



STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT
June 30, 2013

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Certified Public Accountant
Clovis, New Mexico



STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
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STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
Official Roster
June 30, 2013

BOARD OF EDUCATION

Lawrence Vigil	President
Eileen Griego-Vigil	Vice-President
Michael Flores	Secretary
Eddie Roy Duran	Member
Patrick Sandoval	Member

SCHOOL OFFICIALS

Fred Trujillo	Superintendent
Brenda Gallegos	Business Manager

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Pecos Independent School District

Mr. Balderas and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Pecos Independent School District (District), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, and the budgetary comparisons for the major capital project and debt service fund presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2013, 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 of the District as of June 30, 2013, and the respective changes in financial position and the respective budgetary comparisons for the major capital project and debt service fund and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the Management's Discussion and Analysis which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of the 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.

Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting & compliance.



Clovis, New Mexico
October 16, 2013

FINANCIAL SECTION

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
 Government-Wide Statement of Net Position
 June 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 6,830,201
Investments	167,590
Taxes Receivable	14,233
Due from Grantor	524,215
Inventory	1,605
Total Current Assets	<u>7,537,844</u>
Noncurrent Assets	
Capital Assets	20,861,176
Less: Accumulated Depreciation	<u>(10,594,518)</u>
Total Noncurrent Assets	<u>10,266,658</u>
Total Assets	<u>17,804,502</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	59,732
Accrued Interest	22,149
Current Portion Due of Long-Term Debt	360,000
Total Current Liabilities	<u>441,881</u>
Noncurrent Liabilities	
Compensated Absences	47,013
Bonds and Notes, Net	5,877,375
Total Noncurrent Liabilities	<u>5,924,388</u>
Total Liabilities	<u>6,366,269</u>
NET POSITION	
Net Investment in Capital Assets	4,389,283
Restricted for:	
Capital Projects	6,274,763
Debt Service	40,849
Unrestricted	733,338
Total Net Position	<u>\$ 11,438,233</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
 Government-Wide Statement of Activities
 For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 4,357,539	52,686	\$ 1,218,223	\$ 0	\$ (3,086,630)
Support Services-Students	908,302	25,447	212,693	0	(670,162)
Support Services-Instruction	112,934	0	98,832	0	(14,102)
General Administration	436,365	0	13,054	0	(423,311)
School Administration	586,875	0	41,926	0	(544,949)
Central Services	214,854	0	6,021	0	(208,833)
Operation of Plant	1,130,435	26,063	0	0	(1,104,372)
Student Transportation	430,373	0	395,795	0	(34,578)
Other	7,238	0	0	0	(7,238)
Food Services Operations	425,399	10,855	369,997	0	(44,547)
Community Services	12,632	0	12,632	0	0
Interest on Long-Term Obligations	29,152	0	0	0	(29,152)
Total Governmental Activities	<u>\$ 8,652,098</u>	<u>\$ 115,051</u>	<u>\$ 2,369,173</u>	<u>\$ 0</u>	<u>(6,167,874)</u>
General Revenues					
Taxes					
Property Taxes, Levied for General Purposes					
Property Taxes, Levied for Capital Projects					
Property Taxes, Levied for Debt Service					
Federal and State aid not restricted to specific purpose					
General					
Capital					
Interest and investment earnings					
Miscellaneous					
Subtotal, General Revenues					
Change in Net Position					
Net Position - Beginning					
Net Position - ending					

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2013

	General Fund		
	Operational 11000	Teacherage 12000	Transportation 13000
ASSETS			
Cash and Cash Equivalents	\$ 88,940	\$ 47,848	\$ 16,830
Investments		0	0
Receivables			
Taxes	367	0	0
Due From Grantor	0	0	0
Interfund Balance	524,215	0	0
Inventory	0	0	0
Total Assets	<u>\$ 613,522</u>	<u>\$ 47,848</u>	<u>\$ 16,830</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 0
Accounts Payable	54,466	4,860	406
Current Portion Due:			
Principal	0	0	0
Interest	0	0	0
Total Liabilities	<u>54,466</u>	<u>4,860</u>	<u>406</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Capital Improvements	0	0	0
Debt Service	0	0	0
Assigned-Capital Projects	0	0	0
Unassigned-General	559,056	42,988	16,424
Total Fund Balances	<u>559,056</u>	<u>42,988</u>	<u>16,424</u>
Total Liabilities and Fund Balances	<u>\$ 613,522</u>	<u>\$ 47,848</u>	<u>\$ 16,830</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2013

	General		
	Fund	Special Revenue	
	Instructional Materials 14000	Title I 24101	Title I Section 1003(g) 24124
ASSETS			
Cash and Cash Equivalents	\$ 31,646	\$ 0	\$ 0
Investments	0	0	0
Receivables			
Taxes	0	0	0
Due From Grantor	0	157,754	128,340
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 31,646</u>	<u>\$ 157,754</u>	<u>\$ 128,340</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 0	\$ 157,754	\$ 128,340
Accounts Payable	0	0	0
Current Portion Due:			
Principal	0	0	0
Interest	0	0	0
Total Liabilities	<u>0</u>	<u>157,754</u>	<u>128,340</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Capital Improvements	0	0	0
Debt Service	0	0	0
Assigned-Capital Projects	0	0	0
Unassigned-General	31,646	0	0
Total Fund Balances	<u>31,646</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 31,646</u>	<u>\$ 157,754</u>	<u>\$ 128,340</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2013

	<u>Capital Projects</u>		
	<u>Bond Building 31100</u>	<u>Debt Service 41000</u>	<u>Other Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,713,293	\$ 400,772	\$ 530,872
Investments	167,590	0	0
Receivables			
Taxes	0	9,077	4,789
Due From Grantor	0	0	238,121
Interfund Balance	0	0	0
Inventory	0	0	1,605
Total Assets	<u>\$ 5,880,883</u>	<u>\$ 409,849</u>	<u>\$ 775,387</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 238,121
Accounts Payable	0	0	0
Current Portion Due:			
Principal	0	360,000	0
Interest	0	9,000	0
Total Liabilities	<u>0</u>	<u>369,000</u>	<u>238,121</u>
Fund Balances			
Nonspendable-Inventory	0	0	1,605
Restricted for, reported in			
Special Revenue Funds	0	0	141,781
Capital Improvements	5,880,883	0	393,880
Debt Service	0	40,849	0
Assigned-Capital Projects	0	0	0
Unassigned-General	0	0	0
Total Fund Balances	<u>5,880,883</u>	<u>40,849</u>	<u>537,266</u>
Total Liabilities and Fund Balances	<u>\$ 5,880,883</u>	<u>\$ 409,849</u>	<u>\$ 775,387</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2013

	Total Governmental Funds
	<u> </u>
ASSETS	
Cash and Cash Equivalents	\$ 6,830,201
Investments	167,590
Receivables	
Taxes	14,233
Due From Grantor	524,215
Interfund Balance	524,215
Inventory	1,605
Total Assets	<u>\$ 8,062,059</u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Interfund Balance	\$ 524,215
Accounts Payable	59,732
Current Portion Due:	
Principal	360,000
Interest	9,000
Total Liabilities	<u>952,947</u>
Fund Balances	
Nonspendable-Inventory	1,605
Restricted for, reported in	
Special Revenue Funds	141,781
Capital Improvements	6,274,763
Debt Service	40,849
Assigned-Capital Projects	0
Unassigned-General	650,114
Total Fund Balances	<u>7,109,112</u>
Total Liabilities and Fund Balances	<u>\$ 8,062,059</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 June 30, 2013

Total Fund Balance - Governmental Funds \$ 7,109,112

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

The cost of capital assets	\$ 20,861,176	
Accumulated depreciation	<u>(10,594,518)</u>	10,266,658

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of :

Bond Payable	(5,400,000)	
Bond Premium	(522,949)	
Accumulated Amortization	2,179	
Bond Issue Costs	43,577	
Accumulated Amortization	(182)	
Accrued Interest	(13,149)	
Compensated Absences	<u>(47,013)</u>	<u>(5,937,537)</u>

Total net position - governmental activities	\$	<u><u>11,438,233</u></u>
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The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2013

	General Fund		
	Operational 11000	Teacherage 12000	Transportation 13000
Revenues			
Property Taxes	\$ 13,826	\$ 0	\$ 0
Investment Income	2,364	0	0
Fees	2,200	26,063	0
State & Local Grants	5,321,333	0	384,720
Federal Grants	25,289	0	0
Miscellaneous	26,614	0	0
Total Revenues	5,391,626	26,063	384,720
Expenditures			
Current			
Instruction	2,627,486	0	0
Support Services-Students	640,790	0	0
Support Services-Instruction	29,070	0	0
Support Services-General Administration	385,251	0	0
Support Services-School Administration	544,604	0	0
Central Services	208,464	0	0
Operation & Maintenance of Plant	979,205	15,546	0
Student Transportation	3,641	0	392,377
Other	7,238	0	0
Food Service Operations	0	0	0
Community Service	0	0	0
Capital Outlay	0	43,550	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Bond Issue Costs	0	0	0
Total Expenditures	5,425,749	59,096	392,377
Excess (Deficiency) of Revenues Over Expenditures	(34,123)	(33,033)	(7,657)
Other Financing Sources (Uses)			
Bond Issue Proceeds & Premium	0	0	0
Total Other Sources (Uses)	0	0	0
Net Change in Fund Balance	(34,123)	(33,033)	(7,657)
Fund Balances at Beginning of Year	593,179	76,021	24,081
Fund Balance End of Year	\$ 559,056	\$ 42,988	\$ 16,424

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2013

	General		
	Fund	Special Revenue	
	Instructional Materials 14000	Title I 24101	Title I Section 1003(g) 24124
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Fees	0	0	0
State & Local Grants	40,121	0	0
Federal Grants	0	254,314	570,156
Miscellaneous	0	0	0
Total Revenues	40,121	254,314	570,156
Expenditures			
Current			
Instruction	13,781	215,737	513,043
Support Services-Students	0	0	1,711
Support Services-Instruction	0	27,625	0
Support Services-General Administration	0	10,952	0
Support Services-School Administration	0	0	41,926
Central Services	0	0	6,021
Operation & Maintenance of Plant	0	0	0
Student Transportation	0	0	5,076
Other	0	0	0
Food Service Operations	0	0	2,379
Community Service	0	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Bond Issue Costs	0	0	0
Total Expenditures	13,781	254,314	570,156
Excess (Deficiency) of Revenues Over Expenditures	26,340	0	0
Other Financing Sources (Uses)			
Bond Issue Proceeds & Premium	0	0	0
Total Other Sources (Uses)	0	0	0
Net Change in Fund Balance	26,340	0	0
Fund Balances at Beginning of Year	5,306	0	0
Fund Balance End of Year	\$ 31,646	\$ 0	\$ 0

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2013

	Capital Projects		
	Bond Building 31100	Debt Service 41000	Other Governmental Funds
Revenues			
Property Taxes	\$ 0	\$ 388,707	\$ 227,508
Investment Income	209	40	0
Fees	0	0	99,081
State & Local Grants	0	0	455,423
Federal Grants	0	0	873,401
Miscellaneous	0	0	0
Total Revenues	<u>209</u>	<u>388,747</u>	<u>1,655,413</u>
Expenditures			
Current			
Instruction	0	0	589,971
Support Services-Students	0	0	244,607
Support Services-Instruction	0	0	71,207
Support Services-General Administration	0	3,846	4,356
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	0	0	106,899
Student Transportation	0	0	5,999
Other	0	0	0
Food Service Operations	0	0	420,368
Community Service	0	0	12,632
Capital Outlay	0	0	282,700
Debt Service			
Principal	0	360,000	0
Interest	0	18,000	0
Bond Issue Costs	43,578	0	0
Total Expenditures	<u>43,578</u>	<u>381,846</u>	<u>1,738,739</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(43,369)</u>	<u>6,901</u>	<u>(83,326)</u>
Other Financing Sources (Uses)			
Bond Issue Proceeds & Premium	<u>5,922,950</u>	<u>0</u>	<u>0</u>
Total Other Sources (Uses)	<u>5,922,950</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	5,879,581	6,901	(83,326)
Fund Balances at Beginning of Year	<u>1,302</u>	<u>33,948</u>	<u>620,592</u>
Fund Balance End of Year	<u>\$ 5,880,883</u>	<u>\$ 40,849</u>	<u>\$ 537,266</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and Changes
in Fund Balance
For the Year Ended June 30, 2013

