

QUEMADO INDEPENDENT SCHOOLS

AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

JUNE 30, 2013

Woodard, Curran & Co.

Certified Public Accountants

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

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STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

JUNE 30, 2013

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



Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Quemado Independent Schools (District) as of and for the year ended June 30, 2013, 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 debt service funds and all non-major and fiduciary funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating

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the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Quemado Independent Schools, as of June 30, 2013, 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, 2013, and 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.

Other Matters

Required Supplementary Information

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.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2013 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* in considering Quemado Independent School's internal control over financial reporting and compliance.

Clovis, New Mexico
October 22, 2013

Woodard, Cowen & Co.

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT A

STATEMENT OF NET POSITION

JUNE 30, 2013

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 702,237
Property taxes receivable	7,201
Due from other governments	84,319
Inventories	3,568
Total current assets	<u>797,325</u>
Non-current assets:	
Bond issuance cost, net	42,881
Capital assets, net	6,005,019
Total non-current assets	<u>6,047,900</u>
Total assets	<u>6,845,225</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accrued interest payable	11,621
Current portion of long term debt	135,000
Total current liabilities	<u>146,621</u>
Non-current liabilities:	
Non-current portion of long term debt	1,275,000
Bond premium, net	35,132
Total non-current liabilities	<u>1,310,132</u>
Total liabilities	<u>1,456,753</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred revenue	58,308
Total deferred inflows	<u>58,308</u>
<u>NET POSITION</u>	
Net investment in capital assets	4,595,019
Restricted:	
Debt Service	157,281
Unrestricted	577,864
Total net position	<u>\$ 5,330,164</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, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue & Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary government:					
Governmental activities:					
Instruction	\$ 1,570,424	\$ 14,233	\$ 105,642	\$ -	\$ (1,450,549)
Support Services	-	-	-	-	-
Support Services Students	116,316	-	24,685	-	(91,631)
Support Services Instruction	106,220	-	39,179	-	(67,041)
Support Services General Administration	143,326	-	-	1,376	(141,950)
Support Services School Administration	141,767	-	5,365	-	(136,402)
Central Services	121,449	-	-	-	(121,449)
Operation and Maintenance of Plant	364,398	8,020	3,547	-	(352,831)
Student Transportation	393,828	-	388,724	-	(5,104)
Other Support Services	587	-	-	-	(587)
Food Services Operations	150,626	12,087	84,235	-	(54,304)
Bond Interest Paid	26,343	-	-	-	(26,343)
Amortization - Unallocated	4,948	6,001	660,896	7,181	669,130
Total governmental activities	\$ 3,140,232	\$ 40,341	\$ 1,312,273	\$ 8,557	(1,779,061)

General revenues:

Property Taxes:

General purpose	33,742
Debt service	162,349
Capital projects	143,050
Grant & contributions not restricted	1,364,219
Grants & contributions restricted	-
Unrestricted investment earnings	616
Miscellaneous income	33,398

Total general revenues 1,737,374

Change in net position (41,687)

Net position - beginning 5,340,371

Restatements 31,480

Net position - beginning as restated 5,371,851

Net position - ending \$ 5,330,164

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2013

	GENERAL	TITLE I	MEDICAID TITLE XIX
ASSETS			
Cash and cash equivalents	\$ 83,888	\$ -	\$ 49,898
Accounts Receivable			
Property Taxes Receivable	638	-	-
Federal	-	43,819	-
State	-	-	-
Inventories	-	-	-
Due from Other Funds	84,319	-	-
TOTAL ASSETS	\$ 168,845	\$ 43,819	\$ 49,898
LIABILITIES AND OTHER CREDITS			
Accounts Payable	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-
Due to Other Funds	-	43,819	-
Accrued Interest Payable	-	-	-
TOTAL LIABILITIES	-	43,819	-
DEFERRED INFLOWS OF RESOURCES			
Dererred Revenue	-	-	49,898
TOTAL DEFERRED INFLOWS	-	-	49,898
FUND BALANCE			
Nonspendable	-	-	-
Restricted	36,223	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	132,622	-	-
TOTAL FUND BALANCE	168,845	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 168,845	\$ 43,819	\$ 49,898

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

EXHIBIT C

SB-9	DEBT SERVICE	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 335,153	\$ 165,324	\$ 67,974	\$ 702,237
2,985	3,578	-	7,201
-	-	32,374	76,193
-	-	8,126	8,126
-	-	3,568	3,568
-	-	-	84,319
<u>\$ 338,138</u>	<u>\$ 168,902</u>	<u>\$ 112,042</u>	<u>\$ 881,644</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	40,500	84,319
-	11,621	-	11,621
<u>-</u>	<u>11,621</u>	<u>40,500</u>	<u>95,940</u>
-	-	8,410	58,308
<u>-</u>	<u>-</u>	<u>8,410</u>	<u>58,308</u>
-	-	3,568	3,568
338,138	157,281	59,564	591,206
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>132,622</u>
<u>338,138</u>	<u>157,281</u>	<u>63,132</u>	<u>727,396</u>
<u>\$ 338,138</u>	<u>\$ 168,902</u>	<u>\$ 112,042</u>	<u>\$ 881,644</u>

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

EXHIBIT D

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

JUNE 30, 2013

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

Fund Balances - total governmental funds	\$ 727,396
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	6,005,019
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	(1,410,000)
Issuance Premium, net	(35,132)
Bond issuance costs are not due and payable in the current period and therefore are not reported in the funds	<u>42,881</u>
Net position of governmental activities	<u>\$ 5,330,164</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, 2013

	GENERAL	TITLE I	MEDICAID TITLE XIX
REVENUE			
Federal Programs	\$ 646,044	\$ 101,333	\$ 14,236
State Programs	602,800	-	-
Local Programs	29,415	-	-
State Equalization	1,179,526	-	-
Service Revenues	4,094	-	-
Taxes	33,742	-	-
Interest	254	-	38
Other revenue sources	3,763	-	-
TOTAL REVENUES	2,499,638	101,333	14,274
EXPENDITURES			
Current			
Instruction	1,186,397	63,279	733
Support Services	-	-	-
Support Services Students	87,063	-	13,541
Support Services Instruction	67,517	34,842	-
Support Services General Administration	130,192	-	-
Support Services School Administration	134,890	3,212	-
Central Services	121,305	-	-
Operation and Maintenance of Plant	335,021	-	-
Student Transportation	393,828	-	-
Other Support Services	587	-	-
Food Services Operations	-	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest and Fiscal Charge	-	-	-
TOTAL EXPENDITURES	2,456,800	101,333	14,274
EXCESS (DEFICIENCY) OF			
REVENUE OVER EXPENDITURES	42,838	-	-
Other Financing Sources (Uses)			
Transfers In/ Transfers (Out)	(1,158)	-	-
Total Other Financing Sources	(1,158)	-	-
NET CHANGE IN FUND BALANCE	41,680	-	-
FUND BALANCE			
June 30, 2012	127,165	-	-
Restatements	-	-	-
June 30, 2012 as restated	127,165	-	-
FUND BALANCE			
June 30, 2013	\$ 168,845	\$ -	\$ -

