

PECOS INDEPENDENT SCHOOL  
DISTRICT

Financial Statements

June 30, 2016



**PECOS INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2016  
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**STATE OF NEW MEXICO**  
**PECOS INDEPENDENT SCHOOL DISTRICT**

**Official Roster**

**June 30, 2016**

**Board of Education**

<i>Name</i>	<i>Title</i>
David Ortiz	Board President
Patrick Sandoval	Board Vice President
Michael Flores, Sr.	Board Secretary
Paul C de Baca	Board Member
Victor Ortiz	Board Member

**School Officials**

<i>Name</i>	<i>Title</i>
Fred Trujillo	Superintendent
Brenda Gallegos	Business Manager

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education,  
The Audit Committee of  
Pecos Independent School District  
and Mr. Timothy Keller  
New Mexico State Auditor

### Report on Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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, 2016, and the respective changes in financial position and the respective budgetary comparisons for the general fund 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, 2016, and the respective changes in financial position and the respective budgetary comparisons for the major capital project fund, debt service fund and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of District Contributions on pages 51-53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other schedules required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Schedule of Vendors has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2016 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 and compliance.



Albuquerque, New Mexico  
November 5, 2016

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF NET POSITION  
 June 30, 2016**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 598,288
Taxes receivable	247,175
Due from grantor	489,192
Inventory and other assets	6,296
Total current assets	<u>1,340,951</u>
Noncurrent assets	
Non-depreciable assets	228,257
Depreciable capital assets, net	13,263,721
Total noncurrent assets	<u>13,491,978</u>
<b>Total assets</b>	14,832,929
<b>DEFERRED OUTFLOWS</b>	
Pension related	<u>999,325</u>
<b>Total deferred outflows</b>	<u>\$ 999,325</u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2016**

	<u>Governmental Activities</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 74,686
Accrued interest	68,761
Accrued compensated absences	45,322
Long-term liabilities other than pensions:	
Due within one year	205,000
Due in more than one year	4,810,000
Net Pension Liability	<u>10,170,604</u>
<b>Total liabilities</b>	<u>15,374,373</u>
<b>DEFERRED INFLOWS</b>	
Deferred property taxes	223,518
Pension Related	<u>377,433</u>
<b>Total deferred inflows</b>	<u>600,951</u>
<b>NET POSITION</b>	
Net investment in capital assets	8,681,978
Restricted for:	
Inventories	6,296
Debt service	351,800
Capital projects	160,069
Special revenue funds	163,984
	<u>(9,507,197)</u>
Unrestricted	
<b>Total net position</b>	<u>\$ (143,070)</u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>
<b>Primary government</b>		
<b>Governmental activities</b>		
Instruction	\$ 4,593,673	\$ 3,802
Support services		
Students	977,868	62,668
Instruction	166,126	-
General administration	421,451	-
School administration	503,911	-
Other support services	421	-
Central services	228,910	-
Operation & maintenance of Plant	1,208,540	-
Student transportation	484,490	-
Food services operation	406,342	21,781
Community services	24,532	-
Interest on long-term debt	207,616	-
	<hr/>	<hr/>
<b>Total primary government</b>	<b>\$ 9,223,880</b>	<b>88,251</b>

*See Notes to Financial Statements.*

<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Position</b>	
<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	
\$ 1,396,523	\$ -	\$ (3,193,348)	
-	-	(915,200)	
-	-	(166,126)	
-	-	(421,451)	
-	-	(503,911)	
-	-	(421)	
-	-	(228,910)	
-	90,015	(1,118,525)	
373,544	-	(110,946)	
385,001	-	440	
-	-	(24,532)	
-	-	(207,616)	
<u>2,155,068</u>	<u>90,015</u>	<u>(6,890,546)</u>	

**General revenues:**

Property taxes:

Levied for general purposes	15,810
Levied for debt service	422,830
Levied for capital projects	256,096
State Equalization Guarantee	5,606,573
Unrestricted investment earnings	1,415
Miscellaneous income	143,921

**Total general revenues** 6,446,645

**Change in net position** (443,901)

**Net position - beginning** 300,831

**Net position - ending** \$ (143,070)

*See Notes to Financial Statements.*

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 BALANCE SHEET - GOVERNMENTAL FUNDS  
 June 30, 2016

	<b>Operational Fund</b>		
	General 11000	Teacherage 12000	Transportation 13000
<b>ASSETS</b>			
<i>Current assets</i>			
Cash and cash equivalents	\$ -	24,606	19,129
Accounts receivable			
Taxes	5,117	-	-
Due from grantor	-	-	-
Interfund receivables	337,637	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>\$ 342,754</u>	<u>24,606</u>	<u>19,129</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Current liabilities</i>			
Accounts payable	\$ 24,793	914	9,488
Accrued payroll liabilities	-	-	-
Interfund payables	-	-	-
<i>Total liabilities</i>	<u>24,793</u>	<u>914</u>	<u>9,488</u>
<b>DEFERRED INFLOWS - PROPERTY TAXES</b>			
Unearned revenue - property taxes	4,607	-	-
Unearned revenue - other	-	-	-
<i>Total deferred inflows</i>	<u>4,607</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and deferred outflows</i>	<u>29,400</u>	<u>914</u>	<u>9,488</u>
<i>Fund balances</i>			
Fund balance			
Nonspendable	-	-	-
Restricted	-	-	-
Unassigned	313,354	23,692	9,641
<i>Total fund balance</i>	<u>313,354</u>	<u>23,692</u>	<u>9,641</u>
<i>Total liabilities and fund balance</i>	<u>\$ 342,754</u>	<u>24,606</u>	<u>19,129</u>

See Notes to Financial Statements.

Instructional Materials 14000	Bond Building 31100	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
32,664	14,569	337,287	170,033	598,288
-	-	151,234	90,824	247,175
-	-	-	489,192	489,192
-	-	-	119,087	456,724
-	-	-	6,296	6,296
<u>32,664</u>	<u>14,569</u>	<u>488,521</u>	<u>875,432</u>	<u>1,797,675</u>
-	7,231	-	32,260	74,686
-	-	-	-	-
-	-	-	456,724	456,724
-	<u>7,231</u>	-	<u>488,984</u>	<u>531,410</u>
-	-	136,721	82,190	223,518
-	-	-	-	-
-	-	<u>136,721</u>	<u>82,190</u>	<u>223,518</u>
-	<u>7,231</u>	<u>136,721</u>	<u>571,174</u>	<u>754,928</u>
-	-	-	6,296	6,296
-	7,338	351,800	316,715	675,853
<u>32,664</u>	-	-	<u>(18,753)</u>	<u>360,598</u>
<u>32,664</u>	<u>7,338</u>	<u>351,800</u>	<u>304,258</u>	<u>1,042,747</u>
<u>32,664</u>	<u>14,569</u>	<u>488,521</u>	<u>875,432</u>	<u>1,797,675</u>

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
For the Year Ended June 30, 2016**

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net position are different because:	
Fund balances - total governmental funds	\$ 1,042,747
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	13,491,978
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds.	999,325
Defined benefit pension plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.	(377,433)
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
Accrued Interest	(68,761)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(45,322)
Bonds	(5,015,000)
Net pension liability	(10,170,604)
<b>Net position-total governmental activities</b>	<u>\$ (143,070)</u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2016**

	Operational Fund		
	General 11000	Teacherage 12000	Transportation 13000
<i>Revenues</i>			
Property taxes	\$ 15,810	-	-
State grants	5,606,573	-	373,544
Federal grants	48,927	-	-
Charges for service	3,802	-	-
Miscellaneous	89,398	35,637	-
Interest	1,404	-	-
	<u>5,765,914</u>	<u>35,637</u>	<u>373,544</u>
<i>Expenditures</i>			
Current			
Instruction	2,748,933	-	-
Support services			
Students	721,462	-	-
Instruction	64,159	-	-
General administration	380,603	-	-
School administration	493,038	-	-
Central services	224,811	-	-
Operation & maintenance of plant	1,029,230	12,936	-
Student transportation	4,342	-	390,905
Other support services	421	-	-
Food services operations	-	-	-
Community service	-	-	-
Capital outlay	81,263	45,606	-
Debt service			
Principal	-	-	-
Interest	-	-	-
	<u>5,748,262</u>	<u>58,542</u>	<u>390,905</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>17,652</u>	<u>(22,905)</u>	<u>(17,361)</u>
<i>Other financing sources (uses)</i>			
Operating transfers	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-
<i>Net change in fund balances</i>	<u>17,652</u>	<u>(22,905)</u>	<u>(17,361)</u>
<i>Fund balances, beginning of year</i>	<u>295,702</u>	<u>46,597</u>	<u>27,002</u>
<i>Fund balances (deficit), end of year</i>	<u>\$ 313,354</u>	<u>23,692</u>	<u>9,641</u>

See Notes to Financial Statements.

Instructional Materials 14000	Bond Building 31000	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
-	-	422,830	256,096	694,736
41,676	-	-	610,676	6,632,469
-	-	-	1,170,260	1,219,187
-	-	-	84,449	88,251
551	-	-	18,335	143,921
-	9	2	-	1,415
<u>42,227</u>	<u>9</u>	<u>422,832</u>	<u>2,139,816</u>	<u>8,779,979</u>
48,959	-	-	929,906	3,727,798
-	-	-	251,591	973,053
-	-	-	79,085	143,244
-	-	4,151	24,242	408,996
-	-	-	10,873	503,911
-	-	-	3,088	227,899
-	-	-	119,480	1,161,646
-	-	-	17,734	412,981
-	-	-	-	421
-	-	-	404,665	404,665
-	-	-	24,532	24,532
-	16,062	-	102,706	245,637
-	-	195,000	-	195,000
-	-	210,281	-	210,281
<u>48,959</u>	<u>16,062</u>	<u>409,432</u>	<u>1,967,902</u>	<u>8,640,064</u>
<u>(6,732)</u>	<u>(16,053)</u>	<u>13,400</u>	<u>171,914</u>	<u>139,915</u>
-	-	-	-	-
-	-	-	-	-
<u>(6,732)</u>	<u>(16,053)</u>	<u>13,400</u>	<u>171,914</u>	<u>139,915</u>
<u>39,396</u>	<u>23,391</u>	<u>338,400</u>	<u>132,344</u>	<u>902,832</u>
<u>32,664</u>	<u>7,338</u>	<u>351,800</u>	<u>304,258</u>	<u>1,042,747</u>

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2016**

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds	\$ 139,915
Change in net pension liability	(158,116)
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 assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.	
Depreciation expense	(864,187)
Capital outlays	245,637
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	-
The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:	
Change in accrued interest payable	2,665
Change in accrued compensated absences	(4,815)
Principal payments on bonds	<u>195,000</u>
Change in net position-total governmental activities	\$ <u><u>(443,901)</u></u>