	Total Governmental Funds
Revenues	
Property Taxes	\$ 630,041
Investment Income	2,613
Fees	127,344
State & Local Grants	6,201,597
Federal Grants	1,723,160
Miscellaneous	26,614
Total Revenues	<u>8,711,369</u>
Expenditures	
Current	
Instruction	3,960,018
Support Services-Students	887,108
Support Services-Instruction	127,902
Support Services-General Administration	404,405
Support Services-School Administration	586,530
Central Services	214,485
Operation & Maintenance of Plant	1,101,650
Student Transportation	407,093
Other	7,238
Food Service Operations	422,747
Community Service	12,632
Capital Outlay	326,250
Debt Service	
Principal	360,000
Interest	18,000
Bond Issue Costs	43,578
Total Expenditures	<u>8,879,636</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(168,267)</u>
Other Financing Sources (Uses)	
Bond Issue Proceeds & Premium	5,922,950
Total Other Sources (Uses)	<u>5,922,950</u>
Net Change in Fund Balance	5,754,683
Fund Balances at Beginning of Year	<u>1,354,429</u>
Fund Balance End of Year	<u>\$ 7,109,112</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 To the Statement of Activities
 June 30, 2013

Excess (Deficiency) of Revenues Over Expenditures-Governmental Funds \$ 5,754,683

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

Depreciation expense	\$ (494,248)	
Capital Outlays	<u>326,250</u>	(167,998)

The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net position. (5,400,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 360,000

Bond Premiums are amortized in the Statement of Activities but are recognized as proceeds from bond issue in the governmental funds.

Bond Premium	(522,949)	
Amortization	<u>2,179</u>	(520,770)

Bond issue costs are amortized in the Statement of Activities but are an expenditure in the governmental funds.

Issue Costs	43,577	
Amortization	<u>(185)</u>	43,392

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (13,146)

Some expenses 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.

Compensated Absences, June 30, 2012	50,123	
Compensated Absences, June 30, 2013	<u>(47,013)</u>	<u>3,110</u>

Changes in Net Position of Governmental Activities \$ 59,271

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
GENERAL FUND-OPERATIONAL-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 13,287	\$ 13,287	\$ 13,615	\$ 328
Interest Income	6,000	6,000	2,364	(3,636)
Fees	10,100	10,100	15,254	5,154
State Grant	5,285,374	5,285,374	5,323,511	38,137
Federal Grant	25,289	25,289	25,289	0
Miscellaneous	0	0	13,560	13,560
Total Revenues	5,340,050	5,340,050	5,393,593	53,543
Expenditures				
Instruction				
Personnel Services	1,979,050	1,937,792	1,801,527	136,265
Employee Benefits	708,251	744,722	686,500	58,222
Professional & Tech Services	16,900	25,481	18,362	7,119
Other Purchased Services	24,550	30,925	26,485	4,440
Supplies	109,060	121,925	84,212	37,713
Supply Assets	13,028	15,283	7,869	7,414
Total Instruction	2,850,839	2,876,128	2,624,955	251,173
Support Services-Students				
Personnel Services	436,366	391,912	391,581	331
Employee Benefits	140,967	126,101	121,650	4,451
Professional & Tech Services	86,000	139,995	120,847	19,148
Other Purchased Services	1,600	2,700	1,074	1,626
Supplies	2,500	6,594	5,799	795
Supply Assets	0	131	130	1
Total Support Services-Students	667,433	667,433	641,081	26,352
Support Services-Instruction				
Personnel Services	15,000	16,000	15,943	57
Employee Benefits	6,705	4,494	3,842	652
Professional & Tech Services	0	715	565	150
Other Purchased Services	500	2,885	2,808	77
Supplies	12,500	10,611	5,912	4,699
Total Support Services-Instruction	34,705	34,705	29,070	5,635
Support Services-General Administration				
Personnel Services	216,147	222,147	222,024	123
Employee Benefits	62,341	68,420	67,034	1,386
Professional & Tech Services	69,700	64,479	60,974	3,505
Purchased Property Services	1,500	1,500	1,060	440
Other Purchased Services	27,000	36,389	31,601	4,788
Supplies	19,500	14,500	12,133	2,367
Supply Assets	0	521	520	1
Total Support Services-General Administration	396,188	407,956	395,346	12,610

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
GENERAL FUND-OPERATIONAL-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Support Services-School Administration				
Personnel Services	\$ 423,883	\$ 412,524	\$ 401,312	\$ 11,212
Employee Benefits	140,484	126,290	118,376	7,914
Professional & Tech Services	1,300	2,300	1,958	342
Other Purchased Services	3,000	4,500	2,892	1,608
Supplies	20,000	26,500	21,459	5,041
Supply Assets	0	135	135	0
Total Support Services-School Administration	<u>588,667</u>	<u>572,249</u>	<u>546,132</u>	<u>26,117</u>
Central Services				
Personnel Services	134,827	137,139	137,139	0
Employee Benefits	42,564	45,124	44,218	906
Professional & Tech Services	1,000	1,375	1,375	0
Other Purchased Services	10,000	8,236	6,464	1,772
Supplies	13,000	13,000	9,764	3,236
Supply Assets	0	1,167	1,166	1
Total Central Services	<u>201,391</u>	<u>206,041</u>	<u>200,126</u>	<u>5,915</u>
Operation & Maintenance of Plant				
Personnel Services	294,627	293,876	285,732	8,144
Employee Benefits	146,700	124,761	115,196	9,565
Professional & Tech Services	13,000	500	100	400
Purchased Property Services	470,646	443,876	372,338	71,538
Other Purchased Services	126,100	144,698	131,788	12,910
Supplies	40,000	52,439	51,867	572
Supply Assets	3,000	4,500	4,433	67
Total Operation & Maintenance of Plant	<u>1,094,073</u>	<u>1,064,650</u>	<u>961,454</u>	<u>103,196</u>
Student Transportation				
Purchased Property Services	<u>8,043</u>	<u>8,043</u>	<u>3,641</u>	<u>4,402</u>
Total Student Transportation	<u>8,043</u>	<u>8,043</u>	<u>3,641</u>	<u>4,402</u>
Other Support Service				
Professional & Tech Services	<u>108,681</u>	<u>108,681</u>	<u>6,182</u>	<u>102,499</u>
Total Other Support Service	<u>108,681</u>	<u>108,681</u>	<u>6,182</u>	<u>102,499</u>
Total Expenditures	<u>5,950,020</u>	<u>5,945,886</u>	<u>5,407,987</u>	<u>537,899</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (609,970)	\$ (605,836)	\$ (14,394)	\$ 591,442

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
GENERAL FUND-OPERATIONAL-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Cash Balance Beginning of Year	\$ 627,549	\$ 627,549	\$ 627,549	\$ 0
Cash Balance End of Year	\$ 17,579	\$ 21,713	\$ 613,155	\$ 591,442
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (14,394)	
Net change in Taxes Receivable			211	
Net change in Accounts Payable			(19,940)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ (34,123)	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
GENERAL FUND-TEACHERAGE-12000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 29,000	\$ 29,000	\$ 26,063	\$ (2,937)
Total Revenues	<u>29,000</u>	<u>29,000</u>	<u>26,063</u>	<u>(2,937)</u>
Expenditures				
Operation & Maintenance of Plant				
Purchased Property Services	65,000	20,000	10,558	9,442
Supplies	15,000	15,000	744	14,256
Supply Assets	<u>22,425</u>	<u>17,425</u>	<u>0</u>	<u>17,425</u>
Total Operation & Maintenance of Plant	<u>102,425</u>	<u>52,425</u>	<u>11,302</u>	<u>41,123</u>
Capital Outlay				
Capital Outlay	<u>0</u>	<u>50,000</u>	<u>43,550</u>	<u>6,450</u>
Total Capital Assets	<u>0</u>	<u>50,000</u>	<u>43,550</u>	<u>6,450</u>
Total Expenditures	<u>102,425</u>	<u>102,425</u>	<u>54,852</u>	<u>47,573</u>
Excess (Deficiency) of Revenues Over Expenditures	(73,425)	(73,425)	(28,789)	44,636
Cash Balance Beginning of Year	<u>76,637</u>	<u>76,637</u>	<u>76,637</u>	<u>0</u>
Cash Balance End of Year	\$ <u>3,212</u>	\$ <u>3,212</u>	\$ <u>47,848</u>	\$ <u>44,636</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (28,789)	
Net change in Accounts Payable			<u>(4,244)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(33,033)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
GENERAL FUND-TRANSPORTATION-13000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 397,052	\$ 397,052	\$ 384,720	\$ (12,332)
Total Revenues	<u>397,052</u>	<u>397,052</u>	<u>384,720</u>	<u>(12,332)</u>
Expenditures				
Student Transportation				
Personnel Services	169,459	192,163	191,083	1,080
Employee Benefits	77,664	88,757	88,747	10
Professional & Tech Services	1,000	3,554	2,513	1,041
Purchased Property Services	18,248	15,919	14,576	1,343
Other Purchased Services	15,128	18,790	18,399	391
Supplies	75,119	83,037	71,159	11,878
Fixed Assets	0	0	0	0
Supply Assets	7,000	7,164	6,077	1,087
Miscellaneous	0	0	0	0
Total Student Transportation	<u>363,618</u>	<u>409,384</u>	<u>392,554</u>	<u>16,830</u>
Total Expenditures	<u>363,618</u>	<u>409,384</u>	<u>392,554</u>	<u>16,830</u>
Excess (Deficiency) of Revenues Over Expenditures	33,434	(12,332)	(7,834)	4,498
Cash Balance Beginning of Year	<u>24,664</u>	<u>24,664</u>	<u>24,664</u>	<u>0</u>
Cash Balance End of Year	\$ <u>58,098</u>	\$ <u>12,332</u>	\$ <u>16,830</u>	\$ <u>4,498</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (7,834)	
Net change in Accounts Payable			177	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(7,657)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
GENERAL FUND-INSTRUCTIONAL MATERIALS-14000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 40,121	\$ 40,121	\$ 40,121	\$ 0
Total Revenues	<u>40,121</u>	<u>40,121</u>	<u>40,121</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	<u>43,773</u>	<u>43,773</u>	<u>13,781</u>	<u>29,992</u>
Total Instruction	<u>43,773</u>	<u>43,773</u>	<u>13,781</u>	<u>29,992</u>
Total Expenditures	<u>43,773</u>	<u>43,773</u>	<u>13,781</u>	<u>29,992</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,652)	(3,652)	26,340	29,992
Cash Balance Beginning of Year	<u>5,306</u>	<u>5,306</u>	<u>5,306</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,654</u>	<u>\$ 1,654</u>	<u>\$ 31,646</u>	<u>\$ 29,992</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 26,340</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 26,340</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-TITLE I-24101
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 269,636	\$ 427,230	\$ 207,872	\$ (219,358)
Total Revenues	<u>269,636</u>	<u>427,230</u>	<u>207,872</u>	<u>(219,358)</u>
Expenditures				
Instruction				
Personnel Services	75,703	159,102	117,913	41,189
Employee Benefits	22,515	46,579	37,094	9,485
Professional & Tech Services	8,874	14,874	12,787	2,087
Other Purchased Services	10,000	4,810	3,740	1,070
Supplies	12,100	48,323	44,203	4,120
Total Instruction	<u>129,192</u>	<u>273,688</u>	<u>215,737</u>	<u>57,951</u>
Support Services-Instruction				
Personnel Services	17,000	17,037	17,037	0
Employee Benefits	4,632	5,847	5,727	120
Professional & Tech Services	150	150	0	150
Other Purchased Services	300	129	0	129
Supplies	0	5,000	4,860	140
Total Support Services-Instruction	<u>22,082</u>	<u>28,163</u>	<u>27,624</u>	<u>539</u>
Support Services-General Administration				
Professional & Tech Services	7,049	14,066	10,952	3,114
Total Support Services-General Administration	<u>7,049</u>	<u>14,066</u>	<u>10,952</u>	<u>3,114</u>
Total Expenditures	<u>158,323</u>	<u>315,917</u>	<u>254,313</u>	<u>61,604</u>
Excess (Deficiency) of Revenues Over Expenditures	111,313	111,313	(46,441)	(157,754)
Cash Balance Beginning of Year	<u>(111,313)</u>	<u>(111,313)</u>	<u>(111,313)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(157,754)</u>	\$ <u>(157,754)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (46,441)	
Net change in Due from Grantor			46,441	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-TITLE I-SECTION 1003G-24124
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 675,236	\$ 715,243	\$ 555,865	\$ (159,378)
Total Revenues	<u>675,236</u>	<u>715,243</u>	<u>555,865</u>	<u>(159,378)</u>
Expenditures				
Instruction				
Personnel Services	254,218	247,170	236,478	10,692
Employee Benefits	66,050	66,498	58,108	8,390
Professional & Tech Services	26,948	26,948	26,856	92
Other Purchased Services	15,500	21,600	16,367	5,233
Supplies	104,025	135,815	134,960	855
Supply Assets	42,100	43,100	42,908	192
Total Instruction	<u>508,841</u>	<u>541,131</u>	<u>515,677</u>	<u>25,454</u>
Support Services-Students				
Personnel Services	1,594	1,594	1,594	0
Employee Benefits	122	122	117	5
Total Support Services-Students	<u>1,716</u>	<u>1,716</u>	<u>1,711</u>	<u>5</u>
Support Services-School Administration				
Personnel Services	24,782	27,876	27,876	0
Employee Benefits	4,475	4,723	4,714	9
Professional & Tech Services	5,000	6,500	3,861	2,639
Other Purchased Services	5,000	6,475	4,475	2,000
Supplies	0	1,000	1,000	0
Supply Assets	0	400	399	1
Total Support Services-School Administration	<u>39,257</u>	<u>46,974</u>	<u>42,325</u>	<u>4,649</u>
Central Services				
Personnel Services	5,000	5,000	5,000	0
Employee Benefits	1,028	1,028	1,022	6
Total Central Services	<u>6,028</u>	<u>6,028</u>	<u>6,022</u>	<u>6</u>
Student Transportation				
Personnel Services	4,832	4,832	4,163	669
Employee Benefits	1,066	1,066	913	153
Total Student Transportation	<u>\$ 5,898</u>	<u>\$ 5,898</u>	<u>\$ 5,076</u>	<u>\$ 822</u>

