

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

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JUNE 30, 2012

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STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

JUNE 30, 2012

OFFICIAL ROSTER

BOARD OF EDUCATION

Elena Farr	President
Gary Roberts	Vice President
Polly Pierson	Secretary
Denny Carver	Member
Marilyn Bunney	Member

SCHOOL OFFICIALS

Bill Green	Superintendent
Sandra Heinsohn	Business Manager

Woodard Cowen & Co.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Hector H. Balderas
New Mexico State Auditor
The Board of Education
Quemado Independent Schools
Quemado, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Quemado Independent Schools (District) as of and for the year ended June 30, 2012, 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 Quemado Independent School's non-major governmental, and the budgetary comparisons for the major capital project funds, debt service funds and all non-major and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012 as listed in the table of contents. These financial statements are the responsibility of Quemado Independent School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Quemado Independent Schools internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Quemado Independent Schools, as of June 30, 2012, and the respective changes in financial position, thereof and the respective budgetary comparison statements for the general fund and major special revenue funds for the year then ended in conformity 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 non-major governmental fund and the fiduciary funds of Quemado Independent Schools, as of June 30, 2012, and

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the respective changes in financial position, thereof and the respective budgetary comparisons statements for the debt service funds and all non-major funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2012 on our consideration of Quemado Independent School's internal control over financial reporting and 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*, and should be considered in assessing the results of our audit.

Quemado Independent Schools have omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, 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 the omission of the Management Discussion and Analysis.

Our audit was performed for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons of Quemado Independent Schools. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. The schedule of changes in assets and liabilities – agency funds and the additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Woodward, Cowen & Co.

September 21, 2012

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT A

STATEMENT OF NET ASSETS

JUNE 30, 2012

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 551,839
Property taxes receivable	10,193
Due from other governments	105,008
Returned checks	164
Funds held in escrow	1,427,995
Inventories	4,116
Total current assets	<u>2,099,315</u>
Non-current assets:	
Bond issuance cost, net	47,829
Capital assets, net	6,295,128
Total non-current assets	<u>6,342,957</u>
Total assets	<u>8,442,272</u>
<u>LIABILITIES</u>	
Current liabilities:	
Deferred revenue	65,081
Accrued interest payable	77,634
Current portion of long term debt	1,510,000
Total current liabilities	<u>1,652,715</u>
Non-current liabilities:	
Non-current portion of long term debt	1,410,000
Bond premium, net	39,186
Total non-current liabilities	<u>1,449,186</u>
Total liabilities	<u>3,101,901</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	3,375,128
Restricted:	
Debt Service	1,505,358
Unrestricted	<u>459,885</u>
Total net assets	<u>\$ 5,340,371</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue & Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary government:					
Governmental activities:					
Instruction	\$ 1,929,461	\$ 16,323	\$ 126,565	\$ -	\$ (1,786,573)
Support Services	-	-	-	-	-
Support Services Students	96,849	-	18,092	-	(78,757)
Support Services Instruction	123,545	-	48,092	-	(75,453)
Support Services General Administration	168,228	-	-	1,777	(166,451)
Support Services School Administration	101,587	-	5,600	-	(95,987)
Central Services	96,137	-	-	-	(96,137)
Operation and Maintenance of Plant	422,008	2,899	-	-	(419,109)
Student Transportation	347,819	-	313,646	-	(34,173)
Other Support Services	3,262	-	-	-	(3,262)
Food Services Operations	154,760	9,848	85,432	-	(59,480)
Bond Interest Paid	120,898	-	-	-	(120,898)
Amortization - Unallocated	1,649	11,038	776,246	6,275	791,910
Total governmental activities	\$ 3,566,203	\$ 40,108	\$ 1,373,673	\$ 8,052	(2,144,370)
General revenues:					
Property Taxes:					
					35,171
					205,788
					178,594
					1,254,573
					-
					690
					20,760
					<u>1,695,576</u>
					(448,794)
					<u>5,789,165</u>
					<u>\$ 5,340,371</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

BALANCE SHEET- GOVERNMENTAL FUNDS

June 30, 2012

	GENERAL	TITLE I	MEDICAID TITLE XIX
ASSETS			
Cash and cash equivalents	\$ 21,311	\$ -	\$ 52,579
Investments	-	-	-
Accounts Receivable			
Property Taxes Receivable	846	-	-
Federal	-	47,811	-
State	-	-	-
Returned Checks	-	-	-
Due from Other Governments	-	-	-
Funds Held in Escrow	-	-	-
Inventories	-	-	-
Due from Other Funds	105,008	-	-
TOTAL ASSETS	<u>\$ 127,165</u>	<u>\$ 47,811</u>	<u>\$ 52,579</u>
LIABILITIES AND OTHER CREDITS			
Accounts Payable	\$ -	\$ -	\$ -
Deferred Revenue	-	-	52,579
Due to Other Funds	-	47,811	-
Accrued Interest Payable	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>47,811</u>	<u>52,579</u>
FUND BALANCE			
Nonspendable	-	-	-
Restricted	20,945	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	106,220	-	-
TOTAL FUND BALANCE	<u>127,165</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 127,165</u>	<u>\$ 47,811</u>	<u>\$ 52,579</u>

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

EXHIBIT C

SB-9	DEBT SERVICE	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 245,104	\$ 150,005	\$ 82,840	\$ 551,839
-	-	-	-
4,355	4,992	-	10,193
-	-	43,077	90,888
-	-	14,120	14,120
-	-	164	164
-	-	-	-
-	1,427,995	-	1,427,995
-	-	4,116	4,116
-	-	-	105,008
<u>\$ 249,459</u>	<u>\$ 1,582,992</u>	<u>\$ 144,317</u>	<u>\$ 2,204,323</u>
\$ -	\$ -	\$ -	\$ -
-	-	12,502	65,081
-	-	57,197	105,008
-	77,634	-	77,634
<u>-</u>	<u>77,634</u>	<u>69,699</u>	<u>247,723</u>
-	-	4,116	4,116
249,459	1,505,358	70,502	1,846,264
-	-	-	-
-	-	-	-
-	-	-	106,220
<u>249,459</u>	<u>1,505,358</u>	<u>74,618</u>	<u>1,956,600</u>
<u>\$ 249,459</u>	<u>\$ 1,582,992</u>	<u>\$ 144,317</u>	<u>\$ 2,204,323</u>

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

EXHIBIT D

RECONCILIATION OF THE BALANCE SHEET
ALL GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS

JUNE 30, 2012

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

Fund Balances - total governmental funds	\$ 1,956,600
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	6,295,128
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	
Bonds Payable	(2,920,000)
Issuance Premium, net	(39,186)
Bond issuance costs are not due and payable in the current period and therefore are not reported in the funds	<u>47,829</u>
Net assets of governmental activities	<u><u>\$ 5,340,371</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

STATEMENT OF REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCE-- GOVERNMENTAL FUNDS

Year Ended June 30, 2012

	GENERAL	TITLE I	MEDICAID TITLE XIX
REVENUE			
Federal Programs	\$ 774,097	\$ 103,846	\$ 6,839
State Programs	460,693	-	-
Local Programs	17,974	-	-
State Equalization	1,114,573	-	-
Service Revenues	12,059	-	-
Taxes	35,171	-	-
Interest	315	-	38
Other revenue sources	281	-	-
TOTAL REVENUES	<u>2,415,163</u>	<u>103,846</u>	<u>6,877</u>
EXPENDITURES			
Current			
Instruction	1,382,002	63,869	-
Support Services	-	-	-
Support Services Students	75,347	-	6,877
Support Services Instruction	75,453	36,815	-
Support Services General Administration	154,312	-	-
Support Services School Administration	94,440	3,162	-
Central Services	95,561	-	-
Operation and Maintenance of Plant	393,816	-	-
Student Transportation	347,819	-	-
Other Support Services	3,262	-	-
Food Services Operations	18,326	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Bond Issuance Cost	-	-	-
Interest and Fiscal Charge	-	-	-
TOTAL EXPENDITURES	<u>2,640,338</u>	<u>103,846</u>	<u>6,877</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(225,175)	-	-
Other Financial Sources (Uses)			
Bond Proceeds	-	-	-
Bond Premiums	-	-	-
Total Other Financial Sources	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(225,175)	-	-
FUND BALANCE			
June 30, 2011	<u>352,340</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
June 30, 2012	<u>\$ 127,165</u>	<u>\$ -</u>	<u>\$ -</u>

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

EXHIBIT E

SB-9	DEBT SERVICE	NON MAJOR GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
\$ -	\$ -	\$ 148,724	\$ 1,033,506
8,052	-	19,474	488,219
-	-	554	18,528
-	-	-	1,114,573
-	-	30,000	42,059
178,594	205,788	-	419,553
234	52	51	690
-	-	-	281
<u>186,880</u>	<u>205,840</u>	<u>198,803</u>	<u>3,117,409</u>
-	-	74,124	1,519,995
-	-	-	-
-	-	11,253	93,477
-	-	11,277	123,545
1,777	1,932	-	158,021
-	-	2,438	100,040
-	-	-	95,561
-	-	-	393,816
-	-	-	347,819
-	-	-	3,262
-	-	95,280	113,606
230,193	-	-	230,193
-	95,000	-	95,000
-	49,478	-	49,478
-	122,249	-	122,249
<u>231,970</u>	<u>268,659</u>	<u>194,372</u>	<u>3,446,062</u>
(45,090)	(62,819)	4,431	(328,653)
-	1,420,000	-	1,420,000
-	40,537	-	40,537
-	1,460,537	-	1,460,537
(45,090)	1,397,718	4,431	1,131,884
<u>294,549</u>	<u>107,640</u>	<u>70,187</u>	<u>824,716</u>
<u>\$ 249,459</u>	<u>\$ 1,505,358</u>	<u>\$ 74,618</u>	<u>\$ 1,956,600</u>

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT F

RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCE -
 ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012

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

Net change in fund balance - total governmental funds	\$ 1,131,884
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year</p>	
Capital Outlay	58,200
Depreciation	(322,521)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds</p>	
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to the 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, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items</p>	
	(1,409,708)
<p>Expenses in Statement of Activities which do not require use of current financial resources i.e. Compensated Absences</p>	
	-
Amortization of bond issuance cost	(1,649)
Bond Principal	<u>95,000</u>
Change in Net Assets	<u>\$ (448,794)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT G

