arts and science courses.

Participants: Clovis Community College and House Municipal Schools.

Responsibility: House Municipal Schools will be responsible for tuition and enrollment fees for the enrolled students.

Beginning and ending dates of agreement: Extended indefinitely until terminated by either party.

Estimated costs: Total costs are dependent on the number of enrolled students and is the sole responsibility of House Municipal Schools.

NOTE 17. Subsequent Accounting Standard Pronouncements

Statement No. 67, Financial Reporting for Pension Plans. This statement also amends Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trust or equivalent arrangements. The requirements of Statements 25 and 50

remain applicable to pension plans that are not administered through trusts covered plans that provide postemployment benefits other than pensions. This Statement is effective for financial statements for the fiscal years beginning after June 15, 2013 with earlier application encouraged. The District has reviewed the statement and has determined that this does not apply to the District.

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

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

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

NOTE 18. Restatement of Net Position

GASB 65 requires a restatement of bond issuance costs and related amortization to Net Position as it has been determined that such costs should be expensed in the year of acquisition.

| | |
|----------------------------------|---------------------|
| Beginning Net Position | \$ 2,348,706 |
| Restatement for GASB 65 | <u>(33,060)</u> |
| Beginning Net Position, Restated | <u>\$ 2,315,646</u> |

NOTE 19. Subsequent Events Review

The District has evaluated subsequent events through August 29, 2014, which is the date the financial statements were available to be issued. There were no events identified.

Supplementary Information Related to Major Funds

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Major Capital Project 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, 2014

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|----------------|---------------------|-------------------|
| | Original | Final | | |
| Revenue: | | | | |
| Local and county sources | \$ 115 | \$ 115 | \$ 454 | \$ 339 |
| State sources | - | - | - | - |
| Federal sources | - | - | - | - |
| Total revenues | <u>115</u> | <u>115</u> | <u>454</u> | <u>339</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 | - | - | - | - |
| Capital outlay | 144,382 | 339,211 | 196,164 | 143,047 |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | <u>144,382</u> | <u>339,211</u> | <u>196,164</u> | <u>143,047</u> |
| Excess (deficiency) of revenues over(under) expenditures | (144,267) | (339,096) | (195,710) | 143,386 |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | - | - |
| Voided checks | - | - | - | - |
| Designated cash | 144,267 | 339,096 | - | (339,096) |
| Total other financing sources (uses) | <u>144,267</u> | <u>339,096</u> | <u>-</u> | <u>(339,096)</u> |
| Net change in cash balances | - | - | (195,710) | (195,710) |
| Cash balance, beginning of year | - | - | 339,096 | 339,096 |
| Cash balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 143,386</u> | <u>\$ 143,386</u> |
| Net change in fund balance (Non-GAAP Budgetary Basis) | | | \$ (195,710) | |
| Adjustment to revenues for accruals & other deferrals | | | - | |
| Adjustment to expenditures for payables, prepaids & other accruals | | | - | |
| Net change in fund balance (GAAP Basis) | | | <u>\$ (195,710)</u> | |

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Major 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, 2014

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|---------------|-------------------|-----------------|
| | Original | Final | | |
| Revenue: | | | | |
| Local and county sources | \$ 48,065 | \$ 48,065 | \$ 47,757 | \$ (308) |
| State sources | - | - | - | - |
| Federal sources | - | - | - | - |
| Total revenues | <u>48,065</u> | <u>48,065</u> | <u>47,757</u> | <u>(308)</u> |
| Expenditures: | | | | |
| Current | | | | |
| Instruction | - | - | - | - |
| Support services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General administration | 480 | 1,430 | 1,227 | 203 |
| 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 | 18,065 | 18,065 | 18,065 | - |
| Total expenditures | <u>48,545</u> | <u>49,495</u> | <u>49,292</u> | <u>203</u> |
| Excess (deficiency) of revenues over(under) expenditures | (480) | (1,430) | (1,535) | (105) |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | - | - |
| Debt service reserve | (8,549) | (7,433) | - | 7,433 |
| Designated cash | 9,029 | 8,863 | - | (8,863) |
| Total other financing sources (uses) | <u>480</u> | <u>1,430</u> | <u>-</u> | <u>(1,430)</u> |
| Net change in cash balances | - | - | (1,535) | (1,535) |
| Cash balance, beginning of year | - | - | 10,698 | 10,698 |
| Cash balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 9,163</u> | <u>\$ 9,163</u> |
| Net change in fund balance (Non-GAAP Budgetary Basis) | | | \$ (1,535) | |
| Adjustment to revenues for accruals & other deferrals | | | (270) | |
| Adjustment to expenditures for payables, prepaids & other accruals | | | - | |
| Net change in fund balance (GAAP Basis) | | | <u>\$ (1,805)</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 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.