*See Notes to Financial Statements.*

STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
GENERAL FUND - 11000  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ 15,054	15,054	15,300	246
State grants	5,629,231	5,606,489	5,606,573	84
Federal grants	22,000	49,199	48,927	(272)
Charges for service	1,000	1,000	3,802	2,802
Miscellaneous	-	-	89,645	89,645
Interest	3,542	3,542	1,404	(2,138)
<i>Total revenues</i>	<u>5,670,827</u>	<u>5,675,284</u>	<u>5,765,651</u>	<u>90,367</u>
<i>Expenditures</i>				
<i>Current:</i>				
Instruction	2,894,483	2,871,741	2,743,304	128,437
Support services				
Students	700,795	748,686	763,698	(15,012)
Instruction	30,295	30,295	66,323	(36,028)
General administration	387,987	387,987	383,309	4,678
School administration	507,710	507,710	492,972	14,738
Central Services	223,685	227,442	225,720	1,722
Operation & maintenance of plant	1,092,478	1,092,478	1,032,017	60,461
Student transportation	1,500	5,000	4,342	658
Other support services	94,524	94,524	6,909	87,615
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	81,264	81,263	1
<i>Total expenditures</i>	<u>5,933,457</u>	<u>6,047,127</u>	<u>5,799,857</u>	<u>247,270</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(262,630)</u>	<u>(371,843)</u>	<u>(34,206)</u>	<u>337,637</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>(262,630)</u>	<u>(371,843)</u>	<u>(34,206)</u>	<u>337,637</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>371,843</u>	<u>371,843</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>(371,843)</u>	<u>337,637</u>	<u>709,480</u>
<i>Reconciliation to GAAP Basis</i>				
Adjustments to revenues			\$ 263	
Adjustments to expenditures			<u>51,595</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 17,652</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 TEACHERAGE FUND - 12000  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET (NON-GAAP BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	26,100	26,100	35,637	9,537
Interest	-	-	-	-
<i>Total revenues</i>	<u>26,100</u>	<u>26,100</u>	<u>35,637</u>	<u>9,537</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services	-	-	-	-
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	25,807	27,594	12,526	15,068
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	40,000	45,607	45,606	1
<i>Total expenditures</i>	<u>65,807</u>	<u>73,201</u>	<u>58,132</u>	<u>15,069</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(39,707)</u>	<u>(47,101)</u>	<u>(22,495)</u>	<u>24,606</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>(39,707)</u>	<u>(47,101)</u>	<u>(22,495)</u>	<u>24,606</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>47,101</u>	<u>47,101</u>
<i>Cash or fund balance, end of year</i>	\$ <u>-</u>	\$ <u>(47,101)</u>	<u>24,606</u>	<u>71,707</u>
<i>Reconciliation to GAAP Basis</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			(410)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ <u>(22,905)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 TRANSPORTATION FUND - 13000  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET (NON-GAAP BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	395,137	373,544	373,544	-
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>395,137</u>	<u>373,544</u>	<u>373,544</u>	<u>-</u>
<i>Expenditures</i>				
Current:				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	395,137	387,389	368,260	19,129
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>395,137</u>	<u>387,389</u>	<u>368,260</u>	<u>19,129</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(13,845)</u>	<u>5,284</u>	<u>19,129</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>(13,845)</u>	<u>5,284</u>	<u>19,129</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>27,689</u>	<u>27,689</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>(13,845)</u>	<u>32,973</u>	<u>46,818</u>
<i>Reconciliation to GAAP Basis</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			(22,645)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (17,361)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 INSTRUCTIONAL MATERIALS FUND - 14000  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET (NON-GAAP BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	32,634	32,634	41,676	9,042
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	551	551
Interest	-	-	-	-
<i>Total revenues</i>	<u>32,634</u>	<u>32,634</u>	<u>42,227</u>	<u>9,593</u>
<i>Expenditures</i>				
Current:				
Instruction	63,630	72,029	48,959	23,070
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>63,630</u>	<u>72,029</u>	<u>48,959</u>	<u>23,070</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(30,996)</u>	<u>(39,395)</u>	<u>(6,732)</u>	<u>32,663</u>
<i>Other financing sources (uses):</i>				
Designated cash				-
Operating transfers				-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>(30,996)</u>	<u>(39,395)</u>	<u>(6,732)</u>	<u>32,663</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>39,395</u>	<u>39,395</u>
<i>Cash or fund balance, end of year</i>	\$ <u>(30,996)</u>	\$ <u>(39,395)</u>	<u>32,663</u>	<u>72,058</u>
<i>Reconciliation to GAAP Basis</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ <u>(6,732)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO**  
**PECOS INDEPENDENT SCHOOL DISTRICT**  
**AGENCY FUNDS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**June 30, 2016**

	Agency Funds
	<u>                    </u>
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash and cash equivalents	\$ <u>          96,376</u>
<i>Total assets</i>	\$ <u><u>          96,376</u></u>
<b>LIABILITIES</b>	
<i>Current liabilities</i>	
Deposits held in trust for others	\$ <u>          96,376</u>
<i>Total liabilities</i>	\$ <u><u>          96,376</u></u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1. NATURE OF ORGANIZATION**

The Pecos Independent School District has been in existence since the early nineteenth hundreds, and is currently operating under the provisions of the Public School District Code, Chapter 22, of the New Mexico Statutes Annotated, 1978. 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.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Pecos Independent School (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the District’s accounting policies are described below.

**A. Financial Reporting Entity**

GASB Statement No. 14 established criteria for determining the government 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 also has no *component units*, as defined by GASB Statement No. 14 and/or GASB Statement No. 39, as there are no other legally separate organizations for which the elected School Board 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.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities and Changes in Net Position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

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

Ad valorem taxes (property taxes), franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The *agency funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

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 long-term debt. Governmental funds include:

The *General Funds* are the primary operating funds of the District, and accounts for all financial resources, except those required to be accounted for in other funds.

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

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The *Debt Service Funds* account for the services of long-term debt not being financed by proprietary or nonexpendable trust funds.

Under the requirements of GASB 34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following, which include funds that were not required to be presented as major but were at the discretion of management:

***General Funds:***

The *Operational Fund* is the primary operating fund of the District, and accounts for all financial resources, except those required to be accounted for in other funds.

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

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

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Other Funds Presented as Major Funds:***

The *Bond Building Capital Projects Fund* is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

The *Debt Service Fund* is used to account for the accumulation of resources for the payment of Long- Term Debt principal and interest.

Additionally, the District reports the following agency fund:

The *Fiduciary Funds* account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or student organizations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Program revenues are categorized as (a) charges for services, which include revenues collected for cafeteria fees and lost books, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as Title I, IDEA-B, and Magnet school funding to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources such as SB-9 and HB-33 funding to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the Statement of Activities. Interest on long- term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Net Position**

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

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

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

**Receivables and Payables:** Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

The District receives monthly income from a tax levy in San Miguel County. The funds are collected by the County Treasurer and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the San Miguel County Treasurer in July and August 2016 is considered 'measurable and available' and, accordingly, is recorded as revenue during the year ended June 30, 2016.

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

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

**Instructional Materials:** The New Mexico State Department of Education receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of material listed in the State Board of Education 'State Adopted Instructional Material' list, while the other fifty percent of each allocation is available for purchases directly from vendors, for which the school district receives cash draw-downs, or transfer for requisition of material from the adopted list.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventory:** Inventory is valued at lower of cost (first-in, first-out) or market. Inventory in the General Fund consists of expendable supplies held for consumption. Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed. The U.S.D.A. commodities are recorded at year-end by audit adjusting entries. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories and deferred revenue. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets. No deferred revenue was recorded for unused commodity inventory as of June 30, 2016. Inventories in the Transportation Fund consisted of related supplies.

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 per Section 12-6-10 NMSA 1978, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. However, infrastructure assets have not been included in the June 30, 2016 financial statements of the District, since the District did not own any infrastructure assets as of June 30, 2016. Information technology equipment, including software, is being capitalized and included in furniture and equipment as the District did not maintain internally developed software. The District expenses the cost of library books when purchased. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2016.

Capital expenditures made on the District’s building construction projects by the NM Public School Facilities Authority have been recorded as a revenue and expenditure in the fund financial statements, and have been included as capital assets in the District’s government-wide financial statements.

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

Buildings/building improvements	20-50 years
Furniture and equipment	3-15 years

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows/Inflows of Resources:** In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Deferred inflows are reported in the governmental funds regarding property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**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 which 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:

1. The employees' right to receive compensation is attributable to services already rendered.
2. 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 the 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.

**Long-term Obligations:** In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**Pensions:** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the Fiduciary Net Position of the New Mexico Educational Retirement Board (ERB) and additions to/deductions from ERB's Fiduciary Net Position have been determined on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net Position or Fund Equity:** Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The detail of which is presented in Note 17.

In the government-wide financial statements, fund equity is classified as net position and is displayed in three components:

*Net Investment in capital assets:* Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted Net Position:* Consists of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position are restricted for "debt service or capital projects."

*Unrestricted Net Position:* All other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

The Government-wide Statement of Net Position reports \$982,149 of restricted net position of which \$160,069 is restricted by enabling legislation.

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

**Interfund Transactions:** Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the District's financial statements include management's estimate of the useful lives of capital assets.

**E. Revenues**

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$5,606,573 in state equalization guarantee distributions during the year ended June 30, 2016.

**Tax Revenues:** The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency.

The District records only the portion of the taxes considered to be 'measurable' and 'available'. The District recognized \$694,736 in tax revenues during the year ended June 30, 2016. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent to property owners by November 1<sup>st</sup> of each year to be paid in whole or in two installments by November 10<sup>th</sup> and April 10<sup>th</sup> of each year. Valencia County collects County, City, and School taxes, and distributes them to each fund once per month, except in June when taxes are distributed twice to close out the fiscal year.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Transportation Distribution:** School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$373,544 in transportation distributions during the year ended June 30, 2016.

**Instructional Materials:** The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while the other fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2016 totaled \$41,676.

**Public School Capital Outlay:** Under the provisions of Chapter 22, Article 24, a public school capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program, and the capital outlay expenditures are limited to the purchase, or construction of temporary or permanent classrooms.

The council shall approve an application for grant assistance from the fund when the council determines that:

1. A critical need exists requiring action;
2. The residents of the school districts have provided all available resources to the district to meet its capital outlay requirements;
3. The school district has used its resources in a prudent manner;
4. The District is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified by the property tax division; and
5. The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978.

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis.

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved. During the year ended June 30, 2016, the District received \$90,015 in capital outlay funds.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**SB-9 State Match:** The Director shall distribute to any school district that has imposed a tax under the Public School Capital Outlay Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

During the year ended June 30, 2016 the District received \$256,096 in funds for state SB-9 matching.

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

Department of Education). The various budgets are approved by the Local School Board and the New Mexico Public Education Department.

The District also receives reimbursement under the National School Lunch and Breakfast Programs for its food services operations, and the distributions of commodities through the New Mexico Human Services Department.

**NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

*Budgetary Information*

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

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

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

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

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

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State of New Mexico Public Education Department (PED) by the District shall contain headings and details as described by law and have been approved by the Public Education Department.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
4. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system. 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 DBPU.
5. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

6. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the SBPU.
7. Legal budget control for expenditures is by fund.
8. Appropriations lapse at fiscal yearend. 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.
9. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.
10. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits a Governmental Agency from exceeding an individual function.

The accompanying Statements of Revenues, Expenditures and Changes in Fund Balance – Budget (Non- GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

A budget was not presented for the LANL Foundation Fund (26113) as it was not budgeted in the year ended June 30, 2016.

**NOTE 4. CASH AND CASH EQUIVALENTS**

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

**STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
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 JUNE 30, 2016**

**NOTE 4. CASH AND CASH EQUIVALENTS (CONTINUED)**

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

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

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

The collateral pledged is listed on the Schedule of Collateral Pledged by Depository of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

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

**Deposits**

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

	Southwest Capital Bank
Total amount of deposits	\$ 1,269,373
FDIC coverage	250,000
Total uninsured public funds	<u>\$ 1,019,373</u>
Collateral requirement (50% of uninsured public funds)	\$ 509,687
Pledged Security	850,000
Total over (under) collateralized	<u>\$ 340,313</u>

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 4. CASH AND CASH EQUIVALENTS (CONTINUED)**

*Custodial Credit Risk – Deposits.* 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, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2016, none of the District’s bank balance of \$1,269,372 was exposed to custodial credit risk as the amount uninsured was collateralized and the collateral was held by the pledging bank’s trust department in the District’s name. None of the District’s bank balance was uninsured and uncollateralized.