COMBINED STATEMENT OF REVENUE, EXPENDITURES--BUDGET
 (NON-GAAP) AND ACTUAL--GENERAL FUND

Year Ended June 30, 2012

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ 876,584	\$ 876,584	\$ 792,097	\$ (84,487)
State Programs	1,540,577	1,552,680	1,575,266	22,586
Local Programs	41,875	41,875	47,629	5,754
TOTAL REVENUE	<u>2,459,036</u>	<u>2,471,139</u>	<u>\$ 2,414,992</u>	<u>\$ (56,147)</u>
BUDGETED CASH BALANCE	<u>142,782</u>	<u>371,754</u>		
TOTAL REVENUE & CASH	<u>\$ 2,601,818</u>	<u>\$ 2,842,893</u>		
EXPENDITURES				
Current				
Instruction	\$ 1,277,257	\$ 1,390,661	\$ 1,382,002	\$ 8,659
Support Services	-	-	-	-
Support Services Students	134,403	135,820	75,347	60,473
Support Services Instruction	64,326	93,372	75,453	17,919
Support Services General Administration	160,949	167,239	154,312	12,927
Support Services School Administration	93,814	100,751	94,440	6,311
Central Services	90,573	98,473	95,561	2,912
Operation and Maintenance of Plant	427,551	457,924	393,816	64,108
Student Transportation	319,942	357,650	347,819	9,831
Other Support Services	4,330	4,330	3,262	1,068
Food Services Operations	28,673	36,673	18,326	18,347
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 2,601,818</u>	<u>\$ 2,842,893</u>	<u>\$ 2,640,338</u>	<u>\$ 202,555</u>

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT H

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--TITLE I

Year Ended June 30, 2012

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ 114,298	\$ 117,628	\$ 60,162	\$ (57,466)
State Programs	-	-	-	-
Local Programs	-	-	-	-
TOTAL REVENUE	<u>114,298</u>	<u>117,628</u>	<u>\$ 60,162</u>	<u>\$ (57,466)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 114,298</u>	<u>\$ 117,628</u>		
EXPENDITURES				
Current				
Instruction	\$ 67,952	\$ 71,282	\$ 63,869	\$ 7,413
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	43,180	43,180	36,815	6,365
Support Services General Administration	-	-	-	-
Support Services School Administration	3,166	3,166	3,162	4
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 114,298</u>	<u>\$ 117,628</u>	<u>\$ 103,846</u>	<u>\$ 13,782</u>

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT I

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--MEDICAID TITLE XIX

Year Ended June 30, 2012

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ 11,119	\$ 11,119	\$ 9,598	\$ (1,521)
State Programs	-	-	-	-
Local Programs	35	35	38	3
TOTAL REVENUE	<u>11,154</u>	<u>11,154</u>	<u>\$ 9,636</u>	<u>\$ (1,518)</u>
BUDGETED CASH BALANCE	<u>41,257</u>	<u>49,820</u>		
TOTAL REVENUE & CASH	<u>\$ 52,411</u>	<u>\$ 60,974</u>		
EXPENDITURES				
Current				
Instruction	\$ 8,500	\$ 8,500	\$ -	\$ 8,500
Support Services	-	-	-	-
Support Services Students	43,911	52,474	6,877	45,597
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 52,411</u>	<u>\$ 60,974</u>	<u>\$ 6,877</u>	<u>\$ 54,097</u>

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT J

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--SB-9

Year Ended June 30, 2012

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	4,975	8,052	3,077
Local Programs	168,423	168,423	177,990	9,567
TOTAL REVENUE	<u>168,423</u>	<u>173,398</u>	<u>\$ 186,042</u>	<u>\$ 12,644</u>
 BUDGETED CASH BALANCE	 <u>276,431</u>	 <u>290,439</u>		
 TOTAL REVENUE & CASH	 <u>\$ 444,854</u>	 <u>\$ 463,837</u>		
 EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	2,500	3,500	1,777	1,723
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	442,354	460,337	230,193	230,144
TOTAL EXPENDITURES	<u>\$ 444,854</u>	<u>\$ 463,837</u>	<u>\$ 231,970</u>	<u>\$ 231,867</u>

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT K

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2012

	<u>Employee Retirement Plan</u>	<u>Agency Funds</u>
ASSETS		
Cash on Deposit	\$ -	\$ 43,553
Investments, at fair value		
Mutual Funds	125,747	-
TOTAL ASSETS	<u>\$ 125,747</u>	<u>\$ 43,553</u>
LIABILITIES		
Due To Student Groups	\$ -	\$ 43,553
TOTAL LIABILITIES	<u>-</u>	<u>\$ 43,553</u>
Net Assets		
Held in trust for pension benefits and other purposes	125,747	
TOTAL NET ASSETS	<u>\$ 125,747</u>	

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the Year Ended June 30, 2012

	Employee Retirement Plan
ADDITIONS:	
Contributions:	
Plan Members	\$ 8,639
Total contributions	<u>8,639</u>
Investment earnings:	
Net increase (decrease) in fair value of investments	289
Total investment earnings	<u>289</u>
Less investment expense	-
Net investment earnings	<u>289</u>
TOTAL ADDITIONS	<u>8,928</u>
DEDUCTIONS	
Benefits	3,467
Refunds of contributions	-
Administrative expenses	-
TOTAL DEDUCTIONS	<u>3,467</u>
CHANGE IN NET ASSETS	5,461
Net Assets -- beginning of the year	120,286
Net Assets -- end of the year	<u>\$ 125,747</u>

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

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Implementation of New Accounting Policies

For the fiscal year 2004 the Quemado Independent Schools has implemented GASB Statements No. 33 (GASB 33), Accounting and Financial Reporting for Non-exchange Transactions, GASB Statement No. 34 (GASB 34), Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments, GASB Statement No. 37 (GASB 37), Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus and GASB Statement No. 38 (GASB 38), Certain Financial Statements Disclosure. At July 1, 2000, there was no effect on fund balance as a result of implementing GASB 33, GASB 34, GASB 37 and GASB 38.

Under GASB Statement 33, property taxes are impressed non-exchange revenue. Assets from impressed non-exchange transactions are reported when the School District has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. Taxes are payable in two equal installments on November 10 and April 10 following the levy and become delinquent after thirty (30) days.

GASB – 34 creates new basic financial statements for reporting on the School District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

B. Reporting Entity

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

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Quemado Independent School District's management who is responsible for their integrity and objectivity. The financial statements of the District conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

The District does not have any component units required to be disclosed.

C. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of inter-fund activity has been removed from these statements.

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

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Government-wide and fund financial statements (continued)

items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. 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. 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, net of estimated refunds and estimated un-collectable amounts, in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all the qualifying expenditure is made and eligibility requirements imposed by the provider have been met.

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

Property taxes, 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. All other revenue items are considered to be measurable and available only when cash is received by the government. Grant revenues and deferrals are recognized in accordance with GASB33.

The government reports the following major governmental funds:

GENERAL FUNDS - The general fund is the government's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund. It includes Operational, Teacherage, Transportation and Instructional Materials.

TITLE I – Special Revenue - to provide remedial instruction in language arts for educationally deprived students in low income areas. The project is funded by the Federal Government through the New Mexico State Department of Education, under the elementary and Secondary Education Act of 1965, Title 1, Chapter 1, Part A, 20 U.S.C. 2701 et seq.

MEDICAID TITLE XIX -This fund is used for reimbursement of health-related services of Medicaid eligible students receiving related services, for administrative time study, and for a statement of service costs study. Authorized by the Social Security Act.

SB-9 – Special Revenue- To account for 2.0 mill levy restricted by board resolution for erecting, remodeling, making additions to, providing equipment for, and furnishing school buildings, improving school grounds and maintenance of school buildings and grounds, exclusive of salary expense of employees. Authority for the creation of this fund is NMSA 22-25-1 to 22-25-10.

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance. As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. 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.

E. Assets, liabilities, and net assets or equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments.

State statutes authorize the investment of the District's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The District is also allowed to invest in United States Government obligations. All funds of the District must follow the above investment policies.

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 school 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.

Investments for the District are reported at fair value. The State Treasurer's Investment 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.

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, liabilities, and net assets or equity (continued)

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds."

The School District's property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. The assessed valuation for the 2012 fiscal year was \$ 87,080,955. Mill levy rates are set by the State of New Mexico each year for the General Fund, SB - 9 Capital Improvements Fund and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

3. Inventories

The food inventories are valued at cost using the first-in/first-out (FIFO) method. USDA Commodities are recorded at estimated costs. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$ 5,000.00 (amount not rounded) and an estimated useful life in excess of two years. The District is capitalizing qualifying software, library books, and assets constructed by district personnel as required. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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 to be capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	50
Land Improvements	50
Equipment	10

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, liabilities, and net assets or equity (continued)

5. Compensated absences

It is the policy of Quemado Independent Schools to permit certain employees to accumulate a limited amount of earned but unused vacation, which will not be paid to employees upon separation from the school districts' service. In governmental funds, the cost of vacations is recognized when payments are made to employees. No accrual for accumulated compensated absences has been made.

Sick pay does not vest and is recorded as expenditure when it is paid.

6. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discounts. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as capital projects expenditures.

7. Fund equity

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; 2) imposed by law through constitutional provisions or enabling legislation. Total restricted net assets of \$ 1,505,358 is comprised of Debt Service \$ 1,505,358.

8. Indirect Costs

The School District's General Fund receives indirect cost reimbursements from the various federal programs it administers. These reimbursements are for expenses incurred in performing administrative functions on behalf of the Special Revenue Funds. They are shown as expenditures in the Special Revenue Funds, and as other special federal revenue in the General Fund.

9. Salaries and Wages

The School District pays all salaries and wages due teachers on or before June 30th of each year.

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, liabilities, and net assets or equity (continued)

10. 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.

11. 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 \$ 1,114,573 in state equalization guarantee distributions during the year ended June 30, 2012.

Transportation Distribution: School districts in the State of New Mexico received 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 \$ 314,481 in transportation distributions during the year ended June 30, 2012.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between fund *balance total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of the \$ 2,920,000 difference are as follows:

Bonds Payable	<u>\$ 2,920,000</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 2,920,000</u>

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$ (264,321) difference are as follows:

Capital Outlay	\$ 58,200
Depreciation expense	<u>(322,521)</u>
Net adjustment to increase net changes in fund balances – total government funds to arrive at changes in net assets of governmental activities	<u>\$ (264,321)</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, 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." The details of this \$ 95,000 difference are as follows:

Principal repayments:	
General obligation debt	<u>\$ 95,000</u>
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 95,000</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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 Public School Budget and Planning Unit of the Department of Education. Auxiliary student activity accounts are not budgeted.

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, (continued)

A. Budgetary information (continued)

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

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

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

- In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
- In May or June, the budget is approved by the Board of Education
- The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.
- The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
- The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
- 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. The appropriated budget for the year ended June 30, 2012 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 2,601,818	\$ 2,842,893
Special Revenue Funds	812,868	924,577
Debt Service Funds	315,379	322,775
	<u>\$ 3,730,065</u>	<u>\$ 4,090,245</u>

B. Deficit fund equity

There were not any deficit fund balances at June 30, 2012.

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and temporary investments

At June 30, 2012, the carrying amount of the District's deposits was \$ 595,162 and the bank balance was \$ 849,636. Of this balance \$ 250,000 was covered by federal depository insurance and \$ 931,113 was covered by collateral held in joint safekeeping by a third party in the entities name.