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-TITLE I-SECTION 1003G-24124
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Food Services Operations				
Personnel Services	\$ 2,058	\$ 2,058	\$ 1,968	\$ 90
Employee Benefits	423	423	411	12
Total Food Service Operations	<u>2,481</u>	<u>2,481</u>	<u>2,379</u>	<u>102</u>
 Total Expenditures	 <u>564,221</u>	 <u>604,228</u>	 <u>573,190</u>	 <u>31,038</u>
Excess (Deficiency) of Revenues Over Expenditures	111,015	111,015	(17,325)	(128,340)
Cash Balance Beginning of Year	<u>(111,015)</u>	<u>(111,015)</u>	<u>(111,015)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (128,340)</u>	<u>\$ (128,340)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (17,325)	
Net change in Due from Grantor			14,291	
Net Change in Accounts Payable			<u>3,034</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
Statement of Fiduciary Assets and Liabilities-Agency Funds
June 30, 2013

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 79,436
Total Assets	<u>\$ 79,436</u>
Liabilities	
Deposits Held for Others	\$ 79,436
Total Liabilities	<u>\$ 79,436</u>

The notes to the financial statements are an integral part of this statement.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Pecos Independent School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Financial Reporting Entity

The Pecos Independent School District has been in existence since the early nineteen hundreds, and is currently operating under the provisions of the Public School District Code, Chapter 22, of the New Mexico Statutes Annotated, 1978 Compilation. The District operates with a local board of education - superintendent form of government and provides a supervised program of instruction designed to educate students at the elementary and secondary level.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

The District has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected District members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below:

Governmental Funds

Governmental funds are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets and the servicing of general long-term debt.

General Fund - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds.

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

Capital Projects Fund - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the District.

Debt Service Fund - The Debt Service Fund is used to account for all resources for, and the payment of, principal, interest and related costs.

Fiduciary Fund Type

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District.

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

MAJOR FUNDS

The District reports the following major governmental funds:

GENERAL FUND (11000)(12000)(13000)(14000). The General Fund consist of four sub funds. The first is the Operational Fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Teacherage Fund is to provide teachers affordable housing to entice them to teach there. The Transportation Fund includes a state grant to provide transportation for students in the District. The Instructional Materials Fund accounts for a state grant to provide text books for students in the District.

SPECIAL REVENUE FUNDS

Title I (24101). To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions.

Title I Section 1003(g) (24124). To provide funding that addresses the needs of schools in improvement, corrective action, and restructuring in order to improve student achievement targeting activities towards measurable outcomes.

CAPITAL PROJECT FUNDS

Bond Building (31100). The revenues are derived from a School Building Bond Issue. The expenditures are restricted to major capital improvements.

DEBT SERVICE FUND

Debt Service Fund (41000). To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

Measurement Focus and Basis of Accounting
Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include: 1) charges for services to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions, Transportation, Food Service, Special Revenue Funds such as special education as well as others., and 3) program specific capital grants and contributions.

Fund Financial Statements (FFS)

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the district-wide financial statements.

Revenues

Ad valorem taxes are susceptible to full accrual on the government wide financial statements. Property Tax revenues recognize revenues net of estimated refunds and uncollectible accounts in the period for which the taxes are levied.

Entitlement and shared revenues (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

Expenditures

Salaries are recorded as paid. Salaries for nine-month employees are paid prior to the end of the fiscal year and therefore are not accrued. Salaries for the twelve month employees payroll are accrued.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Basis of Budgeting

Formal budgetary integration is employed as a management control device during the year.

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on the non-GAAP budgetary basis.

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

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBFAU.

STATE OF NEW MEXICO
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7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

Cash and Cash Equivalents

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

The District is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

Investments

All money not immediately necessary for the public uses of the District may be invested in :

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- (b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.
- (c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

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Property Taxes

The County collects the District's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the District on a monthly basis. The District accounts for its share of property taxes in the General, Debt Service and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Inventories and Prepaid Items

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Cafeteria Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both District-wide and fund financial statements.

Capital Assets

Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

If there are any construction projects funded by the NM Public School Facilities Authority they are included in the appropriate capital projects fund and in the capital assets.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings & Improvements	20-50 Years
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	3-15 Years

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet.

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Short -Term Debt

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

Long-Term Liabilities

For district-wide reporting, the costs associated with the bonds are recognized over the life of the bond. As permitted by GASB Statement No. 34 the amortization of the costs of bonds will be amortized prospectively from the date of adoption of GASB Statement No. 34.

Restricted Net Position

For the government-wide statement of net position, net positions are reported as restricted when constraints placed use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available it will first be applied to restricted resources.

Fund Balances of Fund Financial Statements

Nonspendable fund balance indicates that portion of fund equity is not spendable such as inventory.

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resources providers, or through enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual amount that is not restricted or committed.

Interfund Transfers

In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

Deferred Revenue

The District reports deferred revenues on its Statement of Net Position and Fund Balance Sheet. Deferred revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. Deferred revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal year end.

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Compensated Absences

After a non-certified employee has been with the District for a period of at least six months, the employee is entitled to a one-week paid vacation; when employed twelve months, the employee is entitled to a two week paid vacation accumulative to no more than 20 contract days. Vacation is to be scheduled at an appropriate time and approved by the supervisor. If an employee is discharged because of lack of work, and through no fault of the employee, the employee shall receive commensurate vacation pay.

The District's recognition and measurement criteria for compensated absences follow:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both the following conditions are met:

- (a) The employees' right to receive compensation is attributable to services already rendered.
- (b) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

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 B: DEPOSITS AND INVESTMENTS

The District is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

The Southwest Capital Bank

<u>Name of Account</u>	Balance Per Bank 6/30/13	Reconciled Balance	Type
General Fund Account	\$ 7,280,798	\$ 6,909,637	Interest
TOTAL Deposited	7,280,798	<u>6,909,637</u>	Checking
Less: FDIC Coverage	(250,000)		
Uninsured Amount	7,030,798		
50% collateral requirement	3,515,399		
Pledged securities	1,501,169		
Over (Under) requirement	\$ <u>(2,014,230)</u>		

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

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The following securities are pledged at **The Southwest Capital Bank**:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FNMA	3136G15G0	\$ 740,660	06/27/2017	Dallas, TX
MBS	36179MBP4	236,435	04/20/2042	Dallas, TX
FFCB	31331GMK2	524,074	02/05/2015	Dallas, TX
		<u>\$ 1,501,169</u>		

Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank in District's name	1,501,169
Over insured or over collateralized	<u>5,529,629</u>
Total Deposits	<u>\$ 7,280,798</u>

Custodial credit risk is the risk that 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 custodial credit risk. As of June 30, 2013 \$5,529,629 of the District's balance of \$7,280,798 was exposed to custodial risk.

New Mexico State Treasurer

<u>Name of Account</u>	<u>Balance Per Bank 6/30/13</u>	<u>Reconciled Balance</u>	<u>Type</u>
Pecos Independent School District	\$ 167,315	\$ 167,315	Investment
Pecos Reserve Account	275	275	Investment
TOTAL Deposited	<u>\$ 167,590</u>	<u>\$ 167,590</u>	

GASB Statement No. 40, Deposit and Investment Risk Disclosures, relates to how deposits and investments are reported in the annual financial statements of governmental entities. GASB Statement No. 40 disclosures inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. GASB Statement No. 40 requires governments to disclose deposit and investment risks related to credit risk (including custodial credit risk), concentration of credit risk, interest rate risk, and foreign currency risk. The State Treasurer's Office provides the following information regarding the LGIP:

1. With respect to credit risk, the LGIP, a government investment pool, is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.
2. GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure. However, our investment portfolio is posted on the State Treasurer's Office website, www.nmsto.gov, and available for review by participants at any time.

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3. GASB Statement No. 40 defines interest rate risk as the risk that interest rate variations may adversely affect the fair value of an investment. According to GASB Statement No. 40, an acceptable method for reporting interest rate risk is weighted average maturity ("WAM"). The State Treasurer's Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer's Office website at www.nmsto.gov. As of June 30, 2013, the LGIP WAM(R) is 59 days and WAM(F) is 90 days.

4. Finally, with respect to foreign currency risk, all investments in the LGIP are in U.S. dollar denominated assets. Therefore, the LGIP has no foreign currency risk.

NOTE C: INTERFUND BALANCES, RECEIVABLES, AND TRANSFERS

Interfund balances during the year ending June 30, 2013 were as follows:

Due to General Fund from:	
Title I-24101	\$ 157,754
21st Century-24119	128,340
Other Governmental Funds	238,121
Totals	<u>\$ 524,215</u>

Short term loans from the General Fund to the above fund were to cover costs during the year until the grant revenue is received, the loans will be repaid within one year.