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

EXHIBIT E

SB-9	DEBT SERVICE	NON MAJOR GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
\$ -	\$ -	\$ 127,170	\$ 888,783
8,557	-	13,783	625,140
-	-	-	29,415
-	-	-	1,179,526
-	-	27,847	31,941
143,050	162,349	-	339,141
210	61	53	616
-	-	220	3,983
<u>151,817</u>	<u>162,410</u>	<u>169,073</u>	<u>3,098,545</u>
-	-	50,208	1,300,617
-	-	-	-
-	-	12,340	112,944
-	-	3,861	106,220
1,376	1,570	-	133,138
-	-	2,153	140,255
-	-	-	121,305
-	-	3,554	338,575
-	-	-	393,828
-	-	-	587
-	-	109,601	109,601
61,762	-	-	61,762
-	1,510,000	-	1,510,000
-	30,397	-	30,397
<u>63,138</u>	<u>1,541,967</u>	<u>181,717</u>	<u>4,359,229</u>
88,679	(1,379,557)	(12,644)	(1,260,684)
-	-	1,158	-
-	-	1,158	-
88,679	(1,379,557)	(11,486)	(1,260,684)
249,459	1,505,358	74,618	1,956,600
-	31,480	-	31,480
<u>249,459</u>	<u>1,536,838</u>	<u>74,618</u>	<u>1,988,080</u>
\$ <u>338,138</u>	\$ <u>157,281</u>	\$ <u>63,132</u>	\$ <u>727,396</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, 2013

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

Net change in fund balance - total governmental funds	\$ (1,260,684)
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	
Capital Outlay	23,179
Depreciation	(313,288)
Amortization of bond issuance cost	(4,948)
Amortization of bond premium	4,054
Bond Principal	<u>1,510,000</u>
Change in Net Position	<u>\$ (41,687)</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, 2013

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ 646,044	\$ 646,044	\$ -
State Programs	2,438,619	1,759,857	1,773,926	14,069
Local Programs	76,690	76,690	79,876	3,186
TOTAL REVENUE	<u>2,515,309</u>	<u>2,482,591</u>	<u>\$ 2,499,846</u>	<u>\$ 17,255</u>
BUDGETED CASH BALANCE	<u>104,558</u>	<u>125,760</u>		
TOTAL REVENUE & CASH	<u>\$ 2,619,867</u>	<u>\$ 2,608,351</u>		
EXPENDITURES				
Current				
Instruction	\$ 1,300,850	\$ 1,232,540	\$ 1,186,397	\$ 46,143
Support Services	-	-	-	-
Support Services Students	91,607	98,351	87,063	11,288
Support Services Instruction	70,390	89,669	67,517	22,152
Support Services General Administration	163,934	148,210	130,192	18,018
Support Services School Administration	98,199	140,063	134,890	5,173
Central Services	103,933	123,642	121,305	2,337
Operation and Maintenance of Plant	398,652	363,482	335,021	28,461
Student Transportation	387,832	407,924	393,828	14,096
Other Support Services	4,470	4,470	587	3,883
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 2,619,867</u>	<u>\$ 2,608,351</u>	<u>\$ 2,456,800</u>	<u>\$ 151,551</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, 2013

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ 97,375	\$ 116,589	\$ 105,325	\$ (11,264)
State Programs	-	-	-	-
Local Programs	-	-	-	-
TOTAL REVENUE	<u>97,375</u>	<u>116,589</u>	<u>\$ 105,325</u>	<u>\$ (11,264)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 97,375</u>	<u>\$ 116,589</u>		
EXPENDITURES				
Current				
Instruction	\$ 54,046	\$ 73,255	\$ 63,279	\$ 9,976
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	40,117	40,119	34,842	5,277
Support Services General Administration	-	-	-	-
Support Services School Administration	3,212	3,215	3,212	3
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 97,375</u>	<u>\$ 116,589</u>	<u>\$ 101,333</u>	<u>\$ 15,256</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, 2013

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ 9,200	\$ 9,200	\$ 11,554	\$ 2,354
State Programs	-	-	-	-
Local Programs	26	26	38	12
TOTAL REVENUE	<u>9,226</u>	<u>9,226</u>	<u>\$ 11,592</u>	<u>\$ 2,366</u>
BUDGETED CASH BALANCE	<u>53,775</u>	<u>52,579</u>		
TOTAL REVENUE & CASH	<u>\$ 63,001</u>	<u>\$ 61,805</u>		
EXPENDITURES				
Current				
Instruction	\$ 26,000	\$ 24,804	\$ 733	\$ 24,071
Support Services	-	-	-	-
Support Services Students	37,001	37,001	13,541	23,460
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>\$ 63,001</u>	<u>\$ 61,805</u>	<u>\$ 14,274</u>	<u>\$ 47,531</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, 2013

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	-	8,557	8,557
Local Programs	177,430	177,430	144,630	(32,800)
TOTAL REVENUE	<u>177,430</u>	<u>177,430</u>	<u>\$ 153,187</u>	<u>\$ (24,243)</u>
BUDGETED CASH BALANCE	<u>350,385</u>	<u>245,103</u>		
TOTAL REVENUE & CASH	<u>\$ 527,815</u>	<u>\$ 422,533</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	2,500	2,500	1,376	1,124
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	525,315	420,033	61,762	358,271
TOTAL EXPENDITURES	<u>\$ 527,815</u>	<u>\$ 422,533</u>	<u>\$ 63,138</u>	<u>\$ 359,395</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 POSITION

June 30, 2013

	<u>Employee Retirement Plan</u>	<u>Agency Funds</u>
ASSETS		
Cash on Deposit	\$ -	\$ 47,449
Investments, at fair value		
Mutual Funds	128,410	-
TOTAL ASSETS	<u>\$ 128,410</u>	<u>\$ 47,449</u>
LIABILITIES		
Due To Student Groups	\$ -	\$ 47,449
TOTAL LIABILITIES	<u>-</u>	<u>\$ 47,449</u>
Net Position		
Held in trust for pension benefits and other purposes	128,410	
TOTAL NET POSITION	<u>\$ 128,410</u>	

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT L

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended June 30, 2013

	<u>Employee Retirement Plan</u>
ADDITIONS:	
Contributions:	
Plan Members	\$ 5,750
Total contributions	<u>5,750</u>
Investment earnings:	
Net increase (decrease) in fair value of investments	<u>19,505</u>
Total investment earnings	19,505
Less investment expense	<u>-</u>
Net investment earnings	<u>19,505</u>
TOTAL ADDITIONS	<u>25,255</u>
DEDUCTIONS	
Benefits	22,592
Refunds of contributions	-
Administrative expenses	<u>-</u>
TOTAL DEDUCTIONS	<u>22,592</u>
CHANGE IN NET POSITION	2,663
Net Position -- beginning of the year	125,747
Net Position -- end of the year	<u>\$ 128,410</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, 2013

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 position and the statement of changes in net position) 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, 2013

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 – Special Revenue - 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, 2013

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.

GASB 63 requires certain financial reporting of deferred outflows of resources, deferred inflows of resources, and net position and GASB 65 helps to identify items which were previously reported as assets and liabilities that are now reported as deferred resources.

Deferred outflows of resources is a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net assets by the government that is applicable to a future reporting period.

E. Assets, liabilities, and net position 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.

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Deposits and investments (continued)

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.

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 2013 fiscal year was \$ 88,735,898. 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.

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

4. Capital assets (continued)

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

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 position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. 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 position, net position is reported as restricted when constraints placed on net position use is 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 position of \$ 157,281 is comprised of Debt Service \$ 157,281.

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.

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. Salaries and Wages

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

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 \$ 1,179,526 in state equalization guarantee distributions during the year ended June 30, 2013.

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 \$ 400,228 in transportation distributions during the year ended June 30, 2013.

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 position

The governmental fund balance sheet includes reconciliation between fund *balance total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. 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 \$ 1,410,000 difference are as follows:

Bonds Payable	<u>\$ 1,410,000</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$ 1,410,000</u>

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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 position 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 \$ (290,109) difference are as follows:

Capital Outlay	\$ 23,179
Depreciation expense	<u>(313,288)</u>
Net adjustment to increase net changes in fund balances – total government funds to arrive at changes in net position of governmental activities	<u>\$ (290,109)</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 position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$1,510,000 difference are as follows:

Principal repayments:	
General obligation debt	\$ <u>1,510,000</u>
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 1,510,000</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, 2013

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, 2013 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	\$ 2,619,867	\$ 2,608,351
Special Revenue Funds	880,503	905,436
Debt Service Funds	308,737	1,762,950
	<u>\$ 3,809,107</u>	<u>\$ 5,276,737</u>

B. Deficit fund equity

There were not any deficit fund balances at June 30, 2013.