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).

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New Mexico Reads to Lead

The purpose of this grant is to assist the District to purchase informational text materials for grades K-3 in alignment with Common Core State Standards (CCSS).

New Mexico Fruits and Vegetables

The purpose of this state grant is to distribute funding for the purchase of New Mexico grown fresh fruits and vegetables for school meal programs. Authority

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
All Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2014

| | Food Service 21000 | Athletics 22000 | Title I IASA 24101 | IDEA - B Preschool 24109 |
|------------------------------------|-----------------------|--------------------|-----------------------|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 7,773 | \$ 1,127 | \$ - | \$ - |
| Accounts receivable | | | | |
| Taxes | - | - | - | - |
| Due from other governments | - | - | - | 376 |
| Inventory | 512 | - | - | - |
| Total assets | <u>\$ 8,285</u> | <u>\$ 1,127</u> | <u>\$ -</u> | <u>\$ 376</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 200 | \$ - | \$ - | \$ - |
| Due to other funds | - | - | - | 376 |
| Total liabilities | <u>200</u> | <u>-</u> | <u>-</u> | <u>376</u> |
| FUND BALANCE | | | | |
| Non-spendable | 512 | - | - | - |
| Restricted for: | | | | |
| Special revenue funds | 7,573 | 1,127 | - | - |
| Capital projects funds | - | - | - | - |
| Debt service funds | - | - | - | - |
| Total fund balance | <u>8,085</u> | <u>1,127</u> | <u>-</u> | <u>-</u> |
| Total liabilities and fund balance | <u>\$ 8,285</u> | <u>\$ 1,127</u> | <u>\$ -</u> | <u>\$ 376</u> |

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

| IDEA - B Risk Pool 24120 | Teacher / Principal Training & Recruiting 24154 | Rural Education Achievement Program 25233 | Dual Credit Instructional Materials 27103 | 2010 GO Student Library 27106 | 2012 GOB Public School Library 27107 |
|--------------------------------|---|--|--|-------------------------------------|---|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | 400 | - | - |
| - | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 400</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | 400 | - | - |
| - | - | - | 400 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 400</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, 2014

| | New Mexico Reads to Lead 27114 | New Mexico Fruits and Vegetables 27183 | Capital Outlay Senate Bill - 9 31700 | Total Non-major Governmental Funds |
|---------------------------------------|--------------------------------------|---|--|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 68,820 | \$ 77,720 |
| Accounts receivable | | | | |
| Taxes | - | - | 179 | 179 |
| Due from other governments | 1,349 | 591 | - | 2,716 |
| Inventory | - | - | - | 512 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>512</u> |
| Total assets | <u>\$ 1,349</u> | <u>\$ 591</u> | <u>\$ 68,999</u> | <u>\$ 81,127</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 200 |
| Due to other funds | 1,349 | 591 | - | 2,716 |
| | <u>1,349</u> | <u>591</u> | <u>-</u> | <u>2,916</u> |
| Total liabilities | <u>1,349</u> | <u>591</u> | <u>-</u> | <u>2,916</u> |
| FUND BALANCE | | | | |
| Non-spendable | - | - | - | 512 |
| Restricted for: | | | | |
| Special revenue funds | - | - | - | 8,700 |
| Capital projects funds | - | - | 68,999 | 68,999 |
| Debt service funds | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balance | <u>-</u> | <u>-</u> | <u>68,999</u> | <u>78,211</u> |
| Total liabilities and fund balance | <u>\$ 1,349</u> | <u>\$ 591</u> | <u>\$ 68,999</u> | <u>\$ 81,127</u> |