**NOTE 5. RECEIVABLES**

Receivables as of June 30, 2016 are as follows:

	General	Bond Building	Debt Service	Other Governmental Funds	Total
Property taxes	\$ 5,117	-	151,234	90,824	247,175
Intergovernmental grants	-	-	-	489,192	489,192
Totals	<u>\$ 5,117</u>	<u>-</u>	<u>151,324</u>	<u>580,016</u>	<u>736,367</u>

The above receivables are deemed 100% collectible. In accordance with GASB 33, property tax receivables are presented net of unearned revenues in the amount of \$223,518 on the governmental fund financial statements.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

“Interfund balances” have primarily been recorded when funds overdraw their share of pooled cash when the District is waiting for grant reimbursements. The composition of interfund balances as of June 30, 2016 is as follows:

<b>GOVERNMENTAL ACTIVITIES</b>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>Major Funds:</b>		
General	\$ 337,637	-
<b>Nonmajor Funds:</b>		
SB-9	119,087	-
Title I	-	91,888
IDEA-B Entitlement	-	52,328
IDEA-B Preschool	-	997
IDEA-B “Risk Pool”	-	6,545
Title I Section 1003G	-	35,631
Improving Teacher Quality	-	4,649
GEAR UP NM State Initiatives	-	64,919
NM Reads to Lead K-3	-	9,923
Pre-K Initiative	-	65,319
K-3 Plus	-	67,810
After School Enrichment	-	26,760
Social Workers for Middle Schools	-	15,168
Youth Conservative Corp	-	14,787
<b>Total Governmental Activities</b>	<u>\$ 456,724</u>	<u>456,724</u>

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 7. CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2016, including those changes pursuant to the implementation of GASB Statement No. 34, follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated				
Land	\$ 228,257	-	-	228,257
Total capital assets not depreciated	<u>228,257</u>	<u>-</u>	<u>-</u>	<u>228,257</u>
Capital assets being depreciated				
Building & building improvements	21,147,247	99,437	-	21,246,684
Equipment, vehicles, Information Technology Equipment, Software & Library Books	<u>2,782,541</u>	<u>146,200</u>	<u>-</u>	<u>2,928,741</u>
Total capital assets being depreciated	<u>23,929,788</u>	<u>245,637</u>	<u>-</u>	<u>24,175,425</u>
Less accumulated depreciation for				
Building & building improvements	(8,050,027)	(689,467)	-	(8,739,494)
Equipment, vehicles, Information Technology Equipment, Software & Library Books	<u>(1,997,489)</u>	<u>(174,720)</u>	<u>-</u>	<u>(2,172,210)</u>
Total accumulated depreciation	<u>(10,047,516)</u>	<u>(864,187)</u>	<u>-</u>	<u>(10,911,704)</u>
Net assets being depreciated	<u>13,882,272</u>	<u>(618,551)</u>	<u>-</u>	<u>13,263,721</u>
Total net capital assets	<u>14,110,529</u>	<u>(618,551)</u>	<u>-</u>	<u>13,491,978</u>

Depreciation expense for the year ended June 30, 2016 was charged to governmental activities as follows:

Instruction	\$ 707,759
Support Services – Instruction	22,882
Support Services – General Administration	12,455
Central Services	1,011
Operations and Management of Plant	46,894
Student Transportation	71,509
Food Services Operation	<u>1,677</u>
Total	<u>\$ 864,187</u>

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 8. LONG-TERM DEBT**

During the year ended June 30, 2016, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
General Obligation Bonds	\$ 5,210,000	-	195,000	5,015,000	205,000
Compensated Absences	40,507	42,860	38,045	45,322	45,322
Total	<u>\$ 5,250,507</u>	<u>42,860</u>	<u>233,045</u>	<u>5,060,322</u>	<u>250,322</u>

Interest expense paid on long-term debt totaled \$207,616 on the Statement of Activities for the year ended June 30, 2016.

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
NMFA 2013	6/13/13	\$ 5,400,000	.3% - .5%	<u>\$ 5,015,000</u>

The annual requirements to amortize the General Obligation Bond as of June 30, 2016, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 205,000	201,056	406,056
2018	210,000	190,474	400,474
2019	225,000	180,506	405,506
2020	230,000	170,029	400,029
2021	245,000	159,141	404,141
2022-2026	1,405,000	598,596	2,003,596
2027-2031	1,725,000	278,866	2,003,866
2032-2033	770,000	26,931	796,931
Totals	<u>\$ 5,015,000</u>	<u>1,805,599</u>	<u>6,820,599</u>

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 9. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMPSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. Annual financial reports can be obtained from NMPSIA or viewed on their website at <https://nmpsia.com/information.html>.

**NOTE 10. CONTINGENT LIABILITIES**

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

The district is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the district's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the district.

**NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD**

**Plan Description:** ERB was created by the State's Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates. NMERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at [www.nmerb.org](http://www.nmerb.org).

**STATE OF NEW MEXICO  
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JUNE 30, 2016**

**NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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

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

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

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

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

**STATE OF NEW MEXICO  
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JUNE 30, 2016**

**NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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

**Pensions:** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the Fiduciary Net Position of the New Mexico Educational Retirement Board (ERB) and additions to/deductions from ERB's Fiduciary Net Position have been determined on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Contributions:** The contribution requirements of defined benefit plan members and Pecos Independent School District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2015 employers contributed 13.90% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. For fiscal year ended June 30, 2016 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$595,062 for the year ended June 30, 2016.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015. At June 30, 2016, the District reported a liability of \$10,170,604 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2015. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2015, the District's proportion was .15702%, which was a decrease of 0.00297% from its proportion measured as of June 30, 2014.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

For the year ended June 30, 2016, the District recognized pension expense of \$158,116. At the June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Change in proportionate share	\$ 54,440	(143,099)
Effect of changes in assumptions	349,822	-
Differences between actual and projected earnings on plan investments	-	(45,780)
Differences between expected and actual experience with economic and demographic factors	-	(188,554)
Employer’s current year contributions	<u>595,063</u>	<u>                    </u>
Ending balance	\$ <u>999,325</u>	<u>(377,433)</u>

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

Year ended June 30:	
2017	\$ (43,674)
2018	(41,588)
2019	(29,174)
2020	<u>141,260</u>
Total	<u>\$ 26,824</u>

**STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016**

**NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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

	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
The District’s proportionate share of the net pension liability	\$ 13,685,227	10,170,604	7,217,954

**Pension plan fiduciary net position:** Detailed information about the ERB’s fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2015 and 2014 which are publicly available at [www.nmerb.org](http://www.nmerb.org).

**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

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

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

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

*Funding Policy.* The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

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](http://www.nmrhca.state.nm.us).

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2016, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act. The District's contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$85,599, \$89,272 and \$88,198, respectively, which equal the required contributions for each year.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 13. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

Generally accepted accounting principles require disclosures as part of the Combined Statements of certain information concerning individual funds including:

**A. Deficit fund balance of individual funds:** The following funds reported a deficit fund balance at June 30, 2016:

<b>Nonmajor Funds:</b>	
GEAR UP NM Initiative (25205)	\$ (998)
Rural Ed Achievement (25233)	(17,755)
Total	<u>\$ (18,753)</u>

**B. Excess expenditures over appropriations:** Budgetary authority is at the function level. The Food Service Special Revenue Fund (21000) exceeded budgeted authority at the Food services operations function by \$6,905 as indicated in finding 2014-001.

**C. Designated cash appropriation in excess of available balances:** There were no funds with designated cash in appropriations in excess of available balances for the year ended June 30, 2016.

**NOTE 14. JOINT POWERS AGREEMENTS**

The Pecos Independent School District is a part of 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 this 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.

**NOTE 15. RECENT ACCOUNTING PRONOUNCEMENTS**

In February 2015, the GASB issued statement No. 72, *Fair Value Measurement and Application*. This Statement provides guidance for determining the fair value and applying the fair value to certain investments and note disclosures. GASB Statement No. 72 was effective for periods ending after June 15, 2016. The adoption of GASB Statement No. 72 did not have any effect on the District's Financial Statements.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 15. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

In June 2015, the GASB issued statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68*. This Statement establishes requirements for defined benefit pension plans and other pension plans not addressed under GASB Statement No. 68. This Statement also amends some requirements of GASB Statement No. 67 and GASB Statement No. 68. GASB Statement No. 73 clarifies requirements of GASB Statements No. 67 and 68 regarding the information that must be presented as notes to the required supplemental 10 year schedules, accounting and financial reporting for certain liabilities for individual employers and non-employer contributing entities, and the revenue recognition for non-employer contributing entities that are not in a special funding situation.

This statement requires that all pensions under GASB Statement No. 68 that are not administered through trusts and meet the requirements of GASB Statement No. 68 not be classified as pension plan assets. The implementation of GASB No. 73 did not have an impact on the District's Financial Statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Statement No. 76, which supersedes Statement No. 55, aims to identify, in the context of the current governmental financial reporting environment, the hierarchy of U.S. GAAP, which consists of the sources of accounting principles used to prepare the financial statements of state and local governments entities in conformity with U.S. GAAP, as well as the framework for selecting those principles. The District adopted GASB Statement No. 76 during fiscal year 2016, with no significant impact to the District's financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement establishes criteria that must be met for an external investment pool to be permitted to measure its investments at the amortized cost for financial reporting purposes. This Statement also requires that the pool participants of external investment pools that meet the criteria also report their investments at the amortized cost for financial reporting purposes. External Investment Pools that not meet the requirement are required to follow paragraph 16 of GASB Statement No. 31. GASB Statement No. 79 requires additional note disclosures to be made in qualifying external investment pools financial statements. The additional note disclosures are also required to be made in the pool participants financial statements. The adoption of GASB Statement No. 79 did not have a significant impact on the District's financial statements.

**NOTE 16. NEW ACCOUNTING PRONOUNCEMENTS**

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2016.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 16. NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

GASB Statement No. 77, Tax Abatement Disclosures

GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans

GASB Statement No. 80, Blending Requirements for Certain Units – an amendment to GASB Statement No. 14

GASB Statement No. 81, Irrevocable Split-Interest Agreements

GASB Statement No. 82, Pension Issues (an Amendment of GASB Statements No. 67, No. 68, and No. 73)

The District will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The District believes that the above listed new GASB pronouncements will not have a significant financial impact to the District or in issuing its financial statements.

**NOTE 17. GOVERNMENTAL FUND BALANCE**

**Fund Balance:** In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Some governments may not have policies or procedures that are comparable to those policies that underlie the classifications and therefore would not report amounts in all possible fund balance classifications.

In the governmental financial statements, fund balance is classified and is displayed in five components:

*Nonspendable:* Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted:* Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed:* Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 17. GOVERNMENTAL FUND BALANCE (CONTINUED)**

authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

*Assigned:* Consist of amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned:* Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Detail relating to the fund balance classifications is displayed below:

	Operational Fund	Teacherage Fund	Transportation Fund	Instructional Materials Fund
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	\$ -	-	-	-
<b>Restricted for:</b>				
Special Revenue	-	-	-	-
Capital projects	-	-	-	-
Debt Service	-	-	-	-
Food service	-	-	-	-
<b>Unassigned:</b>	313,354	23,692	9,641	32,664
Total fund balances	\$ <u>313,354</u>	<u>23,692</u>	<u>9,641</u>	<u>32,664</u>

	Bond Building Fund	Debt Service Fund	Other Governmental Funds	Total
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Inventory	\$ -	-	6,296	6,296
<b>Restricted for:</b>				
Special Revenue	-	-	129,537	129,537
Capital projects	7,338	-	152,731	160,069
Debt Service	-	351,800	-	351,800
Food service	-	-	34,447	34,447
<b>Unassigned:</b>	-	-	(18,753)	360,598
Total fund balances	\$ <u>7,338</u>	<u>351,800</u>	<u>304,258</u>	<u>1,042,747</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE SCHOOL'S PROPORATIONATE SHARE OF THE NET PENSION LIABILITY  
June 30, 2016**

**New Mexico Educational Retirement Board Pension Plan  
Schedule of Ten Year Tracking Data\*  
(Dollars in Thousands)**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
School's Proportion of the Net Pension Liability (Asset)	0.16%	0.16%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
School's Proportionate Share of Net Pension Liability (Asset)	\$ 9,129	\$ 10,171	-	-	-	-	-	-	-	-
School's Covered-Employee Payroll	\$ 4,410	\$ 4,287	-	-	-	-	-	-	-	-
School's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	207.00%	237.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.54%	63.97%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\*The amounts presented for each fiscal year were determined as of June 30, 2015

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF SCHOOL CONTRIBUTIONS  
June 30, 2016**

**New Mexico Educational Retirement Board Pension Plan  
Schedule of Ten Year Tracking Data  
(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 474	620	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	474	620	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	-

**Increase (Decrease) in Pension Expense over Recognition Periods**

Year	Total Amount Deferred	Amortization Years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2014	\$ 882	5		\$ 226	\$ 226	\$ 224	207	-				
2015	(26)	5			44	42	29	(141)	-			
2016	-	5				-	-	-	-	-		
2017	-	5				-	-	-	-	-	-	
2018	-	5				-	-	-	-	-	-	-
2019	-	5				-	-	-	-	-	-	-
2020	-	5				-	-	-	-	-	-	-
2021	-	5				-	-	-	-	-	-	-
2022	-	5				-	-	-	-	-	-	-
2023	-	5				-	-	-	-	-	-	-
	<u>\$ 856</u>			<u>\$ 226</u>	<u>270</u>	<u>266</u>	<u>236</u>	<u>(141)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2016**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**1. Changes of Benefit Terms**