NOTE D: TAXES RECEIVABLE

Following is a schedule of property taxes receivable as of June 30, 2013:

	General Fund	Senate Bill Nine	Other Governmental	Total
Property Tax Available	\$ 367	\$ 9,077	\$ 4,789	\$ 14,233
Total Property Taxes Receivable	<u>\$ 367</u>	<u>\$ 9,077</u>	<u>\$ 4,789</u>	<u>\$ 14,233</u>

NOTE E: DUE FROM OTHER GOVERNMENT UNITS

Amounts due from other agencies and units of government were as follows as of June 30, 2013:

	Title I 24101	Title I Section 1003(g) 24124	Other Governmental	Total
Federal Agencies	\$ 157,754	\$ 238,121	\$ 218,075	\$ 456,196
State Agencies	0	0	68,019	68,019
Total	<u>\$ 157,754</u>	<u>\$ 238,121</u>	<u>\$ 286,094</u>	<u>\$ 524,215</u>

NOTE F: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2013, is as follows:

	Balance 6/30/12	Increases	Decreases	Balance 6/30/13
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 228,257	\$ 0	\$ 0	\$ 228,257
Total Capital Assets not being Depreciated	<u>\$ 228,257</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 228,257</u>

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Capital Assets, being Depreciated				
Buildings & Improvements	\$ 15,844,182	\$ 244,414	\$ 0	\$ 16,088,596
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>4,462,487</u>	<u>81,836</u>	<u>0</u>	<u>4,544,323</u>
Total Capital Assets, being Depreciated	<u>20,306,669</u>	<u>326,250</u>	<u>0</u>	<u>20,632,919</u>
Total Capital Assets	<u>20,534,926</u>	<u>326,250</u>	<u>0</u>	<u>20,861,176</u>
Less Accumulated Depreciation				
Buildings & Improvements	6,484,607	358,863	0	6,843,470
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>3,615,663</u>	<u>135,385</u>	<u>0</u>	<u>3,751,048</u>
Total Accumulated Depreciation	<u>10,100,270</u>	<u>494,248</u>	<u>0</u>	<u>10,594,518</u>
Capital Assets, net	\$ <u>10,434,656</u>	\$ <u>(167,998)</u>	\$ <u>0</u>	\$ <u>10,266,658</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 397,521
Support Services-Instruction	21,194
Support Services-General Administration	19,629
Central Services	1,153
Operation & Maintenance of Plant	28,785
Student Transportation	23,314
Food Services Operations	<u>2,652</u>
Total depreciation expenses	\$ <u>494,248</u>

NOTE G: LONG TERM DEBT

A summary of activity in the Long-Term Debt is as follows:

	Balance 6/30/12	Additions	Reductions	Balance 6/30/13	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 360,000	\$ 5,400,000	\$ 0	\$ 5,760,000	\$ 360,000
Total Bonds	<u>360,000</u>	<u>5,400,000</u>	<u>0</u>	<u>5,760,000</u>	<u>360,000</u>
Other Liabilities					
Compensated					
Absences	<u>50,123</u>	<u>55,254</u>	<u>58,364</u>	<u>47,013</u>	<u>0</u>
Total Other Liabilities	<u>50,123</u>	<u>55,254</u>	<u>58,364</u>	<u>47,013</u>	<u>0</u>
Long-Term Liabilities	\$ <u>410,123</u>	\$ <u>5,455,254</u>	\$ <u>58,364</u>	\$ <u>5,807,013</u>	\$ <u>360,000</u>

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Payments on the general obligation bonds are made by the Debt Service Funds. The compensated absences liability will ultimately be liquidated by several of the District's governmental funds, with most being paid by the General Fund.

General Obligation Bonds.

The following bonds were issued for the purpose of erecting, furnishing, remodeling and making additions to District buildings and improving District grounds. A tax is annually assessed, levied and collected upon all taxable property within the District for the purpose of providing the necessary funds to meet the interest and principal payments as they become due.

Series	Date of Issue	Original Amount	Interest Rate	Balance
2001	7/15/01	2,700,000	4%-5.5%	\$ 360,000
NMFA 2013	6/13/13	5,400,000	3%-5.5%	5,400,000
				<u>\$ 5,760,000</u>

The annual requirements to amortize the 2001 Series general obligation bonds as of June 30, 2013, including interest payments are as follows:

	Principal	Interest	Total
2014	\$ 360,000	\$ 9,000	\$ 369,000
Total	<u>\$ 360,000</u>	<u>\$ 9,000</u>	<u>\$ 369,000</u>

The annual requirements to amortize the 2013 NMFA Bond Issue as of June 30, 2013, including interest payments are as follows:

	Principal	Interest	Total
2014	\$ 0	\$ 157,788	\$ 157,788
2015	190,000	217,224	407,224
2016	195,000	210,281	405,281
2017	205,000	201,056	406,056
2018	210,000	190,474	400,474
2019-2023	1,220,000	791,649	2,011,649
2024-2028	1,545,000	461,246	2,006,246
2029-2033	1,835,000	161,174	1,996,174
Total	<u>\$ 5,400,000</u>	<u>\$ 2,390,892</u>	<u>\$ 7,790,892</u>

Reconciliation of Long-Term Debt disclosed in Note H to the Long-Term Debt reported in the Statement of Net Position.

Note H	\$ 5,760,000
Net Issue Costs and Premium on Bond Issues	477,375
Statement of Net Position	<u>\$ 6,237,375</u>
Government Wide Statements	
Amount Reported as Current Amount Due	\$ 360,000
Amount Reported as Long-Term Due	5,877,375
Statement of Net Position	<u>\$ 6,237,375</u>

NOTE H: COMMITMENTS

The District is involved in small renovations and repairs campus wide.

NOTE I: PENSION PLAN

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

Funding Policy-As of July 1, 2012 plan members are required by statute to continue 7.9% of their gross salary if they earned \$20,000 or less annually. Plan members earning more than \$20,000 annually are required to contribute 9.4% of their gross salary. The District is required to contribute 12.4% of gross covered salaries for employees earning \$20,000 or less, and 10.9% of the gross covered salaries of employees earning more than \$20,000 annually. The contribution requirements of plan members and the District are established in State Statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2013, 2012, and 2011, were \$865,464, \$866,143, and \$868,087 respectively, which equal the amount of the required contributions for each fiscal year.

NOTE J: RETIREE HEALTH CARE ACT CONTRIBUTIONS

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

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

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

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

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

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

The District's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$128,688, \$117,781 and \$107,465 respectively, which equal the required contributions for each year.

NOTE K: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are presented on each individual Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

The reconciliation of budgetary basis to GAAP basis statements are located at the bottom of each budget actual.

NOTE L: INSURANCE COVERAGE

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; and injuries to employees; and natural disasters. The District, as a New Mexico Public School, is insured through the New Mexico Public Schools Insurance Authority (NMPSIA). Annual premiums are paid by the District to NMPSIA for coverage provided in the following areas:

- Property and Automobile Liability and Physical Damage
- Liability and Civil Rights and Personal Injury
- Contract School Bus Coverage; and
- Crime

NOTE M: SURETY BOND

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

NOTE N: JOINT POWERS AGREEMENT

The Pecos Independent School District is part of a joint powers agreement with the Northeast Regional Center Cooperative (NEREC). A regional cooperative center that operates as an agency for seven school districts and provides cooperative services as its primary service. The school districts include, Las Vegas City, Mora, Pecos, Santa Rosa, Wagon Mound, West Las Vegas; and four charter schools: Riverside Charter School, Walatowa High School, Bridge Academy, and Rio Gallinas Charter School.

The purpose of the agreement is to provide supplementary special education services to local education agencies utilizing federal PL 94-142 funds.

The agreement is to remain in effect until the end of any fiscal year during which the school gives notice of intent to terminate.

The financial statements for the REC were prepared by an IPA. The audit report is available at the REC located in Las Vegas, New Mexico.

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-BOND BUILDING-31100
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Interest Income	\$ 0	\$ 0	\$ 210	\$ (210)
Bond Issue	0	5,400,000	5,400,000	0
Premium	0	0	522,949	(522,949)
Total Revenues	<u>0</u>	<u>5,400,000</u>	<u>5,923,159</u>	<u>(523,159)</u>
Expenditures				
Capital Outlay				
Bond Issue Cost	0	45,000	43,577	1,423
Total Capital Outlay	<u>0</u>	<u>45,000</u>	<u>43,577</u>	<u>1,423</u>
Total Expenditures	<u>0</u>	<u>45,000</u>	<u>43,577</u>	<u>1,423</u>
Excess (Deficiency) of Revenues Over Expenditures	0	5,355,000	5,879,582	524,582
Cash Balance Beginning of Year	<u>1,301</u>	<u>1,301</u>	<u>1,301</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,301</u>	<u>\$ 5,356,301</u>	<u>\$ 5,880,883</u>	<u>\$ 524,582</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 5,879,582</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 5,879,582</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE-41000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 371,625	\$ 371,625	\$ 384,572	\$ 12,947
Interest Income	55	55	40	(15)
Total Revenues	<u>371,680</u>	<u>371,680</u>	<u>384,612</u>	<u>12,932</u>
Expenditures				
Support Services-General Administration				
Professional & Tech Services	<u>3,900</u>	<u>3,900</u>	<u>3,846</u>	<u>54</u>
Total Support Services General Administration	<u>3,900</u>	<u>3,900</u>	<u>3,846</u>	<u>54</u>
Debt Service				
Principal	345,000	345,000	0	345,000
Interest	<u>26,625</u>	<u>26,625</u>	<u>9,000</u>	<u>17,625</u>
Total Debt Service	<u>371,625</u>	<u>371,625</u>	<u>9,000</u>	<u>362,625</u>
Total Expenditures	<u>375,525</u>	<u>375,525</u>	<u>12,846</u>	<u>362,679</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,845)	(3,845)	371,766	375,611
Cash Balance Beginning of Year	<u>29,006</u>	<u>29,006</u>	<u>29,006</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 25,161</u>	<u>\$ 25,161</u>	<u>\$ 400,772</u>	<u>\$ 375,611</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 371,766	
Net change in Taxes Receivable			4,135	
Net change in Principal			(360,000)	
Net change in Interest			(9,000)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 6,901</u>	

The notes to the financial statements are an integral part of this statement.

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

Food Service (21000). To account for revenue and expenditures associated with the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements. Authority for creation of this fund is NMSA 22-13-13.

Athletics (22000). To account for revenue and expenditures associated with the District's budgeted athletic activities. (NMAC 6.20.2).

IDEA Part B, Entitlement (24106). To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

Preschool (24109). To account for a program funded by a Federal grant to assist the District in providing a free appropriate public education to preschool disabled children aged three through five years. Funding authorized by the Individuals with Disabilities Education Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, 101-476, and 102-119. The fund was created by the authority of federal grant provisions.

Fresh Fruits & Vegetables (24118). To account for a Federal grant to provide a variety of free fresh fruits and vegetables to children to help create a healthier school environment. Funding is authorized by the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Act, signed in November 2005, Public Law 109-97.

21st Century Community Learning (24119). To provide expanded learning opportunities for participating children in a safe, drug-free and supervised environment. Funding is authorized under Title X, Part I, of the Elementary and Secondary Education Act of 1965.

English Language Acquisition (24153). To account for revenues and expenditures received from a federal grant provided to develop school-wide programs for limited English proficient students that reform, restructure, and upgrade all relevant programs. The fund was created by the Elementary and Secondary Education Act of 1965, as amended, Title VII, Part A.

Improving Teacher Quality (24154). To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. Elementary and Secondary Education Act of 1965, as amended, Title II, Part A (PL 107-110).

Title I School Improvement (24162). To help schools improve the teaching and learning of children failing, or most at-risk of failing and to meet challenging State academic standards. Funding authorization: Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C. 6301 et seq.

NONMAJOR SPECIAL REVENUE FUNDS

Impact Aid Special Education (25145). To account for funding of a Federal program to provide financial assistance to local educational agencies (LEA's) where enrollments or availability of revenue are adversely affected by Federal activities, i. e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), or where there are a significant number of children who reside on Federal (including Indian) lands and /or children whose parents are employed on Federal property or in the Uniformed Services (Section 3(a) and 3(b) where there is a significant decrease (Section 3(c)) or a sudden and substantial increase (Section 4) in school enrollment as the result of Federal activities; to provide disaster assistances for reduced or increased operating costs (Section 7(a)), for replacing or repairing damaged or destroyed supplies, equipment, and books, and for repairing minor damage to facilities, Funding authorized by Public Law 81-874.