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, 2014

| | Food Service 21000 | Athletics 22000 | IASA Title I 24101 | IDEA - B Preschool 24109 |
|---|-----------------------|--------------------|-----------------------|--------------------------------|
| Revenues: | | | | |
| Local sources | \$ 11,397 | \$ 824 | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | 14,168 | - | 1,298 | 4,196 |
| Total revenues | <u>25,565</u> | <u>824</u> | <u>1,298</u> | <u>4,196</u> |
| Expenditures: | | | | |
| Current | | | | |
| Instruction | - | - | 1,298 | 4,196 |
| 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 | 23,284 | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | <u>23,284</u> | <u>-</u> | <u>1,298</u> | <u>4,196</u> |
| Excess (deficiency) revenues over expenditures | 2,281 | 824 | - | - |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 2,281 | 824 | - | - |
| Fund balance, beginning | 5,804 | 303 | - | - |
| Prior period adjustment | - | - | - | - |
| Fund balance, beginning restated | <u>5,804</u> | <u>303</u> | <u>-</u> | <u>-</u> |
| Fund balance, ending | <u>\$ 8,085</u> | <u>\$ 1,127</u> | <u>\$ -</u> | <u>\$ -</u> |

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

| IDEA - B Risk Pool 24120 | Teacher / Principal Training & Recruiting 24154 | Rural Education Achievement Program 25233 | Dual Credit Instructional Materials 27103 | 2010 GO Student Library 27106 | 2012 GOB Public School Library 27107 |
|--------------------------------|---|--|--|-------------------------------------|---|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | 677 | 4,840 | 9,116 |
| <u>122</u> | <u>2,757</u> | <u>2,530</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>122</u> | <u>2,757</u> | <u>2,530</u> | <u>677</u> | <u>4,840</u> | <u>9,116</u> |
| 122 | 2,757 | 2,530 | 677 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | 9,116 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>122</u> | <u>2,757</u> | <u>2,530</u> | <u>677</u> | <u>-</u> | <u>9,116</u> |
| - | - | - | - | 4,840 | - |
| - | - | - | - | (4,840) | - |
| - | - | - | - | (4,840) | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <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, 2014

| | New Mexico Reads to Lead 27114 | New Mexico Fruits and Vegetables 27183 | Capital Outlay Senate Bill - 9 31700 | Total Non-major Governmental Funds |
|---|--------------------------------------|---|--|---|
| Revenues: | | | | |
| Local and county sources | \$ - | \$ - | \$ 21,799 | \$ 34,020 |
| State sources | 51,910 | 591 | 60,890 | 128,024 |
| Federal sources | - | - | - | 25,071 |
| Total revenues | 51,910 | 591 | 82,689 | 187,115 |
| Expenditures: | | | | |
| Current | | | | |
| Instruction | 51,910 | - | - | 63,490 |
| Support services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | 9,116 |
| General administration | - | - | 218 | 218 |
| School administration | - | - | - | - |
| Central services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other support services | - | - | - | - |
| Operation of non-instructional services | | | | |
| Food services operations | - | 591 | - | 23,875 |
| Capital outlay | - | - | 53,807 | 53,807 |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | 51,910 | 591 | 54,025 | 150,506 |
| Excess (deficiency) revenues over expenditures | - | - | 28,664 | 36,609 |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | - | (4,840) |
| Total other financing sources (uses) | - | - | - | (4,840) |
| Net change in fund balances | - | - | 28,664 | 31,769 |
| Fund balance, beginning | | | 40,335 | 46,442 |
| Prior period adjustment | - | - | - | - |
| Fund balance, beginning, restated | - | - | 40,335 | 46,442 |
| Fund balance, ending | \$ - | \$ - | \$ 68,999 | \$ 78,211 |

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, 2014

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|-----------|-----------|----------|
| | Original | Final | | |
| Revenue: | | | | |
| Local and county sources | \$ 11,950 | \$ 11,950 | \$ 11,397 | \$ (553) |
| State sources | - | - | - | - |
| Federal sources | 8,300 | 8,300 | 12,378 | 4,078 |
| Total revenues | 20,250 | 20,250 | 23,775 | 3,525 |
| 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 | 24,681 | 25,561 | 21,313 | 4,248 |
| Capital outlay | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | 24,681 | 25,561 | 21,313 | 4,248 |
| Excess (deficiency) of revenues over(under) expenditures | (4,431) | (5,311) | 2,462 | 7,773 |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | - | - |
| Designated cash | 4,431 | 5,311 | - | (5,311) |
| Total other financing sources (uses) | 4,431 | 5,311 | - | (5,311) |
| Net change in cash balances | - | - | 2,462 | 2,462 |
| Cash balance, beginning of year | - | - | 5,311 | 5,311 |
| Cash balance, end of year | \$ - | \$ - | \$ 7,773 | \$ 7,773 |
| Net change in fund balance (Non-GAAP Budgetary Basis) | | | \$ 2,462 | |
| Adjustment to revenues for accruals & other deferrals | | | 1,790 | |
| Adjustment to expenditures for payables, prepaids & other accruals | | | (1,971) | |
| Net change in fund balance (GAAP Basis) | | | \$ 2,281 | |