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

**2. Changes of Assumptions**

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

1. Fiscal year 2015 and 2014 valuation assumptions that changed based on this study:
  - a. Lower wage inflation from 4.25% to 3.75%
  - b. Update the mortality tables to incorporate generational improvements
  - c. Remove population growth assumption for projections
  - d. Population growth per year from 0.50% to zero
2. Assumptions that were not changed:
  - a. Investment return will remain at 7.75%
  - b. Inflation will remain at 3.00%
  - c. COLA assumption of 2.00% per year
  - d. Payroll growth will remain at 3.50%

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

**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2016**

	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
<b>ASSETS</b>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 145,023	25,010	170,033
Accounts receivable			
Taxes	-	90,824	90,824
Due from other governments	489,192	-	489,192
Interfund receivables	-	119,087	119,087
Inventory	6,296	-	6,296
<i>Total assets</i>	<u>\$ 640,511</u>	<u>234,921</u>	<u>875,432</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Current liabilities</i>			
Accounts payable	\$ 32,260	-	32,260
Accrued payroll liabilities	-	-	-
Interfund payables	456,724	-	456,724
<i>Total liabilities</i>	<u>488,984</u>	<u>-</u>	<u>488,984</u>
<b>DEFERRED INFLOWS - PROPERTY TAXES</b>			
Unearned revenue - property taxes	-	82,190	82,190
Unearned revenue - other	-	-	-
<i>Total deferred inflows</i>	<u>-</u>	<u>82,190</u>	<u>82,190</u>
<i>Total liabilities and deferred outflows</i>	<u>488,984</u>	<u>82,190</u>	<u>571,174</u>
<i>Fund balances</i>			
Fund balance			
Nonspendable	6,296	-	6,296
Restricted	163,984	152,731	316,715
Unassigned	(18,753)	-	(18,753)
<i>Total fund balance</i>	<u>151,527</u>	<u>152,731</u>	<u>304,258</u>
<i>Total liabilities and fund balance</i>	<u>\$ 640,511</u>	<u>234,921</u>	<u>875,432</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2016**

	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
<i>Revenues</i>			
Property taxes	\$ -	256,096	256,096
State grants	309,599	90,015	399,614
Federal grants	1,170,260	-	1,170,260
Charges for service	84,449	-	84,449
Miscellaneous	18,335	-	18,335
Interest	-	-	-
<i>Total revenues</i>	<u>1,582,643</u>	<u>346,111</u>	<u>1,928,754</u>
<i>Expenditures</i>			
<i>Current</i>			
Instruction	726,044	-	726,044
Support services			
Students	251,591	-	251,591
Instruction	79,085	-	79,085
General administration	20,528	2,514	23,042
School administration	10,873	-	10,873
Central services	3,088	-	3,088
Operation & maintenance of plant	-	119,480	119,480
Student transportation	11,734	-	11,734
Other support services	-	-	-
Food services operations	404,665	-	404,665
Community service	24,532	-	24,532
Capital outlay	-	102,706	102,706
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>1,532,140</u>	<u>224,700</u>	<u>1,756,840</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>50,503</u>	<u>121,411</u>	<u>171,914</u>
<i>Other financing sources (uses)</i>			
Operating transfers	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>50,503</u>	<u>121,411</u>	<u>171,914</u>
<i>Fund balances, beginning of year</i>	<u>101,024</u>	<u>31,320</u>	<u>132,344</u>
<i>Fund balances, end of year</i>	<u>\$ 151,527</u>	<u>152,731</u>	<u>304,258</u>

See Notes to Financial Statements.

**NONMAJOR GOVERNMENTAL FUNDS**

**SPECIAL REVENUE FUNDS**

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
SPECIAL REVENUE FUNDS DESCRIPTIONS  
June 30, 2016**

**SPECIAL REVENUE FUNDS**

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

**Food Service (21000)** – This fund is used to account for the cost of operating a student breakfast, lunch, snack bar and summer lunch program and is financed with federal grants and fees paid by program users.

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

**Title I (24101)** – To account for funding for remedial instruction in language arts for educationally deprived students in low- income areas. Funds are received from the Federal Government through the New Mexico State Department of Education under the Elementary and Secondary Education Act of 1965, Title I, Chapter I, part A, 20 U.S.C. 2701 et seq.

**IDEA-B Entitlement (24106), IDEA-B Competitive (24108), and IDEA-B “Risk Pool” (24120)** – To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Program funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91- 230, 93-380, 94-142, 98-199, 99-457, 100,639, and 101-476, 20 U.S.C. 1411-1420.

**IDEA-B Preschool (24109) and IDEA-B Preschool Federal Stimulus (24209)** – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105- 17.

**IDEA-B “RISK POOL” (Fund No. 24120)** – The following rule is promulgated to assist New Mexico public agencies in appropriately identifying and providing educational services for children with disabilities and gifted children. The purposes of this rule is (a) to ensure that all children with disabilities and gifted children have available a free appropriate public education which includes special education and related services to meet their unique needs; (b) to ensure that the rights of children with disabilities and gifted children and their parents are protected; (c) to assist public agencies to provide for the education of all children with disabilities and gifted children; and (d) to evaluate and ensure the effectiveness of efforts to educate those children. Public Law 108-446, now the Individuals with Disabilities Education Improvement Act of 2004 (IDEA) at 20 USC Sec. 1412(a)(11)

**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.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
SPECIAL REVENUE FUNDS DESCRIPTIONS  
June 30, 2016**

**SPECIAL REVENUE FUNDS (CONTINUED)**

**Teacher / Principal Training & Recruiting (24154)** – To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students. This program is authorized by Title II, Part A, subparts 1-3 of the ESEA as amended.

**USDA 2010 Equipment (24813)** – To account for funds distributed by the U.S. Department of Agriculture to provide funds to purchase equipment needed for the preparation of meals for students. The fund was created by the authority of federal grant provisions.

**Impact Aid - Special Education (25145) and Indian Education (25147)** – 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 assistance 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.

**Title XIX MEDICAID 3/21 Years (25153)** – To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. Program funding is authorized by Social Security Act, Title XIX, as amended.

**GEAR UP NM Initiative (25205)** – To encourage eligible entities to provide supportive services to elementary and middle schools, and secondary school students who are at risk of dropping out of school; and information to students and their parents about the advantages of obtaining a postsecondary education and the college financing options for students and their parents. Authorization granted through Higher Education Act, Title IV, Part A, Subpart 2, Chapter 2, 20 U.S.C. 1070a-21-1070a-28.

**Rural Education Achievement (25233)** – To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in rural schools. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

**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, NMS 22-8-14.

**Dual Credit Instructional Materials (27103)** – To purchase college textbooks for students who dual enroll in college credited courses while still attending high school. Program is authorized by state statute.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
SPECIAL REVENUE FUNDS DESCRIPTIONS  
June 30, 2016**

**SPECIAL REVENUE FUNDS (CONTINUED)**

**2012 G.O. Bond Student Library Fund (SB1) (27107)** – Funds used to purchase library books and library supplies for all school sites. Program is authorized by state statute.

**New Mexico Reads to Lead K-3 (27114)** – To account for funds received to 1) increase the quality of reading instruction; 2) provide a screening assessment for use in planning data-driven instruction; 3) provide quality professional development for administrators, reading coaches, and teachers; 4) ensure that districts/charter schools have a comprehensive plan for addressing literacy instruction; and 5) reach out to parents and families with free resources in English and Spanish to support children’s reading at home. Authority for the creation of this fund is New Mexico House Bill 2.

**PRE-K INITIATIVE (Fund No. 27149)** – The pre-k program shall address the total development needs of preschool children, including physical, cognitive, social and emotional needs, and shall include health care, nutrition, safety and multicultural sensitivity.

**Breakfast for Elementary Students (27155)** – To account for revenue and expenditures received from a state grant for the purpose of ensuring all elementary students are provided breakfast as part of the school day.

**Kindergarten - Three Plus (27166)** – To account for revenue and expenditures received from a state grant for the purpose of providing 25 additional instructional days to students in grades K-3.

**After School Enrichment (27168)** – To account for revenue and expenditures received from a state grant for the purpose of providing afterschool educational opportunities for students in grades K-5.

**STEM Teacher Initiative (27181)** – To account for a state grant used to purchase a school bus. The fund was created by the authority of state grant provisions.

**Social Workers for Middle Schools (27194)** – To account for a state grant used to fund a social worker in middle school.

**Youth Conservative Corp. (28133)** – To account for a state grant used to employ local youth to work on environmental issues around the district.

**CAPITAL PROJECTS FUNDS**

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
CAPITAL PROJECTS FUNDS DESCRIPTIONS  
June 30, 2016**

**CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The District has the following separate funds classified as Capital Projects Funds:

**Special 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 the school facilities.

**Capital Improvements SB-9 Capital Projects Fund (31700)** is used to account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching and a special tax levy as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2016

	Food Service 21000	Athletics 22000	Title I 24101	IDEA-B Entitlement 24106
<b>ASSETS</b>				
<i>Current assets</i>				
Cash and cash equivalents	\$ 23,706	48,172	-	-
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	12,724	-	99,671	52,458
Interfund receivables	-	-	-	-
Inventory	6,296	-	-	-
<i>Total assets</i>	<u>\$ 42,726</u>	<u>48,172</u>	<u>99,671</u>	<u>52,458</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current liabilities</i>				
Accounts payable	\$ 1,983	1,095	7,783	130
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	91,888	52,328
<i>Total liabilities</i>	<u>1,983</u>	<u>1,095</u>	<u>99,671</u>	<u>52,458</u>
<b>DEFERRED INFLOWS - PROPERTY TAXES</b>				
Unearned revenue - property taxes	-	-	-	-
Unearned revenue - other	-	-	-	-
<i>Total Deferred Inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities and Deferred Outflows</i>	<u>1,983</u>	<u>1,095</u>	<u>99,671</u>	<u>52,458</u>
<i>Fund balances</i>				
Fund Balance				
Nonspendable	6,296	-	-	-
Restricted	34,447	47,077	-	-
Unassigned	-	-	-	-
<i>Total fund balance</i>	<u>40,743</u>	<u>47,077</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ 42,726</u>	<u>48,172</u>	<u>\$ 99,671</u>	<u>52,458</u>

See Notes to Financial Statements.

IDEA-B Preschool 24109	IDEA-B "Risk Pool" 24120	Title I Section 1003G 24124	Improving Teacher Quality 24154	USDA 2010 Equipment 24183
-	-	-	-	-
-	-	-	-	-
1,875	6,545	37,265	4,649	-
-	-	-	-	-
-	-	-	-	-
<u>1,875</u>	<u>6,545</u>	<u>37,265</u>	<u>4,649</u>	<u>-</u>
878	-	1,634	-	-
-	-	-	-	-
997	6,545	35,631	4,649	-
<u>1,875</u>	<u>6,545</u>	<u>37,265</u>	<u>4,649</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,875</u>	<u>6,545</u>	<u>37,265</u>	<u>4,649</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,875</u>	<u>6,545</u>	<u>37,265</u>	<u>4,649</u>	<u>-</u>

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2016

	Impact Aid Special Education 25145	Medicaid 25153	Gear Up NM Initiative 25205	Rural Ed Achievement 25233
<b>ASSETS</b>				
<i>Current assets</i>				
Cash and cash equivalents	\$ 26,137	44,644	-	-
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	9,315	64,923	-
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 26,137</u>	<u>53,959</u>	<u>64,923</u>	<u>-</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current liabilities</i>				
Accounts payable	\$ -	-	1,002	17,755
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	64,919	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>65,921</u>	<u>17,755</u>
<b>DEFERRED INFLOWS - PROPERTY TAXES</b>				
Unearned revenue - property taxes	-	-	-	-
Unearned revenue - other	-	-	-	-
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and deferred outflows</i>	<u>-</u>	<u>-</u>	<u>65,921</u>	<u>17,755</u>
<i>Fund balances</i>				
Fund balance				
Nonspendable	-	-	-	-
Restricted	26,137	53,959	-	-
Unassigned	-	-	(998)	(17,755)
<i>Total fund balance (deficit)</i>	<u>26,137</u>	<u>53,959</u>	<u>(998)</u>	<u>(17,755)</u>
<i>Total liabilities and fund balance</i>	<u>\$ 26,137</u>	<u>53,959</u>	<u>64,923</u>	<u>-</u>

See Notes to Financial Statements.