Medicaid (25153). To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. The fund was created by the authority of federal grant provisions. (Title XIX Social Security Act).

Gear Up NM Initiative (25205). Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) New Mexico is a seven-year initiative funded by the U.S. Department of Education and is a division of the New Mexico Higher Education Department. GEAR UP New Mexico is at work in 12 school districts to increase the numbers of students going to postsecondary schools, enhance the college-going culture in those communities and to improve access and opportunities to attend college for all students. The following are the 25 schools that GEAR UP New Mexico services.

LANL Foundation (26113). This fund provides for language arts education for direct instruction from local funding by the authority of the State of New Mexico Department of Education, NMSA 22-8-14.

Dual Credit (27103). To provide financial assistance to purchased instructional materials for the college classes offered to students who are taking them for dual credits. The fund was created by the authority of state grant provisions.

School Bus Replacement (27104). To account for a state grant used to purchase a school bus. The fund was created by the authority of state grant provisions.

2010 GO Library Books (27106). To account for revenues and expenditures from a state grant to provide for public school and juvenile detention libraries. The funding made available to update and expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by the State of New Mexico.

Formative Assessments-Laws of 2012 (27111). To account for revenue and expenditures required by PED for student testing. The fund was created by the authority of state grant provisions.

NM Reads to Lead K-3 (27114). To account for revenue and expenditures received from a state grant for the purpose of improving skills of young students in the area of reading. The fund was created by the authority of state grant provisions.

Pre K Initiative (27149). To account for revenues and expenditures from a state grant provided for the running of the Pre K program.. The fund was created by state grant provisions.

NONMAJOR SPECIAL REVENUE FUNDS

Laws of New Mexico (27165) To account for funds from the stat to be used for curriculum based or service learning outdoor education programming and projects, transportation of students to outdoor educational sites, or professional development for teachers and/or staff. The fund was created by state grant provisions.

Gear Up (28178). To encourage eligible entities to provide or maintain a guarantee to eligible low-income students who obtain a secondary diploma of the financial assistance necessary to permit the student to attend an institution of higher education; and provide additional support services to students who are at risk of dropping out of school. The fund was created by state grant provisions.

NONMAJOR CAPITAL PROJECTS FUNDS

Special School Capital Outlay State (31400). To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of upgrading buildings.

Senate Bill Nine (31700)

The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements, repairs and maintenance, supplies and supply assets used in the upkeep of the facilities.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2013

	Special Revenue Fund		
	Food Service 21000	Athletics 22000	IDEA, Part B Entitlement 24106
ASSETS			
Cash and Cash Equivalents	\$ 27,969	\$ 79,010	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	0	0	77,680
Inventory	1,605	0	0
Total Assets	<u>29,574</u>	<u>79,010</u>	<u>77,680</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	0	0	77,680
Accounts Payable	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>77,680</u>
Fund Balances			
Nonspendable-Inventory	1,605	0	0
Restricted for, reported in			
Special Revenue Fund	27,969	79,010	0
Capital Improvements	0	0	0
Debt Service	0	0	0
Total Fund Balances	<u>29,574</u>	<u>79,010</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 29,574</u>	<u>\$ 79,010</u>	<u>\$ 77,680</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2013

	Special Revenue Fund		
	IDEA Preschool 24109	Fresh Fruits & Vegetables 24118	21st Century Community Living 24119
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	4,835	0	0
Inventory	0	0	0
Total Assets	<u>4,835</u>	<u>0</u>	<u>0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	4,835	0	0
Accounts Payable	0	0	0
Total Liabilities	<u>4,835</u>	<u>0</u>	<u>0</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Fund	0	0	0
Capital Improvements	0	0	0
Debt Service	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 4,835</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2013

	Special Revenue Fund		
	English Language Acquisition 24153	Improving Teacher Quality 24154	Title I School Improvement 24162
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	6,836	56,198	0
Inventory	0	0	0
Total Assets	<u>6,836</u>	<u>56,198</u>	<u>0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	6,836	56,198	0
Accounts Payable	0	0	0
Total Liabilities	<u>6,836</u>	<u>56,198</u>	<u>0</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Fund	0	0	0
Capital Improvements	0	0	0
Debt Service	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 6,836</u>	<u>\$ 56,198</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2013

	Special Revenue Fund		
	Impact Aid Special Education 25145	Medicaid 25153	Gear Up NM Initiative 24205
ASSETS			
Cash and Cash Equivalents	\$ 26,446	\$ 6,725	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	0	0	24,553
Inventory	0	0	0
Total Assets	<u>26,446</u>	<u>6,725</u>	<u>24,553</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	0	0	24,553
Accounts Payable	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>24,553</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Fund	26,446	6,725	0
Capital Improvements	0	0	0
Debt Service	0	0	0
Total Fund Balances	<u>26,446</u>	<u>6,725</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 26,446</u>	<u>\$ 6,725</u>	<u>\$ 24,553</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2013

	Special Revenue Fund		
	LANL Foundation 26113	Duel Credit 27103	School Bus Replacement 27104
ASSETS			
Cash and Cash Equivalents	\$ 1,631	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>1,631</u>	<u>0</u>	<u>0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	0	0	0
Accounts Payable	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Fund	1,631	0	0
Capital Improvements	0	0	0
Debt Service	0	0	0
Total Fund Balances	<u>1,631</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 1,631</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2013

	Special Revenue Fund		
	2010 GO Student Library 27106	Formative Assessments- Laws of 2012 27111	NM Reads to Lead K-3 27114
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	0	0	26,575
Inventory	0	0	0
Total Assets	<u>0</u>	<u>0</u>	<u>26,575</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	0	0	26,575
Accounts Payable	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>26,575</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Fund	0	0	0
Capital Improvements	0	0	0
Debt Service	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 26,575</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2013

	Special Revenue Fund		
	Pre K Initiative 27149	Laws of New Mexico 27165	Gear Up 28178
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	21,973	7,965	0
Inventory	0	0	0
Total Assets	<u>21,973</u>	<u>7,965</u>	<u>0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	21,973	7,965	0
Accounts Payable	0	0	0
Total Liabilities	<u>21,973</u>	<u>7,965</u>	<u>0</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Fund	0	0	0
Capital Improvements	0	0	0
Debt Service	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 21,973</u>	<u>\$ 7,965</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2013

	<u>Capital Outlay</u>		<u>Total</u>
	Special School Capital Outlay State 31400	Senate Bill Nine 31700	
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 389,091	\$ 530,872
Receivables			
Taxes	0	4,789	4,789
Due From Grantor	11,506	0	238,121
Inventory	0	0	1,605
Total Assets	<u>11,506</u>	<u>393,880</u>	<u>775,387</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	11,506	0	238,121
Accounts Payable	0	0	0
Total Liabilities	<u>11,506</u>	<u>0</u>	<u>238,121</u>
Fund Balances			
Nonspendable-Inventory	0	0	1,605
Restricted for, reported in			
Special Revenue Fund	0	0	141,781
Capital Improvements	0	393,880	393,880
Debt Service	0	0	0
Total Fund Balances	<u>0</u>	<u>393,880</u>	<u>537,266</u>
Total Liabilities and Fund Balances	<u>\$ 11,506</u>	<u>\$ 393,880</u>	<u>\$ 775,387</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2013

	Special Revenue Fund		
	Food Service 21000	Athletics 22000	IDEA, Part B Entitlement 24106
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	23,148	50,486	0
State & Local Grants	0	0	0
Federal Grants	341,017	0	221,422
Total Revenues	<u>364,165</u>	<u>50,486</u>	<u>221,422</u>
Expenditures			
Current			
Instruction	0	103,829	97,992
Support Services-Students	0	0	123,430
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Operation of Plant	0	0	0
Student Transportation	0	0	0
Food Service Operations	406,060	0	0
Community Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>406,060</u>	<u>103,829</u>	<u>221,422</u>
Excess (Deficiency) of Revenues Over Expenditures	(41,895)	(53,343)	0
Fund Balances at Beginning of Year	<u>71,469</u>	<u>132,353</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 29,574</u>	<u>\$ 79,010</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2013

	Special Revenue Fund		
	IDEA Preschool 24109	Fresh Fruits & Vegetables 24118	21st Century Community Living 24119
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	9,518	14,308	0
Total Revenues	<u>9,518</u>	<u>14,308</u>	<u>0</u>
Expenditures			
Current			
Instruction	1,640	0	0
Support Services-Students	7,878	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Operation of Plant	0	0	0
Student Transportation	0	0	0
Food Service Operations	0	14,308	0
Community Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>9,518</u>	<u>14,308</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2013

	Special Revenue Fund		
	English Language Acquisition 24153	Improving Teacher Quality 24154	Title I School Improvement 24162
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	7,544	56,198	4,980
Total Revenues	<u>7,544</u>	<u>56,198</u>	<u>4,980</u>
Expenditures			
Current			
Instruction	7,544	54,096	4,980
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	2,102	0
Operation of Plant	0	0	0
Student Transportation	0	0	0
Food Service Operations	0	0	0
Community Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>7,544</u>	<u>56,198</u>	<u>4,980</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2013

	Special Revenue Fund		
	Impact Aid Special Education 25145	Medicaid 25153	Gear Up NM Initiative 24205
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	25,447	0
State & Local Grants	0	0	0
Federal Grants	0	0	218,414
Total Revenues	<u>0</u>	<u>25,447</u>	<u>218,414</u>
Expenditures			
Current			
Instruction	0	0	109,575
Support Services-Students	1,089	32,536	25,000
Support Services-Instruction	0	0	71,207
Support Services-General Administration	0	0	0
Operation of Plant	0	0	0
Student Transportation	0	0	0
Food Service Operations	0	0	0
Community Service	0	0	12,632
Capital Outlay	0	0	0
Total Expenditures	<u>1,089</u>	<u>32,536</u>	<u>218,414</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,089)	(7,089)	0
Fund Balances at Beginning of Year	<u>27,535</u>	<u>13,814</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 26,446</u>	<u>\$ 6,725</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2013

	Special Revenue Fund		
	LANL Foundation 26113	Duel Credit 27103	School Bus Replacement 27104
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	1,633	81,836
Federal Grants	0	0	0
Total Revenues	<u>0</u>	<u>1,633</u>	<u>81,836</u>
Expenditures			
Current			
Instruction	0	1,633	0
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Operation of Plant	0	0	0
Student Transportation	0	0	0
Food Service Operations	0	0	0
Community Service	0	0	0
Capital Outlay	0	0	81,836
Total Expenditures	<u>0</u>	<u>1,633</u>	<u>81,836</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>1,631</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 1,631</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2013

	Special Revenue Fund		
	2010 GO Student Library 27106	Formative Assessments- Laws of 2012 27111	NM Reads to Lead K-3 27114
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	2,746	100,024
Federal Grants	0	0	0
Total Revenues	<u>0</u>	<u>2,746</u>	<u>100,024</u>
Expenditures			
Current			
Instruction	0	2,746	45,350
Support Services-Students	0	0	54,674
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Operation of Plant	0	0	0
Student Transportation	0	0	0
Food Service Operations	0	0	0
Community Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>0</u>	<u>2,746</u>	<u>100,024</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2013

	Special Revenue Fund		
	Pre K Initiative 27149	Laws of New Mexico 27165	Gear Up 28178
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	121,800	7,965	0
Federal Grants	0	0	0
Total Revenues	<u>121,800</u>	<u>7,965</u>	<u>0</u>
Expenditures			
Current			
Instruction	115,801	7,965	0
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Operation of Plant	0	0	0
Student Transportation	5,999	0	0
Food Service Operations	0	0	0
Community Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>121,800</u>	<u>7,965</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2013