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and temporary investments

At June 30, 2013, the carrying amount of the District's deposits was \$ 749,456 and the bank balance was \$ 911,653. Of this balance \$ 250,000 was covered by federal depository insurance and \$ 923,082 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	\$ 911,653
	Less: FDIC coverage	<u>(250,000)</u>
	Uninsured Public Funds	661,653
	Pledged collateral held by pledging bank's agent in the District's name	<u>923,082</u>
	Uninsured and un-collateralized	<u><u>\$ -</u></u>

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 Schedule 2 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, 2013

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, 2013, the government bank balance was 100% collateralized. As of June 30, 2013, none of the government's bank balance of \$ 911,653 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	\$ 638	\$ -	\$ 2,985	\$ 3,578	\$ -	\$ 7,201
Intergovernmental Grants:						
Federal	-	43,819	-	-	32,374	76,193
State	-	-	-	-	8,126	8,126
	<u>\$ 638</u>	<u>\$ 43,819</u>	<u>\$ 2,985</u>	<u>\$ 3,578</u>	<u>\$ 40,500</u>	<u>\$ 91,520</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>58,308</u>
Total deferred/unearned revenue for government funds	\$ <u>58,308</u>

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

IV. DETAILED NOTES ON ALL FUNDS (continued)

D. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
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	435,194	-	-	435,194
Vehicles	478,406	23,179	-	501,585
Equipment	244,332	-	-	244,332
Total Capital Assets being depreciated	11,710,599	23,179	-	11,733,778
Less accumulated depreciation for:				
Land improvements	538,823	72,785	-	611,608
Buildings & building improvements	4,052,836	192,179	-	4,245,015
Furniture & Fixtures	349,349	16,747	-	366,096
Vehicles	324,802	30,539	-	355,341
Equipment	240,475	1,038	-	241,513
Total accumulated depreciation	5,506,285	313,288	-	5,819,573
Total Capital assets, being depreciated, net	6,204,314	(290,109)	-	5,914,205
Governmental activities capital assets, net	<u>\$ 6,295,128</u>	<u>\$ (290,109)</u>	<u>\$ -</u>	<u>\$ 6,005,019</u>

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

Instruction	\$ 231,224
Support Services	-
Support Services Students	3,372
Support Services Instruction	-
Support Services General Administration	10,188
Support Services School Administration	1,512
Central Services	144
Operation and Maintenance of Plant	25,823
Student Transportation	-
Other Support Services	-
Food Services Operations	41,025
Total	<u>\$ 313,288</u>

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

IV. DETAILED NOTES ON ALL FUNDS (continued)

D. Capital Assets (continued)

Bond issuance costs and bond premiums are capitalized and amortized on straight line. Amortization activity for the year ended June 30, 2013 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	<u>1,649</u>	<u>4,948</u>	<u>-</u>	<u>6,597</u>
Bond issuance costs, net	<u>\$ 47,829</u>	<u>\$ (4,948)</u>	<u>\$ -</u>	<u>\$ 42,881</u>
Bond Premium	\$ 40,537	\$ -	\$ -	\$ 40,537
Less accumulated amortization	<u>1,351</u>	<u>4,054</u>	<u>-</u>	<u>5,405</u>
Bond premium, net	<u>\$ 39,186</u>	<u>\$ (4,054)</u>	<u>\$ -</u>	<u>\$ 35,132</u>

E. Long-Term Debt

Governmental Activities
 Bonds Payable

A summary in changes in long-term obligations follows:

	<u>Balance 7-1-2012</u>	<u>Bonds Issued</u>	<u>Bonds Redeemed</u>	<u>Balance 6-30-2013</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%	\$ 1,500,000	\$ -	\$ 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	-	10,000	1,410,000	135,000
Total	<u>\$ 2,920,000</u>	<u>\$ -</u>	<u>\$ 1,510,000</u>	<u>\$ 1,410,000</u>	<u>\$ 135,000</u>

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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, 2013, including interest of \$122,800 are shown below:

	<u>Governmental Activities</u>	
	<u>General Obligation</u>	
	<u>Principal</u>	<u>Interest</u>
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
6/30/2018	185,000	14,150
2019-2021	615,000	18,950
TOTAL	<u>\$ 1,410,000</u>	<u>\$ 122,800</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 \$ 5,324,154 including \$ 1,410,000 debt outstanding based on the June 30, 2013 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, 2013

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, 2013

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, 2013.

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 an educational employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities, and some state agency employees) and beneficiaries. ERB issues a separate, publicly available financial report that includes 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

Member Contributions – Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 9.40% of their gross salary in fiscal year 2013; 10.1% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

STATE OF NEW MEXICO
QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

V. OTHER INFORMATION (continued)

C. Pension Plan – Educational Retirement Board (continued)

Employer Contributions – in fiscal year 2013, the Quemado Independent School District was required to contribute 12.4% of the covered salary for employees whose annual salary is \$20,000 or less, and 10.9% of the gross covered salary for employees whose annual salary is more than \$20,000.

In the future, the Quemado Independent School District will contribute the following percentages of the gross covered salary of employees: 13.15% of the gross covered salary in fiscal year 2014; and 13.9% of the gross covered salary in fiscal year 2015.

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 ERB for the fiscal years ending June 30, 2013, 2012, and 2011 were \$146,101, \$133,953, and \$169,696, respectively, which equal the amount of the required contributions for each fiscal 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 employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

JUNE 30, 2013

V. OTHER INFORMATION (continued)

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

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

The Quemado Independent School District's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$26,306, \$25,697 and \$25,568 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, 2013 were \$5,5750.

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, 2013, they consisted of the following:

Due to Operational	<u>\$ 84,319</u>
Due From	
Title I	\$ 43,819
IDEA-B Entitlement	13,901
Teacher Principal Training	9,191
R.E.A.P,	9,282
2010 GO Bond Student Library Fund	3,861
Breakfast for Elementary Students	732
2010 GOB Instructional Materials	<u>3,533</u>
	<u>\$ 84,319</u>

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

JUNE 30, 2013

V. OTHER INFORMATION (continued)

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. At June 30, 2013 the permanent transfers consisted of the following:

Transferred From:	
Operational	\$ 1,158
Total Transfers	<u>\$ 1,158</u>
Transferred To:	
Idea-B Entitlement	\$ 1,158
Total Transfers	<u>\$ 1,158</u>

H. Restatement of Beginning Net Position for Governmental Funds

	Governmental Activities
Net Position at June 30, 2012	<u>\$ 5,340,371</u>
Prior Period Adjustments	
Correction to Debt Service Fund Balance	31,480
Net Position at June 30, 2012 as Restated	<u>\$ 5,371,851</u>

I. Restatements of Beginning Fund Balances

Debt Service - To correct interest on bond refunding	<u>\$ 31,480</u>
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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.

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS – CONTINUED

JUNE 30, 2013

V. OTHER INFORMATION (continued)

K. Fund Balances Classified

GASB 54 includes a prescribed hierarchy based on the extent to which a city is bound by constraints for the use of the funds reported in governmental funds. GASB 54 provides the classification as non-spendable, restricted, committed, assigned and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The following definitions are provided in GASB 54:

Non-spendable - These funds are not available for expenditures based on legal or contractual requirements.

Restricted - These funds are governed by externally enforceable restrictions.

Committed - Fund balances in this category are limited by the government's highest level of decision making (in this case the School Board). Any changes of this designation must be done in the same manner that it was implemented.

Assigned - For funds to be assigned, there must be an intended use which can be established by the School Board or an official delegated by the board, such as a superintendent.