Collateral requirements are as follows:

First State Bank	Total Deposits	\$	849,636
	Less: FDIC coverage		(250,000)
	Uninsured Public Funds		599,636
	Pledged collateral held by pledging bank's agent in the District's name		931,113
	Uninsured and un-collateralized	\$	-

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The collateral pledged is listed on page 85 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 Authority, public unit deposits are funds owned by the schools. 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 unlimited coverage for public unit demand deposits at the same institution under the FDIC Temporary Liquidity Guarantee Program.

Investments held by the New Mexico State Treasurer are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the direct obligations of the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. Obligations of the United States Government or obligations explicitly guaranteed by the United States Government are not considered to have credit risk. The pool does not have unit shares. Per Section 6-10-10.1 F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the local government investment pool is voluntary.

The State Treasurer issues a separate, publicly available audited financial report that includes disclosure of the collateral pledged to secure State Treasurer cash and investments.

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (continued)

B. 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. As of June 30, 2012, the government bank balance was 100% collateralized. As of June 30, 2012, none of the government's bank balance of \$849,636 were exposed to custodial credit risk.

Uninsured and un-collateralized \$ -0-

C. Receivables

Receivables, as of yearend, for the government's individual major funds and non-major funds in the aggregate, including the following:

	General	Title I	SB-9	Debt Service	Non Major Governmental	TOTAL
Taxes:						
Property	\$ 846	\$ -	\$ 4,355	\$ 4,992	\$ -	\$ 10,193
Intergovernmental						
Grants:						
Federal	-	47,811	-	-	43,077	90,888
State	-	-	-	-	14,120	14,120
Other:						
Returned Checks	-	-	-	-	164	164
	<u>\$ 846</u>	<u>\$ 47,811</u>	<u>\$ 4,355</u>	<u>\$ 4,992</u>	<u>\$ 57,361</u>	<u>\$ 115,365</u>

Receivables are considered fully collectible.

Governmental funds reported *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Amount due to the District from delinquent property tax due to the County Treasurers were not available. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>
Grant draw downs prior to meeting all eligibility requirements	<u>\$ 65,081</u>
Total deferred/unearned revenue for government funds	<u>\$ 65,081</u>

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (continued)

D. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 90,814	\$ -	\$ -	\$ 90,814
Capital assets, being depreciated:				
Land improvements	786,957	-	-	786,957
Buildings & building improvements	9,765,710	-	-	9,765,710
Furniture & Fixtures	416,733	18,461	-	435,194
Vehicles	438,667	39,739	-	478,406
Equipment	244,332	-	-	244,332
Total Capital Assets being depreciated	11,652,399	58,200	-	11,710,599
Less accumulated depreciation for:				
Land improvements	466,039	72,784	-	538,823
Buildings & building improvements	3,857,724	195,112	-	4,052,836
Furniture & Fixtures	330,515	18,834	-	349,349
Vehicles	290,049	34,753	-	324,802
Equipment	239,437	1,038	-	240,475
Total accumulated depreciation	5,183,764	322,521	-	5,506,285
Total Capital assets, being depreciated, net	6,468,635	(264,321)	-	6,204,314
Governmental activities capital assets, net	\$ 6,559,449	\$ (264,321)	\$ -	\$ 6,295,128

Depreciation expense was charged to function/programs of the School District as follows:

Instruction	\$ 237,473
Support Services	-
Support Services Students	3,372
Support Services Instruction	-
Support Services General Administration	10,207
Support Services School Administration	1,547
Central Services	576
Operation and Maintenance of Plant	28,192
Student Transportation	-
Other Support Services	-
Food Services Operations	41,154
Total	\$ 322,521

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (continued)

D. Capital Assets (continued)

Bond issuance costs are capitalized and amortized on straight line. Amortization activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Bond issuance costs	\$ -	\$ 49,478	\$ -	\$ 49,478
Less accumulated amortization	-	1,649	-	1,649
Bond issuance costs, net	<u>\$ -</u>	<u>\$ 47,829</u>	<u>\$ -</u>	<u>\$ 47,829</u>

E. Long-Term Debt

Governmental Activities
 Bonds Payable

A summary in changes in long-term obligations follows:

	<u>Balance 7-1-2011</u>	<u>Bonds Issued</u>	<u>Bonds Redeemed</u>	<u>Balance 6-30-2012</u>	<u>Amounts due within One Year</u>
\$2,000,000 2002 GO Building Bonds due in annual installments of \$40,000 to \$235,000 through July 2021, interest at 4.70% to 6.25%	\$ 1,595,000	\$ -	\$ 95,000	\$ 1,500,000	\$ 1,500,000
\$1,420,000 2012 GO Building Bonds due in annual installments of \$10,000 to \$215,000 through August 2020, Interest at 2.00%	-	1,420,000	-	1,420,000	10,000
Total	<u>\$ 1,595,000</u>	<u>\$ 1,420,000</u>	<u>\$ 95,000</u>	<u>\$ 2,920,000</u>	<u>\$ 1,510,000</u>

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (continued)

E. Long-Term Debt (continued)

Governmental Activities (continued)
 Bonds Payable (continued)

Go Bond indebtedness typically has been liquidated using Deb Service Funds. The annual requirements to amortize all bonded debt outstanding as of June 30, 2012, including interest of \$225,725 are shown below:

	Governmental Activities	
	General Obligation	
	Principal	Interest
6/30/2013	\$ 1,510,000	\$ 102,925
6/30/2014	135,000	26,850
6/30/2015	140,000	24,100
6/30/2016	165,000	21,050
6/30/2017	170,000	17,700
2018-2021	800,000	33,100
TOTAL	<u>\$ 2,920,000</u>	<u>\$ 225,725</u>

Legal Debt Margin

The legal debt margin is specified by Article IX Section 11 of the Constitution of the State of New Mexico as not greater than 6% of the assessed value of the taxable property within the School District. Based on these criteria, the maximum general obligation debt permissible is \$ 5,224,857 including \$ 2,920,000 debt outstanding based on the June 30, 2012 valuation.

Refunding of Bonded Debt

On March 27, 2012, the District issued \$ 1,420,000 in GO Building Bonds with an interest rate of 2% to advance refund \$ 1,420,000 outstanding Series 2002 GO Building Bonds with interest rates from 4.70% to 6.25%. The net proceeds of \$ 1,427,995 were placed into escrow to redeem the 2002 Series Bonds on July 15, 2012 call date. The District chose to undertake this advance refunding in order to reduce the interest expense by taking advantage of lower interest rates.

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

IV. DETAILED NOTES ON ALL FUNDS (continued)

E. Long-Term Debt (continued)

Refunding of Bonded Debt (continued)

Summary of savings comparison of prior debt service to refunding debt service:

<u>Date</u>	<u>Prior Debt Service</u>	<u>Date</u>	<u>Refunding Debt Service</u>	<u>Savings</u>	<u>Annual Savings</u>
7/15/2012	\$ 151,048	8/1/2012	\$ 132,835	\$ 18,213	
1/15/2013	37,995	2/1/2013	14,100	23,895	42,108
7/16/2013	157,995	8/1/2013	149,100	8,895	
1/15/2014	34,665	2/1/2014	12,750	21,915	30,810
7/16/2014	164,665	8/1/2014	152,750	11,915	
1/15/2015	31,025	2/1/2015	11,350	19,675	31,590
7/16/2015	181,025	8/1/2015	176,350	4,675	
1/15/2016	26,825	2/1/2016	9,700	17,125	21,800
7/16/2016	186,825	8/1/2016	179,700	7,125	
1/15/2017	22,665	2/1/2017	8,000	14,665	21,790
7/16/2017	202,665	8/1/2017	193,000	9,665	
1/15/2018	17,895	2/1/2018	6,150	11,745	21,410
7/16/2018	212,895	8/1/2018	196,150	16,745	
1/15/2019	12,630	2/1/2019	4,250	8,380	25,125
7/16/2019	232,630	8/1/2019	214,250	18,380	
1/15/2020	6,580	2/1/2020	2,150	4,430	22,810
7/15/2020	241,580	8/1/2020	217,150	24,430	24,430
	<u>\$ 1,921,608</u>		<u>\$ 1,679,735</u>	<u>\$ 241,873</u>	<u>\$ 241,873</u>

Analysis of Savings

Total Dollar Principal & Interest Savings	\$ 241,873
Present Value Savings as a % of Principal	15%
Present Value of Future Savings	\$ 231,656
Good Faith Deposit	(18,000)
Net Present Value Savings	<u>\$ 213,656</u>

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

V. OTHER INFORMATION

A. 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 (NMSIA) 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 1978), 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. NMPSIA will publish its own financial report for the year ended June 30, 2012.

B. 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 government expects such amounts, if any, to be immaterial.

C. Pension Plan – Educational Retirement Board

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

Funding Policy – Plan members earning \$ 20,000 or less annually are required by statute to contribute 7.90% of their gross salary. Plan members earning over \$20,000 annually were required to contribute 11.15% of their gross salary in fiscal year 2012 and will be required to contribute 9.40% of their gross salary in fiscal year 2013. The Quemado Independent School District has been and is required to contribute 12.40% of the gross covered salary for employees earning \$20,000 or less, in fiscal years 2012 and 2013. In fiscal year 2012 the Quemado Independent School District contributed 9.15% of the gross covered salary of employees earning more than \$20,000 annually. In fiscal year 2013 the Quemado Independent School District will contribute 10.9% of the gross covered salary of employees earning

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

V. OTHER INFORMATION (continued)

C. Pension Plan – Educational Retirement Board (continued)

more than \$20,000 annually. The contribution requirements of plan members and the Quemado Independent School District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of legislature. The Quemado Independent School District's contributions to the ERB for the fiscal years ended June 30, 2012, 2011 and 2010 were: \$133,953, \$169,696, and \$171,165, respectively, which equal the amount of the required contributions for the year.

D. Post-Employment Benefits – State Retiree Health Care Plan

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

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

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

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

The 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. During the fiscal year ended June 30, 2012, the statute requires each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee is required to contribute .917% of their salary. In the fiscal year ending June 30, 2013 the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contributions will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY13	2.000%	1.000%

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

JUNE 30, 2012

V. OTHER INFORMATION (continued)

D. Post-Employment Benefits – State Retiree Health Care Plan (continued)

Also, employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Quemado Independent School District's contributions to the RHCA for the years ended June 30, 2012, 2011 and 2010 were \$ 25,697, \$ 25,568 and \$20,143 respectively, which equal the required contributions for each year.

E. Deferred Compensation Plan

Quemado Independent School District has adopted a deferred compensation plan under code section 457. Employees can contribute up to 25% of their salary. The plan is managed by First Administrators Inc. with One America being the transfer agent holding the funds. Employee Contributions to this plan for June 30, 2012 were \$8,639.

