

State of New Mexico

Animas Independent School District No. 6  
**FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITORS'**  
**REPORT THEREON**

For The Fiscal Year Ended June 30, 2016

Animas Independent School District No. 6  
**TABLE OF CONTENTS**  
 June 30, 2016

	<u>PAGE</u>
<b>INTRODUCTORY SECTION:</b>	
Directory of officials	1
<b>FINANCIAL SECTION:</b>	
INDEPENDENT AUDITORS' REPORT	2-4
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	5
Statement of Activities	6-7
<i>Fund Financial Statements:</i>	
Balance Sheet--Governmental Funds	8-9
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	10
Statement of Revenues, Expenditures, and Changes in Fund Balances--Governmental Funds	11-12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (NON-GAAP Budgetary Basis) General and Major Special Revenue Funds:	
General fund	14
Title I	15
Entitlement	16
Statement of Fiduciary Assets and Liabilities-Agency Funds	17
Notes to Basic Financial Statements	18-37

OTHER SUPPLEMENTARY INFORMATION:

Fund Descriptions	38-41
Combining Balance Sheet--Nonmajor Governmental Funds	42-45
Combining Statement of Revenues, Expenditures and Changes in Fund Balances--Nonmajor Governmental Funds	46-48
Combining Balance Sheet--General Fund	49-50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances--General Fund	51-52
Statement of Revenues, Expenditures and Changes in Fund Balances--Budget and Actual (NON-GAAP Budgetary Basis): General Fund:	
Operational	53
Transportation	54
Instructional Materials	55
Teacherage	56
Special Revenue Funds:	
Cafeteria	57
Athletics	58
Teacher/Principal Training	59
SB-9	60
Migrant Children	61
2012 GO Bond Student Library	62
Technology for Education	63
Incentive for School Improvement	64
Teacher Mentoring	65
Breakfast For Elementary Students	66
2008 Library Book Bonds	67
IDEA B Results	68
Preschool	69
Microsoft Settlement	70
2009 Dual Credit Instruction	71
Rural Education Achievement	72
USDA 2010	73
Reads to Lead	74
 Debt Service fund	 75

OTHER SUPPLEMENTAL DATA

Required supplemental information:	
Schedule of Proportionate Share of Net Pension Liability of the Educational Retirement Board	76
Schedule of Contributions to the Educational Retirement Board	77
Notes to Required Supplemental Information	78
 Schedule of Changes in Assets and Liabilities--Agency Funds	 79
Schedule of Depository Collateral	80
Schedule of Individual Deposit Accounts and Investments	81
Schedule of Cash Receipts and Disbursements--by School District Classification	82-84

Schedule of Joint Powers Agreement	85
OTHER INFORMATION	
Schedule of Vendor Information	86
ADDITIONAL REPORTING REQUIREMENTS:	
Summary Schedule of Prior Audit Findings	87
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	88-89
Schedule of Findings and Responses	90

Animas Independent School District No. 6  
**DIRECTORY OF OFFICIALS**  
June 30, 2016

**BOARD OF EDUCATION**

William Hurt	President
Mike Pompeo	Vice-President
Jared Fralie	Secretary
Levi Klump	Member
William Swift	Member

**SCHOOL OFFICIALS**

Loren Cushman	Superintendent
Tammy Pompeo	Finance Director

MIKE STONE, C.P.A.  
LINDA STONE MCGEE, C.P.A.  
KAY STONE, C.P.A.  
JARROD MASON, C.P.A.  
KELLEY WYATT, C.P.A.

RYAN MONTOYA, C.P.A.

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## INDEPENDENT AUDITOR'S REPORT

Timothy Keller, State Auditor  
And  
Board of Education  
Animas Independent School District No. 6  
Animas, New Mexico

### Report on Financial Statements

We 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 the Animas Independent School District No. 6, as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the Animas Independent School District No. 6's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Animas Independent School District No. 6's nonmajor governmental funds, components of the general fund and the budgetary comparisons for the components of the general fund, the nonmajor special revenue funds, and the debt service fund presented as other supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 risks of material misstatement of the financial statements, whether due to fraud

or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Animas Independent School District No. 6 as of June 30, 2016, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund and the components of the general fund of the Animas Independent School District No. 6 as of June 30, 2016, and the respective changes in financial position and the respective budgetary comparisons for the components of the general fund, the nonmajor special revenue funds and the debt service fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that information related to the District's pension plan presented on pages 76 to 78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the Animas Independent School District No. 6's financial statements that collectively comprise the District's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedules presented as other supplemental data as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental data is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental data is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Vendor Information, listed as other information in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2016, on our consideration of the Animas Independent School District No. 6's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Animas Independent School District No. 6's internal control over financial reporting and compliance.

*Stone, McGee & Co., CPAs*

Silver City, New Mexico  
November 10, 2016

**Stone, McGee & Co.**  
Certified Public Accountants



Animas Independent School District # 6  
**STATEMENT OF NET POSITION**  
June 30, 2016

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 529,708
Property taxes receivable	3,946
Due from other governments	188,032
Inventory	1,398
Capital assets:	
Land	380,943
Buildings and improvements	12,366,717
Furniture and fixtures and equipment	1,442,165
Construction in progress	
Less accumulated depreciation	(12,003,366)
Total capital assets, net of depreciation	\$ 2,186,459
Total assets	\$ 2,909,543
<b>Deferred Outflows of Resources</b>	
Related to pensions	\$ 307,504
<b>Liabilities</b>	
Accounts payable	\$ 27,078
Long-term liabilities:	
Portion due or payable after one year:	
Net pension liability	3,117,508
Compensated absences	29,558
Total liabilities	\$ 3,174,144
<b>Deferred Inflows of Resources</b>	
Related to pensions	\$ 427,252
<b>Net Position</b>	
Net investment in capital assets	\$ 2,186,459
Restricted for:	
Debt service	3,749
Other purposes	193,131
Unrestricted	(2,767,688)
Total net position	\$ (384,349)

The accompanying notes are an integral part of these financial statements

Animas Independent School District # 6  
**STATEMENT OF ACTIVITIES**  
 For the Fiscal Year Ended June 30, 2016

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position Total Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<b><u>Functions/Programs</u></b>				
Governmental activities:				
Instruction	\$ 1,564,738	\$ 12,328	\$ 240,143	\$ -
Support services - Students	206,084			
Support services - Instruction	6,164		1,687	
General administration	160,331			
School administration	210,861		56,640	
Central services	90,009			
Operation of plant	673,073	27,309	106,592	
Food services	97,675	19,029	71,507	
Transportation	346,841		322,567	
Total governmental activities	<u>\$ 3,355,776</u>	<u>\$ 58,666</u>	<u>\$ 799,136</u>	<u>\$ -</u>

General revenues:	
Property taxes:	
Levied for general purposes	\$ 15,628
Levied for debt service	
Levied for capital improvements	66,588
State aid - formula grants	2,230,206
Recoveries and refunds	12,872
Earnings on investments	66
Loss on disposition of assets	
	<hr/>
Total general revenues and special items	\$ 2,325,360
	<hr/>
Change in net position	\$ (172,614)
	<hr/>
Net position - beginning of year	(211,735)
	<hr/>
Net position - end of year	\$ (384,349)
	<hr/> <hr/>

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

Animas Independent School District #6  
**BALANCE SHEETS**  
**GOVERNMENTAL FUNDS**  
June 30, 2016

	General Fund	Title I	Entitlement
<b>Assets</b>			
Cash and investments	\$ 416,315	\$ -	\$ -
Property taxes receivable	586		
Inventory			
Due from other governments		85,309	32,085
Interfund receivable	143,956		
 Total assets	\$ 560,857	\$ 85,309	\$ 32,085
 <b>Liabilities</b>			
Accounts payable	\$ 27,078	\$ -	\$ -
Interfund payable		85,309	32,085
 Total liabilities	\$ 27,078	\$ 85,309	\$ 32,085
 <b>Deferred Inflows of Resources</b>			
Unavailable revenue	\$ 235	\$ -	\$ -
 Total deferred inflows of resources	\$ 235	\$ -	\$ -
 Fund balances:			
Nonspendable:			
Inventories	\$ -	\$ -	\$ -
Restricted for:			
Education	6,790		
Operation of plant	27,863		
Food service			
Debt service			
Unassigned	498,891		
 Total fund balances	\$ 533,544	\$ -	\$ -
 Total liabilities, deferred inflows of resources and fund balances	\$ 560,857	\$ 85,309	\$ 32,085

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

<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ 113,393	\$ 529,708
3,360	3,946
1,398	1,398
70,638	188,032
	<u>143,956</u>
<u>\$ 188,789</u>	<u>\$ 867,040</u>
\$ -	\$ 27,078
<u>26,562</u>	<u>143,956</u>
<u>\$ 26,562</u>	<u>\$ 171,034</u>
<u>\$ 1,650</u>	<u>\$ 1,885</u>
<u>\$ 1,650</u>	<u>\$ 1,885</u>
\$ 1,398	\$ 1,398
93,008	99,798
	27,863
62,422	62,422
3,749	3,749
	<u>498,891</u>
<u>\$ 160,577</u>	<u>\$ 694,121</u>
<u>\$ 188,789</u>	<u>\$ 867,040</u>