Unassigned - This classification is the default for all funds that do not fit into the other categories. This, however, should not be a negative number for the General Fund. If it is, the assigned fund balance must be adjusted.

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	\$ -	\$ -	\$ -	\$ 3,568	\$ 3,568
Total Non-spendable	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,568</u>	<u>3,568</u>
Restricted for:					
Teachorage	16,192	-	-	-	16,192
Transportation	13,403	-	-	-	13,403
Instructional Materials	6,628	-	-	-	6,628
Special Revenue Funds	-	338,138	-	59,564	397,702
Debt Service	-	-	157,281	-	157,281
Total Restricted	<u>36,223</u>	<u>338,138</u>	<u>157,281</u>	<u>59,564</u>	<u>591,206</u>
Unassigned	<u>132,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,622</u>
Total Fund Balances	<u>\$ 168,845</u>	<u>\$ 338,138</u>	<u>\$ 157,281</u>	<u>\$ 63,132</u>	<u>\$ 727,396</u>

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2013

V. OTHER INFORMATION (continued)

L. Reconciliation of Budgetary and GAAP Basis Amounts

	<u>Operational</u>	<u>Teacherage</u>	<u>Transportation</u>	<u>Instructional Materials</u>
REVENUES				
Budgetary Basis	\$ 2,081,693	\$ 8,412	\$ 400,257	\$ 9,484
Add:				
Current Year Receivables & Other Credits	638	-	-	-
Deduct:				
Prior Year Receivables & Other Debits	<u>846</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUE --GAAP BASIS	<u>\$ 2,081,485</u>	<u>\$ 8,412</u>	<u>\$ 400,257</u>	<u>\$ 9,484</u>
EXPENDITURES				
Budgetary Basis	\$ 2,053,925	\$ 8,020	\$ 388,724	\$ 6,131
Add:				
Current Year Payables & Other Debits	-	-	-	-
Deduct:				
Prior Year Payables & Other Credits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES --GAAP BASIS	<u>\$ 2,053,925</u>	<u>\$ 8,020</u>	<u>\$ 388,724</u>	<u>\$ 6,131</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>
\$ 90,698	\$ 6,899	\$ 9,102	\$ 105,325	\$ 22,975	\$ 1,238	\$ 3,685
-	-	-	43,819	13,901	-	-
-	-	-	47,811	21,987	-	-
<u>\$ 90,698</u>	<u>\$ 6,899</u>	<u>\$ 9,102</u>	<u>\$ 101,333</u>	<u>\$ 14,889</u>	<u>\$ 1,238</u>	<u>\$ 3,685</u>
\$ 103,404	\$ 6,428	\$ 7,805	\$ 101,333	\$ 16,047	\$ 1,238	\$ 3,685
548	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 103,952</u>	<u>\$ 6,428</u>	<u>\$ 7,805</u>	<u>\$ 101,333</u>	<u>\$ 16,047</u>	<u>\$ 1,238</u>	<u>\$ 3,685</u>

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2013

V. OTHER INFORMATION (continued)

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

	<u>Risk Pool</u>	<u>Teacher/ Principal Training</u>	<u>Title XIX Medicaid</u>
REVENUES			
Budgetary Basis	\$ 327	\$ 20,263	\$ 11,592
Add:			
Current Year Receivables & Other Credits	-	9,191	2,682
Deduct:			
Prior Year Receivables & Other Debits	<u>327</u>	<u>15,244</u>	<u>-</u>
REVENUE --GAAP BASIS	<u>\$ -</u>	<u>\$ 14,210</u>	<u>\$ 14,274</u>
EXPENDITURES			
Budgetary Basis	\$ -	\$ 14,210	\$ 14,274
Add:			
Current Year Payables & Other Debits	-	-	-
Deduct:			
Prior Year Payables & Other Credits	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES --GAAP BASIS	<u>\$ -</u>	<u>\$ 14,210</u>	<u>\$ 14,274</u>

<u>REAP</u>	<u>Dual Credit</u>	<u>2008 GO Bonds</u>	<u>2010 GO Bonds</u>	<u>Technology for Education</u>	<u>Incentives for School Improvement</u>	<u>Breakfast for Elementary</u>
\$ 10,799	\$ 333	\$ 8,999	\$ 2,278	\$ -	\$ -	\$ 4,075
9,282	-	-	3,861	103	442	732
<u>5,519</u>	<u>-</u>	<u>8,999</u>	<u>2,278</u>	<u>-</u>	<u>-</u>	<u>2,843</u>
<u>\$ 14,562</u>	<u>\$ 333</u>	<u>\$ -</u>	<u>\$ 3,861</u>	<u>\$ 103</u>	<u>\$ 442</u>	<u>\$ 1,964</u>
\$ 14,562	\$ 333	\$ -	\$ 3,861	\$ 103	\$ 442	\$ 1,964
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 14,562</u>	<u>\$ 333</u>	<u>\$ -</u>	<u>\$ 3,861</u>	<u>\$ 103</u>	<u>\$ 442</u>	<u>\$ 1,964</u>

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 2013

V. OTHER INFORMATION (continued)

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

	2010 GOB Instructional Materials	School Based Health Center	SB - 9	Debt Service
REVENUES				
Budgetary Basis	\$ -	\$ 7	\$ 153,187	\$ 1,591,819
Add:				
Current Year Receivables & Other Credits	3,533	3,547	2,985	3,578
Deduct:				
Prior Year Receivables & Other Debits	-	-	4,355	1,432,987
REVENUE --GAAP BASIS	<u>\$ 3,533</u>	<u>\$ 3,554</u>	<u>\$ 151,817</u>	<u>\$ 162,410</u>
EXPENDITURES				
Budgetary Basis	\$ 3,533	\$ 3,554	\$ 63,138	\$ 1,576,500
Add:				
Current Year Payables & Other Debits	-	-	-	11,621
Deduct:				
Prior Year Payables & Other Credits	-	-	-	46,154
EXPENDITURES --GAAP BASIS	<u>\$ 3,533</u>	<u>\$ 3,554</u>	<u>\$ 63,138</u>	<u>\$ 1,541,967</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

June 30, 2013

	Operational	Teacherage	Transportation	Instructional Materials	TOTALS
ASSETS					
Cash and cash equivalents	\$ 47,665	\$ 16,192	\$ 13,403	\$ 6,628	\$ 83,888
Accounts Receivable	-	-	-	-	-
Property Taxes Receivable	638	-	-	-	638
Federal	-	-	-	-	-
State	-	-	-	-	-
Inventories	-	-	-	-	-
Due from Other Funds	84,319	-	-	-	84,319
TOTAL ASSETS	\$ 132,622	\$ 16,192	\$ 13,403	\$ 6,628	\$ 168,845
LIABILITIES AND OTHER CREDITS					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-
Accrued Interest Payable	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Dererred Revenue	-	-	-	-	-
TOTAL DEFERRED INFLOWS	-	-	-	-	-
FUND BALANCE					
Nonspendable	-	-	-	-	-
Restricted	-	16,192	13,403	6,628	36,223
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	132,622	-	-	-	132,622
TOTAL FUND BALANCE	132,622	16,192	13,403	6,628	168,845
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 132,622	\$ 16,192	\$ 13,403	\$ 6,628	\$ 168,845