LANL Foundation 26113	Dual Credit 27103	2012 GO Student Library 27107	NM Reads to Lead K-3 27114	Pre-K Initiative 27149
2,364	-	-	-	-
-	-	-	-	-
-	-	-	9,923	65,319
-	-	-	-	-
-	-	-	-	-
<u>2,364</u>	<u>-</u>	<u>-</u>	<u>9,923</u>	<u>65,319</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	9,923	65,319
-	-	-	9,923	65,319
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	9,923	65,319
-	-	-	-	-
2,364	-	-	-	-
-	-	-	-	-
<u>2,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,364</u>	<u>-</u>	<u>-</u>	<u>9,923</u>	<u>65,319</u>

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2016

	Breakfast for Elementary 27155	K3 Plus 27166	After School Enrichment 27168	STEM Teacher Initiative 27181
<b>ASSETS</b>				
<i>Current assets</i>				
Cash and cash equivalents	\$ -	-	-	-
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	67,810	26,760	-
Interfund receivables	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>67,810</u>	<u>26,760</u>	<u>-</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current liabilities</i>				
Accounts payable	\$ -	-	-	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	67,810	26,760	-
<i>Total liabilities</i>	<u>-</u>	<u>67,810</u>	<u>26,760</u>	<u>-</u>
<b>DEFERRED INFLOWS - PROPERTY TAXES</b>				
Unearned revenue - property taxes	-	-	-	-
Unearned revenue - other	-	-	-	-
<i>Total deferred inflows</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and deferred outflows</i>	<u>-</u>	<u>67,810</u>	<u>26,760</u>	<u>-</u>
<i>Fund balances</i>				
Fund balance				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balance (deficit)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ -</u>	<u>67,810</u>	<u>26,760</u>	<u>-</u>

See Notes to Financial Statements.

Social Workers for Middle Schools 27194	Youth Conservative Corp 28133	Capital Outlay State 31400	SB-9 31700	Total
-	-	-	25,010	170,033
-	-	-	90,824	90,824
15,168	14,787	-	-	489,192
-	-	-	119,087	119,087
-	-	-	-	6,296
<u>15,168</u>	<u>14,787</u>	<u>-</u>	<u>234,921</u>	<u>875,432</u>
-	-	-	-	32,260
-	-	-	-	-
15,168	14,787	-	-	456,724
<u>15,168</u>	<u>14,787</u>	<u>-</u>	<u>-</u>	<u>488,984</u>
-	-	-	82,190	82,190
-	-	-	-	-
-	-	-	<u>82,190</u>	<u>82,190</u>
<u>15,168</u>	<u>14,787</u>	<u>-</u>	<u>82,190</u>	<u>571,174</u>
-	-	-	-	6,296
-	-	-	152,731	316,715
-	-	-	-	(18,753)
-	-	-	<u>152,731</u>	<u>304,258</u>
<u>15,168</u>	<u>14,787</u>	<u>-</u>	<u>234,921</u>	<u>875,432</u>

STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2016

	Food Service 21000	Athletics 22000	Title I 24101	IDEA-B Entitlement 24106
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	25,323	-	-	-
Federal grants	359,678	-	234,733	122,644
Charges for service	21,781	62,668	-	-
Miscellaneous	18,335	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>425,117</u>	<u>62,668</u>	<u>234,733</u>	<u>122,644</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	58,340	217,425	37,242
Support services				
Students	-	-	-	85,402
Instruction	-	-	6,542	-
General administration	-	-	10,766	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	383,421	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>383,421</u>	<u>58,340</u>	<u>234,733</u>	<u>122,644</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>41,696</u>	<u>4,328</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>41,696</u>	<u>4,328</u>	<u>-</u>	<u>-</u>
<i>Fund balances, beginning of year</i>	<u>(953)</u>	<u>42,749</u>	<u>-</u>	<u>-</u>
<i>Fund balances, end of year</i>	<u>\$ 40,743</u>	<u>47,077</u>	<u>-</u>	<u>-</u>

See Notes to Financial Statements.

IDEA-B Preschool 24109	IDEA-B "Risk Pool" 24120	Title I Section 1003G 24124	Improving Teacher Quality 24154	USDA 2010 Equipment 24183
-	-	-	-	-
-	-	-	-	-
2,446	17,409	87,280	42,071	9,936
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,446	17,409	87,280	42,071	9,936
2,446	2,799	78,024	42,071	-
-	14,610	-	-	-
-	-	-	-	-
-	-	6,168	-	-
-	-	3,088	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	9,936
-	-	-	-	-
-	-	-	-	-
2,446	17,409	87,280	42,071	9,936
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2016**

	Impact Aid Special Education 25145	Medicaid 25153	Gear Up NM Initiative 25205	Rural Ed Achievement 25233
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	78,262	205,791	10,010
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>78,262</u>	<u>205,791</u>	<u>10,010</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	309	-	113,654	27,765
Support services				
Students	-	54,721	12,553	-
Instruction	-	-	61,075	-
General administration	-	-	9,762	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	9,745	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>309</u>	<u>54,721</u>	<u>206,789</u>	<u>27,765</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(309)</u>	<u>23,541</u>	<u>(998)</u>	<u>(17,755)</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>(309)</u>	<u>23,541</u>	<u>(998)</u>	<u>(17,755)</u>
<i>Fund balances, beginning of year</i>	<u>26,446</u>	<u>30,418</u>	<u>-</u>	<u>-</u>
<i>Fund balances (deficit), end of year</i>	<u>\$ 26,137</u>	<u>53,959</u>	<u>(998)</u>	<u>(17,755)</u>

See Notes to Financial Statements.

LANL Foundation 26113	Dual Credit 27103	2012 GO Student Library 27107	NM Reads to Lead K-3 27114	Pre-K Initiative 27149
-	-	-	-	-
-	2,346	11,468	31,195	211,062
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	2,346	11,468	31,195	211,062
-	2,346	-	1,418	203,862
-	-	-	29,777	-
-	-	11,468	-	-
-	-	-	-	1,200
-	-	-	-	-
-	-	-	-	-
-	-	-	-	6,000
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	2,346	11,468	31,195	211,062
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,364	-	-	-	-
2,364	-	-	-	-

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
 For the Year Ended June 30, 2016

	Breakfast for Elementary 27155	K3 Plus 27166	After School Enrichment 27168	STEM Teacher Initiative 27181
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	11,308	104,317	47,308	12,150
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>11,308</u>	<u>104,317</u>	<u>47,308</u>	<u>12,150</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	89,218	40,837	12,150
Support services				
Students	-	5,131	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	4,705	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	5,263	6,471	-
Other support services	-	-	-	-
Food services operations	11,308	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>11,308</u>	<u>104,317</u>	<u>47,308</u>	<u>12,150</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Operating transfers				
Proceed from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances (deficit), end of year</i>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

See Notes to Financial Statements.

Social Workers for Middle Schools 27194	Youth Conservative Corp 28133	Capital Outlay State 31400	SB-9 31700	Total
-	-	-	256,096	256,096
49,397	14,787	90,015	-	610,676
-	-	-	-	1,170,260
-	-	-	-	84,449
-	-	-	-	18,335
-	-	-	-	-
49,397	14,787	90,015	256,096	2,139,816
-	-	-	-	929,906
49,397	-	-	-	251,591
-	-	-	-	79,085
-	-	-	2,514	24,242
-	-	-	-	10,873
-	-	-	-	3,088
-	-	-	119,480	119,480
-	-	-	-	17,734
-	-	-	-	-
-	-	-	-	404,665
-	14,787	-	-	24,532
-	-	90,015	12,691	102,706
-	-	-	-	-
-	-	-	-	-
49,397	14,787	90,015	134,685	1,967,902
-	-	-	121,411	171,914
-	-	-	-	-
-	-	-	-	-
-	-	-	121,411	171,914
-	-	-	31,320	132,344
-	-	-	152,731	304,258