Animas Independent School District # 6  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
 TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
 June 30, 2016

Total governmental fund balances	\$	694,121
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		2,186,459
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred inflows of resources related to pensions		(427,252)
Deferred outflows of resources related to pensions		307,504
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes subject to the 60 day availability period		1,885
Long-term liabilities, including bonds payable, compensated absences and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds:		
Net pension liability		(3,117,508)
Compensated absences payable		(29,558)
		(384,349)
<i>Net Position of Governmental Activities</i>	\$	(384,349)

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

Animas Independent School District # 6  
**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**  
For The Fiscal Year Ended June 30, 2016

	General Fund	Title I	Entitlement
Revenues:			
Property taxes	\$ 15,823	\$ -	\$ -
Fees and charges	30,590		
State aid	2,635,656		
Federal aid	7,629	108,512	56,640
Miscellaneous	12,938		
	\$ 2,702,636	\$ 108,512	\$ 56,640
Expenditures:			
Current:			
Instruction	\$ 1,209,614	\$ 108,512	\$ -
Support services - Students	181,920		
Support services - Intstruction	4,713		
General administration	165,931		
School administration	134,058		56,640
Central services	83,961		
Operation of plant	571,334		
Food service	29,646		
Transportation	327,169		
Capital outlay	16,244		
	\$ 2,724,590	\$ 108,512	\$ 56,640
Revenues over (under) expenditures	\$ (21,954)	\$ -	\$ -
Other financing sources (uses):			
Operating transfers in			
Operating transfers out			
	\$ (21,954)	\$ -	\$ -
Net change in fund balances	\$ (21,954)	\$ -	\$ -
Fund balance, June 30, 2015	555,498		
Fund balance, June 30, 2016	\$ 533,544	\$ -	\$ -

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

<u>Other Funds</u>	<u>Governmental Funds Total</u>
\$ 67,562	\$ 83,385
28,076	58,666
112,531	2,748,187
108,374	281,155
	12,938
<hr/>	<hr/>
\$ 316,543	\$ 3,184,331
\$ 113,328	\$ 1,431,454
1,687	183,607
	4,713
600	166,531
	190,698
	83,961
108,957	680,291
70,996	100,642
	327,169
	16,244
<hr/>	<hr/>
\$ 295,568	\$ 3,185,310
\$ 20,975	\$ (979)
	-
<hr/>	<hr/>
	\$ -
\$ 20,975	\$ (979)
139,602	695,100
<hr/>	<hr/>
\$ 160,577	\$ 694,121
<hr/> <hr/>	<hr/> <hr/>



Animas Independent School District # 6  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

June 30, 2016

Net change in fund balances-total governmental funds	\$	(979)
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*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense:

Capital outlay		16,244
Depreciation expense		(285,672)

Governmental funds report pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense

Pension contributions		200,276
Cost of benefits earned net of employee contributions		(93,571)

Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change during the year:

Property taxes subject to the 60 day availability period		(1,169)
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Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. This is the basis in the assets disposed of.

-

Some expense reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the net change in compensated absences for the year.

(7,743)

*Change in Net Position of Governmental Activities*

	\$	(172,614)
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The accompanying notes are an integral part of these financial statements.

Animas Independent School District # 6  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Federal sources	\$ -	\$ -	\$ 7,629	\$ 7,629
State sources	2,395,805	2,569,850	2,573,140	3,290
Local sources	51,424	51,424	59,578	8,154
Interest income	110	110	60	(50)
<b>Total revenues</b>	<b>\$ 2,447,339</b>	<b>\$ 2,621,384</b>	<b>\$ 2,640,407</b>	<b>\$ 19,023</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	\$ 1,350,179	\$ 1,424,836	\$ 1,210,531	\$ 214,305
Support services - Students	205,112	210,012	181,920	28,092
Support services - Instruction	10,200	11,200	4,713	6,487
General administration	198,670	201,906	162,168	39,738
School administration	157,260	159,673	134,114	25,559
Central services	112,669	114,469	83,961	30,508
Operation of plant	592,324	656,397	499,123	157,274
Transportation	317,601	339,567	326,148	13,419
Other support services	702	702	-	702
Food services	35,675	35,675	29,646	6,029
Capital outlay	18,000	18,000	16,244	1,756
<b>Total expenditures</b>	<b>\$ 2,998,392</b>	<b>\$ 3,172,437</b>	<b>\$ 2,648,568</b>	<b>\$ 523,869</b>
Net change in fund balance	\$ (551,053)	\$ (551,053)	\$ (8,161)	\$ 542,892
Fund balance, July 1, 2015	551,053	551,053	568,426	17,373
Fund balance, June 30, 2016	\$ -	\$ -	\$ 560,265	\$ 560,265
<b>Budgetary reconciliation:</b>				
Net change in fund balance, GAAP basis				\$ (21,954)
Revenue accruals (net)				(62,229)
Expenditure accruals (net)				76,022
Net change in fund balance, NON-GAAP budgetary basis				<u>\$ (8,161)</u>

Animas Independent School District # 6  
**SPECIAL REVENUE FUND - TITLE I**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	<u>\$ 100,065</u>	<u>\$ 118,123</u>	<u>\$ 103,359</u>	<u>\$ (14,764)</u>
Expenditures:				
Current:				
Instruction	<u>\$ 100,065</u>	<u>\$ 118,123</u>	<u>\$ 108,512</u>	<u>\$ 9,611</u>
Support services - Instruction				<u>-</u>
Total expenditures	<u>\$ 100,065</u>	<u>\$ 118,123</u>	<u>\$ 108,512</u>	<u>\$ 9,611</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,153)</u>	<u>\$ (5,153)</u>
Fund balance, July 1, 2015	<u>-</u>	<u>-</u>	<u>(80,156)</u>	<u>(80,156)</u>
Fund balance, June 30, 2016	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (85,309)</u></u>	<u><u>\$ (85,309)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(5,153)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (5,153)</u></u>	

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

Animas Independent School District # 6  
**SPECIAL REVENUE FUND - ENTITLEMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 51,282	\$ 57,636	\$ 60,770	\$ 3,134
Expenditures:				
Current:				
Instruction	\$ 51,282	\$ 57,636	\$ 56,640	\$ 996
School administration				-
Total expenditures	\$ 51,282	\$ 57,636	\$ 56,640	\$ 996
Net change in fund balance	\$ -	\$ -	\$ 4,130	\$ 4,130
Fund balance, July 1, 2015	-	-	(36,215)	(36,215)
Fund balance, June 30, 2016	\$ -	\$ -	\$ (32,085)	\$ (32,085)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			4,130	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 4,130	

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

Animas Independent School District # 6  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
June 30, 2016

	<u>Agency</u>
<b>Assets</b>	
Cash and investments	<u>\$ 22,001</u>
<b>Liabilities and Fund Equity</b>	
Deposits held for others	<u>\$ 22,001</u>
Total liabilities	<u>\$ 22,001</u>

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

Animas Independent School District No. 6  
**NOTES TO FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 2016

Note 1      Summary of Significant Accounting Policies

Animas Independent School District No. 6, organized under the laws of the State of New Mexico, operates under the school board-superintendent form of government. The system provides public education opportunities for children from first through twelfth grade, including but not limited to classroom and vocational studies' as well as school oriented social and athletic activities.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

**A. Reporting Entity**

These financial statements present the District (the primary government). As defined by GAAP, component units are legally separate entities that are included in the District's reporting entity because of the significance of their operating or financial relations with the District. Based on the criterion in GAAP, the District had no component units.

**B. Basis of Presentation**

*Government-wide Financial Statements:*

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

*Fund Financial Statements:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into two major categories : governmental and fiduciary. An emphasis is placed on

major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.
- b. District Management believes presentation of the fund as a major fund enhances the usefulness to the reader.

The funds of the financial reporting entity are described below:

### **Governmental Funds**

#### *General Fund*

The General Fund is the primary operating fund of the District and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. Included in the General Fund are sub-funds Teacherage, which accounts for residential rentals to teachers, Transportation, which accounts for State Funds used to transport students and Instructional Materials, which accounts for state allocations for the purchase of textbooks, and non-instructional support which accounts for various student extracurricular activities. The operational sub-fund is the general operating fund of the District.

#### *Special Revenue Funds*

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

#### *Capital Project Funds*

The Capital Project Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items.

#### *Debt Service Fund*

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principle on the general long-term debt of the District.

#### *Fiduciary Funds*

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net positions and changes in net positions and are reported using accounting principles similar to proprietary funds.

Agency Funds account for assets held in a purely custodial capacity. Since agency funds are custodial in nature (i.e.) assets equal liabilities, they do not involve the

measurements of results of operations. Typically these funds are owned by clubs, athletic teams, and/or student organizations.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated in to the government-wide statements.

#### *Major Fund Descriptions*

General – See Above descriptions

Title I – fund used to account for federal resources administered by the New Mexico State Department of Education to provide assistance to educationally deprived students in low-income areas of the District. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund within the special revenue funds (P.L. 103-382).