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, 2013

	Operational	Teacherage	Transportation	Instructional Materials	TOTALS
REVENUE					
Federal Programs	\$ 646,044	\$ -	\$ -	\$ -	\$ 646,044
State Programs	184,693	8,400	400,228	9,479	602,800
Local Programs	29,415	-	-	-	29,415
State Equalization	1,179,526	-	-	-	1,179,526
Service Revenues	4,094	-	-	-	4,094
Taxes	33,742	-	-	-	33,742
Interest	208	12	29	5	254
Other revenue sources	3,763	-	-	-	3,763
TOTAL REVENUES	2,081,485	8,412	400,257	9,484	2,499,638
EXPENDITURES					
Current					
Instruction	1,180,742	-	-	5,655	1,186,397
Support Services	-	-	-	-	-
Support Services Students	87,063	-	-	-	87,063
Support Services Instruction	67,041	-	-	476	67,517
Support Services General Administration	130,192	-	-	-	130,192
Support Services School Administration	134,890	-	-	-	134,890
Central Services	121,305	-	-	-	121,305
Operation and Maintenance of Plant	327,001	8,020	-	-	335,021
Student Transportation	5,104	-	388,724	-	393,828
Other Support Services	587	-	-	-	587
Food Services Operations	-	-	-	-	-
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	2,053,925	8,020	388,724	6,131	2,456,800
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	27,560	392	11,533	3,353	42,838
Other Financing Sources (Uses)					
Transfer In/Transfers (Out)	(1,158)	-	-	-	(1,158)
Total Other Financing Sources	(1,158)	-	-	-	(1,158)
NET CHANGE IN FUND BALANCE	26,402	392	11,533	3,353	41,680
FUND BALANCE					
June 30, 2012	106,220	15,800	1,870	3,275	127,165
FUND BALANCE	\$ 132,622	\$ 16,192	\$ 13,403	\$ 6,628	\$ 168,845

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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 35,006	\$ 35,006	\$ 33,950	\$ (1,056)
Fees - Users	50	50	204	154
Fees - Educational	600	600	740	140
Rent and Leases	3,500	3,500	3,150	(350)
Interest Income	275	275	208	(67)
Royalties	-	-	2,717	2,717
Refunds Prior Year	-	-	359	359
State Equalization	1,513,068	1,177,677	1,179,526	1,849
Emergency Supplemental	543,000	170,473	170,473	-
Insurance Recoveries	-	-	677	677
Donations	-	-	10	10
State Flow Through	-	2,000	14,220	12,220
Forrest Reserve	-	646,044	646,044	-
Access Board E-Rate	32,450	32,450	29,415	(3,035)
TOTAL REVENUE	<u>2,127,949</u>	<u>2,068,075</u>	<u>\$ 2,081,693</u>	<u>\$ 13,618</u>
BUDGETED CASH BALANCE	<u>88,634</u>	<u>105,273</u>		
TOTAL REVENUE & CASH	<u>\$ 2,216,583</u>	<u>\$ 2,173,348</u>		
EXPENDITURES				
Current				
Instruction	\$ 1,291,371	\$ 1,219,786	\$ 1,180,742	\$ 39,044
Support Services	-	-	-	-
Support Services Students	91,607	98,351	87,063	11,288
Support Services Instruction	69,914	89,193	67,041	22,152
Support Services General Administration	163,934	148,210	130,192	18,018
Support Services School Administration	98,199	140,063	134,890	5,173
Central Services	103,933	123,642	121,305	2,337
Operation and Maintenance of Plant	378,395	342,873	327,001	15,872
Student Transportation	14,760	6,760	5,104	1,656
Other Support Services	4,470	4,470	587	3,883
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 2,216,583</u>	<u>\$ 2,173,348</u>	<u>\$ 2,053,925</u>	<u>\$ 119,423</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	-	-	-
Local Programs	4,809	4,809	8,412	3,603
TOTAL REVENUE	<u>4,809</u>	<u>4,809</u>	<u>\$ 8,412</u>	<u>\$ 3,603</u>
BUDGETED CASH BALANCE	<u>15,448</u>	<u>15,800</u>		
TOTAL REVENUE & CASH	<u>\$ 20,257</u>	<u>\$ 20,609</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	20,257	20,609	8,020	12,589
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 20,257</u>	<u>\$ 20,609</u>	<u>\$ 8,020</u>	<u>\$ 12,589</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	373,072	400,228	400,228	-
Local Programs	-	-	29	29
TOTAL REVENUE	<u>373,072</u>	<u>400,228</u>	<u>\$ 400,257</u>	<u>\$ 29</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>936</u>		
TOTAL REVENUE & CASH	<u>\$ 373,072</u>	<u>\$ 401,164</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	373,072	401,164	388,724	12,440
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 373,072</u>	<u>\$ 401,164</u>	<u>\$ 388,724</u>	<u>\$ 12,440</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	9,479	9,479	9,479	-
Local Programs	-	-	5	5
TOTAL REVENUE	<u>9,479</u>	<u>9,479</u>	<u>\$ 9,484</u>	<u>\$ 5</u>
BUDGETED CASH BALANCE	<u>476</u>	<u>3,751</u>		
TOTAL REVENUE & CASH	<u>\$ 9,955</u>	<u>\$ 13,230</u>		
EXPENDITURES				
Current				
Instruction	\$ 9,479	\$ 12,754	\$ 5,655	\$ 7,099
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	476	476	476	-
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>\$ 9,955</u>	<u>\$ 13,230</u>	<u>\$ 6,131</u>	<u>\$ 7,099</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.

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.

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.

2010 GOB INSTRUCTIONAL MATERIALS – to account for revenues to be used to provide books and instructional materials to schools which received a letter grade of "A" or those which are recognized as "Top Growth" schools. Authority for creation of this fund is the New Mexico Legislature and the public education department.

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, 2013

	Cafeteria	Athletics	Non Instructional	IDEA- B Entitlement
ASSETS				
Cash and cash equivalents	\$ 29,499	\$ 9,565	\$ 20,500	\$ -
Accounts Receivable				
Property Taxes Receivable	-	-	-	-
Federal	-	-	-	13,901
State	-	-	-	-
Inventories	3,568	-	-	-
Due from Other Funds	-	-	-	-
TOTAL ASSETS	\$ 33,067	\$ 9,565	\$ 20,500	\$ 13,901
LIABILITIES AND OTHER CREDITS				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	13,901
Accrued Interest Payable	-	-	-	-
TOTAL LIABILITIES	-	-	-	13,901
DEFERRED INFLOWS OF RESOURCES				
Dererred Revenue	-	-	-	-
TOTAL DEFFERED INFLOWS	-	-	-	-
FUND BALANCE				
Nonspendable	3,568	-	-	-
Restricted	29,499	9,565	20,500	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCE	33,067	9,565	20,500	-
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 33,067	\$ 9,565	\$ 20,500	\$ 13,901

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	R.E.A.P.	2009 Dual Credit Insrtuctional Materials	2008 GO Bond Student Library Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	9,191	9,282	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,191</u>	<u>\$ 9,282</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	9,191	9,282	-	-
-	-	-	-	-	-	-
-	-	-	9,191	9,282	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,191</u>	<u>\$ 9,282</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

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

June 30, 2013

	2010 GO Bond Student Library Fund	Technology for Education
ASSETS		
Cash and cash equivalents	\$ -	\$ -
Accounts Receivable		
Property Taxes Receivable	-	-
Federal	-	-
State	3,861	-
Inventories	-	-
Due from Other Funds	-	-
TOTAL ASSETS	\$ 3,861	\$ -
LIABILITIES AND OTHER CREDITS		
Accounts Payable	\$ -	\$ -
Due to Other Funds	3,861	-
Accrued Interest Payable	-	-
TOTAL LIABILITIES	3,861	-
DEFERRED INFLOWS OF RESOURCES		
Dererred Revenue	-	-
TOTAL DEFFERED INFLOWS	-	-
FUND BALANCE		
Nonspendable	-	-
Restricted	-	-
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCE	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 3,861	\$ -