	<u>Capital Outlay</u>		Total
	Special School Capital Outlay State 31400	Senate Bill Nine 31700	
Revenues			
Property Taxes	\$ 0	\$ 227,508	\$ 227,508
Fees	0	0	99,081
State & Local Grants	11,506	127,913	455,423
Federal Grants	0	0	873,401
Total Revenues	<u>11,506</u>	<u>355,421</u>	<u>1,655,413</u>
Expenditures			
Current			
Instruction	0	36,820	589,971
Support Services-Students	0	0	244,607
Support Services-Instruction	0	0	71,207
Support Services-General Administration	0	2,254	4,356
Operation of Plant	0	106,899	106,899
Student Transportation	0	0	5,999
Food Service Operations	0	0	420,368
Community Service	0	0	12,632
Capital Outlay	11,506	189,358	282,700
Total Expenditures	<u>11,506</u>	<u>335,331</u>	<u>1,738,739</u>
Excess (Deficiency) of Revenues Over Expenditures	0	20,090	(83,326)
Fund Balances at Beginning of Year	<u>0</u>	<u>373,790</u>	<u>620,592</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 393,880</u>	<u>\$ 537,266</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-FOOD SERVICE-21000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 11,000	\$ 11,000	\$ 10,855	\$ (145)
Federal Grants	341,327	341,327	341,017	(310)
Other	14,000	14,000	12,293	(1,707)
Total Revenues	<u>366,327</u>	<u>366,327</u>	<u>364,165</u>	<u>(2,162)</u>
Expenditures				
Food Services Operations				
Personnel Services	128,500	127,285	119,571	7,714
Employee Benefits	57,125	57,140	49,444	7,696
Professional & Tech Services	1,300	1,300	45	1,255
Purchased Property Services	2,000	2,000	963	1,037
Other Purchased Services	3,500	3,700	2,085	1,615
Supplies	227,000	241,065	230,481	10,584
Supply Assets	2,727	3,727	3,497	230
Total Food Service Operations	<u>422,152</u>	<u>436,217</u>	<u>406,086</u>	<u>30,131</u>
Total Expenditures	<u>422,152</u>	<u>436,217</u>	<u>406,086</u>	<u>30,131</u>
Excess (Deficiency) of Revenues Over Expenditures	(55,825)	(69,890)	(41,921)	27,969
Cash Balance Beginning of Year	<u>69,890</u>	<u>69,890</u>	<u>69,890</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 14,065</u>	<u>\$ 0</u>	<u>\$ 27,969</u>	<u>\$ 27,969</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (41,921)	
Net Change in Inventory			26	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (41,895)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-ATHLETICS-22000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 49,000	\$ 49,000	\$ 50,486	\$ 1,486
Total Revenues	<u>49,000</u>	<u>49,000</u>	<u>50,486</u>	<u>1,486</u>
Expenditures				
Instruction				
Professional & Tech Services	500	2,500	1,569	931
Other Purchased Services	56,246	59,746	57,591	2,155
Supplies	90,000	84,500	43,066	41,434
Supply Assets	30,000	30,000	2,490	27,510
Total Instruction	<u>176,746</u>	<u>176,746</u>	<u>104,716</u>	<u>72,030</u>
Total Expenditures	<u>176,746</u>	<u>176,746</u>	<u>104,716</u>	<u>72,030</u>
Excess (Deficiency) of Revenues Over Expenditures	(127,746)	(127,746)	(54,230)	73,516
Cash Balance Beginning of Year	<u>133,240</u>	<u>133,240</u>	<u>133,240</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 5,494</u>	<u>\$ 5,494</u>	<u>\$ 79,010</u>	<u>\$ 73,516</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (54,230)	
Net Change in Accounts Payable			887	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (53,343)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-IDEA, PART B ENTITLEMENT-24106
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 38,901	\$ 306,765	\$ 182,643	\$ (124,122)
Total Revenues	<u>38,901</u>	<u>306,765</u>	<u>182,643</u>	<u>(124,122)</u>
Expenditures				
Instruction				
Personnel Services	0	78,417	69,902	8,515
Employee Benefits	0	29,295	27,941	1,354
Professional & Tech Services	0	3,000	0	3,000
Supplies	0	10,000	149	9,851
Supply Assets	0	20,906	0	20,906
Total Instruction	<u>0</u>	<u>141,618</u>	<u>97,992</u>	<u>43,626</u>
Support Services-Students				
Personnel Services	0	97,025	96,290	735
Employee Benefits	0	29,221	27,140	2,081
Total Support Services-Students	<u>0</u>	<u>126,246</u>	<u>123,430</u>	<u>2,816</u>
Total Expenditures	<u>0</u>	<u>267,864</u>	<u>221,422</u>	<u>46,442</u>
Excess (Deficiency) of Revenues Over Expenditures	38,901	38,901	(38,779)	(77,680)
Cash Balance Beginning of Year	<u>(38,901)</u>	<u>(38,901)</u>	<u>(38,901)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (77,680)</u>	<u>\$ (77,680)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (38,779)	
Net change in Due from Grantor			<u>38,779</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-PRESCHOOL-24109
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 14,445	\$ 4,682	\$ (9,763)
Total Revenues	<u>0</u>	<u>14,445</u>	<u>4,682</u>	<u>(9,763)</u>
Expenditures				
Instruction				
Professional & Tech Services	0	1,000	179	821
Other Purchased Services	0	1,470	268	1,202
Supplies	<u>0</u>	<u>3,226</u>	<u>1,193</u>	<u>2,033</u>
Total Instruction	<u>0</u>	<u>5,696</u>	<u>1,640</u>	<u>4,056</u>
Support Services-Students				
Professional & Tech Services	0	7,749	6,877	872
Other Purchased Services	<u>0</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>
Total Support Services-Students	<u>0</u>	<u>8,749</u>	<u>7,877</u>	<u>872</u>
Total Expenditures	<u>0</u>	<u>14,445</u>	<u>9,517</u>	<u>4,928</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(4,835)	(4,835)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (4,835)</u>	<u>\$ (4,835)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,835)	
Net change in Due from Grantor			<u>4,835</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-FRESH FRUITS & VEGETABLES-24118
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 14,331	\$ 14,331	\$ 14,308	\$ (23)
Total Revenues	<u>14,331</u>	<u>14,331</u>	<u>14,308</u>	<u>(23)</u>
Expenditures				
Food Service				
Supplies	14,331	14,331	14,308	23
Total Food Service	<u>14,331</u>	<u>14,331</u>	<u>14,308</u>	<u>23</u>
Total Expenditures	<u>14,331</u>	<u>14,331</u>	<u>14,308</u>	<u>23</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-21st CENTURY COMMUNITY LEARNING-24119
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 62,241	\$ 62,241	\$ 62,241	\$ 0
Total Revenues	<u>62,241</u>	<u>62,241</u>	<u>62,241</u>	<u>0</u>
Expenditures				
Instruction				
Other Purchased Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	62,241	62,241	62,241	0
Cash Balance Beginning of Year	<u>(62,241)</u>	<u>(62,241)</u>	<u>(62,241)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 62,241	
Net change in Due from Grantor			<u>(62,241)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-ENGLISH LANGUAGE ACQUISITION-24153
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 2,447	\$ 14,317	\$ 6,860	\$ (7,457)
Total Revenues	<u>2,447</u>	<u>14,317</u>	<u>6,860</u>	<u>(7,457)</u>
Expenditures				
Instruction				
Professional & Tech Services	0	1,550	1,550	0
Other Purchased Services	0	1,385	1,385	0
Supplies	0	5,963	5,881	82
Supply Assets	0	2,972	2,433	539
Total Instruction	<u>0</u>	<u>11,870</u>	<u>11,249</u>	<u>621</u>
Total Expenditures	<u>0</u>	<u>11,870</u>	<u>11,249</u>	<u>621</u>
Excess (Deficiency) of Revenues Over Expenditures	2,447	2,447	(4,389)	(6,836)
Cash Balance Beginning of Year	<u>(2,447)</u>	<u>(2,447)</u>	<u>(2,447)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (6,836)</u>	<u>\$ (6,836)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,389)	
Net change in Due from Grantor			684	
Net change in Accounts Payable			3,705	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-IMPROVING TEACHER QUALITY-24154
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 83,999	\$ 95,868	\$ 36,786	\$ (59,082)
Total Revenues	<u>83,999</u>	<u>95,868</u>	<u>36,786</u>	<u>(59,082)</u>
Expenditures				
Instruction				
Personnel Services	30,550	40,023	40,023	0
Employee Benefits	10,750	12,683	12,027	656
Professional & Tech Services	3,811	3,778	1,550	2,228
Other Purchased Services	0	496	496	0
Total Instruction	<u>45,111</u>	<u>56,980</u>	<u>54,096</u>	<u>2,884</u>
Support Services-General Administration				
Professional & Tech Services	2,102	2,102	2,102	0
Total Support Services-General Administration	<u>2,102</u>	<u>2,102</u>	<u>2,102</u>	<u>0</u>
Total Expenditures	<u>47,213</u>	<u>59,082</u>	<u>56,198</u>	<u>2,884</u>
Excess (Deficiency) of Revenues Over Expenditures	36,786	36,786	(19,412)	(56,198)
Cash Balance Beginning of Year	<u>(36,786)</u>	<u>(36,786)</u>	<u>(36,786)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (56,198)</u>	<u>\$ (56,198)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (19,412)	
Net change in Due from Grantor			19,412	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-TITLE I SCHOOL IMPROVEMENT-24162
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 16,005	\$ 21,038	\$ 20,985	\$ (53)
Total Revenues	<u>16,005</u>	<u>21,038</u>	<u>20,985</u>	<u>(53)</u>
Expenditures				
Instruction				
Supply Assets	<u>0</u>	<u>5,033</u>	<u>4,980</u>	<u>53</u>
Total Instruction	<u>0</u>	<u>5,033</u>	<u>4,980</u>	<u>53</u>
Total Expenditures	<u>0</u>	<u>5,033</u>	<u>4,980</u>	<u>53</u>
Excess (Deficiency) of Revenues Over Expenditures	16,005	16,005	16,005	(106)
Cash Balance Beginning of Year	<u>(16,005)</u>	<u>(16,005)</u>	<u>(16,005)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (106)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 16,005	
Net change in Due from Grantor			<u>(16,005)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-IMPACT AID SPECIAL EDUCATION-25145
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	0	27,535	1,089	26,446
Total Instruction	<u>0</u>	<u>27,535</u>	<u>1,089</u>	<u>26,446</u>
Total Expenditures	<u>0</u>	<u>27,535</u>	<u>1,089</u>	<u>26,446</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(27,535)	(1,089)	(26,446)
Cash Balance Beginning of Year	<u>27,535</u>	<u>27,535</u>	<u>27,535</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 27,535</u>	<u>\$ 0</u>	<u>\$ 26,446</u>	<u>\$ (26,446)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,089)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (1,089)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-TITLE XIX MEDICAID-25153
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 54,358	\$ 19,206	\$ 25,447	\$ 6,241
Total Revenues	<u>54,358</u>	<u>19,206</u>	<u>25,447</u>	<u>6,241</u>
Expenditures				
Support Services-Students				
Personnel Services	21,227	23,581	23,581	0
Employee Benefits	10,082	7,728	7,724	4
Professional & Tech Services	<u>2,300</u>	<u>2,300</u>	<u>1,820</u>	<u>480</u>
Total Support Services-Students	<u>33,609</u>	<u>33,609</u>	<u>33,125</u>	<u>484</u>
Total Expenditures	<u>33,609</u>	<u>33,609</u>	<u>33,125</u>	<u>484</u>
Excess (Deficiency) of Revenues Over Expenditures	20,749	(14,403)	(7,678)	6,725
Cash Balance Beginning of Year	<u>14,403</u>	<u>14,403</u>	<u>14,403</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 35,152</u>	<u>\$ 0</u>	<u>\$ 6,725</u>	<u>\$ 6,725</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (7,678)	
Net change in Accounts Payable			<u>589</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (7,089)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-GEAR UP NM INITIATIVE-24205
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 225,000	\$ 193,862	\$ (31,138)
Total Revenues	<u>0</u>	<u>225,000</u>	<u>193,862</u>	<u>(31,138)</u>
Expenditures				
Instruction				
Personnel Services	0	54,423	54,423	0
Employee Benefits	0	10,611	10,611	0
Professional & Tech Services	0	9,215	8,377	838
Other Purchased Services	0	3,330	2,602	728
Supplies	0	38,021	33,563	4,458
Total Instruction	<u>0</u>	<u>115,600</u>	<u>109,576</u>	<u>6,024</u>
Support Services-Students				
Personnel Services	0	21,250	21,250	0
Employee Benefits	0	3,750	3,750	0
Total Support Services-Students	<u>0</u>	<u>25,000</u>	<u>25,000</u>	<u>0</u>
Support Services-Instruction				
Personnel Services	0	50,438	50,438	0
Employee Benefits	0	17,225	17,225	0
Professional & Tech Services	0	2,460	2,460	0
Other Purchased Services	0	1,645	1,084	561
Total Support Services-Instruction	<u>0</u>	<u>71,768</u>	<u>71,207</u>	<u>561</u>
Support Services-Community Service				
Personnel Services	0	11,711	11,711	0
Employee Benefits	0	921	921	0
Total Support Services-Community Service	<u>0</u>	<u>12,632</u>	<u>12,632</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>225,000</u>	<u>218,415</u>	<u>6,585</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(24,553)	(24,553)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (24,553)</u>	<u>\$ (24,553)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (24,553)	
Net change in Due from Grantor			<u>24,553</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-LANL FOUNDATION-26113
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instruction				
Personnel Services	0	0	0	0
Employee Benefits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>1,631</u>	<u>1,631</u>	<u>1,631</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,631</u>	<u>\$ 1,631</u>	<u>\$ 1,631</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-DUAL CREDIT-27103
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 6,252	\$ 5,446	\$ 5,446	\$ 0
Total Revenues	<u>6,252</u>	<u>5,446</u>	<u>5,446</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	0	1,633	1,633	0
Total Instruction	<u>0</u>	<u>1,633</u>	<u>1,633</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>1,633</u>	<u>1,633</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	6,252	3,813	3,813	0
Cash Balance Beginning of Year	<u>(3,813)</u>	<u>(3,813)</u>	<u>(3,813)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,439</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 3,813	
Net change in Due from Grantor			<u>(3,813)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-SCHOOL BUS REPLACEMENT-27104
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 0	\$ 81,836	\$ 81,836	\$ 0
Total Revenues	<u>0</u>	<u>81,836</u>	<u>81,836</u>	<u>0</u>
Expenditures				
Student Transportation				
Capital Outlay	0	81,836	81,836	0
Total Student Transportation	<u>0</u>	<u>81,836</u>	<u>81,836</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>81,836</u>	<u>81,836</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-2010 GO BOND STUDENT LIBRARY-27106
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 6,431	\$ 6,431	\$ 6,431	\$ 0
Total Revenues	<u>6,431</u>	<u>6,431</u>	<u>6,431</u>	<u>0</u>
Expenditures				
Student Services-Instruction				
Supplies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Student Services-Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	6,431	6,431	6,431	0
Cash Balance Beginning of Year	<u>(6,431)</u>	<u>(6,431)</u>	<u>(6,431)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 6,431	
Net change in Due from Grantor			<u>(6,431)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-FORMATIVE ASSESSMENTS-LAWS OF 2012-27111
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grant	\$ 0	\$ 4,270	\$ 2,746	\$ (1,524)
Total Revenues	<u>0</u>	<u>4,270</u>	<u>2,746</u>	<u>(1,524)</u>
Expenditures				
Instruction				
Professional & Tech Services	0	250	250	0
Supplies	<u>0</u>	<u>4,020</u>	<u>2,496</u>	<u>1,524</u>
Total Instruction	<u>0</u>	<u>4,270</u>	<u>2,746</u>	<u>1,524</u>
Total Expenditures	<u>0</u>	<u>4,270</u>	<u>2,746</u>	<u>1,524</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-NM READS TO LEAD K-3-27114
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 0	\$ 101,000	\$ 73,449	\$ (27,551)
Total Revenues	<u>0</u>	<u>101,000</u>	<u>73,449</u>	<u>(27,551)</u>
Expenditures				
Instruction				
Professional & Tech Services	0	4,939	4,568	371
Supplies	0	27,674	27,518	156
Supply Assets	0	13,265	13,264	1
Total Instruction	<u>0</u>	<u>45,878</u>	<u>45,350</u>	<u>528</u>
Support Services-Students				
Personnel Services	0	45,611	45,240	371
Employee Benefits	0	9,441	9,364	77
Professional & Tech Services	0	70	70	0
Total Support Services-Students	<u>0</u>	<u>55,122</u>	<u>54,674</u>	<u>448</u>
Total Expenditures	<u>0</u>	<u>101,000</u>	<u>100,024</u>	<u>976</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(26,575)	(26,575)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (26,575)</u>	<u>\$ (26,575)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (26,575)	
Net change in Due from Grantor			26,575	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-PRE K INITIATIVE-27149
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 134,172	\$ 134,172	\$ 112,079	\$ (22,093)
Total Revenues	<u>134,172</u>	<u>134,172</u>	<u>112,079</u>	<u>(22,093)</u>
Expenditures				
Instruction				
Personnel Services	79,500	83,014	83,014	0
Employee Benefits	32,501	28,987	28,987	0
Supplies	3,920	3,920	3,800	120
Total Instruction	<u>115,921</u>	<u>115,921</u>	<u>115,801</u>	<u>120</u>
Student Transportation				
Personnel Services	4,974	4,974	4,974	0
Employee Benefits	1,025	1,025	1,025	0
Total Student Transportation	<u>5,999</u>	<u>5,999</u>	<u>5,999</u>	<u>0</u>
Total Expenditures	<u>121,920</u>	<u>121,920</u>	<u>121,800</u>	<u>120</u>
Excess (Deficiency) of Revenues Over Expenditures	12,252	12,252	(9,721)	(21,973)
Cash Balance Beginning of Year	<u>(12,252)</u>	<u>(12,252)</u>	<u>(12,252)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (21,973)</u>	<u>\$ (21,973)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (9,721)	
Net change in Due from Grantor			9,721	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-LAWS OF NEW MEXICO-27165
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 0	\$ 8,701	\$ 0	\$ (8,701)
Total Revenues	<u>0</u>	<u>8,701</u>	<u>0</u>	<u>(8,701)</u>
Expenditures				
Instruction				
Supplies	0	5,040	4,304	736
Supply Assets	<u>0</u>	<u>3,661</u>	<u>3,661</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>8,701</u>	<u>7,965</u>	<u>736</u>
Total Expenditures	<u>0</u>	<u>8,701</u>	<u>7,965</u>	<u>736</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(7,965)	(7,965)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (7,965)</u>	<u>\$ (7,965)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (7,965)	
Net change in Due from Grantor			<u>7,965</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND-GEAR UP-28178
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 23,645	\$ 23,645	\$ 23,645	\$ 0
Total Revenues	<u>23,645</u>	<u>23,645</u>	<u>23,645</u>	<u>0</u>
Expenditures				
Instruction				
Personnel Services	0	0	0	0
Employee Benefits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	23,645	23,645	23,645	0
Cash Balance Beginning of Year	<u>(23,645)</u>	<u>(23,645)</u>	<u>(23,645)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 23,645	
Net change in Due from Grantor			<u>(23,645)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