Entitlement – Accounts for federal resources administered by the New Mexico State Department of Education to provide for the special education needs of handicapped children. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a Special Revenue Fund (P.L. 94-142 and P.L. 99-457).

### **C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

#### **Measurement Focus**

On the government-wide Statement of Net Positions and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item “b” below.

In the fund financial statements, the “current financial resources” measurement focus is used.

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets, deferred outflows of resources, liabilities and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statements and Agency Funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net positions (or cost recovery), and financial position. All assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflows



of resources resulting from non-exchange transactions are recognized when the earnings process is complete.

### **Basis of Accounting**

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

#### **1. Accrual:**

The government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflows of resources resulting from non-exchange transactions are recognized when the earnings process is complete.

#### **2. Modified Accrual:**

The government funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any is recognized when due.

Substantially all governmental fund revenues are accrued. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met and reported as deferred outflows of resources by the provider and deferred inflows of resources by the recipient. Grant revenues not collected within 60 days of year end are recorded as receivables and deferred inflows of resources. Such amounts are recorded net of estimated uncollectible amounts.

Property tax receivables are recognized net of estimated refunds and uncollectible amounts in the period for which the taxes are levied, even if they are not available. Property taxes not collected within 60 days of year end are reported as deferred inflows of resources in the fund financial statements. Property taxes are considered fully collectible.

In the government-wide Statement of Net Position, the governmental activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net positions are reported in three parts-net investment in capital assets, restricted net position; and unrestricted net positions. The District first utilizes restricted resources when an expense is incurred and for purposes for which both restricted and unrestricted net positions are available.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Charges for services include revenues based on exchange or exchange-like transactions. These revenues arise from charges to customers or applicants who purchase use or directly benefit from the goods, services or privileges provided. Revenues in this category include fees charged for specific services, such as attendance at athletic events, food service, copies and auxiliary services. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc).

The District does not allocate indirect costs.

This governmental-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

#### **D. Budgets**

Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are prepared by management and approved by the local school board and the Public Finance School Division of the Department of Education. 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. Certain capital projects funds, such as PSFA are not budgeted because the District does not handle the funds.

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.

Actual expenditures may not exceed the budget on a functional category basis, i.e., each budgeted expenditures 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.

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

**E. Cash and Investments**

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest bearing accounts with local financial institutions and the State Treasurer Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged in held in safekeeping by other financial institutions, with safekeeping receipts held by the District. The pledged securities remain in the name of the financial institution. Repurchase agreements are required to be collateralized 102%.

**F. Inventories**

Except for U.S.D.A. commodities, which are shown at estimated value, inventories are valued at cost (first-in, first-out). Inventory in the Cafeteria Fund consists mainly of food items. Inventories in other governmental fund types consist of supplies.

**G. Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Furniture and equipment	5-10 years
Improvements	10-20 years
Software and library resources	3-5 years

The accounting treatment over property, plant and equipment depends on whether they are reported in the government-wide financial statements or fund financial statements. In the government-wide financial statements, capital assets are accounted for as capital assets. In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

## H. Long-term Debt

The accounting treatment of long-term depends on whether the assets are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

## I. Compensated Absences

The District's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. These liabilities have typically been liquidated from general fund resources.

## J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period, and so will not be recognized as an outflow or resource (expenses/expenditures) until then. The Government has deferred outflows of resources related to pensions as discussed in Note 5.

In addition to liabilities, the Statement of Financial Position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Government has only one type of item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Government reports unavailable revenue from the following sources:

### Governmental Funds Balance Sheet

	<u>General</u>	<u>SB-9</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	
Property taxes not received within sixty days	\$ 235	\$ 1,650	\$ 1,885

In addition, the District reports deferred inflows of resources related to pensions, as discussed in Note 5.

## **K. Equity Classifications**

### *Government-wide Statements*

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

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

### *Fund Statements*

During the year ended June 30, 2011, the District implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to remain intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change its constraints.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the government body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Education establishes (and modifies or rescinds) fund balance commitments by adoption of a resolution or a vote of the Board. This is typically done through the adoption and amendment of the budget. Assigned fund balance is

established by the Board of Education through adoption or amendment of the budget as intended for a specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes). Expenditures incurred are normally paid from the most highly constrained fund balance.

#### **L. Property Tax**

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semiannual installments by November 10 and April 10 of the subsequent year and become delinquent 30 days later. Taxes are collected on behalf of the District by the County Treasurer, and are remitted to the District in the month following collection. Because the Treasurer of the County in which the District is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable county to the District.

The District is permitted to levy taxes for general operating purposes up to \$.50 per \$1,000 of taxable value for both residential and nonresidential property, taxable value being defined as one third of the fully assessed value. In addition, the District is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the District, as well as a Two Mill levy for District improvements. The District's total tax rate to finance general government services for the year ended June 30, 2016, was \$.15567 per \$1,000 for non-residential property and \$.12991 for residential property. The District's tax rate for debt service was \$-0- per \$1,000 for both residential and nonresidential property. The District's tax rate for District improvements was \$2.00 per \$1,000 for residential and \$2.00 for nonresidential property. Property taxes are considered fully collectible.

#### **M. Inter-fund Activity**

Inter-fund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as inter-fund receivables and payables as appropriate and are eliminated in the statement of net positions. 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. Inter-fund activity between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

#### **N. Use of Estimates**

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

Note 2 Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the government's deposits may not be returned to it. The government does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2016 \$-0- of the governments bank balance of \$744,967 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -0-
Uninsured and collateral held by pledging banks trust department not in District's name	<u>-0-</u>
Total	<u>\$ -0-</u>

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits by custodial risk category:		
Insured	\$ 250,000	\$ 250,000
Collateral held by the pledging bank's agent in the District's name	494,967	301,709
Uninsured and uncollateralized	<u>-0-</u>	<u>-0-</u>
	<u>\$ 744,967</u>	<u>\$ 551,709</u>

The District does not have a risk policy beyond that required State Statute.

Note 3 Capital Assets

Capital assets activity for the year ended June 30, 2016 was as follows:

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Capital assets not being depreciated:				
Land	\$ 380,943	\$	\$	\$ 380,943
Construction in progress	<u>-0-</u>	<u></u>	<u></u>	<u>-0-</u>
Total assets not being depreciated	<u>\$ 380,943</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 380,943</u>
Other capital assets:				
Buildings and improvements	\$ 12,366,717	\$	\$	\$ 12,366,717
Furniture and equipment	<u>1,445,171</u>	<u>16,244</u>	<u>19,250</u>	<u>1,442,165</u>
Total other capital assets at historical cost	<u>\$ 13,811,888</u>	<u>\$ 16,244</u>	<u>\$ 19,250</u>	<u>\$ 13,808,882</u>

Less accumulated depreciation for:				
Buildings and Improvements	\$(10,669,107)	\$ (223,012)	\$	\$(10,892,119)
Furniture and equipment	<u>(1,067,837)</u>	<u>(62,660)</u>	<u>19,250</u>	<u>(1,111,247)</u>
Total accumulated depreciation	<u>\$(11,736,944)</u>	<u>\$ (285,672)</u>	<u>\$ 19,250</u>	<u>\$(12,003,366)</u>
Other capital assets, net	<u>\$ 2,074,944</u>	<u>\$ (269,428)</u>	<u>\$ -0-</u>	<u>\$ 1,805,516</u>
Total capital assets, net	<u>\$ 2,455,887</u>	<u>\$ (269,428)</u>	<u>\$ -0-</u>	<u>\$ 2,186,459</u>

Depreciation expense was charged to the governmental activities as follows:

Support services – instruction	\$ 1,451
Instruction	190,193
Support services – students	28,324
School administration	30,833
Central services	9,772
Operation of plant	4,349
Transportation	<u>20,750</u>
	<u>\$ 285,672</u>

Note 4 Long-term Debt

Changes in long-term debt were as follows during the year end June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Amount Due Within One Year
Compensated absences	<u>\$ 21,815</u>	<u>\$ 15,989</u>	<u>\$ 8,246</u>	<u>\$ 29,558</u>	<u>\$ -0-</u>
	<u>\$ 21,815</u>	<u>\$ 15,989</u>	<u>\$ 8,246</u>	<u>\$ 29,558</u>	<u>\$ -0-</u>

No compensated absences are expected to be liquidated in the next year.

Note 5 **Pension Plan**

Summary of Significant Accounting Policies

**Pensions.** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on



the same basis as they are reported by ERB, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### General Information about the Pension Plan

**Plan Description** – ERB was created by the State’s Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees’ Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the State’s public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico Legislature has the authority to set or amend contribution rates.

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at [www.nmerb.org](http://www.nmerb.org).