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 FOOD SERVICES SPECIAL REVENUE FUND - 21000  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	18,000	18,000	12,599	(5,401)
Federal grants	347,171	347,171	359,678	12,507
Charges for service	16,611	16,611	21,781	5,170
Miscellaneous	-	-	18,335	18,335
Interest	-	-	-	-
<i>Total revenues</i>	<u>381,782</u>	<u>381,782</u>	<u>412,393</u>	<u>30,611</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	381,782	384,795	391,700	(6,905)
Community service	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>381,782</u>	<u>384,795</u>	<u>391,700</u>	<u>(6,905)</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(3,013)</u>	<u>20,693</u>	<u>23,706</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>(3,013)</u>	<u>20,693</u>	<u>23,706</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,013</u>	<u>3,013</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>(3,013)</u>	<u>23,706</u>	<u>26,719</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 12,724	
Adjustments to expenditures			4,111	
Adjustments to Inventory			4,168	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 41,696</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
ATHLETICS SPECIAL REVENUE FUND - 22000  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for service	56,000	56,000	62,668	6,668
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>56,000</u>	<u>56,000</u>	<u>62,668</u>	<u>6,668</u>
<i>Expenditures</i>				
Current				
Instruction	97,313	100,322	58,818	41,504
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>97,313</u>	<u>100,322</u>	<u>58,818</u>	<u>41,504</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(41,313)</u>	<u>(44,322)</u>	<u>3,850</u>	<u>48,172</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>(41,313)</u>	<u>(44,322)</u>	<u>3,850</u>	<u>48,172</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>44,322</u>	<u>44,322</u>
<i>Cash or fund balance, end of year</i>	<u>\$ (41,313)</u>	<u>(44,322)</u>	<u>48,172</u>	<u>92,494</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			<u>478</u>	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 4,328</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 TITLE I SPECIAL REVENUE FUND - 24101  
 STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET (NON-GAAP BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	258,046	318,278	242,206	(76,072)
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>258,046</u>	<u>318,278</u>	<u>242,206</u>	<u>(76,072)</u>
<i>Expenditures</i>				
Current:				
Instruction	239,280	299,512	209,642	89,870
Support services				
Students	-	-	-	-
Instruction	6,542	6,542	6,542	-
General administration	12,224	12,224	10,766	1,458
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>258,046</u>	<u>318,278</u>	<u>226,950</u>	<u>91,328</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>15,256</u>	<u>15,256</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>15,256</u>	<u>15,256</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>(107,144)</u>	<u>(107,144)</u>
<i>Cash or fund balance, end of year</i>	<u>-</u>	<u>-</u>	<u>(91,888) \$</u>	<u>(91,888)</u>
<i>Reconciliation to GAAP Basis</i>				
Adjustments to revenues			\$ (7,473)	
Adjustments to expenditures			<u>(7,783)</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
IDEA B ENTITLEMENT SPECIAL REVENUE FUND - 24106  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	157,078	242,994	126,643	(116,351)
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>157,078</u>	<u>242,994</u>	<u>126,643</u>	<u>(116,351)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	64,576	106,057	37,242	68,815
Support services				
Students	92,502	136,937	85,272	51,665
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>157,078</u>	<u>242,994</u>	<u>122,514</u>	<u>120,480</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>4,129</u>	<u>4,129</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>4,129</u>	<u>4,129</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>(56,457)</u>	<u>(56,457)</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(52,328)</u>	<u>(52,328)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ (3,999)	
Adjustments to expenditures			(130)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ -</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
IDEA-B PRESCHOOL SPECIAL REVENUE FUND - 24109  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	13,988	3,339	(10,649)
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>13,988</u>	<u>3,339</u>	<u>(10,649)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	13,988	1,568	12,420
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>13,988</u>	<u>1,568</u>	<u>12,420</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>1,771</u>	<u>1,771</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>1,771</u>	<u>1,771</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>(2,768)</u>	<u>(2,768)</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(997)</u>	<u>(997)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ (893)	
Adjustments to expenditures			(878)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ -</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
IDEA-B "RISK POOL" SPECIAL REVENUE FUND - 24120  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	39,008	35,770	(3,238)
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>39,008</u>	<u>35,770</u>	<u>(3,238)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	3,853	2,799	1,054
Support services				
Students	-	35,155	14,610	20,545
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>39,008</u>	<u>17,409</u>	<u>21,599</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>18,361</u>	<u>18,361</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>18,361</u>	<u>18,361</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>(24,906)</u>	<u>(24,906)</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(6,545)</u>	<u>(6,545)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ (18,361)	
Adjustments to expenditures				
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ -</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 TITLE I SECTION 1003G SPECIAL REVENUE FUND - 24124  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	164,829	56,208	(108,621)
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>164,829</u>	<u>56,208</u>	<u>(108,621)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	152,475	76,390	76,085
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	9,266	6,168	3,098
Central services	-	3,088	3,088	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>164,829</u>	<u>85,646</u>	<u>79,183</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(29,438)</u>	<u>(29,438)</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(29,438)</u>	<u>(29,438)</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>(6,193)</u>	<u>(6,193)</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(35,631)</u>	<u>(35,631)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 31,072	
Adjustments to expenditures			<u>(1,634)</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 IMPROVING TEACHER QUALITY SPECIAL REVENUE FUND - 24154  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	38,047	42,071	43,087	1,016
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>38,047</u>	<u>42,071</u>	<u>43,087</u>	<u>1,016</u>
<i>Expenditures</i>				
Current				
Instruction	38,047	42,071	42,071	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>38,047</u>	<u>42,071</u>	<u>42,071</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>1,016</u>	<u>1,016</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>1,016</u>	<u>1,016</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>(5,665)</u>	<u>(5,665)</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(4,649)</u>	<u>(4,649)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ (1,016)	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ -</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 USDA 2010 EQUIPMENT ASSISTANCE PROGRAM FUND - 24183  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	10,522	9,936	(586)
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>10,522</u>	<u>9,936</u>	<u>(586)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services	-	-	-	-
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	10,522	9,936	586
Community service	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>10,522</u>	<u>9,936</u>	<u>586</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ <u><u>-</u></u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 IMPACT AID SPECIAL EDUCATION FUND - 25145  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	26,446	309	26,137
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>26,446</u>	<u>309</u>	<u>26,137</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(26,446)</u>	<u>(309)</u>	<u>26,137</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>(26,446)</u>	<u>(309)</u>	<u>26,137</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>26,446</u>	<u>26,446</u>
<i>Cash or fund balance, end of year</i>	\$ <u>-</u>	\$ <u>(26,446)</u>	<u>26,137</u>	\$ <u>52,583</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ <u>(309)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 MEDICAID SPECIAL REVENUE FUND - 25153  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	60,233	60,233	68,947	8,714
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>60,233</u>	<u>60,233</u>	<u>68,947</u>	<u>8,714</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services				
Students	75,842	90,651	54,721	35,930
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>75,842</u>	<u>90,651</u>	<u>54,721</u>	<u>35,930</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(15,609)</u>	<u>(30,418)</u>	<u>14,226</u>	<u>44,644</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>(15,609)</u>	<u>(30,418)</u>	<u>14,226</u>	<u>44,644</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>30,418</u>	<u>30,418</u>
<i>Cash or fund balance, end of year</i>	\$ <u>(15,609)</u>	\$ <u>(30,418)</u>	<u>44,644</u>	\$ <u>75,062</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 9,315	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 23,541</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 GEAR UP NM INITIATIVE SPECIAL REVENUE FUND - 25205  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	1,685	-	(1,685)
Federal grants	220,000	246,000	215,787	(30,213)
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>220,000</u>	<u>247,685</u>	<u>215,787</u>	<u>(31,898)</u>
<i>Expenditures</i>				
Current:				
Instruction	95,879	123,564	113,153	10,411
Support services				
Students	15,753	15,753	12,553	3,200
Instruction	77,364	77,364	60,574	16,790
General administration	8,679	8,679	9,762	(1,083)
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	22,325	22,325	9,745	12,580
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>220,000</u>	<u>247,685</u>	<u>205,787</u>	<u>41,898</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>(74,920)</u>	<u>(74,920)</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(64,920)</u>	<u>(64,920)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ (9,997)	
Adjustments to expenditures			<u>(1,001)</u>	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (998)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 RURAL EDUCATION ACHIEVEMENT PROGRAM FUND - 25233  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	27,736	10,010	(17,726)
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>27,736</u>	<u>10,010</u>	<u>(17,726)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	27,736	10,010	17,726
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>27,736</u>	<u>10,010</u>	<u>17,726</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>2,364</u>	<u>2,364</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>2,364</u>	<u>2,364</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			(17,755)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (17,755)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 DUAL CREDIT SPECIAL REVENUE FUND - 27103  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	2,346	2,346	-
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>2,346</u>	<u>2,346</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	-	2,346	2,346	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>2,346</u>	<u>2,346</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ <u><u>-</u></u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 2012 G.O. BOND STUDENT LIBRARY SPECIAL REVENUE FUND - 27107  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	11,468	11,468	11,468	-
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>11,468</u>	<u>11,468</u>	<u>11,468</u>	<u>-</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	11,468	11,468	11,468	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>11,468</u>	<u>11,468</u>	<u>11,468</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 NEW MEXICO READS TO LEAD K-3 SPECIAL REVENUE FUND - 27114  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	50,000	50,000	45,134	(4,866)
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>50,000</u>	<u>50,000</u>	<u>45,134</u>	<u>(4,866)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	13,670	13,670	1,418	12,252
Support services				
Students	36,330	36,330	29,777	6,553
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>50,000</u>	<u>50,000</u>	<u>31,195</u>	<u>18,805</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>13,939</u>	<u>13,939</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>13,939</u>	<u>13,939</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>(23,862)</u>	<u>(23,862)</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(9,923)</u>	<u>(9,923)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ (13,939)	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ -</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 PRE K INITIATIVE SPECIAL REVENUE FUND - 27149  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	262,496	262,496	290,108	27,612
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
	<u>262,496</u>	<u>262,496</u>	<u>290,108</u>	<u>27,612</u>
<i>Expenditures</i>				
Current:				
Instruction	255,296	255,296	203,862	51,434
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	1,200	1,200	1,200	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	6,000	6,000	6,000	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>262,496</u>	<u>262,496</u>	<u>211,062</u>	<u>51,434</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>79,046</u>	<u>79,046</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>79,046</u>	<u>79,046</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>(144,365)</u>	<u>(144,365)</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(65,319)</u>	<u>(65,319)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ (79,046)	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ -</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 BREAKFAST FOR ELEMENTARY STUDENTS FUND - 27155  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	22,918	11,308	(11,610)
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>22,918</u>	<u>11,308</u>	<u>(11,610)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	22,918	11,308	11,610
Community service	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>22,918</u>	<u>11,308</u>	<u>11,610</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ <u><u>-</u></u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 KINDERGARTEN THREE PLUS SPECIAL REVENUE FUND - 27166  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	30,297	115,987	87,697	(28,290)
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>30,297</u>	<u>115,987</u>	<u>87,697</u>	<u>(28,290)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	26,446	98,547	89,218	9,329
Support services				
Students	-	7,715	5,131	2,584
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	1,542	3,936	4,705	(769)
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	2,309	5,789	5,263	526
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>30,297</u>	<u>115,987</u>	<u>104,317</u>	<u>11,670</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(16,620)</u>	<u>(16,620)</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(16,620)</u>	<u>(16,620)</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>(51,190)</u>	<u>(51,190)</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(67,810)</u>	<u>(67,810)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 16,620	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ -</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 AFTER SCHOOL ENRICHMENT PROGRAM FUND - 27168  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	\$ -	-
State grants	-	51,000	20,548	(30,452)
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>51,000</u>	<u>20,548</u>	<u>(30,452)</u>
<i>Expenditures</i>				
Current				
Instruction	-	40,837	40,837	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	10,163	6,471	3,692
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>51,000</u>	<u>47,308</u>	<u>3,692</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(26,760)</u>	<u>(26,760)</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(26,760)</u>	<u>(26,760)</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(26,760)</u>	\$ <u>(26,760)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 26,760	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ <u>-</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 STEM TEACHER INITIATIVE SPECIAL REVENUE FUND - 27181  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	12,150	12,150	-
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>12,150</u>	<u>12,150</u>	<u>-</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	12,150	12,150	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>12,150</u>	<u>12,150</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ <u><u>-</u></u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 SOCIAL WORKERS FOR MIDDLE SCHOOLS FUND - 27194  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	65,000	34,229	(30,771)
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>65,000</u>	<u>34,229</u>	<u>(30,771)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services				
Students	-	65,000	49,397	15,603
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>65,000</u>	<u>49,397</u>	<u>15,603</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(15,168)</u>	<u>(15,168)</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(15,168)</u>	<u>(15,168)</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(15,168)</u>	\$ <u>(15,168)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 15,168	
Adjustments to expenditures			<u>-</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ <u>-</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 YOUTH CONSERVATION CORP NMEMNR FUND - 28133  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	16,166	-	(16,166)
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>16,166</u>	<u>-</u>	<u>(16,166)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services	-	-	-	-
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	16,166	14,787	1,379
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>16,166</u>	<u>14,787</u>	<u>1,379</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(14,787)</u>	<u>(14,787)</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(14,787)</u>	<u>(14,787)</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>-</u>	<u>(14,787)</u>	<u>(14,787)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 14,787	
Adjustments to expenditures			<u>-</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 BOND BUILDING CAPITAL PROJECT SPECIAL REVENUE FUND - 31100  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	9	9
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>9</u>	<u>9</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	23,391	8,831	14,560
<i>Total expenditures</i>	<u>-</u>	<u>23,391</u>	<u>8,831</u>	<u>14,560</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(23,391)</u>	<u>(8,822)</u>	<u>14,569</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>(23,391)</u>	<u>(8,822)</u>	<u>14,569</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>23,391</u>	<u>23,391</u>
<i>Cash or fund balance, end of year</i>	<u>\$ -</u>	<u>(23,391)</u>	<u>14,569</u>	<u>37,960</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			(7,231)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (16,053)</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 SPECIAL SCHOOL CAPITAL OUTLAY - STATE CAPITAL PROJECTS FUND - 31400  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ -	-	-	-
State grants	-	90,015	90,015	-
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>90,015</u>	<u>90,015</u>	<u>-</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services	-	-	-	-
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	90,015	90,015	-
<i>Total expenditures</i>	<u>-</u>	<u>90,015</u>	<u>90,015</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance, end of year</i>	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ <u>-</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
SENATE BILL NINE CAPITAL PROJECT FUND - 31700  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ 246,595	281,510	251,418	(30,092)
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>246,595</u>	<u>281,510</u>	<u>251,418</u>	<u>(30,092)</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	2,390	3,390	2,514	876
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	278,027	309,329	136,016	173,313
<i>Total expenditures</i>	<u>280,417</u>	<u>312,719</u>	<u>138,530</u>	<u>174,189</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(33,822)</u>	<u>(31,209)</u>	<u>112,888</u>	<u>144,097</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>(33,822)</u>	<u>(31,209)</u>	<u>112,888</u>	<u>144,097</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>31,209</u>	<u>31,209</u>
<i>Cash or fund balance, end of year</i>	<u>\$ (33,822)</u>	<u>(31,209)</u>	<u>144,097</u>	<u>175,306</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 4,678	
Adjustments to expenditures			<u>3,845</u>	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 121,411</u>	

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 DEBT SERVICE FUND - 41000  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
Property taxes	\$ 410,281	410,281	415,052	4,771
State grants	-	-	-	-
Federal grants	-	-	-	-
Charges for service	-	-	-	-
Miscellaneous	-	-	-	-
Interest	25	25	2	(23)
<i>Total revenues</i>	<u>410,306</u>	<u>410,306</u>	<u>415,054</u>	<u>4,748</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	5,000	5,000	4,151	849
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	497,101	526,689	195,000	331,689
Interest	210,281	210,282	210,281	1
<i>Total expenditures</i>	<u>712,382</u>	<u>741,971</u>	<u>409,432</u>	<u>332,539</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(302,076)</u>	<u>(331,665)</u>	<u>5,622</u>	<u>337,287</u>
<i>Other financing sources (uses)</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>(302,076)</u>	<u>(331,665)</u>	<u>5,622</u>	<u>337,287</u>
<i>Cash or fund balance, beginning of year</i>	<u>-</u>	<u>-</u>	<u>331,665</u>	<u>331,665</u>
<i>Cash or fund balance, end of year</i>	<u>\$ (302,076)</u>	<u>(331,665)</u>	<u>337,287</u>	<u>668,952</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ 7,778	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 13,400</u>	

See Notes to Financial Statements.