F. Inter-fund Receivables

Cash overdrafts are inter-fund receivables and considered to be short-term borrowings from general funds to cover current year operating expenditures and will be paid back within the next year. At June 30, 2012, they consisted of the following:

Due to Operational	<u>\$ 105,008</u>
Due From	
Title I	\$ 47,811
IDEA-B Entitlement	21,987
IDEA-B Risk Pool	327
Teacher Principal Training	15,244
R.E.A.P,	5,519
2008 GO Bond Student Library Fund	8,999
2010 GO Bond Student Library Fund	2,278
Break fast for Elementary Students	<u>2,843</u>
	<u>\$ 105,008</u>

G. Permanent Transfers

Transfers are used to move revenue from the fund that statute or budget requires them to be collected in, to the fund that statute or budget requires them to be expend in. These transfers are not routine in nature and are not consistent with the activities of the fund making transfer. There were no permanent transfers during the fiscal year June 30, 2012.

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

JUNE 30, 2012

V. OTHER INFORMATION (continued)

H. Restatement of Beginning Net Assets for Governmental Funds

There was no restatement of the District's net assets for the fiscal year June 30, 2012.

I. Restatements of Beginning Fund Balances

There were no adjustments made to the District's beginning fund balances for the fiscal year June, 30 2012.

J. Central Regional Educational Cooperative #5

Certain special revenue (federal) funds of the district were administered by the Central Region Educational Cooperative, in Albuquerque, New Mexico. These funds are audited separately by another IPA. That report may be obtained by writing to: Central Regional Educational Cooperative, 5321-A Menaul Blvd. NE, Albuquerque, New Mexico 87110.

K. Fund Balances Classified

Fund Balance is classified as non-spendable, restricted, committed, assigned and unassigned upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are as follows:

Fund Balances	General Fund	SB-9	Debt Service	Non-Major Governmental Funds	Total
Non-spendable:					
Inventory	\$ -	\$ -	\$ -	\$ 4,116	\$ 4,116
Total Non-spendable	-	-	-	4,116	4,116
Restricted for:					
Teacherege	15,800	-	-	-	15,800
Transportation	1,870	-	-	-	1,870
Instructional Materials	3,275	-	-	-	3,275
Special Revenue Funds	-	249,459	-	70,502	319,961
Debt Service	-	-	1,505,358	-	1,505,358
Total Restricted	20,945	249,459	1,505,358	70,502	1,846,264
Unassigned	106,220	-	-	-	106,220
Total Fund Balances	\$ 127,165	\$ 249,459	\$ 1,505,358	\$ 74,618	\$ 1,956,600

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2012

V. OTHER INFORMATION (continued)

L. Reconciliation of Budgetary and GAAP Basis Amounts

	<u>Operational</u>	<u>Teachera</u> <u>ge</u>	<u>Transportation</u>	<u>Instructional</u> <u>Materials</u>
REVENUES				
Budgetary Basis	\$ 2,089,411	\$ 4,860	\$ 314,507	\$ 6,214
Add:				
Current Year Receivables & Other Credits	846	-	-	-
Deduct:				
Prior Year Receivables & Other Debits	<u>675</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUE --GAAP BASIS	<u><u>\$ 2,089,582</u></u>	<u><u>\$ 4,860</u></u>	<u><u>\$ 314,507</u></u>	<u><u>\$ 6,214</u></u>
EXPENDITURES				
Budgetary Basis	\$ 2,318,895	\$ 2,899	\$ 313,646	\$ 4,898
Add:				
Current Year Payables & Other Debits	-	-	-	-
Deduct:				
Prior Year Payables & Other Credits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES --GAAP BASIS	<u><u>\$ 2,318,895</u></u>	<u><u>\$ 2,899</u></u>	<u><u>\$ 313,646</u></u>	<u><u>\$ 4,898</u></u>

<u>Cafeteria</u>	<u>Athletics</u>	<u>Non Instructional</u>	<u>Title I</u>	<u>Entitlement</u>	<u>Preschool</u>	<u>Fresh Fruits</u>
\$ 91,184	\$ 6,423	\$ 11,268	\$ 60,162	\$ 18,885	\$ 329	\$ 4,316
-	-	-	47,811	21,987	-	-
-	-	-	4,127	1,158	329	-
<u>\$ 91,184</u>	<u>\$ 6,423</u>	<u>\$ 11,268</u>	<u>\$ 103,846</u>	<u>\$ 39,714</u>	<u>\$ -</u>	<u>\$ 4,316</u>
\$ 88,121	\$ 6,351	\$ 9,972	\$ 103,846	\$ 39,714	\$ -	\$ 4,316
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 88,121</u>	<u>\$ 6,351</u>	<u>\$ 9,972</u>	<u>\$ 103,846</u>	<u>\$ 39,714</u>	<u>\$ -</u>	<u>\$ 4,316</u>

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2012

V. OTHER INFORMATION (continued)

L. Reconciliation of Budgetary and GAAP Basis Amounts (continued)

	Risk Pool	Teacher/ Principal Training	Title IV Drug Free Schools
REVENUES			
Budgetary Basis	\$ -	\$ 2,233	\$ -
Add:			
Current Year Receivables & Other Credits	327	15,244	-
Deduct:			
Prior Year Receivables & Other Debits	-	1,681	-
REVENUE --GAAP BASIS	<u>\$ 327</u>	<u>\$ 15,796</u>	<u>\$ -</u>
EXPENDITURES			
Budgetary Basis	\$ 327	\$ 15,796	\$ -
Add:			
Current Year Payables & Other Debits	-	-	-
Deduct:			
Prior Year Payables & Other Credits	-	-	-
EXPENDITURES --GAAP BASIS	<u>\$ 327</u>	<u>\$ 15,796</u>	<u>\$ -</u>

<u>Entitlement Stimulus</u>	<u>Preschool Stimulus</u>	<u>Title XIX Medicaid</u>	<u>REAP</u>	<u>SEG Stimulus</u>	<u>Education Job Fund</u>	<u>Dual Credit</u>
\$ 12,252	\$ 1,239	\$ 9,636	\$ 4,167	\$ 1,312	\$ 975	\$ 192
-	-	-	5,519	-	-	-
<u>12,252</u>	<u>1,239</u>	<u>2,759</u>	<u>163</u>	<u>1,312</u>	<u>200</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,877</u>	<u>\$ 9,523</u>	<u>\$ -</u>	<u>\$ 775</u>	<u>\$ 192</u>
\$ -	\$ -	\$ 6,877	\$ 9,523	\$ -	\$ 775	\$ 192
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,877</u>	<u>\$ 9,523</u>	<u>\$ -</u>	<u>\$ 775</u>	<u>\$ 192</u>

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2012

V. OTHER INFORMATION (continued)

L. Reconciliation of Budgetary and GAAP Basis Amounts (continued)

	<u>2008 GO Bonds</u>	<u>2010 GO Bonds</u>	<u>Technology for Education</u>
REVENUES			
Budgetary Basis	\$ -	\$ -	\$ 1
Add:			
Current Year Receivables & Other Credits	8,999	2,278	2,073
Deduct:			
Prior Year Receivables & Other Debits	<u>-</u>	<u>-</u>	<u>-</u>
REVENUE --GAAP BASIS	<u>\$ 8,999</u>	<u>\$ 2,278</u>	<u>\$ 2,074</u>
EXPENDITURES			
Budgetary Basis	\$ 8,999	\$ 2,278	\$ 2,074
Add:			
Current Year Payables & Other Debits	-	-	-
Deduct:			
Prior Year Payables & Other Credits	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES --GAAP BASIS	<u>\$ 8,999</u>	<u>\$ 2,278</u>	<u>\$ 2,074</u>

Incentives for School Improvement	Breakfast for Elementary	School Based Health Center	SB - 9	Debt Service
\$ 2	\$ -	\$ 9	\$ 186,042	\$ 205,846
3,089	2,843	-	4,355	1,464,465
-	-	9	3,517	3,934
<u>\$ 3,091</u>	<u>\$ 2,843</u>	<u>\$ -</u>	<u>\$ 186,880</u>	<u>\$ 1,666,377</u>
\$ 3,091	\$ 2,843	\$ -	\$ 231,970	\$ 199,260
-	-	-	-	109,112
-	-	-	-	39,713
<u>\$ 3,091</u>	<u>\$ 2,843</u>	<u>\$ -</u>	<u>\$ 231,970</u>	<u>\$ 268,659</u>

GENERAL FUND

To account for resources traditionally associated with governments, which are not required to be accounted for in any other fund.

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT A-1

COMBINING BALANCE SHEET – GENERAL FUND

Year Ended June 30, 2012

	Operational	Teacherage	Transportation	Instructional Materials	TOTALS
ASSETS					
Cash and cash equivalents	\$ 366	\$ 15,800	\$ 1,870	\$ 3,275	\$ 21,311
Investments	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Property Taxes Receivable	846	-	-	-	846
Federal	-	-	-	-	-
State	-	-	-	-	-
Returned Checks	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Funds Held in Escrow	-	-	-	-	-
Inventories	-	-	-	-	-
Due from Other Funds	105,008	-	-	-	105,008
TOTAL ASSETS	<u>\$ 106,220</u>	<u>\$ 15,800</u>	<u>\$ 1,870</u>	<u>\$ 3,275</u>	<u>\$ 127,165</u>
LIABILITIES AND OTHER CREDITS					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Accrued Interest Payable	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Nonspendable	-	-	-	-	-
Restricted	-	15,800	1,870	3,275	20,945
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	106,220	-	-	-	106,220
TOTAL FUND BALANCE	<u>106,220</u>	<u>15,800</u>	<u>1,870</u>	<u>3,275</u>	<u>127,165</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 106,220</u>	<u>\$ 15,800</u>	<u>\$ 1,870</u>	<u>\$ 3,275</u>	<u>\$ 127,165</u>

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT A-2

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
 IN FUND BALANCE -- GENERAL FUND

Year Ended June 30, 2012

	Operational	Teacherege	Transportation	Instructional Materials	TOTALS
REVENUE					
Federal Programs	\$ 774,097	\$ -	\$ -	\$ -	\$ 774,097
State Programs	140,000	-	314,481	6,212	460,693
Local Programs	17,974	-	-	-	17,974
State Equalization	1,114,573	-	-	-	1,114,573
Service Revenues	7,209	4,850	-	-	12,059
Taxes	35,171	-	-	-	35,171
Interest	277	10	26	2	315
Premium on Bond	-	-	-	-	-
Other revenue sources	281	-	-	-	281
TOTAL REVENUES	2,089,582	4,860	314,507	6,214	2,415,163
EXPENDITURES					
Current					
Instruction	1,377,104	-	-	4,898	1,382,002
Support Services	-	-	-	-	-
Support Services Students	75,347	-	-	-	75,347
Support Services Instruction	75,453	-	-	-	75,453
Support Services General Administration	154,312	-	-	-	154,312
Support Services School Administration	94,440	-	-	-	94,440
Central Services	95,561	-	-	-	95,561
Operation and Maintenance of Plant	390,917	2,899	-	-	393,816
Student Transportation	34,173	-	313,646	-	347,819
Other Support Services	3,262	-	-	-	3,262
Food Services Operations	18,326	-	-	-	18,326
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	2,318,895	2,899	313,646	4,898	2,640,338
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(229,313)	1,961	861	1,316	(225,175)
Other Financial Sources (Uses)					
Transfer In/Transfers (Out)	-	-	-	-	-
Total Other Financial Sources	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(229,313)	1,961	861	1,316	(225,175)
FUND BALANCE					
June 30, 2011	335,533	13,839	1,009	1,959	352,340
FUND BALANCE June 30, 2012	\$ 106,220	\$ 15,800	\$ 1,870	\$ 3,275	\$ 127,165