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

EXHIBIT B-1
CONTINUED

Incentives for School Improvement	Breakfast for Elementary Students	2010 GOB Instructional Materials	School Based Health Center	Total Non-Major Special Revenue Funds	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 1	\$ -	\$ -	\$ 8,409	\$ 67,974	\$ 67,974
-	-	-	-	-	-
-	-	-	-	32,374	32,374
-	732	3,533	-	8,126	8,126
-	-	-	-	3,568	3,568
-	-	-	-	-	-
<u>\$ 1</u>	<u>\$ 732</u>	<u>\$ 3,533</u>	<u>\$ 8,409</u>	<u>\$ 112,042</u>	<u>\$ 112,042</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	732	3,533	-	40,500	40,500
-	-	-	-	-	-
<u>-</u>	<u>732</u>	<u>3,533</u>	<u>-</u>	<u>40,500</u>	<u>40,500</u>
1	-	-	8,409	8,410	8,410
<u>1</u>	<u>-</u>	<u>-</u>	<u>8,409</u>	<u>8,410</u>	<u>8,410</u>
-	-	-	-	3,568	3,568
-	-	-	-	59,564	59,564
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,132</u>	<u>63,132</u>
<u>\$ 1</u>	<u>\$ 732</u>	<u>\$ 3,533</u>	<u>\$ 8,409</u>	<u>\$ 112,042</u>	<u>\$ 112,042</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

Year Ended June 30, 2013

	Cafeteria	Athletics	Non Instructional	IDEA- B Entitlement
REVENUE				
Federal Programs	\$ 78,586	\$ -	\$ -	\$ 14,889
State Programs	-	-	-	-
Local Programs	-	-	-	-
State Equalization	-	-	-	-
Service Revenues	12,087	6,893	8,867	-
Taxes	-	-	-	-
Interest	25	6	15	-
Other revenue sources	-	-	220	-
TOTAL REVENUES	90,698	6,899	9,102	14,889
EXPENDITURES				
Current				
Instruction	-	6,428	7,805	4,945
Support Services	-	-	-	-
Support Services Students	-	-	-	11,102
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	103,952	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	103,952	6,428	7,805	16,047
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(13,254)	471	1,297	(1,158)
Other Financing Sources (Uses)				
Transfer In/Transfers (Out)	-	-	-	1,158
Total Other Financing Sources	-	-	-	1,158
NET CHANGE IN FUND BALANCE	(13,254)	471	1,297	-
FUND BALANCE				
June 30, 2012	46,321	9,094	19,203	-
FUND BALANCE				
June 30, 2013	\$ 33,067	\$ 9,565	\$ 20,500	\$ -

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	R.E.A.P.	2009 Dual Credit Insrtuctional Materials	2008 GO Bond Student Library Fund
\$ 1,238	\$ 3,685	\$ -	\$ 14,210	\$ 14,562	\$ -	\$ -
-	-	-	-	-	333	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,238</u>	<u>3,685</u>	<u>-</u>	<u>14,210</u>	<u>14,562</u>	<u>333</u>	<u>-</u>
-	-	-	14,210	12,409	333	-
-	-	-	-	-	-	-
1,238	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	2,153	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	3,685	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,238</u>	<u>3,685</u>	<u>-</u>	<u>14,210</u>	<u>14,562</u>	<u>333</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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

Year Ended June 30, 2013

	2010 GO Bond Student Library Fund	Technology for Education
REVENUE		
Federal Programs	\$ -	\$ -
State Programs	3,861	103
Local Programs	-	-
State Equalization	-	-
Service Revenues	-	-
Taxes	-	-
Interest	-	-
Other revenue sources	-	-
TOTAL REVENUES	<u>3,861</u>	<u>103</u>
EXPENDITURES		
Current		
Instruction	-	103
Support Services	-	-
Support Services Students	-	-
Support Services Instruction	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>3,861</u>	<u>103</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-	-
Other Financing Sources (Uses)		
Transfer In/Transfers (Out)	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	-
FUND BALANCE		
June 30, 2012	<u>-</u>	<u>-</u>
FUND BALANCE		
June 30, 2013	<u>\$ -</u>	<u>\$ -</u>

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

EXHIBIT B-2
CONTINUED

Incentives for School Improvement	Breakfast for Elementary Students	2010 GOB Instructional Materials	School Based Health Center	TOTAL NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ -	\$ 127,170	\$ 127,170
442	1,964	3,533	3,547	13,783	13,783
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	27,847	27,847
-	-	-	-	-	-
-	-	-	7	53	53
-	-	-	-	220	220
<u>442</u>	<u>1,964</u>	<u>3,533</u>	<u>3,554</u>	<u>169,073</u>	<u>169,073</u>
442	-	3,533	-	50,208	50,208
-	-	-	-	-	-
-	-	-	-	12,340	12,340
-	-	-	-	3,861	3,861
-	-	-	-	-	-
-	-	-	-	2,153	2,153
-	-	-	-	-	-
-	-	-	3,554	3,554	3,554
-	-	-	-	-	-
-	1,964	-	-	109,601	109,601
-	-	-	-	-	-
<u>442</u>	<u>1,964</u>	<u>3,533</u>	<u>3,554</u>	<u>181,717</u>	<u>181,717</u>
-	-	-	-	(12,644)	(12,644)
-	-	-	-	1,158	1,158
-	-	-	-	1,158	1,158
-	-	-	-	(11,486)	(11,486)
-	-	-	-	74,618	74,618
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,132</u>	<u>\$ 63,132</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, 2013

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ 66,600	\$ 66,600	\$ 78,586	\$ 11,986
State Programs	-	-	-	-
Local Programs	10,121	10,121	12,112	1,991
TOTAL REVENUE	<u>76,721</u>	<u>76,721</u>	<u>\$ 90,698</u>	<u>\$ 13,977</u>
BUDGETED CASH BALANCE	<u>31,404</u>	<u>42,021</u>		
TOTAL REVENUE & CASH	<u>\$ 108,125</u>	<u>\$ 118,742</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	108,125	118,742	103,404	15,338
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 108,125</u>	<u>\$ 118,742</u>	<u>\$ 103,404</u>	<u>\$ 15,338</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	-	-	-
Local Programs	6,302	6,302	6,899	597
TOTAL REVENUE	<u>6,302</u>	<u>6,302</u>	<u>\$ 6,899</u>	<u>\$ 597</u>
BUDGETED CASH BALANCE	<u>9,051</u>	<u>8,984</u>		
TOTAL REVENUE & CASH	<u>\$ 15,353</u>	<u>\$ 15,286</u>		
EXPENDITURES				
Current				
Instruction	\$ 15,353	\$ 15,286	\$ 6,428	\$ 8,858
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>\$ 15,353</u>	<u>\$ 15,286</u>	<u>\$ 6,428</u>	<u>\$ 8,858</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	-	-	-
Local Programs	5,611	5,611	9,102	3,491
TOTAL REVENUE	<u>5,611</u>	<u>5,611</u>	<u>\$ 9,102</u>	<u>\$ 3,491</u>
BUDGETED CASH BALANCE	<u>17,907</u>	<u>19,203</u>		
TOTAL REVENUE & CASH	<u>\$ 23,518</u>	<u>\$ 24,814</u>		
EXPENDITURES				
Current				
Instruction	\$ 23,518	\$ 24,814	\$ 7,805	\$ 17,009
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>\$ 23,518</u>	<u>\$ 24,814</u>	<u>\$ 7,805</u>	<u>\$ 17,009</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ 62,235	\$ 22,975	\$ (39,260)
State Programs	-	-	-	-
Local Programs	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>62,235</u>	<u>\$ 22,975</u>	<u>\$ (39,260)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 62,235</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 40,970	\$ 4,945	\$ 36,025
Support Services	-	-	-	-
Support Services Students	-	21,265	11,102	10,163
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>\$ 62,235</u>	<u>\$ 16,047</u>	<u>\$ 46,188</u>

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-7

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

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ 3,964	\$ 1,238	\$ (2,726)
State Programs	-	-	-	-
Local Programs	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>3,964</u>	<u>\$ 1,238</u>	<u>\$ (2,726)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 3,964</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 1,680	\$ -	\$ 1,680
Support Services	-	-	-	-
Support Services Students	-	2,284	1,238	1,046
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>\$ 3,964</u>	<u>\$ 1,238</u>	<u>\$ 2,726</u>