## **SUPPORTING SCHEDULES**

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 AGENCY FUNDS  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 For the Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<b>Assets</b>				
<b>Administration</b>				
General	\$ 12,860	38	440	12,458
Administration general	2,551	-	-	2,551
Board of education	-	850	850	-
Background checks	14	-	-	14
NMPSIA	7	304	311	-
	<u>15,432</u>	<u>1,192</u>	<u>1,601</u>	<u>15,023</u>
<b>Elementary</b>				
Activity	344	4,075	3,363	1,056
Principals' incentive award	22,627	26,641	25,802	23,466
Math	394	-	-	394
Reading	-	-	-	-
Science	-	1,989	1,592	397
Library	5,727	4,050	3,855	5,922
Yearbook	9,083	708	-	9,791
Athletics	32	-	-	32
Pre K	828	-	-	828
Kindergarten rogers	186	1,776	1,802	160
First grade Leal	23	-	-	23
First grade	84	-	-	84
	<u>39,328</u>	<u>39,239</u>	<u>36,414</u>	<u>42,153</u>
<b>Middle School</b>				
General	16	-	-	16
Activity	-	1,316	1,224	92
Student council	680	2,266	1,280	1,666
Yearbook	-	1,391	797	594
National honor society	-	795	280	515
Spanish club	3	225	111	117
	<u>699</u>	<u>5,993</u>	<u>3,692</u>	<u>3,000</u>
<b>High School</b>				
General	676	665	443	898
Sunshine	175	649	-	824
Library	306	-	-	306
Yearbook	262	639	-	901
Athletics	18,493	79,439	76,971	20,961
Student council	2,020	-	-	2,020
Band	1,164	222	-	1,386
BPA	-	787	-	787
Mariachi	1,641	5,295	2,808	4,128
MESA	467	150	51	566
National honor society	121	485	224	382
Spanish club	350	-	-	350
Class of 2013	441	-	-	441
Class of 2014	239	-	-	239
Class of 2015	389	-	-	389

See Notes to Financial Statements.

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 AGENCY FUNDS  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 For the Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<b>High School (Continued)</b>				
Class of 2016	145	-	-	145
Class of 2017	229	-	-	229
Class of 2018	20	289	-	309
	<u>27,138</u>	<u>88,620</u>	<u>80,497</u>	<u>35,261</u>
<b>Scholarships</b>				
Sanchez scholarship	659	480	400	739
Catholic daughters scholarship	200	-	-	200
David Hules Ruiz Scholarship	-	-	-	-
	<u>859</u>	<u>480</u>	<u>400</u>	<u>939</u>
Total assets	\$ <u>83,456</u>	<u>135,524</u>	<u>122,604</u>	<u>96,376</u>
<b>Liabilities</b>				
Deposits held for others	\$ <u>83,456</u>	<u>135,524</u>	<u>122,604</u>	<u>96,376</u>
Total liabilities	\$ <u>83,456</u>	<u>135,524</u>	<u>122,604</u>	<u>96,376</u>

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY  
 FOR PUBLIC FUNDS  
 June 30, 2016

	Southwest Capital Bank
Funds on deposit	
Interest bearing savings	\$ <u>1,269,372</u>
<i>Total on deposit:</i>	1,269,372
Less: FDIC insurance	<u>(250,000)</u>
<b><i>Total uninsured public funds:</i></b>	<b>\$ <u>1,019,372</u></b>
Pledged collateral required:	
50% on deposits	\$ <u>509,686</u>
<i>Pledged collateral required:</i>	509,686
Pledged collateral at June 30, 2016	<u>850,000</u>
<b><i>Total over (under) collateralized:</i></b>	<b>\$ <u>340,314</u></b>

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Safekeeper	Security Type, Maturity Date, Identifier	
Federal Home Loan Bank of Dallas, Irving TX	FHLB, 1/25/17, CUSIP #LC3649000101	\$ <u>850,000</u>

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS  
June 30, 2016**

<u>Bank Account Type</u>	<u>Southwest Capital Bank</u>
Checking - General Account	\$ 1,269,373
Total On Deposit	1,269,373
Reconciling Items	<u>(574,709)</u>
Reconciled Balance June 30, 2016	\$ <u>694,664</u>
Plus: Petty Cash	\$ -
Less: Fiduciary Funds Cash	<u>96,376</u>
Cash per Government-wide Financial Statements	\$ <u>598,288</u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
CASH RECONCILIATION  
June 30, 2016**

	Operational Account 11000	Teacherage Account 12000	Transportation Account 13000
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Cash, June 30, 2015	\$ 371,843	47,101	27,689
Add:			
2015-16 revenues	5,765,650	35,637	373,544
Repayment of loans	-	-	-
Loans from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total cash available	6,137,493	82,738	401,233
Less:			
2015-16 expenditures	(5,799,857)	(58,132)	(368,260)
Repayment of loans	-	-	-
Transfers to/from other funds	-	-	(13,844)
Loans to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Change due to held checks and liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2016	<u>\$ 337,636</u>	<u>24,606</u>	<u>19,129</u>
Fund Balance Reconciliations to GAAP Basis:			
Audit reclassifications to cash	<u>(337,636)</u>	<u>-</u>	<u>-</u>
Cash per Books	<u>-</u>	<u>24,606</u>	<u>19,129</u>
Fund Balance Reconciliation to GAAP Basis:			
Modified Accrual Adjustments	<u>313,354</u>	<u>(914)</u>	<u>(9,488)</u>
Fund Balance , Modified Accrual Basis	<u>313,354</u>	<u>23,692</u>	<u>9,641</u>

*See Notes to Financial Statements.*

Instructional Materials Account 14000	Food Services Account 21000	Athletics Account 22000	Non-Instrct. Account 23000	Federal Flow-through Account 24000	Federal Direct Account 25000
39,395	3,013	44,322	83,457	(203,133)	(18,055)
42,228	412,392	62,668	147,748	517,190	294,745
-	-	-	-	-	-
-	-	-	-	-	-
81,623	415,405	106,990	231,205	314,057	276,690
(48,959)	(391,699)	(58,818)	(134,829)	(506,095)	(270,828)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>32,664</u>	<u>23,706</u>	<u>48,172</u>	<u>96,376</u>	<u>(192,038)</u>	<u>5,862</u>
-	-	-	-	192,038	64,919
<u>32,664</u>	<u>23,706</u>	<u>48,172</u>	<u>96,376</u>	<u>-</u>	<u>70,781</u>
-	17,037	(1,095)	-	-	(9,438)
<u>32,664</u>	<u>40,743</u>	<u>47,077</u>	<u>96,376</u>	<u>-</u>	<u>61,343</u>

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
CASH RECONCILIATION  
June 30, 2016**

	Local Grants Account 26000	State Flow Through Account 27000	State Direct Account 28000
	<u>26000</u>	<u>27000</u>	<u>28000</u>
Cash, June 30, 2015	\$ 2,364	(219,418)	-
Add:			
2015-16 revenues	-	514,988	-
Repayment of loans	-	-	-
Loans from other funds	-	-	-
	<u>2,364</u>	<u>295,570</u>	<u>-</u>
Total cash available	2,364	295,570	-
Less:			
2015-16 expenditures	-	(480,549)	(14,787)
Repayment of loans	-	-	-
Transfers to/from other funds	-	-	-
Loans to other funds	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Change due to held checks and liabilities	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2016	\$ <u>2,364</u>	<u>(184,979)</u>	<u>(14,787)</u>
Fund Balance Reconciliations to GAAP Basis:			
Audit reclassifications to cash	-	184,979	14,787
Cash per Books	<u>2,364</u>	<u>-</u>	<u>-</u>
Fund Balance Reconciliation to GAAP Basis:			
Modified Accrual Adjustments	-	-	-
Fund Balance , Modified Accrual Basis	<u>2,364</u>	<u>-</u>	<u>-</u>

*See Notes to Financial Statements.*

Bond Building Account 31100	Special Capital Outlay-State Account 31400	Capital Improvement SB-9 Account 31700	Debt Service Account 41000	Total
23,391	-	31,209	331,665	564,843
9	90,015	251,418	415,053	8,923,285
-	-	-	-	-
-	-	-	-	-
23,400	90,015	282,627	746,718	9,488,128
(8,831)	(90,015)	(138,530)	(409,431)	(8,779,620)
-	-	-	-	-
-	-	-	-	(13,844)
-	-	-	-	-
-	-	-	-	-
14,569	-	144,097	337,287	694,664
-	-	(119,087)	-	-
14,569	-	25,010	337,287	694,664
(7,231)	-	127,721	14,513	444,459
7,338	-	152,731	351,800	1,139,123

STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)  
 June 30, 2016

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, name of the Component Unit</i>
001	RFB	Ferrell Gas	\$1.10/gal fixed price	-	Pecos, NM	In-State	N	Propane services	N/A
001	RFB	Southwest Propane	-	-	Edgewood, NM	In-State	N	Propane services	N/A
001	RFB	Pecos Plumbing	-	-	Pecos, NM	In-State	N	Propane services	N/A

## **COMPLIANCE SECTION**

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

To the Board of Education,  
The Audit Committee of  
Pecos Independent School District  
and Mr. Timothy Keller  
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund of Pecos Independent School District (the “District”), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued our report thereon dated November 5, 2016.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as 2016-001 and 2016-002.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2014-001, 2016-003, and 2016-004.

### **District's Responses to Findings**

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

### **Purpose of this Report**

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



Albuquerque, New Mexico  
November 5, 2016

**FEDERAL FINANCIAL ASSISTANCE**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education,  
The Audit Committee of  
Pecos Independent School District  
and Mr. Timothy Keller  
New Mexico State Auditor

**Report on Compliance for Each Major Federal Program**

We have audited the Pecos Independent School District (the "District") compliance with the types of compliance requirements described in the *OMB 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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 compliance.

**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, 2016.

## 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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The logo for Axiom, featuring the word "Axiom" in a blue, cursive script font.

Albuquerque, New Mexico  
November 5, 2016

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2016**

<u>Federal Grantor or Pass-Through Grantor/Program Title</u>	<u>Federal CFDA</u>	<u>State Passthrough</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Agriculture</b>			
<i>Pass-through State of New Mexico Department of Education</i>			
School Breakfast Program	10.553	21000	\$ 125,887
National School Lunch Program	10.555	21000	233,791
USDA Equipment Assistance	10.579	24183	9,936
			<u>369,614</u>
<i>Pass-through State Department of Human Services</i>			
Supplemental Nutrition Assistance Program	10.551	21000	16,956
<i>Direct Program</i>			
Rural Development, Forestry, and Communities	10.672	11000	27,199
Rural Education Achievement Program	84.358	25233	10,010
			<u>37,209</u>
			<u>423,779</u>
<b>Total U.S. Department of Agriculture</b>			
<b>U.S. Department of Education</b>			
<i>Pass-through State of New Mexico Department of Education</i>			
<i>Special Education Cluster</i>			
IDEA-B Entitlement	84.027	24106	122,644
IDEA Preschool	84.173	24109	2,446
IDEA-B Risk Pool	84.027	24120	17,409
			<u>142,499</u>
<i>Pass-through State of New Mexico Department of Education</i>			
Title I	84.010	24101	234,733
School Improvement Grants	84.377	24124	87,280
Improving Teacher Quality	84.367	24154	42,071
			<u>364,084</u>
<i>Direct Program</i>			
Gear Up	84.334	25205	206,789
			<u>713,372</u>
<b>Total U.S. Department of Education</b>			
<b>Total Federal Assistance</b>			<b>\$ <u>1,137,151</u></b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2016**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Pecos Independent School District (District) and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in the Schedule is presented in accordance with the requirements Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**2. Sub Recipients**

The District did not provide any federal awards to sub recipients during the year.