**Benefits Provided** – A member’s retirement benefit is determined by a formula which includes three component parts: the member’s final average salary (FAS), the number of years of service credit, and a 0.0235 multiplier. The FAS is the average of the member’s salaries for the last five years of service or any other consecutive five-year period, whichever is greater. A brief summary of Plan coverage provisions follows:

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member’s age and earned service credit add up to the sum or 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member’s age and earned service credit add up to the sum of 80 or more; the member is at least sixty-seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member’s accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in lump sum to the member’s surviving beneficiary. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor’s benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor’s benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member’s retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less

than 2%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

**Contributions** – The contribution requirements of defined benefit plan members and the Animas Independent School District No. 6 are established in state statute under Chapter 10, Article 11, NMSA, 1978. The requirements may be amended by acts of the legislature. For fiscal year ended June 30, 2016 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increase amount of 10.70% of their gross annual salary. Contributions to the pension plan from the Animas Independent School District No. 6 were \$200,276 for the year ended June 30, 2016.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension** - The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015. At June 30, 2016, the Animas Independent School District No. 6 reported a liability of \$3,117,508 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2015. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2015, the District's proportion was .04813 percent, which was a decrease of .0051 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Animas Independent School District No. 6 recognized pension expense of \$93,571. At June 30, 2016, the Animas Independent School District No. 6 reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$ -	\$ (57,796)
Changes of assumptions	107,228	-
Net difference between projected and actual earnings on pension plan investments	-	(14,046)
Changes in proportion and differences between Animas Independent School District No. 6 contributions and proportionate share of contributions	-	(355,410)
Animas Independent School District No. 6 contributions subsequent to the measurement date	<u>200,276</u>	<u>-</u>
Total	<u>\$ 307,504</u>	<u>\$ (427,252)</u>

\$200,276 reported as deferred outflows of resources related to pensions resulting from Animas Independent School District No. 6 contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ (150,687)
2018	(141,663)
2019	(70,981)
2020	43,307

**Actuarial assumptions** – as described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2015, other than the lowering of the wage inflation from 4.25% to 3.75%. Specifically the liabilities measured as of June 30, 2015 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.10% during the fiscal year ending June 30, 2014 and 10.7% thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLA's for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on June 12, 2015 in conjunction with the six-year experience study period ending June 30, 2014.

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contribution rates included in the measurement are as follows:

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

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

<u>Asset Class</u>	<u>After June 14, 2014</u>	<u>Prior to June 14, 2014</u>
Asset Class		
<b>Equities</b>		
<i>Domestic Equities</i>		
Large cap equities	18%	20%
Small-mid cap equities	2%	2%
<i>International Equities</i>		
Developed	5%	5%
Emerging markets	<u>10%</u>	<u>10%</u>
Total equities	<u>35%</u>	<u>37%</u>
<b>Fixed Income</b>		
Opportunistic credit	20%	20%
Core bonds	6%	7%
Emerging market debt	<u>2%</u>	<u>2%</u>
Total fixed income	<u>28%</u>	<u>29%</u>
<b>Alternatives</b>		
Real estate – REITS	7%	5%
Real assets	8%	7%
Private equity	11%	8%
Absolute return	0%	3%
Global asset allocation	5%	5%
Risk parity	<u>5%</u>	<u>5%</u>
Total Alternatives	<u>36%</u>	<u>33%</u>
<b>Cash</b>	<u>1%</u>	<u>1%</u>
Total	<u>100%</u>	<u>100%</u>

**Discount Rate** – A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2015 and June 30, 2014. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB’s defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

**Sensitivity of the Animas Independent School District No. 6 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2015. In particular, the table presents the District’s net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
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Animas Independent School District No. 6 proportionate share of the net pension liability	\$ 4,194,816	\$ 3,117,508	\$ 2,212,458
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**Pension Plan Fiduciary Net Position** – Detailed information about the ERB’s fiduciary net position is available in the separately issued audited financial statements as of and for the years ended June 30, 2015 and 2014 which are publicly available at [www.nmerb.org](http://www.nmerb.org).

Note 6 Retiree Health Care Plan

Plan Description

Animas Independent School District No. 6 contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

The Retiree Health Care Authority 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 t 4308 Carlisle N.E., Suite 104, Albuquerque, New Mexico 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 RHA 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 administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans, 3, 4, or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2016, 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 1.0% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the Authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Animas Independent School District No. 6's contributions to the RHCA for the years ended June 30, 2016, 2015, and 2014 were \$28,817, \$27,361, and \$29,343 respectively, which equal the required contributions for each year.

#### Note 7 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. Because the District was unable to obtain general liability insurance at a cost it considered to be economically justifiable, it joined together with other school districts in the State and obtained insurance coverage with New Mexico Public Schools Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for member school districts. The District pays an annual premium to New Mexico Public Schools Insurance Authority for its general insurance coverage, and all risk of loss is transferred. No losses exceeded insurance in the past three years.

The New Mexico Public Schools Insurance Authority is self-insured for property and liability losses below \$250,000 and purchases excess insurance above the self-insured retention. The self-insured retention aggregate for property is set at \$2,000,000 with a \$1,000,000 stop loss. The self-insured retention aggregate for liability is \$5,000,000 with a \$1,000,000 stop loss.

Note 8 Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. 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 government expects such amounts, if any, to be immaterial.

Note 9 Deficit Unreserved Fund Balance

Deficit fund balances are the result of the application of generally accepted accounting principles to cash basis budgeting, and the modified accrual basis limitation of 60 days on the accrual of revenue. As revenue is received, the deficit fund balance are reduced. The District had no deficit fund balances at June 30, 2016.

Note 10 Jointly Governed organizations

The District participates in the Southwest Regional Education Center No. 10. This regional cooperative center was formed to consolidate the application for and the processing of supplementary federal and state funds. Representatives of the independent school districts, which are members, govern the Center.

The Center obtains grants and allocates them to the member districts. The District has no ongoing financial interest or responsibility in the Center.

Separately issued financial statements of the Center are available from the Center at P.O. Box 952, Truth or Consequences, New Mexico 87901.

Note 11 Restricted Net Position

Net position restricted for other purposes was as follows:

SB-9	\$ 74,008
Cafeteria	63,767
Athletics	8,488
Other funds	<u>46,868</u>
	<u>\$ 193,131</u>

Each of these amounts are balances in Special Revenue funds which are restricted for that funds intended purpose.

The District reports restricted net positions of \$196,880, of which \$188,392 is restricted by enabling legislation.



Note 12 Inter-fund Activity

Inter-fund balances at June 30, 2016 consisted of the following:

	Inter-fund Payable			<u>Total</u>
	<u>Title I</u>	<u>Entitlement</u>	<u>Other Funds</u>	
<u>Inter-fund Receivable</u>				
General	\$ 85,309	\$ 32,085	\$ 26,562	\$ 143,956
Total	<u>\$ 85,309</u>	<u>\$ 32,085</u>	<u>\$ 26,562</u>	<u>\$ 143,956</u>

All amounts are expected to be repaid within one year. The purpose of the loans was to provide cash for operating purposes.

There were no inter-fund transfers during the fiscal year.

Note 13 Budgetary Authority

The District had no budget over expenditures during the fiscal year.

Note 14 Evaluation of Subsequent Events

The District has evaluated subsequent events through November 10, 2016, the date which the financial statements were available to be issued.

## **SPECIAL REVENUE FUNDS**

**Cafeteria** – fund used to account for revenues generated by the District as well as the federal assistance received and the related expenditures necessary to provide food services for the District. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds (PSAB Supplement 17).

**Athletics** – to account for the revenues received, and the related expenditures incurred, by the District related to athletic functions (PSAB, Supplement 3).

**Title I** – fund used to account for federal resources administered by the New Mexico State Department of Education to provide assistance to educationally deprived students in low-income areas of the District. Required by the New Mexico Department of Education Manual of procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds (P.L. 103-382).

**Migrant** – fund used to account for federal assistance administered by the New Mexico State Department of Education for migrant education. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds (P.L. 103-382).

**IDEA-B Preschool/Discretionary/Risk Pool** – fund used to account for federal resources administered by the New Mexico State Department of Education to provide for the special education needs of handicapped children three to five years old. Required by the New Mexico Department of Education Manual of procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue funds (P.L. 94-142 and P.L. 99-457).

**2008 Library G.O. Bonds** – to account for the proceeds from New Mexico bonds for the purchase of library resources. (Authority is the PED “Manual of Procedures”).

**Technology for Education** – created by specific authority to support the development and implementation of systemic plans to schools. (P.L. 103-382).

**Incentive for School Improvement** – to account for monies received from an award for high improving schools provided by the State of New Mexico for the purpose of identifying special needs at awarded locations and to purchase items to improve those schools.

**Teacher Mentoring** – to account for revenues received to enhance and improve skills for beginning teachers. Authority, State Grant and Board of Education.

**Microsoft Settlement** – to account for the revenues received due to legal action.

**Elementary Breakfast/Breakfast for Elementary Students** – to account for State grant received to provide breakfast for elementary students, Authority State Grant PED.

**SB-9** - to account for the Two Mill Levy approved by the voters of the District for plant maintenance and improvements, and is a special revenue fund.

**Reads to Lead** – to account for resources administered by NMPED to improve reading skills of pre-kindergarten to third grade children within the District. HR 2614.

**Teacher Training** – created by P.L. 107-110 to improve teacher and principal quality and ensure that all teachers are highly qualified.

**2009 Dual Credit Instruction** – to account for State grant received to provide college credits to high school students, Authority State Grant PED.

**Entitlement** – to account for federal grant restricted to the operation and maintenance of meeting the special education needs of children with disabilities, Authority is Public Law 71-230, Law 105-17.