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, 2014

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|-------------|-----------------|-----------------|
| | Original | Final | | |
| Revenue: | | | | |
| Local and county sources | \$ 305 | \$ 305 | \$ 824 | \$ 519 |
| State sources | - | - | - | - |
| Federal sources | - | - | - | - |
| Total revenues | <u>305</u> | <u>305</u> | <u>824</u> | <u>519</u> |
| Expenditures: | | | | |
| Current | | | | |
| Instruction | 608 | 608 | - | 608 |
| 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>608</u> | <u>608</u> | <u>-</u> | <u>608</u> |
| Excess (deficiency) of revenues over(under) expenditures | (303) | (303) | 824 | 1,127 |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | - | - |
| Designated cash | <u>303</u> | <u>303</u> | <u>-</u> | <u>(303)</u> |
| Total other financing sources (uses) | <u>303</u> | <u>303</u> | <u>-</u> | <u>(303)</u> |
| Net change in cash balances | - | - | 824 | 824 |
| Cash balance, beginning of year | - | - | <u>303</u> | <u>303</u> |
| Cash balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,127</u> | <u>\$ 1,127</u> |
| Net change in fund balance (Non-GAAP Budgetary Basis) | | | \$ 824 | |
| Adjustment to revenues for accruals & other deferrals | | | - | |
| Adjustment to expenditures for payables, prepaids & other accruals | | | <u>-</u> | |
| Net change in fund balance (GAAP Basis) | | | <u>\$ 824</u> | |

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, 2014

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|--------------|--------------|-------------|
| | Original | Final | | |
| Revenue: | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | 1,341 | 1,298 | 1,298 | - |
| Total revenues | <u>1,341</u> | <u>1,298</u> | <u>1,298</u> | <u>-</u> |
| Expenditures: | | | | |
| Current | | | | |
| Instruction | 1,341 | 1,298 | 1,298 | - |
| 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>1,341</u> | <u>1,298</u> | <u>1,298</u> | <u>-</u> |
| Excess (deficiency) of revenues over(under) expenditures | - | - | - | - |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | - | - |
| Designated cash | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in cash 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 - 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, 2014

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|--------------|--------------|--------------|
| | Original | Final | | |
| Revenue: | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | 3,984 | 4,196 | 3,820 | (376) |
| Total revenues | <u>3,984</u> | <u>4,196</u> | <u>3,820</u> | <u>(376)</u> |
| Expenditures: | | | | |
| Current | | | | |
| Instruction | 3,984 | 4,196 | 4,196 | - |
| 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>3,984</u> | <u>4,196</u> | <u>4,196</u> | <u>-</u> |
| Excess (deficiency) of revenues over(under) expenditures | - | - | (376) | (376) |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | 376 | 376 |
| Designated cash | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>376</u> | <u>376</u> |
| Net change in cash 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 - 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, 2014

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|-------|--------|----------|
| | Original | Final | | |
| Revenue: | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | - | 122 | 122 | - |
| Total revenues | - | 122 | 122 | - |
| Expenditures: | | | | |
| Current | | | | |
| Instruction | - | 122 | 122 | - |
| 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 | - | 122 | 122 | - |
| Excess (deficiency) of revenues over(under) expenditures | - | - | - | - |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | - | - |
| Designated cash | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in cash 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, 2014

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|-------|--------|----------|
| | Original | Final | | |
| Revenue: | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | 4,027 | 4,729 | 2,757 | (1,972) |
| Total revenues | 4,027 | 4,729 | 2,757 | (1,972) |
| Expenditures: | | | | |
| Current | | | | |
| Instruction | 4,027 | 4,729 | 2,757 | 1,972 |
| 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 | 4,027 | 4,729 | 2,757 | 1,972 |
| Excess (deficiency) of revenues over(under) expenditures | - | - | - | - |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | - | - |
| Designated cash | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in cash 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, 2014

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|---------------|--------------|-----------------|
| | Original | Final | | |
| Revenue: | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | 18,791 | 18,791 | 2,530 | (16,261) |
| Total revenues | 18,791 | 18,791 | 2,530 | (16,261) |
| Expenditures: | | | | |
| Current | | | | |
| Instruction | 18,791 | 18,791 | 2,530 | 16,261 |
| 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 | 18,791 | 18,791 | 2,530 | 16,261 |
| Excess (deficiency) of revenues over(under) expenditures | - | - | - | - |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | - | - |
| Designated cash | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in cash 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 - 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, 2014

