

# **QUEMADO INDEPENDENT SCHOOLS**

## **AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION**

**JUNE 30, 2016**

*Woodard, Curwen & Co.*

**Certified Public Accountants**

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

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STATE OF NEW MEXICO  
QUEMADO INDEPENDENT SCHOOLS

OFFICIAL ROSTER

JUNE 30, 2016

BOARD OF EDUCATION

Elena Farr	President
Denny Carver	Vice President
Polly Pierson	Secretary
Emilio Orona	Member
Marilyn Bunney	Member

SCHOOL OFFICIALS

David Lackey	Superintendent
Anna Wastchak	Business Manager

# Woodard Cowen & Co.

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Timothy Keller  
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, 2016, and the related notes to the financial statements which collectively comprise the Quemado Independent Schools basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Quemado Independent Schools non-major governmental, fiduciary funds and the budgetary comparisons for the major debt service funds and all non-major funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016 as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Quemado Independent Schools, as of June 30, 2016, 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 accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund and the fiduciary funds of Quemado Independent Schools, as of June 30, 2016, and the respective changes in financial position, thereof and the respective budgetary comparisons statements for the major debt service funds and all non-major funds for the year then ended in accordance 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.

Accounting principles generally accepted in the United States of America require that the *Schedule of Proportionate Share of the Net Pension Liability* on page 84, the *Schedule of Contributions* on page 85, with the notes to the required supplementary information on page 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to this required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on Quemado Independent School's financial statements, the combining and individual fund financial statements and budgetary comparisons. The Schedule of Expenditures of federal awards as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) 20, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards*, and the other schedules required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of federal awards, 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 the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except schedule 6, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of federal awards, 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.

The Schedule of Vendor Information, schedule 6, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2016 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.

*Woodard, Cowen & Co*

Clovis, New Mexico  
November 8, 2016



STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT A

STATEMENT OF NET POSITION

JUNE 30, 2016

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Current assets:	
Cash and cash equivalents	\$ 880,476
Property taxes receivable	7,939
Due from other governments	108,280
Inventories	1,905
Total current assets	<u>998,600</u>
Non-current assets:	
Capital assets, net	<u>5,373,308</u>
Total non-current assets	<u>5,373,308</u>
Total assets	<u>6,371,908</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Deferred outflows related to pensions	<u>407,173</u>
Total deferred outflows	<u>407,173</u>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	6,108
Accrued interest payable	7,995
Current portion of long term debt	170,000
Total current liabilities	<u>184,103</u>
Non-current liabilities:	
Non-current portion of long term debt	800,000
Net pension liability	3,270,372
Bond premium, net	22,970
Total non-current liabilities	<u>4,093,342</u>
Total liabilities	<u>4,277,445</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Unavailable revenue	116,400
Deferred inflows related to pensions	82,350
Total deferred inflows	<u>198,750</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	4,403,308
Restricted:	
Debt Service	190,471
Unrestricted	<u>(2,290,893)</u>
Total net position	<u>\$ 2,302,886</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, 2016

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	\$ 1,835,652	\$ 12,127	\$ 144,786	\$ -	\$ (1,678,739)
Support Services	-	-	-	-	-
Support Services Students	132,551	-	29,511	-	(103,040)
Support Services Instruction	88,662	-	44,816	-	(43,846)
Support Services General Administration	219,333	-	-	1,589	(217,744)
Support Services School Administration	159,247	-	5,876	-	(153,371)
Central Services	124,260	-	-	-	(124,260)
Operation and Maintenance of Plant	403,180	967	1,076	-	(401,147)
Student Transportation	355,365	-	328,293	-	(27,072)
Other Support Services	1,286	-	-	-	(1,286)
Food Services Operations	159,058	10,507	59,890	-	(88,661)
Bond Interest Paid	15,877	-	-	-	(15,877)
Amortization - Unallocated	-	3,368	560,918	4,048	568,334
<b>Total governmental activities</b>	<b>\$ 3,494,481</b>	<b>\$ 26,969</b>	<b>\$ 1,175,166</b>	<b>\$ 5,637</b>	<b>(2,286,709)</b>
General revenues:					
Property Taxes:					
					38,105
					192,000
					160,977
					1,173,906
					-
					1,049
					47,709
					<u>1,613,746</u>
					(672,963)
					3,008,526
					(32,677)
					<u>2,975,849</u>
					<u>\$ 2,302,886</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2016