## DEBT SERVICE FUND

**Interest and Principal** – to account for the resources restricted for the payment of interest obligations on general long-term debt and for the retirement of general obligation bonds as they mature.

## AGENCY FUNDS

**Agency Fund** – to account for monies held in a custodial account (assets equal liabilities) for the benefit of others. Individual accounts are identified by name in the supporting schedule section of this report.

Animas Independent School District #6  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
June 30, 2016

	Special Revenue Funds			
	Cafeteria	Athletics	Reads To Leads	Preschool
<b>Assets</b>				
Cash and investments	\$ 62,369	\$ 8,488	\$ -	\$ -
Inventory	1,398			
Property taxes receivable				
Interfund receivable				
Due from other governments			13,041	4,202
<b>Total assets</b>	<b><u>\$ 63,767</u></b>	<b><u>\$ 8,488</u></b>	<b><u>\$ 13,041</u></b>	<b><u>\$ 4,202</u></b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Interfund payable			13,041	4,202
<b>Total liabilities</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 13,041</u></b>	<b><u>\$ 4,202</u></b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	\$ -	\$ -	\$ -	\$ -
<b>Total deferred inflows of resources</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>Fund balance:</b>				
<b>Nonspendable:</b>				
Inventories	\$ 1,398	\$ -	\$ -	\$ -
<b>Restricted for:</b>				
Education		8,488		
Food service	62,369			
Debt service				
Unassigned				
<b>Total fund balances</b>	<b><u>\$ 63,767</u></b>	<b><u>\$ 8,488</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b><u>\$ 63,767</u></b>	<b><u>\$ 8,488</u></b>	<b><u>\$ 13,041</u></b>	<b><u>\$ 4,202</u></b>

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

Special Revenue Funds

<u>Migrant Education</u>	<u>Teacher Training</u>	<u>School Improvement</u>	<u>Microsoft</u>	<u>2008 Library Bond</u>	<u>Technology For Education</u>
\$ -	\$ -	\$ 4,173	\$ 5	\$ 784	\$ 3,271
<u>1,522</u>	<u>5,661</u>				
<u>\$ 1,522</u>	<u>\$ 5,661</u>	<u>\$ 4,173</u>	<u>\$ 5</u>	<u>\$ 784</u>	<u>\$ 3,271</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>1,522</u>	<u>5,661</u>				
<u>\$ 1,522</u>	<u>\$ 5,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>4,173</u>	<u>5</u>	<u>784</u>	<u>3,271</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,173</u>	<u>\$ 5</u>	<u>\$ 784</u>	<u>\$ 3,271</u>
<u>\$ 1,522</u>	<u>\$ 5,661</u>	<u>\$ 4,173</u>	<u>\$ 5</u>	<u>\$ 784</u>	<u>\$ 3,271</u>

Animas Independent School District #6  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (continued)**  
June 30, 2016

	Special Revenue Funds			
	Teacher Mentoring	Dual Credit	Elementary Breakfast	SB-9
<b>Assets</b>				
Cash and investments	\$ 3,929	\$ -	\$ 53	\$ 26,572
Inventory				3,360
Property taxes receivable				3,360
Interfund receivable				
Due from other governments		449		44,076
	<u>3,929</u>	<u>449</u>	<u>53</u>	<u>74,008</u>
<b>Total assets</b>	<b><u>\$ 3,929</u></b>	<b><u>\$ 449</u></b>	<b><u>\$ 53</u></b>	<b><u>\$ 74,008</u></b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Interfund payable		449		
	<u>-</u>	<u>449</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>\$ -</u></b>	<b><u>\$ 449</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	\$ -	\$ -	\$ -	\$ 1,650
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,650</u>
<b>Total deferred inflows of resources</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,650</u></b>
<b>Fund balance:</b>				
<b>Nonspendable:</b>				
Inventories	\$ -	\$ -	\$ -	\$ -
<b>Restricted for:</b>				
Education	3,929			72,358
Food service			53	
Debt service				
Unassigned				
	<u>3,929</u>	<u>-</u>	<u>53</u>	<u>72,358</u>
<b>Total fund balances</b>	<b><u>\$ 3,929</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 53</u></b>	<b><u>\$ 72,358</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b><u>\$ 3,929</u></b>	<b><u>\$ 449</u></b>	<b><u>\$ 53</u></b>	<b><u>\$ 74,008</u></b>

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



Special Revenue Fund 2012 GO Bond	Debt Service Fund Debt Service	Total
\$ -	\$ 3,749	\$ 113,393
		1,398
		3,360
		-
<u>1,687</u>		<u>70,638</u>
<u>\$ 1,687</u>	<u>\$ 3,749</u>	<u>\$ 188,789</u>
\$ -	\$ -	\$ -
<u>1,687</u>		<u>26,562</u>
<u>\$ 1,687</u>	<u>\$ -</u>	<u>\$ 26,562</u>
\$ -	\$ -	\$ 1,650
<u>-</u>		<u>1,650</u>
\$ -	\$ -	\$ 1,398
		93,008
		62,422
	3,749	3,749
		-
<u>-</u>		<u>160,577</u>
<u>\$ 1,687</u>	<u>\$ 3,749</u>	<u>\$ 188,789</u>

Animas Independent School District # 6  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
For The Fiscal Year Ended June 30, 2016

	Special Revenue Funds			
	Cafeteria	Athletics	Reads to Lead	Preschool
Revenues:				
Fees and charges	\$ 19,029	\$ 9,047	\$ -	\$ -
Property taxes				
State aid			50,010	
Federal aid	71,454			4,202
Miscellaneous				
Total revenues	\$ 90,483	\$ 9,047	\$ 50,010	\$ 4,202
Expenditures:				
Current:				
Instruction	\$ -	\$ 9,693	\$ 50,010	\$ 4,202
Support services - Instruction				
General administration				
School administration				
Central services				
Operation of plant				
Food services	70,996			
Capital outlay				
Total expenditures	\$ 70,996	\$ 9,693	\$ 50,010	\$ 4,202
Net change in fund balances	\$ 19,487	\$ (646)	\$ -	\$ -
Other financing sources (uses):				
Operating transfers in				
Operating transfers out				
Net change in fund balances	\$ 19,487	\$ (646)	\$ -	\$ -
Fund balance, July 1, 2015	44,280	9,134		
Fund balance, June 30, 2016	\$ 63,767	\$ 8,488	\$ -	\$ -

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

Special Revenue Funds

<u>Teacher Training</u>	<u>Idea B Results</u>	<u>School Improvement</u>	<u>Microsoft</u>	<u>2008 Library Bond</u>	<u>Tech for Education</u>	<u>Teacher Mentoring</u>	<u>Dual Credit</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12,720	19,998						1,691
<u>\$12,720</u>	<u>\$ 19,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,691</u>
\$12,720	\$ 19,998	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,691
<u>\$12,720</u>	<u>\$ 19,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,691</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		4,173	5	784	3,271	3,929	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,173</u>	<u>\$ 5</u>	<u>\$ 784</u>	<u>\$ 3,271</u>	<u>\$ 3,929</u>	<u>\$ -</u>

Animas Independent School District # 6  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (concluded)**  
For The Fiscal Year Ended June 30, 2016

	Special Revenue Funds			Debt Service Funds		Total
	Elementary Breakfast	2012 GO Bond	Rural Achievement	SB-9	Debt Service	
Revenues:						
Fees and charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,076
Property taxes				67,562		67,562
State aid	53	1,687	15,014	44,076		112,531
Federal aid						108,374
Miscellaneous						-
Total revenues	<u>\$ 53</u>	<u>\$ 1,687</u>	<u>\$ 15,014</u>	<u>\$ 111,638</u>	<u>\$ -</u>	<u>\$ 316,543</u>
Expenditures:						
Current:						
Instruction	\$ -	\$ -	\$ 15,014	\$ -	\$ -	\$ 113,328
Support services - Instruction		1,687				1,687
General administration				600		600
School administration						-
Central services						-
Operation of plant				108,957		108,957
Food services						70,996
Capital outlay						-
Total expenditures	<u>\$ -</u>	<u>\$ 1,687</u>	<u>\$ 15,014</u>	<u>\$ 109,557</u>	<u>\$ -</u>	<u>\$ 295,568</u>
Net change in fund balances	\$ 53	\$ -	\$ -	\$ 2,081	\$ -	\$ 20,975
Other financing sources (uses):						
Operating transfers in						-
Operating transfers out						-
Net change in fund balances	\$ 53	\$ -	\$ -	\$ 2,081	\$ -	\$ 20,975
Fund balance, July 1, 2015				<u>70,277</u>	<u>3,749</u>	<u>139,602</u>
Fund balance, June 30, 2016	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,358</u>	<u>\$ 3,749</u>	<u>\$ 160,577</u>

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

Animas Independent School District #6  
**GENERAL FUND**  
**COMBINING BALANCE SHEET**  
June 30, 2016