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

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-8

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

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ 4,335	\$ 4,335	\$ 3,685	\$ (650)
State Programs	-	-	-	-
Local Programs	-	-	-	-
TOTAL REVENUE	<u>4,335</u>	<u>4,335</u>	<u>\$ 3,685</u>	<u>\$ (650)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 4,335</u>	<u>\$ 4,335</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	4,335	4,335	3,685	650
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 4,335</u>	<u>\$ 4,335</u>	<u>\$ 3,685</u>	<u>\$ 650</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ 223	\$ 327	\$ 104
State Programs	-	-	-	-
Local Programs	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>223</u>	<u>\$ 327</u>	<u>\$ 104</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 223</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 223	\$ -	\$ 223
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>\$ 223</u>	<u>\$ -</u>	<u>\$ 223</u>

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

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

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ 9,995	\$ 21,120	\$ 20,263	\$ (857)
State Programs	-	-	-	-
Local Programs	-	-	-	-
TOTAL REVENUE	<u>9,995</u>	<u>21,120</u>	<u>\$ 20,263</u>	<u>\$ (857)</u>
BUDGETED CASH BALANCE		-		
TOTAL REVENUE & CASH	<u>\$ 9,995</u>	<u>\$ 21,120</u>		
EXPENDITURES				
Current				
Instruction	\$ 9,995	\$ 21,120	\$ 14,210	\$ 6,910
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>\$ 9,995</u>	<u>\$ 21,120</u>	<u>\$ 14,210</u>	<u>\$ 6,910</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--REAP

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ 12,888	\$ 26,058	\$ 10,799	\$ (15,259)
State Programs	-	-	-	-
Local Programs	-	-	-	-
TOTAL REVENUE	<u>12,888</u>	<u>26,058</u>	<u>\$ 10,799</u>	<u>\$ (15,259)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 12,888</u>	<u>\$ 26,058</u>		
EXPENDITURES				
Current				
Instruction	\$ 10,447	\$ 23,617	\$ 12,409	\$ 11,208
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	2,441	2,441	2,153	288
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 12,888</u>	<u>\$ 26,058</u>	<u>\$ 14,562</u>	<u>\$ 11,496</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, 2013

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	333	333	-
Local Programs	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>333</u>	<u>\$ 333</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 333</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 333	\$ 333	\$ -
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>\$ 333</u>	<u>\$ 333</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--2008 GO BOND STUDENT LIBRARY FUND

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	-	8,999	8,999
Local Programs	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 8,999</u>	<u>\$ 8,999</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.

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

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	6,139	3,862	2,278	(1,584)
Local Programs	-	-	-	-
TOTAL REVENUE	<u>6,139</u>	<u>3,862</u>	<u>\$ 2,278</u>	<u>\$ (1,584)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 6,139</u>	<u>\$ 3,862</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	6,139	3,862	3,861	1
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>\$ 3,862</u>	<u>\$ 3,861</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--TECHNOLOGY FOR EDUCATION

Year Ended June 30, 2013

	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>103</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 103</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 103	\$ 103	\$ -
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>\$ 103</u>	<u>\$ 103</u>	<u>\$ -</u>

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

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

Year Ended June 30, 2013

	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	-	444		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 444</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 444	\$ 442	\$ 2
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>\$ 444</u>	<u>\$ 442</u>	<u>\$ 2</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, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	3,040	4,075	1,035
Local Programs	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>3,040</u>	<u>\$ 4,075</u>	<u>\$ 1,035</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 3,040</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	-	3,040	1,964	1,076
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 3,040</u>	<u>\$ 1,964</u>	<u>\$ 1,076</u>

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

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
 AND ACTUAL--SPECIAL REVENUE FUND--2010 GOB INSTRUCTIONAL MATERIALS

Year Ended June 30, 2013

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	7,988	-	(7,988)
Local Programs	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>7,988</u>	<u>\$ -</u>	<u>\$ (7,988)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 7,988</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 7,988	\$ 3,533	\$ 4,455
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>\$ 7,988</u>	<u>\$ 3,533</u>	<u>\$ 4,455</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--SCHOOL BASED HEALTH CENTER

Year Ended June 30, 2013

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	-	-	-
Local Programs	6	6	7	1
TOTAL REVENUE	<u>6</u>	<u>6</u>	<u>\$ 7</u>	<u>\$ 1</u>
BUDGETED CASH BALANCE	<u>11,953</u>	<u>11,956</u>		
TOTAL REVENUE & CASH	<u>\$ 11,959</u>	<u>\$ 11,962</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	11,959	11,962	3,554	8,408
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 11,959</u>	<u>\$ 11,962</u>	<u>\$ 3,554</u>	<u>\$ 8,408</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, 2013

	Balance 6/30/2012	ADDITIONS	DEDUCTIONS	Balance 6/30/2013
FFA	\$ 8,639	\$ 6,132	\$ 7,298	\$ 7,473
NATIONAL FFA	1,551	1	-	1,552
FHA	876	67	133	810
STUDENT COUNCIL	1,969	78	326	1,721
COKE FUND (FFA)	173	-	-	173
ELEMENTARY FUND	606	560	-	1,166
YEARBOOK	5,336	1,516	1,894	4,958
CHEERLEADERS	694	2,449	2,810	333
DANCE CLUB	1,941	2	-	1,943
ART CLUB	16	-	-	16
BATTLE OF THE BOOKS	16	-	-	16
ALUMNI	276	-	-	276
GIRLS BB	600	6,991	7,299	292
BOYS BB	1,482	7,331	7,855	958
TRACK	198	1,520	1,023	695
GIRLS VB	802	3,426	2,349	1,879
JOURNALISM	87	-	-	87
PROM FUND	17	-	-	17
SCIENCE CLUB	296	-	-	296
NATIONAL HONOR SOCIETY	131	-	-	131
DRAMA CLUB	428	1,534	1,330	632
SR ANNOUNCEMENTS/C&G	49	64	64	49
TEEN HEALTH COUNCIL	404	522	450	476
EAGLE GRAFIX	810	68	-	878
DATIL MEMORIAL FUND	1,348	1	-	1,349
DATIL SCHOOL	331	2,778	1,795	1,314
CLOSE UP	316	15,967	15,966	317
SENIOR GRAD NIGHT	65	-	-	65
MATH LAB	298	100	-	398
ELEMENTARY BB CLUB	334	-	-	334
CLASS OF 2012	549	-	549	-
CLASS OF 2013	824	1,484	1,867	441
CLASS OF 2014	1,609	270	640	1,239
CLASS OF 2015	1,417	10	-	1,427
CLASS OF 2016	640	33	-	673
CLASS OF 2017	509	235	-	744
CLASS OF 2018	588	35	-	623
CLASS OF 2019	206	1,264	460	1,010
CLASS OF 2020	499	430	456	473
CLASS OF 2021	385	452	300	537
CLASS OF 2022	156	560	216	500
CLASS OF 2023	571	2,553	2,684	440
CLASS OF 2024	141	1,358	1,071	428
CLASS OF 2025	98	856	703	251
BOOSTER CLUB	5,272	12,866	10,079	8,059
	<u>\$ 43,553</u>	<u>\$ 73,513</u>	<u>\$ 69,617</u>	<u>\$ 47,449</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, 2013