	<u>GENERAL</u>	<u>TITLE I</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 174,066	\$ -
Accounts Receivable		
Property Taxes Receivable	748	-
Federal	-	34,434
State	-	-
Inventories	-	-
Due from Other Funds	108,280	
<b>TOTAL ASSETS</b>	<u>\$ 283,094</u>	<u>\$ 34,434</u>
<b>LIABILITIES AND OTHER CREDITS</b>		
Accounts Payable	\$ 4,764	\$ -
Due to Other Funds	-	34,434
Accrued Interest Payable	-	-
<b>TOTAL LIABILITIES</b>	<u>4,764</u>	<u>34,434</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue	-	-
<b>TOTAL DEFERRED INFLOWS</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>		
Nonspendable	-	-
Restricted	52,146	-
Committed	-	-
Assigned	-	-
Unassigned	226,184	-
<b>TOTAL FUND BALANCE</b>	<u>278,330</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<u>\$ 283,094</u>	<u>\$ 34,434</u>

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

EXHIBIT C

<u>MEDICAID TITLE XIX</u>	<u>SB-9</u>	<u>DEBT SERVICE</u>	<u>NON MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
\$ 46,040	\$ 337,638	\$ 194,482	\$ 128,250	\$ 880,476
-	3,207	3,984	-	7,939
-	-	-	41,680	76,114
-	-	-	32,166	32,166
-	-	-	1,905	1,905
-	-	-	-	108,280
<u>\$ 46,040</u>	<u>\$ 340,845</u>	<u>\$ 198,466</u>	<u>\$ 204,001</u>	<u>\$ 1,106,880</u>
\$ -	\$ -	\$ -	\$ 1,344	\$ 6,108
-	-	-	73,846	108,280
-	-	7,995	-	7,995
-	-	7,995	75,190	122,383
46,040	-	-	70,360	116,400
<u>46,040</u>	<u>-</u>	<u>-</u>	<u>70,360</u>	<u>116,400</u>
-	-	-	1,905	1,905
-	340,845	190,471	56,546	640,008
-	-	-	-	-
-	-	-	-	-
-	-	-	-	226,184
-	340,845	190,471	58,451	868,097
<u>\$ 46,040</u>	<u>\$ 340,845</u>	<u>\$ 198,466</u>	<u>\$ 204,001</u>	<u>\$ 1,106,880</u>

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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, 2016

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

Fund Balances - total governmental funds	\$ 868,097
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	5,373,308
Deferred outflows related to pensions not reported in the funds	407,173
Net pension liability not reported in the funds	(3,270,372)
Deferred inflows related to pensions not reported in the funds	(82,350)
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	(970,000)
Issuance Premium, net	<u>(22,970)</u>
Net position of governmental activities	<u>\$ 2,302,886</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, 2016

	GENERAL	TITLE I
REVENUE		
Federal Programs	\$ 542,322	\$ 83,993
State Programs	450,082	-
Local Programs	45,596	-
State Equalization	1,060,086	-
Service Revenues	4,335	-
Taxes	38,105	-
Interest	682	-
Other revenue sources	2,113	-
TOTAL REVENUES	<u>2,143,321</u>	<u>83,993</u>
EXPENDITURES		
Current		
Instruction	1,423,497	43,222
Support Services	-	-
Support Services Students	99,622	-
Support Services Instruction	43,846	37,065
Support Services General Administration	180,200	-
Support Services School Administration	151,860	3,706
Central Services	124,260	-
Operation and Maintenance of Plant	376,575	-
Student Transportation	342,731	-
Other Support Services	1,286	-
Food Services Operations	47,548	-
Capital Outlay	-	-
Debt Service		
Principal	-	-
Interest and Fiscal Charge	-	-
TOTAL EXPENDITURES	<u>2,791,425</u>	<u>83,993</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(648,104)	-
Other Financing Sources (Uses)		
Transfers In/ Transfers (Out)	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(648,104)	-
FUND BALANCE		
June 30, 2015	959,111	-
Restatements	(32,677)	-
June 30, 2015 as restated	<u>926,434</u>	<u>-</u>
FUND BALANCE June 30, 2016	<u>\$ 278,330</u>	<u>\$ -</u>