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

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

EXHIBIT A-3

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--GENERAL FUND--OPERATIONAL

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 33,461	\$ 33,461	\$ 35,000	\$ 1,539
Fees - Users	-	-	154	154
Fees - Educational	750	750	655	(95)
Rent and Leases	-	-	6,400	6,400
Interest Income	450	450	277	(173)
Royalties	-	-	106	106
Refunds Prior Year	-	-	140	140
State Equalization	1,057,030	1,057,030	1,114,573	57,543
Emergency Supplemental	175,000	175,000	140,000	(35,000)
Sale of Personal Property	-	-	35	35
Forrest Reserve	844,584	844,584	774,097	(70,487)
Access Board E-Rate	32,000	32,000	17,974	(14,026)
TOTAL REVENUE	<u>2,143,275</u>	<u>2,143,275</u>	<u>\$ 2,089,411</u>	<u>\$ (53,864)</u>
BUDGETED CASH BALANCE	<u>126,566</u>	<u>355,452</u>		
TOTAL REVENUE & CASH	<u>\$ 2,269,841</u>	<u>\$ 2,498,727</u>		
EXPENDITURES				
Current				
Instruction	\$ 1,267,139	\$ 1,383,035	\$ 1,377,104	\$ 5,931
Support Services	-	-	-	-
Support Services Students	134,403	135,820	75,347	60,473
Support Services Instruction	64,326	93,372	75,453	17,919
Support Services General Administration	160,949	167,239	154,312	12,927
Support Services School Administration	93,814	100,751	94,440	6,311
Central Services	90,573	98,473	95,561	2,912
Operation and Maintenance of Plant	408,575	436,875	390,917	45,958
Student Transportation	17,059	42,159	34,173	7,986
Other Support Services	4,330	4,330	3,262	1,068
Food Services Operations	28,673	36,673	18,326	18,347
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 2,269,841</u>	<u>\$ 2,498,727</u>	<u>\$ 2,318,895</u>	<u>\$ 179,832</u>

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

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

EXHIBIT A-4

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--GENERAL FUND--TEACHERAGE

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	-	-	-
Local Programs	7,210	7,210	4,860	(2,350)
TOTAL REVENUE	<u>7,210</u>	<u>7,210</u>	<u>\$ 4,860</u>	<u>\$ (2,350)</u>
BUDGETED CASH BALANCE	<u>11,766</u>	<u>13,839</u>		
TOTAL REVENUE & CASH	<u>\$ 18,976</u>	<u>\$ 21,049</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	18,976	21,049	2,899	18,150
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 18,976</u>	<u>\$ 21,049</u>	<u>\$ 2,899</u>	<u>\$ 18,150</u>

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT A-5

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--GENERAL FUND--TRANSPORTATION

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ 26	\$ 26
State Programs	302,883	314,986	314,481	(505)
Local Programs	-	-	-	-
TOTAL REVENUE	<u>302,883</u>	<u>314,986</u>	<u>\$ 314,507</u>	<u>\$ (479)</u>
 BUDGETED CASH BALANCE	 <u>-</u>	 <u>505</u>		
 TOTAL REVENUE & CASH	 <u>\$ 302,883</u>	 <u>\$ 315,491</u>		
 EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	302,883	315,491	313,646	1,845
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 302,883</u>	<u>\$ 315,491</u>	<u>\$ 313,646</u>	<u>\$ 1,845</u>

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

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

EXHIBIT A-6

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--GENERAL FUND--INSTRUCTIONAL MATERIALS

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	5,664	5,664	6,212	548
Local Programs	4	4	2	(2)
TOTAL REVENUE	<u>5,668</u>	<u>5,668</u>	<u>\$ 6,214</u>	<u>\$ 546</u>
BUDGETED CASH BALANCE	<u>4,450</u>	<u>1,958</u>		
TOTAL REVENUE & CASH	<u>\$ 10,118</u>	<u>\$ 7,626</u>		
EXPENDITURES				
Current				
Instruction	\$ 10,118	\$ 7,626	\$ 4,898	\$ 2,728
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 10,118</u>	<u>\$ 7,626</u>	<u>\$ 4,898</u>	<u>\$ 2,728</u>

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

SPECIAL REVENUE FUNDS

CAFETERIA - to account for financing for school hot lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, New Mexico Statutes Annotated, State Law 22-13-13.

ATHLETICS - to account for revenues received from non-instructional activities for use in the district's athletic and other non-instructional programs. Required by the New Mexico State Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund. Authority for this fund is the New Mexico Administrative Code 6.20.2.

NON-INSTRUCTIONAL STUDENT SUPPORT – to account for the monies received as fees associated with class projects and/or lab classes.

IDEA-B ENTITLEMENT – Special Revenue - P.L. 94-142, Individuals with Disabilities Education Act--to account for a federal grant restricted to the operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Laws 91-230,93-380,94-142,98-199,99-457,100-630 and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17.

IDEA B PRE-SCHOOL--to account for revenue received under the Preschool Public Act P.L. 99-457 for the purpose of providing special educational services to the developmentally delayed preschool children. This fund is federally funded and is restricted to expenditure by grant application. Required by the New Mexico State Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund.

USDA FRUIT & VEGETABLE – to account for the expenditures and revenue for a Fresh Fruit and Vegetable Program as authorized by Public Law 109-97 and Section 120 of the Child Nutrition and WIC Reauthorization Act 2004. The FFVP provides all children in participating schools with a variety of free fresh fruits and vegetables throughout the school day as a means of introducing fresh fruits and vegetables as healthy snack alternatives. CFDA #10.582.

IDEA-B RISK POOL – to account for state set aside funds from Part B of the Individuals with disabilities education act as allowed by the federal DOE. Funds are to be used for costs associated with high need students with disabilities. Required by the New Mexico State Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund.

TEACHER/PRINCIPAL TRAINING -- to provide grants to State Education Agencies on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.

TITLE IV - DRUG FREE SCHOOLS AND COMMUNITIES – to account for a federal grant restricted to the establishment and implementation of substance abuse education and prevention programs in the elementary and secondary schools. The authority for the creation of this fund is Elementary and Secondary Education Act of 1965, Title IV, Part A, as amended, 20 USC 7112-7143.

IDEA-B ENTITLEMENT FEDERAL STIMULUS – fund to supplement state and local funding for students with disabilities. Fund and authority provided under the American Recovery and Reinvestment Act.

IDEA-B PRESCHOOL STIMULUS – To provide grants to States to assist them in providing special education and related services to children with disabilities ages 3 through 5 years, and at a State's discretion, to 2-year-old children with disabilities who will reach age three during the school year. Fund and authority provided under the Individuals with Disabilities Education Act (IDEA), as amended, , Part B, Section 619, 20 U.S.C 1419; American Recovery and Reinvestment Act of 2009 (ARRA), Public Law 111-5.

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

State Equalization Guarantee Stimulus – Special Revenue – Authorized by the ARRA of 2009, Division A, Title XIV, Public Law 111-5 the primary objective of this fund is to support and restore funding for elementary, secondary and postsecondary education and, as applicable, early child hood education programs and services in States and local educational agencies.

EDUCATION JOB FUND – To provide funds to States to assist local educational agencies (LEAs) in saving or creating education jobs during the 2010-2011 school year. Authority for the creation of this fund is Title I, Public Law 111-126.

2009 DUAL CREDIT INSTRUCTIONAL MATERIALS – to fund all public, charter, and state-supported schools for dual credit course materials approved by the Higher Education Department and through a college/university which has an approved agreement with the school. Fund and authority provided by House Bill 2, 2009 page 226 lines 12-19.

2008 GO BOND STUDENT LIBRARY FUND – to fund all public, charter, and juvenile justice school for public school library improvement or acquisition and to acquire library books, equipment, and library resources for public school and state-supported school libraries statewide. Fund and authority provided by Senate Bill 333, 2008, page 37 lines 15-25 and page 38 lines 1-5.

2010 GO BOND STUDENT LIBRARY FUND – to allow schools to acquire library books, equipment and library resources for public school libraries statewide. Fund and authority provided by Senate Bill 1.

TECHNOLOGY FOR EDUCATION – to account for distributions received from the Educational Technology fund for the expansion and improvement of technology in education. These funds are restricted to expenditure by New Mexico Statutes and the schools approved long-term technology plan. Authority for the creation of this fund is NMSA 22-15A-1 to 22-15A-10.

INCENTIVES FOR SCHOOL IMPROVEMENT – to account for monies received to be used as determined by the school principal and teachers in cooperation with other school employees and the community. It shall not be used for salaries, salary increases or bonuses. Financing and authority is provided by NMSA 22-13A-5.

BREAKFAST FOR ELEMENTARY STUDENTS – to account for revenues to be used to provide breakfast programs for elementary students. Authority for this fund is the New Mexico Legislature.

SCHOOL BASED HEALTH CENTER SPECIAL REVENUE – to account for funding to set up and operate a health center on school property. Authority for creation of this fund is Section 330 of the Public health Act.