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
District Tax Levy	\$ 184,930	\$ 184,930	\$ 163,763	\$ (21,167)
Bond Issuance Premium/Discount	-	1,427,995	1,427,995	-
Earnings from Investments	20	20	61	41
TOTAL REVENUE	<u>184,950</u>	<u>1,612,945</u>	<u>\$ 1,591,819</u>	<u>\$ (21,126)</u>
BUDGETED CASH BALANCE	<u>123,787</u>	<u>150,005</u>		
TOTAL REVENUE & CASH	<u>\$ 308,737</u>	<u>\$ 1,762,950</u>		
EXPENDITURES				
Support Services General Administration	\$ 2,000	\$ 2,500	\$ 1,570	\$ 930
Debt Service	241,807	1,657,525	1,510,000	147,525
Debt Service - Interest	64,930	102,925	64,930	37,995
TOTAL EXPENDITURES	<u>\$ 308,737</u>	<u>\$ 1,762,950</u>	<u>\$ 1,576,500</u>	<u>\$ 186,450</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, 2013

Bank	ACCT TYPE	FUND	BANK BALANCE	OUTSTANDING (CHECKS) DEPOSITS	NET CASH BALANCE
First State Bank	Checking	Multi Fund *	\$ 862,644	\$ (160,637)	\$ 702,007
	Checking	Activity *	49,009	(1,560)	47,449
Total First State Bank			<u>911,653</u>	<u>(162,197)</u>	<u>749,456</u>
Total All Accounts			\$ <u>911,653</u>	\$ <u>(162,197)</u>	\$ <u>749,456</u>

* Interest Bearing

SCHEDULE OF PLEDGED COLLATERAL

June 30, 2013

	Total Deposits	FDIC Insurance	Uninsured Deposits	Collateral Required	Collateral Pledged	Uninsured & Uncollateralized Deposits
First State Bank	<u>\$ 911,653</u>	<u>\$ 250,000</u>	<u>\$ 661,653</u>	<u>\$ 330,827</u>	<u>\$ 923,082</u>	<u>\$ -</u>
Collateral	CUSIP #.	Amount	Matures			
US Treasury Notes	912810DW5	<u>923,082</u>	5/15/2016			
		<u>923,082</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, 2013

	<u>OPERATIONAL</u>	<u>TEACHERAGE</u>	<u>TRANSPORTATION</u>	<u>CAFETERIA</u>
Audited Net Cash				
June30, 2012	\$ 266	\$ 15,800	\$ 1,870	\$ 42,021
Investments on hand/Loans	-	-	-	-
TOTAL CASH BALANCE				
June30, 2012	266	15,800	1,870	42,021
Add: Prior year void checks	-	-	-	164
2012-2013 Revenue	2,081,693	8,412	400,257	90,698
Transfers In & Adjustments	105,008	-	-	-
TOTAL AVAILABLE CASH	2,186,967	24,212	402,127	132,883
Less: 2012-2013 Expenditures	2,053,925	8,020	388,724	103,404
Returned Checks	-	-	-	-
Transfers Out & Adjustments	85,477	-	-	-
	2,139,402	8,020	388,724	103,404
NET CASH, JUNE 30, 2013	47,565	16,192	13,403	29,479
Cash On hand	100	-	-	20
TOTAL CASH, JUNE 30, 2013	<u>\$ 47,665</u>	<u>\$ 16,192</u>	<u>\$ 13,403</u>	<u>\$ 29,499</u>

SCHEDULE 3

ATHLETICS	FEDERAL PROJECTS	LOCAL/STATE ACCOUNT	SB-9	DEBT SERVICE	NON INSTRUCTIONAL
\$ 8,984	\$ 52,579	\$ 12,502	\$ 245,104	\$ 150,005	\$ 19,203
-	-	-	-	-	-
8,984	52,579	12,502	245,104	150,005	19,203
-	-	-	-	-	-
6,899	176,204	15,692	153,187	1,591,819	9,102
-	77,352	8,126	-	-	-
15,883	306,135	36,320	398,291	1,741,824	28,305
6,428	165,349	13,790	63,138	1,576,500	7,805
-	-	-	-	-	-
-	90,888	14,120	-	-	-
6,428	256,237	27,910	63,138	1,576,500	7,805
9,455	49,898	8,410	335,153	165,324	20,500
110	-	-	-	-	-
<u>\$ 9,565</u>	<u>\$ 49,898</u>	<u>\$ 8,410</u>	<u>\$ 335,153</u>	<u>\$ 165,324</u>	<u>\$ 20,500</u>

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

SCHEDULE 3
 Continued

BANK RECONCILIATION

JUNE 30, 2013

	INSTRUCTIONAL MATERIALS	ACTIVITY
Audited Net Cash		
June30, 2012	\$ 3,275	\$ 43,553
Investments on hand/Loans	-	-
TOTAL CASH BALANCE		
June30, 2012	3,275	43,553
Add: Prior year void checks	-	-
2012-2013 Revenue	9,484	73,513
Transfers In & Adjustments	-	-
TOTAL AVAILABLE CASH	12,759	117,066
Less: 2012-2013 Expenditures	6,131	69,617
Returned Checks	-	-
Transfers Out & Adjustments	-	-
NET CASH, JUNE 30, 2013	6,628	47,449
Cash On hand	-	-
TOTAL CASH, JUNE 30, 2013	<u>\$ 6,628</u>	<u>\$ 47,449</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 School District
Quemado, New Mexico

We have audited, 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, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Quemado Independent School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Quemado Independent School District's basic financial statements, and the combining and individual funds and related budgetary comparisons of Quemado Independent School District, presented as supplemental information, and have issued our report thereon dated October 22, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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.

Quemado Independent School District's Responses to Findings

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. The Quemado Independent School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Woodard, Cowen & Co.

Clovis, New Mexico
October 22, 2013

Woodard Cowen & Co.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited Quemado Independent School District's 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 District's major federal programs for the year ended June 30, 2013. Quemado Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Woodard, Cowen & Co.

Clovis, New Mexico
October 22, 2013

SINGLE AUDIT SECTION

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2013

I. SUMMARY OF AUDITORS RESULTS:

Report on Financial Statements		Unmodified
Significant Deficiencies on GAGAS		None
Other Items required to be reported		2008-1
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		Unmodified
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 deposit totaling \$2,195.20 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 deposited to the bank and a second deposit of \$2,715.57 contained funds not delivered to the secretary within 24 hours.

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, 2013

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 policies, 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. The District is also re-evaluating procedures to see if any changes will improve compliance with the requirements.

III. FEDERAL FINDINGS

None

IV. PRIOR YEAR AUDIT FINDINGS

2008-1 Activity Deposits
2012-1 Inventory

Revised and Repeated
Resolved

STATE OF NEW MEXICO
 QUEMADO INDEPENDENT SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2013

	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	\$ 101,333
IDEA-B Entitlement	84.027	24106	16,047
IDEA-B Preschool	84.173	24109	1,238
Teacher/Principal Training	84.367A	24154	14,210
TOTAL PASSTHROUGH GRANTS			<u>132,828</u>
Direct Grants			
Rural Ed Achievement Program	84.358	25233	7,341
TOTAL DIRECT GRANTS			<u>7,341</u>
TOTAL DEPARTMENT OF EDUCATION			<u>140,169</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>14,274</u>
<u>US DEPARTMENT OF AGRICULTURE</u>			
Passed Through State Department of Education			
National School Lunch Program	10.555	21000	73,058
Fresh Fruit & Vegetables	10.582	24118	3,685
<1> Forrest Reserve	10.665	11000	646,044
			<u>722,787</u>
Passed Through New Mexico State Department of Human Services			
Non-Monetary Assistance	10.565	21000	5,528
TOTAL DEPARTMENT OF AGRICULTURE			<u>728,315</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 882,758</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, 2013

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 October 22, 2013. Present were:

Bill Green (by phone)
Gary Roberts
Marilyn Bunney
Heather Lackey
Bridget Cauzza
Sandra Heinsohn
D. Brent Woodard

Superintendent
Audit Committee – Board Vice President
Board Member
Audit Committee – Parent
Audit Committee - Advisory
Business Manager
Auditor