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

EXHIBIT E

MEDICAID TITLE XIX	SB-9	DEBT SERVICE	NON MAJOR GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ 130,734	\$ 757,049
34,842	5,637	-	47,013	537,574
-	-	-	-	45,596
-	-	-	-	1,060,086
-	-	-	22,634	26,969
-	160,977	192,000	-	391,082
46	206	74	41	1,049
-	-	-	-	2,113
<u>34,888</u>	<u>166,820</u>	<u>192,074</u>	<u>200,422</u>	<u>2,821,518</u>
16,710	-	-	92,875	1,576,304
-	-	-	-	-
18,178	-	-	11,379	129,179
-	-	-	7,751	88,662
-	1,589	1,896	-	183,685
-	-	-	2,170	157,736
-	-	-	-	124,260
-	-	-	1,076	377,651
-	-	-	-	342,731
-	-	-	-	1,286
-	-	-	70,397	117,945
-	67,174	-	-	67,174
-	-	165,000	-	165,000
-	-	19,931	-	19,931
<u>34,888</u>	<u>68,763</u>	<u>186,827</u>	<u>185,648</u>	<u>3,351,544</u>
-	98,057	5,247	14,774	(530,026)
-	-	-	-	-
-	-	-	-	-
-	98,057	5,247	14,774	(530,026)
-	242,788	185,224	43,677	1,430,800
-	-	-	-	(32,677)
-	<u>242,788</u>	<u>185,224</u>	<u>43,677</u>	<u>1,398,123</u>
<u>\$ -</u>	<u>\$ 340,845</u>	<u>\$ 190,471</u>	<u>\$ 58,451</u>	<u>\$ 868,097</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, 2016

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

Net change in fund balance - total governmental funds	\$ (530,026)
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	11,193
Depreciation	(251,527)
Amortization of bond premium	4,054
Pension related expense	(71,657)
Bond Principal	165,000
Change in Net Position	<u>\$ (672,963)</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 AND EXPENDITURES--BUDGET  
 (NON-GAAP) AND ACTUAL--GENERAL FUND

Year Ended June 30, 2016

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ -	\$ 542,322	\$ 542,322	\$ -
State Programs	2,165,808	1,508,940	1,510,168	1,228
Local Programs	85,936	85,936	90,368	4,432
<b>TOTAL REVENUE</b>	<u>2,251,744</u>	<u>2,137,198</u>	<u>\$ 2,142,858</u>	<u>\$ 5,660</u>
<b>BUDGETED CASH BALANCE</b>	<u>388,985</u>	<u>928,869</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 2,640,729</u>	<u>\$ 3,066,067</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 1,277,622	\$ 1,523,957	\$ 1,423,363	\$ 100,594
Support Services	-	-	-	-
Support Services Students	85,440	100,461	99,622	839
Support Services Instruction	46,949	52,516	43,562	8,954
Support Services General Administration	181,475	186,060	180,178	5,882
Support Services School Administration	158,303	154,334	151,223	3,111
Central Services	117,469	131,367	123,423	7,944
Operation and Maintenance of Plant	350,446	465,734	376,545	89,189
Student Transportation	361,281	369,544	342,731	26,813
Other Support Services	4,128	8,678	1,286	7,392
Food Services Operations	57,616	73,416	47,548	25,868
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,640,729</u>	<u>\$ 3,066,067</u>	<u>\$ 2,789,481</u>	<u>\$ 276,586</u>

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

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT H

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

Year Ended June 30, 2016

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ 87,871	\$ 94,404	\$ 79,019	\$ (15,385)
State Programs	-	-	-	-
Local Programs	-	-	-	-
<b>TOTAL REVENUE</b>	<u>87,871</u>	<u>94,404</u>	<u>\$ 79,019</u>	<u>\$ (15,385)</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 87,871</u>	<u>\$ 94,404</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 47,097	\$ 53,630	\$ 43,222	\$ 10,408
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	37,067	37,067	37,065	2
Support Services General Administration	-	-	-	-
Support Services School Administration	3,707	3,707	3,706	1
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 87,871</u>	<u>\$ 94,404</u>	<u>\$ 83,993</u>	<u>\$ 10,411</u>