	Operational	Transportation	Instructional Materials
<b>Assets</b>			
Cash and investments	\$ 381,662	\$ -	\$ 6,790
Taxes receivable	586		
Due from other governments			
Interfund receivable	143,956		
 Total assets	 \$ 526,204	 \$ -	 \$ 6,790
 <b>Liabilities</b>			
Accounts payable	\$ 27,078	\$ -	\$ -
Interfund payable			
 Total liabilities	 \$ 27,078	 \$ -	 \$ -
 <b>Deferred Inflows of Resources</b>			
Unavailable revenue	\$ 235	\$ -	\$ -
 Total deferred inflows of resources	 \$ 235	 \$ -	 \$ -
 Fund balance:			
Restricted for:			
Education	\$ -	\$ -	\$ 6,790
Operation of plant			
Unassigned	498,891		
 Total fund balances	 \$ 498,891	 \$ -	 \$ 6,790
 Total liabilities, deferred inflows of resources, and fund balances	 \$ 526,204	 \$ -	 \$ 6,790

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

<u>Teacherage</u>	<u>Total</u>
\$ 27,863	\$ 416,315 586 -
<u>                    </u>	<u>143,956</u>
<u><u>\$ 27,863</u></u>	<u><u>\$ 560,857</u></u>
\$ -	\$ 27,078 -
<u>                    </u>	<u>                    </u>
<u><u>\$ -</u></u>	<u><u>\$ 27,078</u></u>
<u>\$ -</u>	<u>\$ 235</u>
<u>\$ -</u>	<u>\$ 235</u>
\$ - 27,863	\$ 6,790 27,863 498,891
<u>                    </u>	<u>                    </u>
<u><u>\$ 27,863</u></u>	<u><u>\$ 533,544</u></u>
<u><u>\$ 27,863</u></u>	<u><u>\$ 560,857</u></u>

Animas Independent School District # 6  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
For The Fiscal Year Ended June 30, 2016

	Operational	Transportation	Instructional Materials
Revenues:			
Property taxes	\$ 15,823	\$ -	\$ -
Fees and charges	3,281		
State aid	2,302,814	322,567	10,275
Federal aid	7,629		
Miscellaneous	12,938		
	<u>\$ 2,342,485</u>	<u>\$ 322,567</u>	<u>\$ 10,275</u>
Total revenues			
Expenditures:			
Current:			
Instruction	\$ 1,203,628	\$ -	\$ 5,986
Support services - Students	181,920		
Support services - Intstruction	4,713		
General administration	165,931		
School administration	134,058		
Central services	83,961		
Operation of plant	535,471		
Transportation	4,602	322,567	
Food services	29,646		
Capital outlay	16,244		
	<u>\$ 2,360,174</u>	<u>\$ 322,567</u>	<u>\$ 5,986</u>
Total expenditures			
Net change in fund balances	\$ (17,689)	\$ -	\$ 4,289
Fund balance, July 1, 2015	<u>516,580</u>	<u>-</u>	<u>2,501</u>
Fund balance, June 30, 2016	<u>\$ 498,891</u>	<u>\$ -</u>	<u>\$ 6,790</u>

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

<u>Teacherage</u>	<u>General Fund Total</u>
\$ -	\$ 15,823
27,309	30,590
	2,635,656
	7,629
	12,938
<u>\$ 27,309</u>	<u>\$ 2,702,636</u>
\$ -	\$ 1,209,614
	181,920
	4,713
	165,931
	134,058
	83,961
35,863	571,334
	327,169
	29,646
	16,244
<u>\$ 35,863</u>	<u>\$ 2,724,590</u>
\$ (8,554)	\$ (21,954)
36,417	555,498
<u>\$ 27,863</u>	<u>\$ 533,544</u>



Animas Independent School District # 6  
**GENERAL FUND/OPERATIONAL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Federal sources	\$ -	\$ -	\$ 7,629	\$ 7,629
State sources	2,088,364	2,239,023	2,240,298	1,275
Local sources	25,424	25,424	32,269	6,845
Interest income	110	110	60	(50)
<b>Total revenues</b>	<b>\$ 2,113,898</b>	<b>\$ 2,264,557</b>	<b>\$ 2,280,256</b>	<b>\$ 15,699</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	\$ 1,343,339	\$ 1,416,576	\$ 1,204,545	\$ 212,031
Support services - Students	205,112	210,012	181,920	28,092
Support services - Instruction	10,200	11,200	4,713	6,487
General administration	198,670	201,906	162,168	39,738
School administration	157,260	159,673	134,114	25,559
Central services	112,669	114,469	83,961	30,508
Operation of plant	528,400	592,473	463,260	129,213
Transportation	17,000	17,000	3,581	13,419
Other support services	702	702		702
Food services	35,675	35,675	29,646	6,029
Capital outlay	18,000	18,000	16,244	1,756
<b>Total expenditures</b>	<b>\$ 2,627,027</b>	<b>\$ 2,777,686</b>	<b>\$ 2,284,152</b>	<b>\$ 493,534</b>
Net change in fund balance	\$ (513,129)	\$ (513,129)	\$ (3,896)	\$ 509,233
Fund balance, July 1, 2015	513,129	513,129	529,508	16,379
Fund balance, June 30, 2016	\$ -	\$ -	\$ 525,612	\$ 525,612
<b>Budgetary reconciliation:</b>				
Net change in fund balance, GAAP basis				\$ (17,689)
Revenue accruals (net)				(62,229)
Expenditure accruals (net)				76,022
Net change in fund balance, NON-GAAP budgetary basis				<u>\$ (3,896)</u>

The accompanying notes are an integral part of these financial statements

Animas Independent School District # 6  
**GENERAL FUND/TRANSPORTATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 300,601	\$ 322,567	\$ 322,567	\$ -
Local sources				-
Total revenues	\$ 300,601	\$ 322,567	\$ 322,567	\$ -
Expenditures:				
Current:				
Transportation	\$ 300,601	\$ 322,567	\$ 322,567	\$ -
Capital outlay				-
Total expenditures	\$ 300,601	\$ 322,567	\$ 322,567	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2015	-	-	-	-
Fund balance, June 30, 2016	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Animas Independent School District # 6  
**GENERAL FUND/INSTRUCTIONAL MATERIALS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 6,840	\$ 8,260	\$ 10,275	\$ 2,015
Expenditures:				
Current:				
Instruction	\$ 6,840	\$ 8,260	\$ 5,986	\$ 2,274
Support services - Instruction				-
Total expenditures	<u>\$ 6,840</u>	<u>\$ 8,260</u>	<u>\$ 5,986</u>	<u>\$ 2,274</u>
Net change in fund balance	\$ -	\$ -	\$ 4,289	\$ 4,289
Fund balance, July 1, 2015			<u>2,501</u>	<u>2,501</u>
Fund balance, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,790</u>	<u>\$ 6,790</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 4,289	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 4,289</u>	

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

Animas Independent School District # 6  
**GENERAL FUND/TEACHERAGE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ 26,000	\$ 26,000	\$ 27,309	\$ 1,309
Earnings on investments				-
Total revenues	\$ 26,000	\$ 26,000	\$ 27,309	\$ 1,309
Expenditures:				
Current:				
Operation of plant	\$ 63,924	\$ 63,924	\$ 35,863	\$ 28,061
Capital outlay				-
Total expenditures	\$ 63,924	\$ 63,924	\$ 35,863	\$ 28,061
Net change in fund balance	\$ (37,924)	\$ (37,924)	\$ (8,554)	\$ 29,370
Fund balance, July 1, 2015	37,924	37,924	36,417	(1,507)
Fund balance, June 30, 2016	\$ -	\$ -	\$ 27,863	\$ 27,863
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (8,554)	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (8,554)	

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

Animas Independent School District # 6  
**SPECIAL REVENUE FUND - CAFETERIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 60,000	\$ 60,000	\$ 64,643	\$ 4,643
Local sources	15,500	15,500	19,029	3,529
Total revenues	\$ 75,500	\$ 75,500	\$ 83,672	\$ 8,172
Expenditures:				
Current:				
Food services	\$ 115,259	\$ 115,259	\$ 64,638	\$ 50,621
Capital outlay				-
Total expenditures	\$ 115,259	\$ 115,259	\$ 64,638	\$ 50,621
Net change in fund balance	\$ (39,759)	\$ (39,759)	\$ 19,034	\$ 58,793
Fund balance, July 1, 2015	39,759	39,759	43,335	3,576
Fund balance, June 30, 2016	\$ -	\$ -	\$ 62,369	\$ 62,369
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 19,487	
Revenue accruals (net)			(6,811)	
Expenditure accruals (net)			6,358	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ 19,034	

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

Animas Independent School District # 6  
**SPECIAL REVENUE FUND - ATHLETICS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ 10,300	\$ 10,300	\$ 9,047	\$ (1,253)
Expenditures:				
Current:				
Instruction	19,145	19,145	9,693	9,452
Net change in fund balance	\$ (8,845)	\$ (8,845)	\$ (646)	\$ 8,199
Fund balance, July 1, 2015	8,845	8,845	9,134	289
Fund balance, June 30, 2016	\$ -	\$ -	\$ 8,488	\$ 8,488
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (646)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (646)	