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|-------|--------|----------|
| | Original | Final | | |
| Revenue: | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | 677 | 277 | (400) |
| Federal sources | - | - | - | - |
| Total revenues | - | 677 | 277 | (400) |
| Expenditures: | | | | |
| Current | | | | |
| Instruction | - | 677 | 677 | - |
| 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 | - | 677 | 677 | - |
| Excess (deficiency) of revenues over(under) expenditures | - | - | (400) | (400) |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | 400 | - |
| Designated cash | - | - | - | - |
| Total other financing sources (uses) | - | - | 400 | 400 |
| Net change in cash 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 - 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, 2014

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|-------------|----------------|----------------|
| | Original | Final | | |
| Revenue: | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | 4,840 | 4,840 |
| Federal sources | - | - | - | - |
| Total revenues | - | - | 4,840 | 4,840 |
| 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 | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | - | - | - | - |
| Excess (deficiency) of revenues over(under) expenditures | - | - | 4,840 | 4,840 |
| Other financing sources (uses): | | | | |
| Interfund payable | - | - | - | - |
| Operating transfers in (out) | - | - | (4,840) | - |
| Designated cash | - | - | - | - |
| Total other financing sources (uses) | - | - | (4,840) | (4,840) |
| Net change in cash 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 - 2012 GOB Public School Library - 27107
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2014

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|--------------|--------------|-------------|
| | Original | Final | | |
| Revenue: | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | 9,116 | 9,116 | 9,116 | - |
| Federal sources | - | - | - | - |
| Total revenues | 9,116 | 9,116 | 9,116 | - |
| Expenditures: | | | | |
| Current | | | | |
| Instruction | - | - | - | - |
| Support services | | | | |
| Students | - | - | - | - |
| Instruction | 9,116 | 9,116 | 9,116 | - |
| 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 | 9,116 | 9,116 | 9,116 | - |
| Excess (deficiency) of revenues over(under) expenditures | - | - | - | - |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | - | - |
| Designated cash | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in cash 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 - New Mexico Reads to Lead - 27114
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2014

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|--------|---------|----------|
| | Original | Final | | |
| Revenue: | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | 51,910 | 50,561 | (1,349) |
| Federal sources | - | - | - | - |
| Total revenues | - | 51,910 | 50,561 | (1,349) |
| Expenditures: | | | | |
| Current | | | | |
| Instruction | - | - | - | - |
| Support services | | | | |
| Students | - | - | - | - |
| Instruction | - | 51,910 | 51,910 | - |
| 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 | - | 51,910 | 51,910 | - |
| Excess (deficiency) of revenues over(under) expenditures | - | - | (1,349) | (1,349) |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | 1,349 | 1,349 |
| Designated cash | - | - | - | - |
| Total other financing sources (uses) | - | - | 1,349 | 1,349 |
| Net change in cash 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 - New Mexico Fruits and Vegetables - 27183
Statement of Revenues, Expenditures, and Changes in Cash
Balance - Budget and Actual (Non - GAAP Budgetary Basis)
For the year ended June 30, 2014

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|-------------|-------------|--------------|
| | Original | Final | | |
| Revenue: | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | 591 | - | (591) |
| Federal sources | - | - | - | - |
| Total revenues | - | 591 | - | (591) |
| 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 | - | 591 | 591 | - |
| Capital outlay | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | - | 591 | 591 | - |
| Excess (deficiency) of revenues over(under) expenditures | - | - | (591) | (591) |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | 591 | 591 |
| Designated cash | - | - | - | - |
| Total other financing sources (uses) | - | - | 591 | 591 |
| Net change in cash 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.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The District has one separate fund classified as non-major Capital Projects Funds as follows:

Senate Bill-9

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

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
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, 2014