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

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT I

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

Year Ended June 30, 2016

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	12,000	12,000	13,940	1,940
Local Programs	-	-	46	46
<b>TOTAL REVENUE</b>	<u>12,000</u>	<u>12,000</u>	<u>\$ 13,986</u>	<u>\$ 1,986</u>
<b>BUDGETED CASH BALANCE</b>	<u>62,936</u>	<u>66,942</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 74,936</u>	<u>\$ 78,942</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 32,818	\$ 36,824	\$ 16,710	\$ 20,114
Support Services	-	-	-	-
Support Services Students	42,118	42,118	18,178	23,940
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	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 74,936</u>	<u>\$ 78,942</u>	<u>\$ 34,888</u>	<u>\$ 44,054</u>

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

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT J

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

Year Ended June 30, 2016

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	5,866	5,637	(229)
Local Programs	155,416	155,416	159,198	3,782
<b>TOTAL REVENUE</b>	<u>155,416</u>	<u>161,282</u>	<u>\$ 164,835</u>	<u>\$ 3,553</u>
<b>BUDGETED CASH BALANCE</b>	<u>242,798</u>	<u>248,618</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 398,214</u>	<u>\$ 409,900</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	2,516	2,516	1,589	927
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	395,698	407,384	74,226	333,158
<b>TOTAL EXPENDITURES</b>	<u>\$ 398,214</u>	<u>\$ 409,900</u>	<u>\$ 75,815</u>	<u>\$ 334,085</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, 2016

	<u>Employee Retirement Plan</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash on Deposit	\$ -	\$ 50,826
Investments, at fair value		
Mutual Funds	108,476	-
<b>TOTAL ASSETS</b>	<u>\$ 108,476</u>	<u>\$ 50,826</u>
<b>LIABILITIES</b>		
Due To Student Groups	\$ -	\$ 50,826
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>\$ 50,826</u>
<b>Net Position</b>		
Held in trust for pension benefits and other purposes	108,476	
<b>TOTAL NET POSITION</b>	<u>\$ 108,476</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, 2016

	<u>Employee Retirement Plan</u>
ADDITIONS:	
Contributions:	
Plan Members	\$ 1,500
Total contributions	<u>1,500</u>
Investment earnings:	
Net increase (decrease) in fair value of investments	<u>(517)</u>
Total investment earnings	(517)
Less investment expense	-
Net investment earnings	<u>(517)</u>
TOTAL ADDITIONS	<u>983</u>
DEDUCTIONS	
Benefits	-
Refunds of contributions	-
Administrative expenses	-
TOTAL DEDUCTIONS	<u>-</u>
CHANGE IN NET POSITION	983
Net Position -- beginning of the year	107,493
Net Position -- end of the year	<u>\$ 108,476</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, 2016

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, 2016

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, 2016

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 position 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, 2016

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 2016 fiscal year was \$89,130,325. 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 (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, 2016

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 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 expenditures in the year of issuance.

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 \$190,471 is comprised of Debt Service \$190,471.

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, 2016

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 \$1,060,086 in state equalization guarantee distributions during the year ended June 30, 2016.

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 \$328,293 in transportation distributions during the year ended June 30, 2016.

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 \$970,000 difference is as follows:

Bonds Payable	<u>\$970,000</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u>\$970,000</u>

STATE OF NEW MEXICO  
QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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 \$(240,334) difference is as follows:

Capital Outlay	\$ 11,193
Depreciation expense	<u>( 251,527)</u>
Net adjustment to increase net changes in fund balances – total government funds to arrive at changes in net position of governmental activities	<u>\$ ( 240,334)</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 \$165,000 difference is as follows:

Principal repayments:	
General obligation debt	\$ <u>165,000</u>
Net adjustment to decrease net changes in fund balances- total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 165,000</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. Auxilliary 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, 2016

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, 2016 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	\$ 2,640,729	\$ 3,066,067
Special Revenue Funds	794,377	909,503
Debt Service Funds	349,707	379,562
	<u>\$ 3,784,813</u>	<u>\$ 4,355,132</u>

B. Deficit fund equity

There were not any deficit fund balances at June 30, 2016.