PECOS INDEPENDENT SCHOOL DISTRICT

CAPITAL PROJECTS FUND-SPECIAL SCHOOL CAPITAL OUTLAY-STATE-31400

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 11,506	\$ 0	\$ 11,506
Total Revenues	<u>0</u>	<u>11,506</u>	<u>0</u>	<u>11,506</u>
Expenditures				
Capital Outlay				
Fixed Assets	0	11,506	11,506	0
Total Capital Outlay	<u>0</u>	<u>11,506</u>	<u>11,506</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>11,506</u>	<u>11,506</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(11,506)	(11,506)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (11,506)</u>	<u>\$ (11,506)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (11,506)	
Net change in Due from Grantor			<u>11,506</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
 CAPITAL PROJECT FUND-SENATE BILL NINE-31700
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 226,836	\$ 226,836	\$ 225,349	\$ (1,487)
State Grants	17,293	17,293	33,811	16,518
Total Revenues	<u>244,129</u>	<u>244,129</u>	<u>259,160</u>	<u>15,031</u>
Expenditures				
Support Services-General Administration				
Professional & Tech Services	2,300	2,300	2,254	46
Total Support Services-General Administration	<u>2,300</u>	<u>2,300</u>	<u>2,254</u>	<u>46</u>
Capital Outlay				
Maintenance	250,000	297,293	200,525	96,768
Supplies	40,000	40,748	747	40,001
Land Improvements	160,000	0	0	0
Fixed Assets	24,371	0	18,445	(18,445)
Supply Assets	100,000	253,623	36,820	216,803
Total Capital Outlay	<u>574,371</u>	<u>591,664</u>	<u>256,537</u>	<u>335,127</u>
Total Expenditures	<u>576,671</u>	<u>593,964</u>	<u>258,791</u>	<u>335,173</u>
Excess (Deficiency) of Revenues Over Expenditures	(332,542)	(349,835)	369	350,204
Cash Balance Beginning of Year	<u>388,722</u>	<u>388,722</u>	<u>388,722</u>	<u>0</u>
Cash Balance End of Year	\$ <u>56,180</u>	\$ <u>38,887</u>	\$ <u>389,091</u>	\$ <u>350,204</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 369	
Net change in Taxes Receivable			2,159	
Net change in Accounts Payable			17,562	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>20,090</u>	

The notes to the financial statements are an integral part of this statement.

OTHER SUPPLEMENTAL INFORMATION

FIDUCIARY FUND

Activity Trust Fund

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

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
 AGENCY FUNDS - ACTIVITY
 Schedule of Fiduciary Assets and Liabilities-Agency Funds
 For the Year Ended June 30, 2013

	Balance 6/30/12	Additions	Deletions	Balance 6/30/13
ASSETS				
Band	\$ 4,686	\$ 10,720	\$ 14,019	\$ 1,387
Mr Leal 1st Grade Class	32	650	634	48
HS Sunshine Club (Staff)	574	0	0	574
Jurewich Plant Fund	160	0	0	160
Class of 2011	239	0	239	0
Rural Revitalization	100	0	0	100
General Fund	1,442	629	1,382	688
Class of 2010	987	0	987	0
Board of Education	150	400	351	199
Class of 2013	233	1,022	814	441
FCCLA	27	0	0	27
HS Student Council	305	630	409	527
Sandy Smith 3rd Grade	13	256	256	13
MS Activity	4	0	0	4
HS Library	286	20	0	306
National Honor Society	710	699	263	1,145
BPA	723	0	0	723
Background Checks	(21)	1,058	924	113
Class of 2012	0	0	0	0
Class of 2014	1,215	2,902	2,450	1,666
Spanish Club	288	309	558	39
MS Spanish Club	136	198	282	53
Elementary Math	377	0	0	377
Faith Spences 1st Grade	125	613	584	153
Marsha Padilla 1st Grade	187	0	184	3
Secondary PTA	245	0	245	0
Sanchez Scholarship	1,585	506	1,050	1,041
Needy Children	350	0	0	350
Class of 2015	941	685	0	1,625
Elementary Activity	339	0	0	339
Administration Activity	734	0	14	720
Insurance Fund	7,393	0	0	7,393
HS General Activity	332	106	329	110
4th Grade	3	0	0	3
Reading	2,495	1,057	2,388	1,164
8th Grade	0	720	642	78
HS MESA	907	90	410	587
Class of 2016	0	1,201	0	1,201
Elementary Girls basketball	1,150	565	1,683	32
HS Art Lab Fees	0	135	0	135
MS MESA	1,609	0	0	1,609
Mariachi	0	9,922	1,403	8,518
MS Student Council	753	1,662	1,666	749
Elementary Library	\$ 6,115	\$ 3,989	\$ 4,156	\$ 0