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS

JUNE 30, 2012

	Cafeteria	Athletics	Non Instructional	IDEA- B Entitlement
ASSETS				
Cash and cash equivalents	\$ 42,041	\$ 9,094	\$ 19,203	\$ -
Investments	-	-	-	-
Accounts Receivable				
Property Taxes Receivable	-	-	-	-
Federal	-	-	-	21,987
State	-	-	-	-
Returned Checks	164	-	-	-
Due from Other Governments	-	-	-	-
Funds Held in Escrow	-	-	-	-
Inventories	4,116	-	-	-
Due from Other Funds	-	-	-	-
TOTAL ASSETS	\$ 46,321	\$ 9,094	\$ 19,203	\$ 21,987
LIABILITIES AND OTHER CREDITS				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-
Due to Other Funds	-	-	-	21,987
Accrued Interest Payable	-	-	-	-
TOTAL LIABILITIES	-	-	-	21,987
FUND BALANCE				
Nonspendable	4,116	-	-	-
Restricted	42,205	9,094	19,203	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCE	46,321	9,094	19,203	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 46,321	\$ 9,094	\$ 19,203	\$ 21,987

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

EXHIBIT B-1

IDEA- B Preschool	Fresh Fruits & Vegetables	IDEA- B Risk Pool	Teacher/ Principal Training	Title IV Safe & Drug Free Schools	IDEA- B Entitlement Stimulus	IDEA- B Prechool Stimulus
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	327	15,244	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327</u>	<u>\$ 15,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	327	15,244	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>327</u>	<u>15,244</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327</u>	<u>\$ 15,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS

JUNE 30, 2012

	R.E.A.P.	SEG Stimulus	Education Job Fund	2009 Dual Credit Instructional Materials	2008 GO Bond Student Library Fund
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts Receivable					
Property Taxes Receivable	-	-	-	-	-
Federal	5,519	-	-	-	-
State	-	-	-	-	8,999
Returned Checks	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Funds Held in Escrow	-	-	-	-	-
Inventories	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
TOTAL ASSETS	\$ 5,519	\$ -	\$ -	\$ -	\$ 8,999
LIABILITIES AND OTHER CREDITS					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-	-
Due to Other Funds	5,519	-	-	-	8,999
Accrued Interest Payable	-	-	-	-	-
TOTAL LIABILITIES	5,519	-	-	-	8,999
FUND BALANCE					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCE	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 5,519	\$ -	\$ -	\$ -	\$ 8,999

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

EXHIBIT B-1
CONTINUED

2010 GO Bond Student Library Fund	Technology for Education	Incentives for School Improvement	Breakfast for Elementary Students	School Based Health Center	Total Non- Major Special Revenue Funds	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ 103	\$ 443	\$ -	\$ 11,956	\$ 82,840	\$ 82,840
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	43,077	43,077
2,278	-	-	2,843	-	14,120	14,120
-	-	-	-	-	164	164
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	4,116	4,116
-	-	-	-	-	-	-
<u>\$ 2,278</u>	<u>\$ 103</u>	<u>\$ 443</u>	<u>\$ 2,843</u>	<u>\$ 11,956</u>	<u>\$ 144,317</u>	<u>\$ 144,317</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	103	443	-	11,956	12,502	12,502
2,278	-	-	2,843	-	57,197	57,197
-	-	-	-	-	-	-
<u>2,278</u>	<u>103</u>	<u>443</u>	<u>2,843</u>	<u>11,956</u>	<u>69,699</u>	<u>69,699</u>
-	-	-	-	-	4,116	4,116
-	-	-	-	-	70,502	70,502
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,618</u>	<u>74,618</u>
<u>\$ 2,278</u>	<u>\$ 103</u>	<u>\$ 443</u>	<u>\$ 2,843</u>	<u>\$ 11,956</u>	<u>\$ 144,317</u>	<u>\$ 144,317</u>

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS

JUNE 30, 2012

	Cafeteria	Athletics	Non Instructional	IDEA- B Entitlement
REVENUE				
Federal Programs	\$ 78,273	\$ -	\$ -	\$ 39,714
State Programs	-	-	-	-
Local Programs	-	-	554	-
State Equalization	-	-	-	-
Service Revenues	12,882	6,417	10,701	-
Taxes	-	-	-	-
Interest	29	6	13	-
Premium on Bond	-	-	-	-
Other revenue sources	-	-	-	-
TOTAL REVENUES	91,184	6,423	11,268	39,714
EXPENDITURES				
Current				
Instruction	-	6,351	9,972	28,788
Support Services	-	-	-	-
Support Services Students	-	-	-	10,926
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	88,121	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	88,121	6,351	9,972	39,714
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	3,063	72	1,296	-
Other Financial Sources (Uses)				
Transfer In/Transfers (Out)	-	-	-	-
Total Other Financial Sources	-	-	-	-
NET CHANGE IN FUND BALANCE	3,063	72	1,296	-
FUND BALANCE				
June 30, 2011	43,258	9,022	17,907	-
FUND BALANCE				
June 30, 2012	\$ 46,321	\$ 9,094	\$ 19,203	\$ -

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

EXHIBIT B-2

IDEA- B Preschool	Fresh Fruits & Vegetables	IDEA- B Risk Pool	Teacher/ Principal Training	Title IV Safe & Drug Free Schools	IDEA- B Entitlement Stimulus	IDEA- B Prechool Stimulus
\$ -	\$ 4,316	\$ 327	\$ 15,796	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,316	327	15,796	-	-	-
-	4,316	327	15,796	-	-	-
-	-	-	15,796	-	-	-
-	-	-	-	-	-	-
-	-	327	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	4,316	-	-	-	-	-
-	4,316	327	15,796	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS

JUNE 30, 2012

	R.E.A.P.	SEG Stimulus	Education Job Fund	2009 Dual Credit Instructional Materials	2008 GO Bond Student Library Fund
REVENUE					
Federal Programs	\$ 9,523	\$ -	\$ 775	\$ -	\$ -
State Programs	-	-	-	192	8,999
Local Programs	-	-	-	-	-
State Equalization	-	-	-	-	-
Service Revenues	-	-	-	-	-
Taxes	-	-	-	-	-
Interest	-	-	-	-	-
Premium on Bond	-	-	-	-	-
Other revenue sources	-	-	-	-	-
TOTAL REVENUES	<u>9,523</u>	<u>-</u>	<u>775</u>	<u>192</u>	<u>8,999</u>
EXPENDITURES					
Current					
Instruction	7,085	-	775	192	-
Support Services	-	-	-	-	-
Support Services Students	-	-	-	-	-
Support Services Instruction	-	-	-	-	8,999
Support Services General Administration	-	-	-	-	-
Support Services School Administration	2,438	-	-	-	-
Central Services	-	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-	-
Student Transportation	-	-	-	-	-
Other Support Services	-	-	-	-	-
Food Services Operations	-	-	-	-	-
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>9,523</u>	<u>-</u>	<u>775</u>	<u>192</u>	<u>8,999</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-	-	-	-	-
Other Financial Sources (Uses)					
Transfer In/Transfers (Out)	-	-	-	-	-
Total Other Financial Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE					
June 30, 2011	-	-	-	-	-
FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

EXHIBIT B-2
CONTINUED

2010 GO Bond Student Library Fund	Technology for Education	Incentives for School Improvement	Breakfast for Elementary Students	School Based Health Center	TOTAL NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 148,724	\$ 148,724
2,278	2,073	3,089	2,843	-	19,474	19,474
-	-	-	-	-	554	554
-	-	-	-	-	-	-
-	-	-	-	-	30,000	30,000
-	-	-	-	-	-	-
-	1	2	-	-	51	51
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,278</u>	<u>2,074</u>	<u>3,091</u>	<u>2,843</u>	<u>-</u>	<u>198,803</u>	<u>198,803</u>
-	2,074	3,091	-	-	74,124	74,124
-	-	-	-	-	-	-
-	-	-	-	-	11,253	11,253
2,278	-	-	-	-	11,277	11,277
-	-	-	-	-	-	-
-	-	-	-	-	2,438	2,438
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2,843	-	95,280	95,280
-	-	-	-	-	-	-
<u>2,278</u>	<u>2,074</u>	<u>3,091</u>	<u>2,843</u>	<u>-</u>	<u>194,372</u>	<u>194,372</u>
-	-	-	-	-	4,431	4,431
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	4,431	4,431
-	-	-	-	-	70,187	70,187
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,618</u>	<u>\$ 74,618</u>

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-3

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--CAFETERIA

Year Ended June 30, 2012

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ 50,000	\$ 50,000	\$ 78,273	\$ 28,273
State Programs	-	-	-	-
Local Programs	12,923	12,923	12,911	(12)
TOTAL REVENUE	<u>62,923</u>	<u>62,923</u>	<u>\$ 91,184</u>	<u>\$ 28,261</u>
BUDGETED CASH BALANCE	<u>34,216</u>	<u>39,142</u>		
TOTAL REVENUE & CASH	<u>\$ 97,139</u>	<u>\$ 102,065</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	97,139	102,065	88,121	13,944
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 97,139</u>	<u>\$ 102,065</u>	<u>\$ 88,121</u>	<u>\$ 13,944</u>

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-4

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--ATHLETICS

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	-	-	-
Local Programs	5,805	5,805	6,423	618
TOTAL REVENUE	<u>5,805</u>	<u>5,805</u>	<u>\$ 6,423</u>	<u>\$ 618</u>
BUDGETED CASH BALANCE	<u>6,390</u>	<u>8,913</u>		
TOTAL REVENUE & CASH	<u>\$ 12,195</u>	<u>\$ 14,718</u>		
EXPENDITURES				
Current				
Instruction	\$ 12,195	\$ 14,718	\$ 6,351	\$ 8,367
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 12,195</u>	<u>\$ 14,718</u>	<u>\$ 6,351</u>	<u>\$ 8,367</u>

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-5

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--NON INSTRUCTIONAL SUPPORT

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	-	-	-
Local Programs	5,913	5,913	11,268	5,355
TOTAL REVENUE	<u>5,913</u>	<u>5,913</u>	<u>\$ 11,268</u>	<u>\$ 5,355</u>
BUDGETED CASH BALANCE	<u>14,020</u>	<u>17,908</u>		
TOTAL REVENUE & CASH	<u>\$ 19,933</u>	<u>\$ 23,821</u>		
EXPENDITURES				
Current				
Instruction	\$ 19,933	\$ 23,821	\$ 9,972	\$ 13,849
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 19,933</u>	<u>\$ 23,821</u>	<u>\$ 9,972</u>	<u>\$ 13,849</u>

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

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-6

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--IDEA-B ENTITLEMENT

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ 41,074	\$ 62,395	\$ 18,885	\$ (43,510)
State Programs	-	-	-	-
Local Programs	-	-	-	-
TOTAL REVENUE	<u>41,074</u>	<u>62,395</u>	<u>\$ 18,885</u>	<u>\$ (43,510)</u>
 BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
 TOTAL REVENUE & CASH	<u>\$ 41,074</u>	<u>\$ 62,395</u>		
 EXPENDITURES				
Current				
Instruction	\$ 29,649	\$ 50,955	\$ 28,788	\$ 22,167
Support Services	-	-	-	-
Support Services Students	11,425	11,440	10,926	514
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 41,074</u>	<u>\$ 62,395</u>	<u>\$ 39,714</u>	<u>\$ 22,681</u>

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

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--IDEA-B-PRESCHOOL

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ 1,861	\$ 3,974	\$ 329	\$ (3,645)
State Programs	-	-	-	-
Local Programs	-	-	-	-
TOTAL REVENUE	<u>1,861</u>	<u>3,974</u>	<u>\$ 329</u>	<u>\$ (3,645)</u>
 BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
 TOTAL REVENUE & CASH	<u>\$ 1,861</u>	<u>\$ 3,974</u>		
 EXPENDITURES				
Current				
Instruction	\$ 900	\$ 3,013	\$ -	\$ 3,013
Support Services	-	-	-	-
Support Services Students	961	961	-	961
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 1,861</u>	<u>\$ 3,974</u>	<u>\$ -</u>	<u>\$ 3,974</u>