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and temporary investments

At June 30, 2016, the carrying amount of the District's deposits was \$931,072 and the bank balance was \$1,124,119. Of this balance \$250,000 was covered by federal depository insurance and \$900,000 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	\$ 1,124,119
	Less: FDIC coverage	(250,000)
	Uninsured Public Funds	874,119
	Pledged collateral held by pledging bank's agent in the District's name	900,000
	Uninsured and un-collateralized	\$ -

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The collateral pledged is listed on 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, 2016

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, 2016, the government bank balance was 100% collateralized. As of June 30, 2016, none of the government's bank balance of \$1,124,119 was exposed to custodial credit risk.

Uninsured and un-collateralized \$ -0 -

C. Receivables

Receivables, as of year end, 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	\$ 748	\$ -	\$ 3,207	\$ 3,984	\$ -	\$ 7,939
Intergovernmental						
Grants:						
Federal	-	34,434	-	-	41,680	76,114
State	-	-	-	-	32,166	32,166
	<u>\$ 748</u>	<u>\$ 34,434</u>	<u>\$ 3,207</u>	<u>\$ 3,984</u>	<u>\$ 73,846</u>	<u>\$ 116,219</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	\$ 116,400
Total deferred/unearned revenue for government funds	<u>\$ 116,400</u>

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

IV. DETAILED NOTES ON ALL FUNDS (continued)

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 90,814	\$ -	\$ -	\$ 90,814
Capital assets, being depreciated:				
Land improvements	786,957	-	-	786,957
Buildings & building improvements	9,765,710	-	-	9,765,710
Furniture & Fixtures	503,146	-	-	503,146
Vehicles	618,185	-	-	618,185
Equipment	242,932	11,193	-	254,125
Total Capital Assets being depreciated	11,916,930	11,193	-	11,928,123
Less accumulated depreciation for:				
Land improvements	712,845	12,664	-	725,509
Buildings & building improvements	4,615,118	184,904	-	4,800,022
Furniture & Fixtures	400,153	16,788	-	416,941
Vehicles	423,877	36,255	-	460,132
Equipment	242,109	916	-	243,025
Total accumulated depreciation	6,394,102	251,527	-	6,645,629
Total Capital assets, being depreciated, net	5,522,828	(240,334)	-	5,282,494
Governmental activities capital assets, net	\$ 5,613,642	\$ (240,334)	\$ -	\$ 5,373,308

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

Instruction	\$ 154,660
Support Services	-
Support Services Students	3,372
Support Services Instruction	-
Support Services General Administration	12,698
Support Services School Administration	1,511
Central Services	-
Operation and Maintenance of Plant	25,539
Student Transportation	12,634
Other Support Services	-
Food Services Operations	41,113
Total	\$ 251,527

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

IV. DETAILED NOTES ON ALL FUNDS (continued)

D. Capital Assets (continued)

Bond premiums are capitalized and amortized on straight line. Amortization activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Bond Premium	\$ 40,537	\$ -	\$ -	\$ 40,537
Less accumulated amortization	13,513	4,054	-	17,567
Bond premium, net	<u>\$ 27,024</u>	<u>\$ (4,054)</u>	<u>\$ -</u>	<u>\$ 22,970</u>

E. Long-Term Debt

Governmental Activities  
 Bonds Payable

A summary in changes in long-term obligations follows:

	<u>Balance 7-1-2014</u>	<u>Bonds Issued</u>	<u>Bonds Redeemed</u>	<u>Balance 6-30-2015</u>	<u>Amounts due within One Year</u>
\$1,420,000 2012 GO Building Bonds due in annual installments of \$10,000 to \$215,000 through August 2020, Interest at 2.00%	1,135,000	-	165,000	970,000	170,000
Total	<u>\$1,135,000</u>	<u>\$ -</u>	<u>\$ 165,000</u>	<u>\$ 970,000</u>	<u>\$ 170,000</u>

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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, 2016, including interest of \$ 50,800 are shown below:

	<u>Governmental Activities</u>	
	<u>General Obligation</u>	
	<u>Principal</u>	<u>Interest</u>
6/30/2017	\$ 170,000	\$ 17,700
6/30/2018	185,000	14,150
6/30/2019	190,000	10,400
6/30/2020	210,000	6,400
6/30/2021	215,000	2,150
TOTAL	<u>\$ 970,000</u>	<u>\$ 50,800</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 \$5,347,820 including \$970,000 debt outstanding based on the June 30, 2016, 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, 2016

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, 2016

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, 2015.