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|---------------|------------------|------------------|
| | Original | Final | | |
| Revenue: | | | | |
| Local and county sources | \$ 21,605 | \$ 21,605 | \$ 21,884 | \$ 279 |
| State sources | - | 20,819 | 60,890 | 40,071 |
| Federal sources | - | - | - | - |
| Total revenues | <u>21,605</u> | <u>42,424</u> | <u>82,774</u> | <u>40,350</u> |
| Expenditures: | | | | |
| Current | | | | |
| Instruction | - | - | - | - |
| Support services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General administration | 225 | 225 | 218 | 7 |
| School administration | - | - | - | - |
| Central services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other support services | - | - | - | - |
| Operation of non-instructional services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | 83,270 | 84,852 | 56,389 | 28,463 |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Total expenditures | <u>83,495</u> | <u>85,077</u> | <u>56,607</u> | <u>28,470</u> |
| Excess (deficiency) of revenues over(under) expenditures | (61,890) | (42,653) | 26,167 | 68,820 |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | - | - | - | - |
| Designated cash | 61,890 | 42,653 | - | (42,653) |
| Total other financing sources (uses) | <u>61,890</u> | <u>42,653</u> | <u>-</u> | <u>(42,653)</u> |
| Net change in cash balances | - | - | 26,167 | 26,167 |
| Cash balance, beginning of year | - | - | 42,653 | 42,653 |
| Cash balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 68,820</u> | <u>\$ 68,820</u> |
| Net change in fund balance (Non-GAAP Budgetary Basis) | | | \$ 26,167 | |
| Adjustment to revenues for accruals & other deferrals | | | (85) | |
| Adjustment to expenditures for payables, prepaids & other accruals | | | <u>2,582</u> | |
| Net change in fund balance (GAAP Basis) | | | <u>\$ 28,664</u> | |

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

Supplementary Information
Related to Fiduciary Funds

AGENCY FUNDS

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

The District has the following funds classified as Agency Funds:

Activity - To account for assets held by the District until distributed to various organizations at the schools.

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Agency Funds
Statement of Changes in Assets and Liabilities
June 30, 2014

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|-------------------|---------------------------|
| <u>ASSETS</u> | | | | |
| Student activity groups | \$ 130,004 | \$ 51,807 | \$ 81,047 | \$ 100,764 |
| Total assets | <u>\$ 130,004</u> | <u>\$ 51,807</u> | <u>\$ 81,047</u> | <u>\$ 100,764</u> |
| <u>LIABILITIES</u> | | | | |
| Funds handled on behalf of: Student activity groups | \$ 130,004 | \$ 51,807 | \$ 81,047 | \$ 100,764 |
| Total liabilities | <u>\$ 130,004</u> | <u>\$ 51,807</u> | <u>\$ 81,047</u> | <u>\$ 100,764</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, 2014

| | Beginning Balance | Additions | Deductions | Ending Balance |
|-----------------------------------|----------------------|------------------|------------------|-------------------|
| ASSETS | | | | |
| General | \$ 91,994 | \$ 4,013 | \$ 32,084 | \$ 63,923 |
| Class of 2014 | 1,110 | - | 1,110 | - |
| Class of 2015 | 1,095 | 4,353 | 3,798 | 1,650 |
| Class of 2016 | 1,484 | 425 | - | 1,909 |
| Class of 2017 | 469 | 398 | - | 867 |
| Class of 2018 | 246 | 377 | - | 623 |
| Class of 2019 | - | 360 | - | 360 |
| Publications | 1,122 | 3,847 | 3,662 | 1,307 |
| FFA | 11,058 | 20,795 | 23,505 | 8,348 |
| FCCLA | 4,335 | - | 712 | 3,623 |
| Business Professionals of America | 1,969 | 5,498 | 4,732 | 2,735 |
| Student Council | 556 | 205 | 93 | 668 |
| TLC Book Deposit | 3,306 | 3,352 | 2,642 | 4,016 |
| Elementary Athletics | 1,407 | 1,023 | 390 | 2,040 |
| PTO | 504 | 6,324 | 6,542 | 286 |
| Athletics | 6,548 | 213 | 905 | 5,856 |
| Accelerated Reader | 1,817 | 155 | 330 | 1,642 |
| Honor Society | 984 | 180 | 253 | 911 |
| Achievement | - | 289 | 289 | - |
| | <u>\$ 130,004</u> | <u>\$ 51,807</u> | <u>\$ 81,047</u> | <u>\$ 100,764</u> |
| Total assets | <u>\$ 130,004</u> | <u>\$ 51,807</u> | <u>\$ 81,047</u> | <u>\$ 100,764</u> |
| LIABILITIES | | | | |
| Due to student groups | <u>\$ 130,004</u> | <u>\$ 51,807</u> | <u>\$ 81,047</u> | <u>\$ 100,764</u> |
| Total liabilities | <u>\$ 130,004</u> | <u>\$ 51,807</u> | <u>\$ 81,047</u> | <u>\$ 100,764</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, 2014