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

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--FRESH FRUITS & VEGETABLES

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ 4,316	\$ 4,316	\$ -
State Programs	-	-	-	-
Local Programs	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>4,316</u>	<u>\$ 4,316</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 4,316</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	4,316	4,316	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 4,316</u>	<u>\$ 4,316</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-9

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--IDEA-B RISK POOL

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ 390	\$ -	\$ (390)
State Programs	-	-	-	-
Local Programs	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>390</u>	<u>\$ -</u>	<u>\$ (390)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 390</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 63	\$ -	\$ 63
Support Services	-	-	-	-
Support Services Students	-	327	327	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 390</u>	<u>\$ 327</u>	<u>\$ 63</u>

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-10

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--TEACHER\PRINCIPAL TRAINING

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ 11,845	\$ 23,451	\$ 2,220	\$ (21,231)
State Programs	-	-	-	-
Local Programs	-	-	13	13
TOTAL REVENUE	<u>11,845</u>	<u>23,451</u>	<u>\$ 2,233</u>	<u>\$ (21,218)</u>
BUDGETED CASH BALANCE		<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 11,845</u>	<u>\$ 23,451</u>		
EXPENDITURES				
Current				
Instruction	\$ 11,845	\$ 23,451	\$ 15,796	\$ 7,655
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 11,845</u>	<u>\$ 23,451</u>	<u>\$ 15,796</u>	<u>\$ 7,655</u>

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-11

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--TITLE IV --SAFE & DRUG FREE SCHOOLS

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	-	-	-
Local Programs	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-12

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--IDEA-B ENTITLEMENT STIMULUS

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ 12,252	\$ 12,252
State Programs	-	-	-	-
Local Programs	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 12,252</u>	<u>\$ 12,252</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-13

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND-IDEA-B PRESCHOOL STIMULUS

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ 1,239	\$ 1,239
State Programs	-	-	-	-
Local Programs	-	-	-	-
TOTAL REVENUE	-	-	<u>\$ 1,239</u>	<u>\$ 1,239</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-14

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--REAP

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ 11,119	\$ 20,705	\$ 4,167	\$ (16,538)
State Programs	-	-	-	-
Local Programs	-	-	-	-
TOTAL REVENUE	<u>11,119</u>	<u>20,705</u>	<u>\$ 4,167</u>	<u>\$ (16,538)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 11,119</u>	<u>\$ 20,705</u>		
EXPENDITURES				
Current				
Instruction	\$ 8,684	\$ 18,267	\$ 7,085	\$ 11,182
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	2,435	2,438	2,438	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 11,119</u>	<u>\$ 20,705</u>	<u>\$ 9,523</u>	<u>\$ 11,182</u>

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

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--STATE EQUALIZATION GUARANTEE STIMULUS

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ 1,312	\$ 1,312
State Programs	-	-	-	-
Local Programs	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 1,312</u>	<u>\$ 1,312</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-16

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--EDUCATION JOB FUND

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ 776	\$ 975	\$ 199
State Programs	-	-	-	-
Local Programs	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>776</u>	<u>\$ 975</u>	<u>\$ 199</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 776</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 776	\$ 775	\$ 1
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 776</u>	<u>\$ 775</u>	<u>\$ 1</u>

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

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--2009 DUAL CREDIT INSTRUCTIONAL MATERIALS

Year Ended June 30, 2012

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	287	192	(95)
Local Programs	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>287</u>	<u>\$ 192</u>	<u>\$ (95)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 287</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 287	\$ 192	\$ 95
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 287</u>	<u>\$ 192</u>	<u>\$ 95</u>

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

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--2008 GO BOND STUDENT LIBRARY FUND

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	9,272	-	(9,272)
Local Programs	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>9,272</u>	<u>\$ -</u>	<u>\$ (9,272)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 9,272</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	9,272	8,999	273
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 9,272</u>	<u>\$ 8,999</u>	<u>\$ 273</u>

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-19

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--2010 GO BOND STUDENT LIBRARY FUND

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	6,139	6,139	-	(6,139)
Local Programs	-	-	-	-
TOTAL REVENUE	<u>6,139</u>	<u>6,139</u>	<u>\$ -</u>	<u>\$ (6,139)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 6,139</u>	<u>\$ 6,139</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	6,139	6,139	2,278	3,861
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 6,139</u>	<u>\$ 6,139</u>	<u>\$ 2,278</u>	<u>\$ 3,861</u>

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-20

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--TECHNOLOGY FOR EDUCATION

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	2,176	-	(2,176)
Local Programs	-	-	1	1
TOTAL REVENUE	<u>-</u>	<u>2,176</u>	<u>\$ 1</u>	<u>\$ (2,175)</u>
BUDGETED CASH BALANCE	-	-		
'TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 2,176</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 2,176	\$ 2,074	\$ 102
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 2,176</u>	<u>\$ 2,074</u>	<u>\$ 102</u>

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-21

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--INCENTIVES FOR SCHOOL IMPROVEMENT

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	-	-	-
Local Programs	-	-	2	2
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 2</u>	<u>\$ 2</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>3,533</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 3,533</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 3,533	\$ 3,091	\$ 442
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 3,533</u>	<u>\$ 3,091</u>	<u>\$ 442</u>

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

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--BREAKFAST FOR ELEMENTARY STUDENTS

Year Ended June 30, 2012

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	4,120	-	(4,120)
Local Programs	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>4,120</u>	<u>\$ -</u>	<u>\$ (4,120)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 4,120</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	4,120	2,843	1,277
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 4,120</u>	<u>\$ 2,843</u>	<u>\$ 1,277</u>

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-23

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--SCHOOL BASED HEALTH CENTER

Year Ended June 30, 2012

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	-	-	-
Local Programs	-	-	9	9
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 9</u>	<u>\$ 9</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

AGENCY FUNDS

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

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -- AGENCY FUNDS

Year Ended June 30, 2012

	Balance 6/30/2011	ADDITIONS	DEDUCTIONS	Balance 6/30/2012
FFA	\$ 6,208	\$ 14,384	\$ 11,953	\$ 8,639
NATIONAL FFA	1,550	1	-	1,551
FHA	876	-	-	876
STUDENT COUNCIL	2,178	377	586	1,969
COKE FUND (FFA)	173	-	-	173
ELEMENTARY FUND	414	725	533	606
YEARBOOK	5,313	3,255	3,232	5,336
CHEERLEADERS	1,011	6,280	6,597	694
DANCE CLUB	2,002	979	1,040	1,941
ART CLUB	16	-	-	16
BATTLE OF THE BOOKS	16	-	-	16
ALUMNI	297	202	223	276
GIRLS BB	1,039	4,021	4,460	600
BOYS BB	868	3,692	3,078	1,482
TRACK	357	32	191	198
GIRLS VB	829	3,443	3,470	802
JOURNALISM	87	-	-	87
PROM FUND	17	-	-	17
SCIENCE CLUB	295	1	-	296
NATIONAL HONOR SOCIETY	119	531	519	131
DRAMA CLUB	428	-	-	428
SR ANNOUNCEMENTS/C&G	49	-	-	49
TEEN HEALTH COUNCIL	388	426	410	404
EAGLE GRAFIX	484	397	71	810
DATIL MEMORIAL FUND	1,347	1	-	1,348
DATIL SCHOOL	1,264	3,325	4,258	331
CLOSE UP	316	-	-	316
SENIOR GRAD NIGHT	65	-	-	65
MATH LAB	242	56	-	298
ELEMENTARY BB CLUB	334	-	-	334
CLASS OF 2007	49	-	49	-
CLASS OF 2008	52	-	52	-
CLASS OF 2009	101	-	101	-
CLASS OF 2010	-	-	-	-
CLASS OF 2011	198	-	198	-
CLASS OF 2012	2,733	642	2,826	549
CLASS OF 2013	230	1,039	445	824
CLASS OF 2014	1,538	121	50	1,609
CLASS OF 2015	1,262	155	-	1,417
CLASS OF 2016	619	21	-	640
CLASS OF 2017	206	303	-	509
CLASS OF 2018	174	784	370	588
CLASS OF 2019	77	479	350	206
CLASS OF 2020	429	363	293	499
CLASS OF 2021	228	878	721	385
CLASS OF 2022	174	2,474	2,492	156
CLASS OF 2023	54	1,088	571	571
CLASS OF 2024	-	1,297	1,156	141
CLASS OF 2025	-	98	-	98
BOOSTER CLUB	-	14,786	9,514	5,272
	<u>\$ 36,706</u>	<u>\$ 66,656</u>	<u>\$ 59,809</u>	<u>\$ 43,553</u>

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

OTHER MAJOR FUND INFORMATION

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT D-1

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--DEBT SERVICE FUND

Year Ended June 30, 2012

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
District Tax Levy	\$ 179,327	\$ 179,327	\$ 204,729	\$ 25,402
Bond Issuance Premium/Discount	-	-	1,065	1,065
Earnings from Investments	29	29	52	23
TOTAL REVENUE	<u>179,356</u>	<u>179,356</u>	<u>\$ 205,846</u>	<u>\$ 26,490</u>
BUDGETED CASH BALANCE	<u>136,023</u>	<u>143,419</u>		
TOTAL REVENUE & CASH	<u>\$ 315,379</u>	<u>\$ 322,775</u>		
EXPENDITURES				
Support Services General Administration	\$ 1,793	\$ 1,993	\$ 1,932	\$ 61
Debt Service	229,258	236,454	113,000	123,454
Debt Service - Interest	84,328	84,328	84,328	-
TOTAL EXPENDITURES	<u>\$ 315,379</u>	<u>\$ 322,775</u>	<u>\$ 199,260</u>	<u>\$ 123,515</u>

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

OTHER SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

SCHEDULE 1

BANK SUMMARY

June 30, 2012

Bank	ACCT TYPE	FUND	BANK BALANCE	OUTSTANDING (CHECKS) DEPOSITS	NET CASH BALANCE
First State Bank	Checking	Multi Fund *	\$ 802,549	\$ (250,940)	\$ 551,609
	Checking	Activity *	47,087	(3,534)	43,553
Total First State Bank			<u>849,636</u>	<u>(254,474)</u>	<u>595,162</u>
Total All Accounts			\$ <u>849,636</u>	\$ <u>(254,474)</u>	\$ <u>595,162</u>

* Interest Bearing

SCHEDULE OF PLEDGED COLLATERAL

June 30, 2012

	Total Deposits	FDIC Insurance	Uninsured Deposits	Collateral Required	Collateral Pledged	Uninsured & Uncollateralized Deposits
First State Bank	<u>\$ 849,636</u>	<u>\$ 250,000</u>	<u>\$ 599,636</u>	<u>\$ 299,818</u>	<u>\$ 931,113</u>	<u>\$ -</u>
Collateral	CUSIP #	Amount	Matures			
US Treasury Notes	912810DW5	<u>931,113</u>	5/15/2016			
		<u>931,113</u>				

Collateral is held at the First State Bank in Socorro, New Mexico in the name of the District.