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 – Education Retirement Board

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan Description – Substantially all of the Quemado Independent School District's (District) 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](http://www.nmerb.org).

STATE OF NEW MEXICO  
QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

V. OTHER INFORMATION (continued)

C. Pension Plan – Education Retirement Board (continued)

Funding Policy

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

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

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

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

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

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

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

V. OTHER INFORMATION (continued)

C. Pension Plan – Education Retirement Board (continued)

Contributions - The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$203,055 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015. At June 30, 2016, the District reported a liability of \$3,270,372 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2015. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2015, the District's proportion was .05049 percent, which was an increase of .00195 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$274,712. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Beginning balance	\$ 199,430	\$ 303,769
Changes of assumptions	112,486	-
Net difference between projected and actual earnings on pension plan investments	-	(181,689)
Changes in proportion	91,632	11,749
2015 Actual employer contributions	(199,430)	-
2016 Actual employer contributions	203,055	-
Differences between expected and actuarial experience	-	32,616
Proportionate change in deferred outflow/inflow	-	-
Net amortization of deferred amounts from changes in proportion	-	(84,095)
Total	<u>\$ 407,173</u>	<u>\$ 82,350</u>



STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

V. OTHER INFORMATION (continued)

C. Pension Plan – Education Retirement Board (continued)

\$203,055 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	19,681
2018	21,916
2019	33,637
2020	45,422
Thereafter	Unavailable

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

1. All members with an annual salary of more than \$20,000 will contribute 10.10% during the fiscal year ending June 30, 2014 and 10.7% thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on April 26, 2013 in conjunction with the six-year experience study period ending June 30, 2012.

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

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

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

V. OTHER INFORMATION (continued)

C. Pension Plan – Education Retirement Board (continued)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2015 and 2014 for 30- year return assumptions are summarized in the following table:

Asset Class	2015	2014
	Long-Term Expected Real Rate of Return	Long-Term Expected Real Rate of Return
Cash	1.50%	0.75%
Treasuries	2.00%	1.00%
IG Corp Credit	3.50%	3.00%
MBS	2.25%	2.50%
Core Bonds	2.53%	2.04%
TIPS	2.50%	1.50%
High Yield Bonds	4.50%	5.00%
Bank Loans	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	0.75%
Global Bonds (Hedged)	1.38%	0.93%
EMD External	5.00%	4.00%
EMD Local Currency	5.75%	5.00%
Large Cap Equities	6.25%	6.75%
Small/Mid Cap	6.25%	7.00%
International Equities (Unhedged)	7.25%	7.75%
International Equities (Hedged)	7.50%	8.00%
Emerging International Equities	9.50%	9.75%
Private Equity	8.75%	9.00%
Private Debt	8.00%	8.50%
Private Real Assets	7.75%	8.00%
Real Estate	6.25%	6.00%
Commodities	5.00%	5.00%
Hedge Funds Low Vol	5.50%	4.75%
Hedge Funds Mod Vol	5.50%	6.50%

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

V. OTHER INFORMATION (continued)

C. Pension Plan – Education Retirement Board (continued)

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The District's proportionate share of the net pension liability	<u>\$ 4,400,504</u>	<u>\$ 3,270,372</u>	<u>\$ 2,320,943</u>

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

Payables to the pension plan – The District has no payables to the pension plan.

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.

STATE OF NEW MEXICO  
QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

V. OTHER INFORMATION (continued)

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3,4 or 5; municipal fire member coverage plan 3,4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30,2016, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2016, 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, 2016, 2015 and 2014 were \$29,217, \$28,695 and \$26,761 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, 2016 were \$1,500.