| | <u>Beginning Cash</u> | <u>Receipts</u> | <u>Distributions</u> | <u>Other</u> |
|------------------------------------|-----------------------|---------------------|-----------------------|-----------------|
| House Municipal School | | | | |
| Operational | \$ 82,654 | \$ 1,644,579 | \$ (1,517,113) | \$ (5,596) |
| Teacherage | 10,663 | - | (2,333) | - |
| Transportation | - | 172,793 | (172,798) | 5 |
| Instructional Materials | - | 3,430 | (2,067) | - |
| Food Services | 5,311 | 23,775 | (21,313) | - |
| Athletics | 303 | 824 | - | - |
| Federal Flowthrough | - | 19,685 | (27,781) | 8,096 |
| Federal Direct | - | 2,530 | (2,530) | - |
| State Flowthrough | - | 64,794 | (67,134) | 2,340 |
| Wind farm | 285,066 | 56,350 | (8,303) | - |
| Capital Improvements Bond Building | 339,096 | 454 | (196,164) | - |
| Capital Improvement SB-9 | 42,653 | 82,774 | (56,607) | - |
| Debt Service | 10,698 | 47,757 | (49,292) | - |
| | <u>776,444</u> | <u>2,119,745</u> | <u>(2,123,435)</u> | <u>4,845</u> |
| Total governmental funds | | | | |
| | 776,444 | 2,119,745 | (2,123,435) | 4,845 |
| Fund - Student Activities | <u>130,004</u> | <u>51,807</u> | <u>(81,047)</u> | <u>-</u> |
| Total House Municipal School | <u>\$ 906,448</u> | <u>\$ 2,171,552</u> | <u>\$ (2,204,482)</u> | <u>\$ 4,845</u> |

| <u>Account Name</u> | <u>Account Type</u> | <u>Bank Name</u> | <u>Bank Amount</u> |
|---|---------------------|------------------|--------------------|
| House Municipal School | | | |
| Operational | Checking | Citizens | \$ 526,149 |
| | Certificate | | |
| | of Deposit | Citizens | 100,000 |
| | Certificate | | |
| | of Deposit | Citizens | 20,000 |
| | Certificate | | |
| | of Deposit | Citizens | 275,000 |
| Reconciling items - outstanding deposit | | | - |
| Reconciling items - outstanding checks | | | <u>(143,550)</u> |
| Total governmental funds | | | 777,599 |
| Fund Account | Checking | Citizens | \$ 16,862 |
| | Certificate | | |
| | of Deposit | Citizens | 85,000 |
| Reconciling items - outstanding deposit | | | - |
| Reconciling items - outstanding checks | | | <u>(1,098)</u> |
| Total student activities | | | <u>\$ 100,764</u> |

| <u>Net Cash End of Period</u> | <u>Adjustments to the Report</u> | <u>Total Cash on Report</u> |
|-----------------------------------|--------------------------------------|---------------------------------|
| \$ 204,524 | \$ - | \$ 204,524 |
| 8,330 | - | 8,330 |
| - | - | - |
| 1,363 | - | 1,363 |
| 7,773 | - | 7,773 |
| 1,127 | - | 1,127 |
| - | - | - |
| - | - | - |
| - | - | - |
| 333,113 | - | 333,113 |
| 143,386 | - | 143,386 |
| 68,820 | - | 68,820 |
| 9,163 | - | 9,163 |
| 777,599 | - | 777,599 |
| 100,764 | - | 100,764 |
| \$ 878,363 | \$ - | \$ 878,363 |
| \$ 878,363 | \$ - | \$ 878,363 |

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Schedule of Revenue
For the year ended June 30, 2014

| | Operational 11000 | Teacherage 12000 | Transportation 13000 | Instructional Materials 14000 |
|--------------------------|----------------------|---------------------|-------------------------|-------------------------------------|
| Revenues: | | | | |
| Local sources: | | | | |
| Taxes levied / assessed | \$ 5,227 | \$ - | \$ - | \$ - |
| Payment in lieu of taxes | - | - | - | - |
| Interest | - | - | - | - |
| Fees | - | - | - | - |
| Rentals | - | - | - | - |
| Contributions | 4,064 | - | - | - |
| Insurance recoveries | 17,804 | - | - | - |
| Total local sources | 27,095 | - | - | - |
| State sources: | | | | |
| Equalization guarantee | 1,095,294 | - | - | - |
| Emergency supplement | 518,000 | - | - | - |
| Flow through grants | - | - | - | - |
| Transportation | - | - | 172,793 | - |
| Instructional materials | - | - | - | 3,430 |
| Total local sources | 1,613,294 | - | 172,793 | 3,430 |
| Federal sources: | | | | |
| Direct grants | - | - | - | - |
| Flow through grants | - | - | - | - |
| Access board (e-rate) | 4,173 | - | - | - |
| Total federal sources | 4,173 | - | - | - |
| Total | <u>\$ 1,644,562</u> | <u>\$ -</u> | <u>\$ 172,793</u> | <u>\$ 3,430</u> |