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

Animas Independent School District # 6  
**SPECIAL REVENUE FUND - TEACHER/PRINCIPAL TRAINING**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 11,805	\$ 14,110	\$ 20,991	\$ 6,881
Expenditures:				
Current:				
Instruction	\$ 11,805	\$ 14,110	\$ 12,720	\$ 1,390
Support services - Instruction				-
General administration				-
Total expenditures	<u>\$ 11,805</u>	<u>\$ 14,110</u>	<u>\$ 12,720</u>	<u>\$ 1,390</u>
Net change in fund balance	\$ -	\$ -	\$ 8,271	\$ 8,271
Fund balance, July 1, 2015	<u>-</u>	<u>-</u>	<u>(13,932)</u>	<u>(13,932)</u>
Fund balance, June 30, 2016	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (5,661)</u></u>	<u><u>\$ (5,661)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			8,271	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 8,271</u></u>	

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

Animas Independent School District # 6  
**SPECIAL REVENUE FUND - SENATE BILL 9**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 17,477	\$ 17,477	\$ -	\$ (17,477)
Local sources	<u>65,639</u>	<u>65,639</u>	<u>68,574</u>	<u>2,935</u>
Total revenues	<u>\$ 83,116</u>	<u>\$ 83,116</u>	<u>\$ 68,574</u>	<u>\$ (14,542)</u>
Expenditures:				
Current:				
General administration	\$ 600	\$ 600	\$ 600	\$ -
Operation of plant	110,449	136,448	108,957	27,491
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u></u>	<u>10,000</u>
Total expenditures	<u>\$ 121,049</u>	<u>\$ 147,048</u>	<u>\$ 109,557</u>	<u>\$ 37,491</u>
Net change in fund balance	\$ (37,933)	\$ (63,932)	\$ (40,983)	\$ 22,949
Fund balance, July 1, 2015	<u>37,933</u>	<u>63,932</u>	<u>67,555</u>	<u>3,623</u>
Fund balance, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,572</u>	<u>\$ 26,572</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 2,081	
Revenue accruals (net)			(43,064)	
Expenditure accruals (net)			<u></u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (40,983)</u>	

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



Animas Independent School District # 6  
**SPECIAL REVENUE FUND - MIGRANT CHILDREN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
School administration	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2015	<u>-</u>	<u>-</u>	<u>(1,522)</u>	<u>(1,522)</u>
Fund balance, June 30, 2016	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1,522)</u></u>	<u><u>\$ (1,522)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Animas Independent School District # 6  
**SPECIAL REVENUE FUND - 2012 GO BOND STUDENT LIBRARY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 11,154	\$ 11,154	\$ -	\$ (11,154)
Expenditures:				
Current:				
Support services - Instruction	<u>11,154</u>	<u>11,154</u>	<u>1,687</u>	<u>9,467</u>
Net change in fund balance	\$ -	\$ -	\$ (1,687)	\$ (1,687)
Fund balance, July 1, 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,687)</u>	<u>\$ (1,687)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(1,687)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (1,687)</u>	

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

Animas Independent School District # 6  
**SPECIAL REVENUE FUND - TECHNOLOGY FOR EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2015			3,271	3,271
Fund balance, June 30, 2016	\$ -	\$ -	\$ 3,271	\$ 3,271
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Animas Independent School District # 6  
**SPECIAL REVENUE FUND - INCENTIVES FOR SCHOOL IMPROVEMENTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2015	-	-	4,173	4,173
Fund balance, June 30, 2016	\$ -	\$ -	\$ 4,173	\$ 4,173
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Animas Independent School District # 6  
**SPECIAL REVENUE FUND - TEACHER MENTORING**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2015	-	-	3,929	3,929
Fund balance, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,929</u>	<u>\$ 3,929</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ -</u>	

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

Animas Independent School District # 6  
**SPECIAL REVENUE FUND - BREAKFAST FOR ELEMENTARY STUDENTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ 1,499	\$ 1,499
Expenditures:				
Current:				
Food services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ 1,499	\$ 1,499
Fund balance, July 1, 2015	<u>-</u>	<u>-</u>	<u>(1,446)</u>	<u>(1,446)</u>
Fund balance, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53</u>	<u>\$ 53</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 53	
Revenue accruals (net)			1,446	
Expenditure accruals (net)			-	
Other financing uses (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 1,499</u>	

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

Animas Independent School District # 6  
**SPECIAL REVENUE FUND - 2008 LIBRARY BOOK BONDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2015			784	784
Fund balance, June 30, 2016	\$ -	\$ -	\$ 784	\$ 784
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Animas Independent School District # 6  
**SPECIAL REVENUE FUND - IDEA B RESULTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 20,000	\$ 20,000	\$ 19,998	\$ (2)
Expenditures:				
Current:				
Instruction	\$ 20,000	\$ 20,000	\$ 19,998	\$ 2
Capital outlay				-
Total expenditures	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 19,998</u>	<u>\$ 2</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2016	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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



Animas Independent School District # 6  
**SPECIAL REVENUE FUND - PRESCHOOL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 3,264	\$ 4,202	\$ 5,590	\$ 1,388
Expenditures:				
Current:				
Instruction	\$ 3,264	\$ 4,202	\$ 4,202	\$ -
Support services - Instruction				-
School administration				-
Total expenditures	\$ 3,264	\$ 4,202	\$ 4,202	\$ -
Net change in fund balance	\$ -	\$ -	\$ 1,388	\$ 1,388
Fund balance, July 1, 2015	-	-	(5,590)	(5,590)
Fund balance, June 30, 2016	\$ -	\$ -	\$ (4,202)	\$ (4,202)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			1,388	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 1,388	

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

Animas Independent School District # 6  
**SPECIAL REVENUE FUND - MICROSOFT SETTLEMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2015	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>
Fund balance, June 30, 2016	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5</u></u>	<u><u>\$ 5</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Animas Independent School District # 6  
**SPECIAL REVENUE FUND - 2009 DUAL CREDIT INSTRUCTION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 1,691	\$ 1,533	\$ (158)
Expenditures:				
Current:				
Instruction	-	1,691	1,691	-
Net change in fund balance	\$ -	\$ -	\$ (158)	\$ (158)
Fund balance, July 1, 2015	-	-	(291)	(291)
Fund balance, June 30, 2016	\$ -	\$ -	\$ (449)	\$ (449)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(158)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (158)	

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

Animas Independent School District # 6  
**SPECIAL REVENUE FUND - RURAL EDUCATION ACHIEVEMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 21,711	\$ 21,711	\$ 15,014	\$ (6,697)
Expenditures:				
Current:				
Instruction	21,711	21,711	15,014	6,697
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2015	-	-	-	-
Fund balance, June 30, 2016	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Animas Independent School District # 6  
**SPECIAL REVENUE FUND - USDA 2010**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 163	\$ 12,500	\$ 12,337
Expenditures:				
Current:				
Food services	\$ -	\$ 163	\$ -	\$ 163
Capital outlay				-
Total expenditures	\$ -	\$ 163	\$ -	\$ 163
Net change in fund balance	\$ -	\$ -	\$ 12,500	\$ 12,500
Fund balance, July 1, 2015	-	-	(12,500)	(12,500)
Fund balance, June 30, 2016	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			12,500	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 12,500	

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

Animas Independent School District # 6  
**SPECIAL REVENUE FUND - READS TO LEADS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 50,000	\$ 50,010	\$ 67,433	\$ 17,423
Expenditures:				
Current:				
Instruction	\$ 50,000	\$ 50,010	\$ 50,010	\$ -
General administration				-
School administration				-
Total expenditures	\$ 50,000	\$ 50,010	\$ 50,010	\$ -
Net change in fund balance	\$ -	\$ -	\$ 17,423	\$ 17,423
Fund balance, July 1, 2015	-	-	(30,464)	(30,464)
Fund balance, June 30, 2016	\$ -	\$ -	\$ (13,041)	\$ (13,041)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			17,423	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 17,423	

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

Animas Independent School District #6  
**DEBT SERVICE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Administration	\$ -	\$ -	\$ -	\$ -
Reserve	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2015	-	-	3,749	3,749
Fund balance, June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,749</u>	<u>\$ 3,749</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ -</u>	

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

Animas Independent School District No. 6  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF  
 THE EDUCATIONAL RETIREMENT BOARD (ERB) PLAN  
 LAST 10 FISCAL YEARS\***

	2016	2015
Animas Independent School District No. 6's proportion of the net pension liability	.04813%	.05323%
Animas Independent School District No. 6's proportionate share of the net pension liability	\$ 3,117,508	\$ 3,037,152
Animas Independent School district No. 6's covered employee payroll	\$ 1,440,829	\$ 1,367,950
Animas Independent School District No. 6's proportionate share of the net pension liability as a percentage of its covered-employee payroll	216%	222%
Plan fiduciary net position as a percentage of the total pension liability	63.97%	66.54%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled, Animas Independent School District No. 6 will present information for those years for which information is available.



Animas Independent School District No. 6  
**SCHEDULE OF CONTRIBUTIONS**  
**EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN**  
**\*LAST 10 FISCAL YEARS**

	2016	2015
Contractually required contributions	\$ 200,276	\$ 190,163
Contributions in relation to contractually required contribution	(200,276)	(190,163)
Contribution deficiency (excess)	\$ -	\$ -
Animas Independent School District No. 6's covered-employee payroll	\$ 1,440,829	\$ 1,367,950
Contributions as a percentage of covered-employee payroll	13.90%	13.90%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, Animas Independent School District No. 6 will present information for those years for which information is available.