**3. Non-cash Federal Assistance**

The District receives USDA Commodities for use in sponsoring the National School Lunch program. The value of commodities received for the year ended June 30, 2016 was \$16,956 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA number 10.551. Commodities are recorded as revenues and expenditures in the food service fund.

**4. Indirect Costs Rate**

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon a rate established by the State of New Mexico, and the District has elected not to use the 10% de minimis indirect costs rate allowed under the Uniform Guidance applied to overall expenditures. The District's indirect cost rate for the year was 4.98%.

**STATE OF NEW MEXICO  
 PECOS INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended June 30, 2016**

**A. SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditors' report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified  Yes  None Reported

Non-compliance material to financial statements noted?  Yes  No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified  Yes  None reported

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

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

Identification of Major Program

**CFDA Number**

10.553/10.555

**Name of Federal Program or Cluster**

Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs \$ 750,000

Auditee qualified as low-risk auditee?  Yes  No

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016**

**B. FINANCIAL STATEMENT FINDINGS**

**2016-001 Lack of Controls over Payroll (Significant Deficiency)**

**CONDITION:** During our testwork over payroll we noted the following items:

- 1 of 40 time sheets was not approved by the employee's supervisor or the Director of Finance for a total of \$519.
- 3 of 40 time sheets were not approved by the Director of Finance for a total of \$2,732.
- 1 employee was under paid \$.35 per hour for additional compensation granted.
- 1 employee's stipend was transposed in Visions for a total under payment of \$89.
- 1 employee was not paid for .25 hours of overtime worked.
- The District enters leave into the system when the leave is requested, prior to being taken.
- The District pays employees 5 days prior to the pay period ending each pay period.

**CRITERIA:** The District internal controls require approval from the employees' supervisor and the Director of Finance on all time sheets.

NMAC 6.20.2.12 requires every school to conduct independent checks on performance and proper valuation of recorded amounts, such as clerical checks, reconciliations, comparison of assets with recorded accountability, computer programmed controls, management review of reports that summarize the detail of account balances and user review of computer generated reports. The School is also required to maintain an internal control structure to demonstrate the ability to record, process, summarize and report financial data. In addition, the internal control structure shall demonstrate that the school identifies applicable law and regulations, and that procedures are designed to provide reasonable assurance that the school complies with those laws and regulations.

Per NMAC 6.20.2.11 (A) Internal Control Structure Standards, "every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP. The internal control structure shall include written administrative controls (rules, procedures and practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP."

**EFFECT:** The District is not properly compensating employees for time worked. Additionally, the District's leave liability could be misstated since the employees did not in fact take the leave when it is entered into the system. Furthermore, the District could be paying employees for services not rendered by prepaying.

**CAUSE:** Internal controls are not in place to ensure payments that are being made in accordance with contract provisions and the employees' time sheet.

The District found it easier to enter leave requests in the system when they were requested rather than when they were taken.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016**

**B. FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2016-001 Lack of Controls over Payroll (Significant Deficiency) (Continued)**

The District was not aware they were prepaying employees.

**RECOMMENDATION:** The District should implement a policy that requires review and comparison of the employees' time sheet/contract to ensure the hours and amounts entered into the payroll system are accurate.

Additionally, the District should not enter leave into the system until the time it is taken by the employee to ensure leave balances are correct.

Furthermore, the District should change the payroll schedule to ensure employees are not being paid prior to services being rendered.

**MANAGEMENT RESPONSE:** The District had a procedure in place where time sheets of employees with hours outside the regular contracted hours are reviewed and approved by the Director of Finance. The time sheets that did not have hours outside of the contract were filed but not reviewed by the Director since no adjustments to the contract were necessary. Days and times not worked were tracked by leave slip and entered in the system as they were submitted. The District has begun the practice of having all time sheets reviewed and approved by the Director of Finance.

The employee who was underpaid \$.35 per hour was due to the conversion of positions from one fiscal year to the other in the accounting system. In order to prevent this issue from occurring again the Payroll Officer has been instructed that all positions are to be cleared at the beginning of the fiscal year and then recreated as necessary to prevent this from happening again.

The stipend that was transposed and resulted in an underpayment was corrected before the end of the fiscal year when it was discovered. The Director of Finance will review all stipends prior to the end of the fiscal year to correct any issues that may have occurred during the year but not immediately caught so as to ensure that complete and correct amounts are paid in the respective fiscal year.

The .25 hours of overtime not paid was an error in calculating total hours worked. The Payroll Officer and Director of Finance will work closely together to ensure proper reporting.

The District has changed its practice of entering leave as it is submitted and has begun entering leave in the proper pay period so that check stubs will accurately reflect leave taken and balances remaining.

Beginning in FY18 the district will change pay days from 10th and 25th to 15th and 30th to prevent the payment for services not rendered. The change could not be made in the current year because contracts had been issued with the current pay days listed.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016**

**B. FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2016-002 Lack of Controls over Journal Entries (Significant Deficiency)**

**CONDITION:** For ten out of ten journal entries selected for testing, the District was not able to provide documentation of review and approval.

**CRITERIA:** Per NMAC 6.20.2.11(B), each school district shall develop, establish and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. The duties to be segregated are the authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction. Per proper accounting practices, there should be a segregation of duties for the preparation and posting of journal entries. In addition, all journal entries should be reviewed and approved by a designated member of management and include proper supporting documentation. Also, all journal entries should be posted to the appropriate funds and should be in balance.

**EFFECT:** Lack of review of journal entries or lack of supporting documentation can lead to an increased risk of fraud or improper posting of journal entries. The posting of journal entries to the incorrect fund or journal entries that do not balance can cause material misstatement to the financial statements. The Finance Manager could make entries that could be inappropriate and would not be detected or corrected.

**CAUSE:** The District did not have a policy in place that requires review and approval of journal entries.

**RECOMMENDATION:** We recommend that the school implement a policy to ensure all journal entries are supported and reviewed and approved by an appropriate level of management.

**MANAGEMENT RESPONSE:** The District did not have a formal process where journal entries were reviewed and approved. We have begun the process where all journal entries are presented monthly to the Board of Education for review and approval. The Board members sign each journal entry to certify that it has been reviewed and approved. There is also a record of the approvals in the monthly board minutes.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016**

**C. COMMENTS INCLUDED IN ACCORDANCE WITH NEW MEXICO STATE AUDIT RULE**

**2014-001 Budget Violations (Noncompliance in Accordance with New Mexico State Audit Rule) – Revised & Repeated**

**CONDITION:** The District expended in excess of budget in the following funds and functions:

**Nonmajor Funds:**

Food Services – Food Service Operations	\$	6,905
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The status has remained unchanged since FY 2014.

**CRITERIA:** Sound financial management and 6.20.2.9 (A) NMAC and 22-8-5 through 22- 8-12.2 NMSA 1978 require that budgets not be exceeded at the legal level of control. For school districts the function is the legal level of control.

**EFFECT:** The internal controls established by adherence to budgets have been compromised, and excess spending could, and did, result. In addition, New Mexico statutes have been violated.

**CAUSE:** A budget adjustment request was never submitted to account for the additional expenditures incurred.

**RECOMMENDATION:** The School should establish a policy of budgetary review at year-end and make the necessary budgetary adjustments.

**MANAGEMENT RESPONSE:** The Director of Finance will review all funds in May and make any adjustments necessary to prevent this from occurring again. In this particular fund, the reimbursements were being tracked to ensure there would be sufficient cash to support this fund and overlooked the budget. Once it was determined revenues had increased the budget should have been adjusted accordingly. The Director of Finance will make every effort to ensure this does not occur again.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016**

**C. COMMENTS INCLUDED IN ACCORDANCE WITH NEW MEXICO STATE AUDIT RULE  
(CONTINUED)**

**2016-003 Procurement Code (Noncompliance in Accordance with New Mexico State  
Audit Rule)**

**CONDITION:** During our procurement test work, we noted the District did not go out to bid for one vendor who provided Ancillary Services. During fiscal year 2015, the District paid this vendor \$198,506.

**CRITERIA:** NMAC 6.20.2.17 PURCHASING states A. Each school district shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq., NMSA 1978. Purchasing policies and procedures for grant funding shall comply with requirements established within the grant and the Procurement Code. An internal control structure over purchasing shall be established and maintained to assure compliance with school district policy, state and federal regulations. The School's financial policies states that competitive bids must be obtained on a request for proposal form and in accordance with New Mexico State Statute. According to NMSA Article I, Section 13-1-104, "An invitation for bids or a notice thereof shall be published not less than ten calendar days prior to the date set forth for the opening of bids. In the case of purchases made by the state purchasing agent, the invitation or notice shall be published at least once in at least three newspapers of general circulation in this state; in addition, an invitation or notice may be published electronically on the state purchasing agent's web site that is maintained for that purpose."

**EFFECT:** The District is not in compliance with state statute and could be overpaying for services.

**CAUSE:** The District was not aware that an RFP was required for these services.

**RECOMMENDATION:** For professional services greater than \$60,000, the School should solicit an invitation for bid to comply with procurement guidelines.

**MANAGEMENT RESPONSE:** The District advertised for ancillary services on the REAP (an educational employment site) site and failed to advertise anywhere else. In FY17 the services were put out to bid so as to prevent this oversight from occurring again.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016**

**C. COMMENTS INCLUDED IN ACCORDANCE WITH NEW MEXICO STATE AUDIT RULE  
(CONTINUED)**

**2016-004 Travel and Per Diem (Noncompliance in Accordance with New Mexico State  
Audit Rule)**

**CONDITION:** During our testwork over travel and per diem, we noted it is the District's policy to follow DFA rule regarding mileage reimbursement. However, when the mileage rate changed in January 2016 to \$.46 per mile, the District was only reimbursing employees at the old rate of \$.44 per mile.

**CRITERIA:** It is the District's policy to follow DFA rule regarding mileage reimbursement. Therefore, NMAC 2.42.2.11 (B) (1) states public officers and employees of state agencies shall be reimbursed for mileage accrued in the use of a private automobile or aircraft in the official discharge of official duties as follows: "unless the secretary has reduced the rates set for mileage for any class of public officials and for employees of state agencies pursuant to Section 10-8-5 (D) NMSA, 80% of the internal revenue service standard mileage rate set January 1 of the previous year for each mile traveled in a privately owned vehicle."

**EFFECT:** The District is not in compliance with its own policies and procedures and was under reimbursing employees for mileage.

**CAUSE:** The District was not aware of the change in mileage rates.

**RECOMMENDATION:** The District should reimburse mileage at 80% of the internal revenue service standard mileage rate set January 1 of the previous year for each mile traveled in a privately owned vehicle.

**MANAGEMENT RESPONSE:** This was an oversight on the District's part since the district has been following DFA's policy for at least the last 15 years. The District will make it a point to reprint employee per diem reimbursement forms in January so as to have accurate amounts listed and reimbursed.

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
June 30, 2016**

**STATUS OF PRIOR YEAR AUDIT FINDINGS**

<b><u>Description</u></b>	<b><u>Status</u></b>
2014-001 Budget Violations	Revised and repeated
2015-001 Cash Appropriations in Excess of Available Cash Balances	Resolved
2015-002 Stale Dated Checks	Resolved
2015-003 I-9's	Resolved
2015-004 New Hire Reporting	Resolved
2015-005 Background Checks	Resolved

**STATE OF NEW MEXICO  
PECOS INDEPENDENT SCHOOL DISTRICT  
EXIT CONFERENCE  
June 30, 2016**

The contents of this report were discussed in the exit conference held on November 2, 2016 with the following in attendance:

Pecos Independent School District:

Fred Trujillo, Superintendent  
Brenda Gallegos, Director of Finance  
Victor Ortiz, Board Member  
Michael Flores, Sr., Board Secretary  
Susan Ortega, Parent

Axiom Certified Public Accountants and Business Advisors, LLC:

Miranda Mascarenas, Audit Supervisor

The financial statements were prepared with the assistance of Axiom Certified Public Accountants and Business Advisors, LLC from the books and records of Pecos Independent School District. The District's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.