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
 AGENCY FUNDS - ACTIVITY
 Schedule of Fiduciary Assets and Liabilities-Agency Funds
 For the Year Ended June 30, 2013

	Balance 6/30/12	Additions	Deletions	Balance 6/30/13
Kindergarten Rogers	\$ 5	\$ 0	\$ 0	\$ 5
MS Fundraising	985	0	251	734
MS Wellbeing	104	0	0	104
Kindergarten Ms Anderson	219	0	0	219
HS Lockers	274	0	0	274
Elementary Yearbook	7,332	614	0	7,946
Elementary Art	150	0	0	150
Bilingual	483	0	483	0
Literacy Night	778	0	0	778
HS Yearbook	91	6,360	6,451	0
Class of 2007	406	0	406	0
Athletics General Fund	14,272	36,005	44,989	5,288
NMPSIA	718	18,424	18,632	509
6th Grade SPED	398	0	0	398
HS Wrestling	779	0	779	0
David Hulse Ruez Scholarship	475	0	0	475
District 8-AA	1,382	0	1,382	0
Principal's Incentive Award	18,338	22,644	24,221	16,761
Laptop Deposits	5,400	0	0	5,400
Adrian Quintana Memorial	48	0	0	48
Class of 200	1,332	0	1,332	0
Class of 2007	288	0	288	0
Mid School Yearbook	1,517	2,314	3,831	0
After School Fundraising	155	1,322	1,477	0
Total Assets	<u>\$ 93,856</u>	<u>\$ 128,424</u>	<u>\$ 142,844</u>	<u>\$ 79,436</u>
LIABILITIES				
Deposits Held for Others	\$ 93,856	\$ 128,424	\$ 142,844	\$ 79,436
Total Liabilities	<u>\$ 93,856</u>	<u>\$ 128,424</u>	<u>\$ 142,844</u>	<u>\$ 79,436</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
 CASH RECONCILIATION-ALL FUNDS
 For the Year Ended June 30, 2013

		Beginning Cash 6/30/12	Revenue	Expenditures	Ending Cash 6/30/13
Operational	11000	\$ 627,550	\$ 5,393,594	\$ 5,407,989	\$ 613,155
Teacherage	12000	76,638	26,063	54,852	47,849
Transportation	13000	24,664	384,720	392,554	16,830
Instructional Materials	14000	5,306	40,121	13,781	31,646
Food Services	21000	69,890	364,165	406,086	27,969
Athletics	22000	133,240	50,486	104,717	79,009
Federal Flow through	24000	(378,707)	1,092,242	1,145,178	(431,643)
Federal Direct	25000	41,938	219,309	252,629	8,618
Local Grants	26000	1,630	0	0	1,630
State Flow through	27000	(22,497)	281,988	316,004	(56,513)
State Direct	28000	(23,646)	23,646	0	0
Bond Building	31100	1,301	5,923,159	43,577	5,880,883
Special CO State	31400	1	0	11,506	(11,505)
SB-9	31700	388,722	259,160	258,791	389,091
Debt Service	41000	29,006	384,612	12,846	400,772
Agency Funds		93,856	128,424	142,844	79,436
Total		<u>\$ 1,068,892</u>	<u>\$ 14,571,689</u>	<u>\$ 8,563,354</u>	<u>\$ 7,077,227</u>

The notes to the financial statements are an integral part of this statement.

FEDERAL COMPLIANCE

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
<u>U. S. Department of Agriculture</u>			
Pass-through State Public Education Department:			
School Breakfast Program	10.553	21000	\$ 206,200
National School Lunch Program	10.555	21000	118,257
			324,457
Pass-through Department of Education			
Fruits & Vegetables	10.582	24118	14,308
Pass-through State Department of Human Services:			
Supplemental Nutrition Assistance Program	10.551	21000	(1) 16,560
Direct Program			
Rural Development, Forestry, and Communities	10.672	11000	25,289
Total U. S. Department of Agriculture			380,614
<u>U. S. Department of Education</u>			
Pass-through State Public Education Department:			
Special Education Cluster			
IDEA B, Entitlement	84.027	24106	221,422
IDEA Preschool	84.173	24109	9,517
			230,939
Pass-through State Public Education Department:			
Title I	84.010	24101	254,315
Title I School Improvement	84.010	24162	4,980
School Improvement Grants	84.377	24124	570,156
English Language Acquisition	84.365	24153	7,544
Improving Teacher Quality	84.367	24154	56,198
Gear Up	84.334	25205	218,414
Total U. S. Department of Education			1,342,546
Total Federal Assistance			\$ 1,723,160

(1) Non-cash assistance

See accompanying notes to the Schedule of Expenditures of Federal Awards

Note 1: Significant Accounting Policies used in preparing the Schedule of Expenditure of Federal Awards

The modified accrual basis was used to prepare the Schedule of Expenditures of Federal Awards

Note 2: Insurance Requirements

There are no insurance requirements on the federal awards disclosed on the Schedule of Expenditures of Federal Awards

Note 3: Loans or Loan Guarantees

There were no loans or loan guarantees outstanding at year end.

De'Aun Willoughby CPA, PC

Certified Public Accountant

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

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Pecos Independent School District

Mr. Balderas and Members of the Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Pecos Independent School District (District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued our report thereon dated October 16, 2013.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that are 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies. 11-3, 13-1

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of it's 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 11-3, 13-1 and 13-2.

The District's Responses to Findings

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

Purpose of this Report

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

De'Ann Willoughby CPA PC

Clovis, New Mexico
October 16, 2013

Report on Compliance With Requirements
Applicable To Each Major Program and Internal Control
Over Compliance in Accordance With OMB Circular A-133

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Pecos Independent School District

Mr. Balderas and Members of the Board

Compliance

We have audited Pecos Independent School District (District) compliance with the types of compliance requirements described in the *OMB A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

De'Ann Willoughby, CPA PC

Clovis, New Mexico
October 16, 2013

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2013

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting

* Material weaknesses identified? No

* Significant deficiencies identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

* Material weaknesses identified? No

* Significant deficiencies identified? No

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 No

Identification of major programs:

<u>CFDA Numbers)</u>	<u>Name of Federal Program of Cluster</u>
84.377	School Improvement Grants

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Audited qualified as low risk Auditee Yes

STATE OF NEW MEXICO
PECOS INDEPENDENT SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2013

Federal Compliance Findings

Prior Year Audit Findings	None
Current Year Audit Findings	None

Financial Statements Findings

Prior Year Audit Findings	<u>Status</u>
10-1 Employee Files	Resolved
11-1 Negative Activity Account Balances	Resolved
11-2 Expenditure Issues	Resolved
11-3 Payroll	Repeated & Modified
12-1 Stale Dated Transactions	Resolved
12-2 Budget Violation	Resolved

Current Year Audit Findings

11-3 Payroll - Compliance and Internal Control-Significant Deficiency Condition

The audit revealed that employees are being paid on the 10th of each month for services through the 15th and again on the 25th for services from the 16th through the end of the month. The audit has also revealed that the pay date is the 10th and 25th of the month, but that it is being direct deposited on the 9th and the 24th of the month.

Criteria

The New Mexico Criminal Code makes it a fourth-degree felony for a public official to pay public money for services that have not been rendered. "Paying or receiving public money for services not rendered consists of knowingly making or receiving payment or causing payment to be made from public funds where such payment purports to be for wages, salary or remuneration for personal services [services] which have not in fact been rendered." NMSA 1978, § 30-23-2.

Cause

Payroll has been handled in this manner for many years and the District has no record of how or when the first payroll was made with this method. This method has been continued as it would be a hardship on employees to adjust the payment date.

Effect

Paying wages before earned is a violation of NMSA 1978 30-23-2. If an employee terminates, the District may not recover the unearned wages the employee has received and the employee will have received payment for services they have not rendered.

Recommendation

Although this auditor agrees that it would be a hardship to correct the paydays to match the pay periods, statute requires such adjustment to be made. It is a very serious issue to continue in this manner and it could potentially subject District personnel to criminal charges. The School Board should take up this issue immediately and pass an appropriate resolution to correct the pay periods for all District employees. We would also recommend contacting legal counsel to allow the District to fully evaluate the potential exposure to the District and its personnel. It may be possible to delay the implementation of such policy until the summer or the expiration of a majority of employee contracts for the current year, but such action should be carefully discussed with legal counsel.

Response

Beginning fiscal year 2014 the number of pay periods for 12 month employees was changed from 24 to 25. This change will correct the problem with "paying for services not yet rendered". The payroll has always been divided into 24 pay periods to collect premiums for NMPSIA (New Mexico Public Schools Insurance Authority) which must be paid monthly, no prepayment allowed. The pay periods in our accounting system are labeled 1-15 paid on the 10th and 16-30 paid on the 25th. This isn't actually the case; these are arbitrary dates that are put into the system to prevent dates from overlapping. Time sheets are collected on the 1st for the time period of the 16th-30th and on the 16th for the period 1st-15th. Timesheets collected on the 1st are paid on the 10th and those collected on the 16th are paid on the 25th. The annual salary is what is entered into the system divided over 25 pay periods. This enables the district to withhold a small amount of each paycheck which is payable on June 30 to prevent any employee from being paid prior to services being rendered, a change from the previous year's 24 pay periods. The district believes the change from 24-25 pay periods corrects the issue.

13-1 Pledged Securities - Compliance and Internal Control-Significant Deficiency**Condition**

The audit revealed that the District was under pledged with the public monies deposited at Southwest Capital Bank. The bank did not secure the deposit by pledging the required amount by law, putting the District at a risk for loss if the bank becomes insolvent.

Criteria

The bank has not complied with 6-10-17 NMSA 1978, which requires banks and savings and loan associations to pledge collateral for deposits in an aggregate amount equal to no less than one half of the amount of public money in each account. If a bank or saving and loans association does not maintain qualifying securities as collateral for deposits of public money under the control of the Board of Education as required by law, the Board shall request the depository to substitute or provide additional qualifying securities to meet requirement within ten calendar days. If the depository does not comply with the request the Board shall withdraw from the depository within the next ten calendar days all deposits of public money without penalty to the depositor.

Cause

Pledged securities are not monitored by the Bank nor the District.

Effect

Under collateralization results in lack of guarantee of the District's money in case of institutional failure.

Recommendation

The District should require and monitor a bank report from the institution monthly and request additional collateral if necessary.

Response

On June 15th the district sold bonds which resulted in a deposit of \$5,800,000 into our account. Our account has never carried this kind of cash balance. When the bank realized at the end of the month that such a huge deposit had been made they realized it was from bond sales which in the past had been withdrawn quickly from our bank and deposited with the State Treasurer. Due to this history it was assumed that we would repeat the same course so additional securities were pledged but not the 50% required by law. The issue has since been corrected and the bank has pledged securities in excess of the required 50%. The securities are being monitored monthly to avoid this from happening again.

13-2 Late Audit Contract-Other Matter**Condition**

The audit contract was not received by the Office of the State Auditor by the required due date of April 15, 2013.

Criteria

Paragraph (6) or Subsection G of 2.2.2.8 NMAC requires the contract be received by the Office of the State Auditor by April 15, 2013.

Cause

The auditor was not on the approved audit list until after that date.

Effect

Paragraph (6) or Subsection G of 2.2.2.8 NMAC was violated.

Recommendation

The auditors will make every effort to be on the approved auditors' list timely in the future.

Agency Response

We will contract with an approved auditor timely.

Financial Statement Preparation

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

Exit Conference

An exit conference was held on October 16, 2013. Those present were Michael Flores, Sr-Board Secretary, June Boles-Principal, Brenda Gallegos-Business Manager and De'Aun Willoughby, CPA.