| Food Service 21000 | Athletics 22000 | IASA Title I 24101 | IDEA - B Entitlement 24106 | IDEA - B Preschool 24109 | IDEA - B Risk Pool 24109 |
|-----------------------|--------------------|-----------------------|----------------------------------|--------------------------------|--------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 11,397 | 824 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>11,397</u> | <u>824</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 14,168 | - | - | - | - | - |
| - | - | 1,298 | 19,408 | 4,196 | 122 |
| - | - | - | - | - | - |
| <u>14,168</u> | <u>-</u> | <u>1,298</u> | <u>19,408</u> | <u>4,196</u> | <u>122</u> |
| <u>\$ 25,565</u> | <u>\$ 824</u> | <u>\$ 1,298</u> | <u>\$ 19,408</u> | <u>\$ 4,196</u> | <u>\$ 122</u> |

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Schedule of Revenue
For the year ended June 30, 2014

| | 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 | - | - | 677 | 4,840 |
| Transportation | - | - | - | - |
| Instructional materials | - | - | - | - |
| Total state sources | - | - | 677 | 4,840 |
| Federal sources: | | | | |
| Direct grants | - | 2,530 | - | - |
| Flow through grants | 2,757 | - | - | - |
| Access board (e-rate) | - | - | - | - |
| Total federal sources | 2,757 | 2,530 | - | - |
| Totals | <u>\$ 2,757</u> | <u>\$ 2,530</u> | <u>\$ 677</u> | <u>\$ 4,840</u> |

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Schedule of Revenue
For the year ended June 30, 2014

| | <u>Debt Service 41000</u> | <u>Totals</u> |
|--------------------------|-------------------------------|---------------------|
| Revenues: | | |
| Local sources: | | |
| Taxes levied / assessed | \$ 47,487 | \$ 74,423 |
| Payment in lieu of taxes | - | 56,350 |
| Interest | - | 544 |
| Fees | - | 12,221 |
| Rentals | - | - |
| Contributions | - | 4,064 |
| Insurance recoveries | - | 17,804 |
| | <hr/> | <hr/> |
| Total local sources | 47,487 | 165,406 |
| State sources: | | |
| Equalization guarantee | - | 1,095,294 |
| Emergency supplement | - | 518,000 |
| Flow through grants | - | 128,024 |
| Transportation | - | 172,793 |
| Instructional materials | - | 3,430 |
| | <hr/> | <hr/> |
| Total state sources | - | 1,917,541 |
| Federal sources: | | |
| Direct grants | - | 16,698 |
| Flow through grants | - | 27,781 |
| Access board (e-rate) | - | 4,173 |
| | <hr/> | <hr/> |
| Total federal sources | - | 48,652 |
| | <hr/> | <hr/> |
| Totals | <u>\$ 47,487</u> | <u>\$ 2,131,599</u> |

Compliance Section

Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards

Independent 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

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 funds, of House Municipal Schools (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplementary information, and have issued my report thereon dated August 29, 2014.

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.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However material weaknesses may exist that have not been identified. I did not identify any deficiencies in internal control that I consider to be significant deficiencies.

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

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Sandra Rush CPA PC
Clovis, New Mexico
August 29, 2014

STATE OF NEW MEXICO
HOUSE MUNICIPAL SCHOOL
Schedule of Findings and Responses
June 30, 2014

Prior Year Audit Findings

| | | |
|------|---|----------|
| 11-2 | PED Cash Reports Compliance and Internal Control - Significant Deficiency | Resolved |
| 11-3 | Budget Violations Compliance and Internal Control - Significant Deficiency | Resolved |
| 13-1 | Wind Farm Revenue Compliance and Internal Control - Material Weakness | Resolved |
| 13-2 | Exit Conference Other | Resolved |
| 13-3 | Presentation of Audit Report Other | Resolved |

Current Year Findings: None

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, Bill Noland board member, Marsha Stowe, business manager, Lisa Downey audit committee, and Sandra Rush, CPA, in an exit conference on August 29, 2014.