Animas Independent School District No. 6  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
For the Fiscal Year Ended June 30, 2016

**Changes in benefit terms** – The Cola and retirement eligibility benefits changes in recent years are described in the **Benefits Provided** subsection of the financial statement note disclosure **General Information on the Pension Plan**.

**Changes of Assumptions**

ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study as of June 30, 2014, presented to the Board of Trustees on June 12, 2015, ERB implemented the following changes in assumptions for the fiscal years 2015:

1. Fiscal year 2015 valuation assumptions that changed based on this study:
  - a. Lower wage inflation from 4.25% to 3.75%
  - b. Lower population growth from .50% to zero.
  - c. Minor changes in demographic assumptions
  - d. Remove population growth assumptions for projections
  
2. Assumptions that were not changed:
  - a. Investment return will remain at 7.75%
  - b. Inflation will remain at 3.00%
  - c. Net 4.75% real return assumption
  - d. COLA assumption of 2% per year
  - e. Payroll growth of 3.50%

See also the **Actuarial Assumptions** subsection of the financial statement note disclosure **General Information on the Pension Plan**.

Animas Independent School District # 6  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>Assets</b>				
Cash and investments:				
Animas High School	\$ 18,992	\$ 43,111	\$ 42,315	\$ 19,788
Administration	<u>7,796</u>	<u>12,868</u>	<u>18,451</u>	<u>2,213</u>
Total Assets	<u><u>\$ 26,788</u></u>	<u><u>\$ 55,979</u></u>	<u><u>\$ 60,766</u></u>	<u><u>\$ 22,001</u></u>
<b>Liabilities</b>				
Deposits held for others:				
Animas High School	\$ 18,992	\$ 43,111	\$ 42,315	\$ 19,788
Administration	<u>7,796</u>	<u>12,868</u>	<u>18,451</u>	<u>2,213</u>
Total Liabilities	<u><u>\$ 26,788</u></u>	<u><u>\$ 55,979</u></u>	<u><u>\$ 60,766</u></u>	<u><u>\$ 22,001</u></u>

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

Animas Independent School District # 6  
**SCHEDULE OF DEPOSITORY COLLATERAL**  
 June 30, 2016

	<u>Western Bank</u>
Checking	<u>\$ 744,967</u>
Total on deposit	\$ 744,967
Less: FDIC insurance	<u>(250,000)</u>
Total uninsured public funds	<u><u>\$ 494,967</u></u>
50% collateralization requirement (Section 6-10-17 NMSA)	<u>\$ 247,484</u>
Pledged Securities:	
Dona Ana Cnty NM 257579CW0 9/1/24	\$ 383,656
Rio Ranch NM Pub Sch 767171KD2 8/1/23	<u>264,406</u>
Total pledged securities	<u>\$ 648,062</u>
Pledged securities over (under) requirement	<u><u>\$ 400,579</u></u>

Securities pledged are held by the Federal Home Loan Bank in Irving, Texas, with safekeeping receipts held by the District.

Animas Independent School District # 6  
**SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS**  
 June 30, 2016

	Type of Account	Bank Balance	Reconciled Balance
<u>Western Bank</u>			
Payroll Clearing	Checking	\$ 110,649	\$ -
Cafeteria	Checking	62,848	62,422
Operational	Checking	305,222	230,930
Teacherage	Checking	27,863	27,863
School Fund	Checking	25,692	22,001
Athletics	Checking	8,686	8,488
Investment	Checking	200,005	200,005
IRS	Checking	4,002	-
Total cash and investments		\$ 744,967	\$ 551,709

Animas Independent School District # 6  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**  
**ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION**  
For The Fiscal Year Ended June 30, 2016

	<u>Operational</u>	<u>Teacherage</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Food Services</u>
Total cash and investments as of July 1, 2015	\$ 529,508	\$ 36,417	\$ -	\$ 2,501	\$ 43,335
Add: Current year receipts	2,280,256	27,309	322,567	10,275	83,672
Prior year warrants voided					
Less: Current year expenditures	(2,284,152)	(35,863)	(322,567)	(5,985)	(64,637)
Chargebacks/(Overdrafts)					
Receivables/payables					
Transfers					
Total cash and investments as of June 30, 2016	<u>\$ 525,612</u>	<u>\$ 27,863</u>	<u>\$ -</u>	<u>\$ 6,791</u>	<u>\$ 62,370</u>

Animas Independent School District # 6  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**  
**ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION**  
For The Fiscal Year Ended June 30, 2016

	<u>Athletics</u>	<u>Federal Flowthrough</u>	<u>Federal Direct</u>	<u>Local Grants</u>	<u>State Flowthrough</u>
Total cash and investments as of July 1, 2015	\$ 9,134	\$ (149,915)	\$ -	\$ 5	\$ (20,054)
Add: Current year receipts	9,047	223,208	15,014		70,465
Prior year warrants voided					
Less: Current year expenditures	(9,692)	(202,071)	(15,014)		(53,377)
Abatements					
Receivables/payables					
Transfers					
Total cash and investments as of June 30, 2016	<u>\$ 8,489</u>	<u>\$ (128,778)</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ (2,966)</u>

Animas Independent School District # 6  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (concluded)**  
**ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION**  
For The Fiscal Year Ended June 30, 2016

	State Direct	Capital Improvement SB-9	Debt Service	Agency	Total
Total cash and investments as of July 1, 2015	\$ -	\$ 67,555	\$ 3,749	\$ 26,788	\$ 549,023
Add: Current year receipts		68,574		55,979	3,166,366
Prior year warrants voided					-
Less: Current year expenditures		(109,556)		(60,766)	(3,163,680)
Abatements					-
Receivables/payables					-
Transfers					-
Total cash and investments as of June 30, 2016	<u>\$ -</u>	<u>\$ 26,573</u>	<u>\$ 3,749</u>	<u>\$ 22,001</u>	<u>\$ 551,709</u>





Animas Independent School District No. 6  
SCHEDULE OF JOINT POWERS AGREEMENTS  
June 30, 2016

Participants-	Animas Independent School District No. 1 and the Southwest Regional Education Cooperative # 10
Responsible party for operations-	The District as well as the Southwest Regional Education Cooperative # 10
Description-	Participants agree to work together to establish and maintain cooperative programs of educational services under various federal and state authorizing statutes
Beginning and ending dates-	To be renewed each fiscal year
Total estimated amount of project and amount applicable to agency-	Varies year to year and is based upon program awards
Amount agency contributed in current fiscal year-	Based upon programs awarded
Audit responsibility-	Southwest Regional Education Cooperative # 10
Name of agency where revenues and expenditures are reported-	Southwest Regional Education Cooperative # 10



Animas Independent School District No. 6  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the Fiscal Year Ended June 30, 2016

Current Status

**Findings – Financial Statement Audit**

2015-001 reimbursement in excess of state statute

Resolved

MIKE STONE, C.P.A.  
LINDA STONE MCGEE, C.P.A.  
KAY STONE, C.P.A.  
JARROD MASON, C.P.A.  
KELLEY WYATT, C.P.A.

RYAN MONTOYA, C.P.A.

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

**INDEPENDENT AUDITOR'S REPORT**

Timothy Keller, State Auditor  
And  
Board of Education  
Animas Independent School District No. 6  
Animas, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Animas Independent School District No. 6 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Animas Independent School District No. 6's basic financial statements, and the combining and individual fund financial statements and related budgetary comparisons of the District presented as other supplementary information, and have issued our report thereon dated November 10, 2016.

**Internal Control Over financial Reporting**

In planning and performing our audit of the financial statements, we considered Animas Independent School District No. 6's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Animas Independent School District No. 6'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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Animas Independent School District No. 6's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Stone, McGee & Co., CPAs*

Silver City, New Mexico  
November 10, 2016

**Stone, McGee & Co.**  
Certified Public Accountants

Animas Independent School District No. 6  
**SCHEDULE OF FINDINGS AND RESPONSES**  
For the Fiscal Year Ended June 30, 2016

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of Animas Independent School District No. 6.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *Independent Auditor's 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*.
3. No instances of noncompliance material to the financial statements of Animas Independent School District No. 6, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. Animas Independent School District No. 6 expended less than \$750,000 in federal funds.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None

**OTHER – FINANCIAL STATEMENT PREPARATION**

The financial statements were prepared by Stone, McGee & Co., C.P.A.'s. However, the management of Animas Independent School District No. 6 has acknowledged its responsibility for the financial statements and has taken responsibility for them.

**EXIT CONFERENCE**

The contents of this report were discussed October 21, 2016. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Levi Klump	Board Member	Animas Schools
Jared Fralie	Board Member	Animas Schools
Trina Kellogg	Audit Committee Member	Animas Schools
Katy Estrada	Audit Committee Member	Animas Schools
Loren Cushman	Superintendent	Animas Schools
Tammy Pompeo	Finance Director	Animas Schools
Mike Stone	Shareholder	Stone, McGee & Co., CPAs