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

BANK RECONCILIATION

June 30, 2012

	<u>OPERATIONAL</u>	<u>TEACHERAGE</u>	<u>TRANSPORTATION</u>	<u>CAFETERIA</u>
Audited Net Cash				
June30, 2011	\$ 312,397	\$ 13,839	\$ 1,009	\$ 39,142
Investments on hand/Loans	-	-	-	-
TOTAL CASH BALANCE				
June30, 2011	312,397	13,839	1,009	39,142
Add: Prior year void checks	-	-	-	-
2011-2012 Revenue	2,089,411	4,860	314,507	91,184
Transfers In & Adjustments	22,461	-	-	-
 TOTAL AVAILABLE CASH	 2,424,269	 18,699	 315,516	 130,326
Less: 2011-2012 Expenditures	2,318,895	2,899	313,646	88,121
Returned Checks	-	-	-	164
Transfers Out & Adjustments	105,108	-	-	20
	<u>2,424,003</u>	<u>2,899</u>	<u>313,646</u>	<u>88,305</u>
 NET CASH, JUNE 30, 2012	 266	 15,800	 1,870	 42,021
Cash On hand	100	-	-	20
	<u>100</u>	<u>-</u>	<u>-</u>	<u>20</u>
 TOTAL CASH, JUNE 30, 2012	 <u>\$ 366</u>	 <u>\$ 15,800</u>	 <u>\$ 1,870</u>	 <u>\$ 42,041</u>

SCHEDULE 3

<u>ATHLETICS</u>	<u>FEDERAL PROJECTS</u>	<u>LOCAL/STATE ACCOUNT</u>	<u>SB-9</u>	<u>DEBT SERVICE</u>	<u>NON INSTRUCTIONAL</u>
\$ 9,022	\$ 49,820	\$ 17,655	\$ 291,032	\$ 143,419	\$ 17,907
-	-	-	-	-	-
9,022	49,820	17,655	291,032	143,419	17,907
-	-	-	-	-	-
6,423	115,506	204	186,042	205,846	11,268
-	90,888	14,120	-	-	-
15,445	256,214	31,979	477,074	349,265	29,175
6,351	181,174	19,477	231,970	199,260	9,972
-	-	-	-	-	-
110	22,461	-	-	-	-
6,461	203,635	19,477	231,970	199,260	9,972
-	-	-	-	-	-
8,984	52,579	12,502	245,104	150,005	19,203
110	-	-	-	-	-
<u>\$ 9,094</u>	<u>\$ 52,579</u>	<u>\$ 12,502</u>	<u>\$ 245,104</u>	<u>\$ 150,005</u>	<u>\$ 19,203</u>

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

SCHEDULE 3
 Continued

BANK RECONCILIATION

JUNE 30, 2012

	INSTRUCTIONAL MATERIALS	ACTIVITY
Audited Net Cash		
June30, 2011	\$ 1,959	\$ 36,706
Investments on hand/Loans	-	-
TOTAL CASH BALANCE		
June30, 2011	1,959	36,706
Add: Prior year void checks	-	-
2011-2012 Revenue	6,214	66,656
Transfers In & Adjustments	-	-
 TOTAL AVAILABLE CASH	 8,173	 103,362
 Less: 2011-2012 Expenditures	 4,898	 59,809
Returned Checks	-	-
Transfers Out & Adjustments	-	-
	<u>4,898</u>	<u>59,809</u>
 NET CASH, JUNE 30, 2012	 3,275	 43,553
Cash On hand	-	-
 TOTAL CASH, JUNE 30, 2012	 <u>\$ 3,275</u>	 <u>\$ 43,553</u>

Woodard Cowen & Co.

Certified Public Accountants

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

Hector H. Balderas
New Mexico State Auditor
The Board of Education
Quemado Independent Schools
Quemado, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of the Quemado Independent School District, as of and for the year ended June 30, 2012, and have issued our report thereon dated September 21, 2012. 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.

Internal Control Over Financial Reporting

Management of Quemado Independent Schools is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Quemado Independent School District's internal control over financial reporting as a basis for designing our auditing procedures 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 Quemado Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Quemado Independent School District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Quemado Independent School District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Portales: 305 S. Avenue B or PO Box 445, Portales NM 88130 – Phone 575-356-8564 Fax 575-356-2453
Clovis: 116 E. Grand Avenue or PO Box 1874, Clovis NM 88101 – Phone 575-762-3811 Fax 575-762-3866

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Quemado Independent School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported pursuant to *Government Auditing Standards* paragraph 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying Schedule of Findings and Questioned Costs as item 2008-1 and 2012-1.

The Quemado Independent School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Quemado Independent School District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Quemado Independent School Board, others within the District, the New Mexico Public Education Department, the Office of the State Auditor, the New Mexico Legislature, and applicable federal grantors and is not intended to be and should not be used by anyone other than these specified parties.

Woodard, Lowen & Co.

September 21, 2012

Woodard, Cowen & Co.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mr. Hector H. Balderas, State Auditor
The Board of Education
Quemado Independent Schools
Quemado, New Mexico

Compliance

We have audited Quemado Independent Schools compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Quemado Independent School's major federal programs for the year ended June 30, 2012. Quemado Independent School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Quemado Independent School's management. Our responsibility is to express an opinion on Quemado Independent School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Quemado Independent School'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. Our audit does not provide a legal determination on Quemado Independent School's compliance with those requirements.

In our opinion Quemado Independent Schools complied, in all material respects, with the 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, 2012.

Internal Control over Compliance

The management of Quemado Independent Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Quemado

Independent Schools internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Quemado Independent School'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Quemado Independent School Board, others within the District, the New Mexico Public Education Department, the Office of the State Auditor, the New Mexico Legislature, and applicable federal grantors and is not intended to be and should not be used by anyone other than these specified parties.

Woodward, Cowen & Co.

September 21, 2012

SINGLE AUDIT SECTION

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2012

I. SUMMARY OF AUDITORS RESULTS:

Report on Financial Statements		Unqualified
Significant Deficiencies on GAGAS		None
Other Items required to be reported		2008-1 and 2012-1
Material Noncompliance		None
Questioned Cost		None
Type A & Type B dollar threshold		\$300,000
Entity Risk		Low Risk
Major Federal Programs	Forest Reserve	CFDA #10.664
Reportable Conditions on Internal Control over Major Programs		None
Material Weaknesses		None
Report on Compliance with Major Programs		Unqualified
Findings reportable under 510(a) of Circular A-133		None

II. FINANCIAL STATEMENT FINDINGS

Control

None

Compliance

2008 – 1 Activity Deposits (Other)

Condition: One activity deposits totaling \$670.55 was not deposited within one week of being delivered to the school secretary and it contained funds which were receipted 15 days before they were turned over to the secretary.

Criteria: Although the District has a waiver on the 24 hour deposit rule as outlined in Chapter 22 Article 8 NMSA 1978, the funds are required to be secured until the deposit can be made to the bank. District policy requires the funds to be delivered to the secretary within 24 hours of receipt, in order for the funds to be properly secured. The District is required under the waiver to have the deposit made to the bank each week.

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

JUNE 30, 2012

II. FINANCIAL STATEMENT FINDINGS (Continued)

2008-1 Activity Deposits (continued)

- Cause: The secretary and other staff in the District disregarded policies and procedures as well as the waiver requirements regarding the deposit of funds to the bank.
- Effect: The District violated the deposit requirements under the statute and District's policy, therefore assets of the district were not secured properly.
- Recommendation: The District should retrain all staff regarding procedures for receipt of funds and importance of depositing the funds timely to the bank.
- Response: The District concurs and will retrain all staff regarding procedures on cash receipts and deposits as required by the state and District's policies.

2012-1 Inventory (Other)

- Condition: The District did not have a complete food inventory, showing costs with extensions available for audit.
- Criteria: District policies require that food inventory is to be maintained on a regular basis also, inventory is to be maintained pursuant to USDA Regulations and Policies – Food Distribution under 7 CFR part 250.
- Cause: The yearend food inventory was either lost, misplaced or never taken by cafeteria staff.
- Effect: Noncompliance with policies allows for weakened internal control and allows for the potential loss of food, without the District's knowledge.
- Recommendation: The District should have someone from the business office be in charge of receiving and checking the food inventory amounts on a regular basis.
- Response: The District concurs and will make internal changes to ensure that someone from the business office is checking and verifying the food inventory.

III. FEDERAL FINDINGS

None

IV. PRIOR YEAR AUDIT FINDINGS

2008-1 Activity Deposits

Revised and Repeated

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2012

	Federal CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
<u>US DEPARTMENT OF EDUCATION</u>			
Passed through the State Department of Education			
Title I	84.010	24101	\$ 103,846
IDEA-B Entitlement	84.027	24106	39,714
IDEA-B Risk Pool	84.027	24120	327
Teacher/Principal Training	84.367A	24154	15,796
Education Jobs Fund	84.410	25255	775
TOTAL PASSTHROUGH GRANTS			<u>160,458</u>
Direct Grants			
Rural Ed Achievement Program	84.358	25233	9,523
TOTAL DIRECT GRANTS			<u>9,523</u>
TOTAL DEPARTMENT OF EDUCATION			<u>169,981</u>
<u>US DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through the State Department of Education			
Title XIX Medicaid 3/21	93.7780	25153	<u>6,877</u>
<u>US DEPARTMENT OF AGRICULTURE</u>			
Passed Through State Department of Education			
National School Lunch Program	10.555	21000	70,577
Fresh Fruit & Vegetables	10.582	24118	4,316
<1> Forrest Reserve	10.665	11000	774,097
			<u>848,990</u>
Passed Through New Mexico State Department of Human Services			
Non-Monetary Assistance	10.565	21000	7,696
TOTAL DEPARTMENT OF AGRICULTURE			<u>856,686</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 1,033,544</u>

<1> Major Program

Note 1 This schedule is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations

Note 2 Non-Monetary assistance is reported in the schedule at the fair market value of the commodities received.

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

OTHER DISCLOSURES

Year Ended June 30, 2012

PREPARATION OF FINANCIAL STATEMENTS

We prepared the draft financial statements based on management's chart of accounts and trial balances and any adjusting, correcting, and closing entries have been approved by management. We also have prepared the draft footnotes based on the information determined, provided by and approved by management. These services are allowable under SAS 115.

EXIT CONFERENCE

An Exit Conference was held on September 21, 2012. Present were:

Bill Green
Gary Roberts
Lucricia Mendoza
Sandra Heinsohn
Anna Wastchak
D. Brent Woodard

Superintendent
Audit Committee – Board Vice President
Audit Committee – Parent
Business Manager
Office Assistant
Auditor