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

V. OTHER INFORMATION (continued)

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, 2016 they consisted of the following:

Due to Operational	<u>\$ 108,280</u>
Due From	
Title I	\$ 34,434
IDEA-B Entitlement	12,852
IDEA-B Competitive	5,832
IDEA-B Preschool	148
Fresh Fruit & Vegetables	2,553
IDEA-B Risk Pool	6,203
Teacher Principal Training	9,253
REAP	4,839
Dual Credit	127
2012 GO Bond	4,460
NM Reads to Lead K-3	27,579
Total Due From	<u>\$ 108,280</u>

G. Permanent Transfers

Transfers are used to move revenue from the fund that statute or budget requires them to be collected in, to the fund that statute or budget requires them to be expended in. These transfers are not routine in nature and are not consistent with the activities of the fund making transfer. At June 30, 2016 there were no permanent transfers.

H. Restatement of Beginning Net Position for Governmental Funds

	Governmental Activities
Net Position at June 30, 2015	<u>\$ 3,008,526</u>
Prior Period Adjustments	
To book repayment of transportation cash balance to PED	(32,677)
Net Position at June 30, 2015 as Restated	<u>\$ 2,975,849</u>

I. Restatements of Beginning Fund Balances

Transportation	<u>\$ (32,677)</u>
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STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

V. OTHER INFORMATION (continued)

J. Central Regional Educational Cooperative #5

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

K. Fund Balances Classified

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
<b>Nonspendable:</b>					
Inventory	\$ -	\$ -	\$ -	\$ 1,905	\$ 1,905
Total Nonspendable	-	-	-	1,905	1,905
<b>Restricted for:</b>					
Teacherage	20,373	-	-	-	20,373
Transportation	24,496	-	-	-	24,496
Instructional Materials	7,277	-	-	-	7,277
Special Revenue Funds	-	340,845	-	56,546	397,391
Debt Service	-	-	190,471	-	190,471
Total Restricted	52,146	340,845	190,471	56,546	640,008
<b>Unassigned</b>	226,184	-	-	-	226,184
<b>Total Fund Balances</b>	<b>\$ 278,330</b>	<b>\$ 340,845</b>	<b>\$ 190,471</b>	<b>\$ 58,451</b>	<b>\$ 868,097</b>

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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	\$ 1,803,453	\$ 3,075	\$ 328,356	\$ 7,974
Add:				
Current Year Receivables & Other Credits	748	-	-	-
Deduct:				
Prior Year Receivables & Other Debits	<u>285</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUE --GAAP BASIS	<u>\$ 1,803,916</u>	<u>\$ 3,075</u>	<u>\$ 328,356</u>	<u>\$ 7,974</u>
EXPENDITURES				
Budgetary Basis	\$ 2,444,706	\$ 967	\$ 336,537	\$ 7,271
Add:				
Current Year Payables & Other Debits	4,764	-	-	-
Deduct:				
Prior Year Payables & Other Credits	<u>2,820</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES --GAAP BASIS	<u>\$ 2,446,650</u>	<u>\$ 967</u>	<u>\$ 336,537</u>	<u>\$ 7,271</u>

<u>Food Services</u>	<u>Athletics</u>	<u>Non Instructional</u>	<u>Title I</u>	<u>Entitlement</u>	<u>Competitive</u>	<u>Preschool</u>
\$ 84,989	\$ 6,656	\$ 5,494	\$ 79,019	\$ 18,240	\$ 5,921	\$ 816
-	-	-	34,434	12,852	5,832	148
-	-	-	29,460	10,575	5,921	816
<u>\$ 84,989</u>	<u>\$ 6,656</u>	<u>\$ 5,494</u>	<u>\$ 83,993</u>	<u>\$ 20,517</u>	<u>\$ 5,832</u>	<u>\$ 148</u>
\$ 67,016	\$ 6,843	\$ 7,105	\$ 83,993	\$ 20,517	\$ 5,832	\$ 148
57	-	1,344	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 67,073</u>	<u>\$ 6,843</u>	<u>\$ 8,449</u>	<u>\$ 83,993</u>	<u>\$ 20,517</u>	<u>\$ 5,832</u>	<u>\$ 148</u>



STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

V. OTHER INFORMATION (continued)

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

	<u>Fresh Fruits</u>	<u>Risk Pool</u>	<u>Teacher/ Principal Training</u>
REVENUES			
Budgetary Basis	\$ 2,864	\$ 5,485	\$ 2,310
Add:			
Current Year Receivables & Other Credits	2,553	6,203	9,253
Deduct:			
Prior Year Receivables & Other Debits	<u>2,093</u>	<u>5,485</u>	<u>820</u>
REVENUE --GAAP BASIS	<u>\$ 3,324</u>	<u>\$ 6,203</u>	<u>\$ 10,743</u>
EXPENDITURES			
Budgetary Basis	\$ 3,324	\$ 6,203	\$ 10,743
Add:			
Current Year Payables & Other Debits	-	-	-
Deduct:			
Prior Year Payables & Other Credits	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES --GAAP BASIS	<u>\$ 3,324</u>	<u>\$ 6,203</u>	<u>\$ 10,743</u>

<u>Title XIX Medicaid</u>	<u>REAP</u>	<u>Dual Credit</u>	<u>2012 GO Bonds</u>	<u>NM Reads to Lead K-3</u>	<u>Breakfast for Elementary</u>	<u>NM Highway Department</u>
\$ 13,986	\$ 4,889	\$ 61	\$ -	\$ 31,562	\$ 988	\$ 70,360
20,902	4,839	128	4,460	27,579	-	-
-	225	-	-	17,853	988	70,360
<u>\$ 34,888</u>	<u>\$ 9,503</u>	<u>\$ 189</u>	<u>\$ 4,460</u>	<u>\$ 41,288</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 34,888	\$ 9,503	\$ 189	\$ 4,460	\$ 41,288	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 34,888</u>	<u>\$ 9,503</u>	<u>\$ 189</u>	<u>\$ 4,460</u>	<u>\$ 41,288</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

V. OTHER INFORMATION (continued)

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

	<u>School Based Health Center</u>	<u>SB - 9</u>	<u>Debt Service</u>
<b>REVENUES</b>			
Budgetary Basis	\$ -	\$ 164,835	\$ 189,609
Add:			
Current Year Receivables & Other Credits	1,076	3,207	3,984
Deduct:			
Prior Year Receivables & Other Debits	<u>-</u>	<u>1,222</u>	<u>1,519</u>
<b>REVENUE --GAAP BASIS</b>	<u>\$ 1,076</u>	<u>\$ 166,820</u>	<u>\$ 192,074</u>
<b>EXPENDITURES</b>			
Budgetary Basis	\$ 1,076	\$ 75,815	\$ 188,187
Add:			
Current Year Payables & Other Debits	-	-	7,995
Deduct:			
Prior Year Payables & Other Credits	<u>-</u>	<u>7,052</u>	<u>9,355</u>
<b>EXPENDITURES --GAAP BASIS</b>	<u>\$ 1,076</u>	<u>\$ 68,763</u>	<u>\$ 186,827</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, 2016

	Operational	Teachergage	Transportation	Instructional Materials	TOTALS
<b>ASSETS</b>					
Cash and cash equivalents	\$ 121,920	\$ 20,373	\$ 24,496	\$ 7,277	\$ 174,066
Accounts Receivable					
Property Taxes Receivable	748	-	-	-	748
Federal	-	-	-	-	-
State	-	-	-	-	-
Inventories	-	-	-	-	-
Due from Other Funds	108,280	-	-	-	108,280
<b>TOTAL ASSETS</b>	<b>\$ 230,948</b>	<b>\$ 20,373</b>	<b>\$ 24,496</b>	<b>\$ 7,277</b>	<b>\$ 283,094</b>
<b>LIABILITIES AND OTHER CREDITS</b>					
Accounts Payable	\$ 4,764	\$ -	\$ -	\$ -	\$ 4,764
Due to Other Funds	-	-	-	-	-
Accrued Interest Payable	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>4,764</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,764</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue	-	-	-	-	-
<b>TOTAL DEFERRED INFLOWS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>					
Nonspendable	-	-	-	-	-
Restricted	-	20,373	24,496	7,277	52,146
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	226,184	-	-	-	226,184
<b>TOTAL FUND BALANCE</b>	<b>226,184</b>	<b>20,373</b>	<b>24,496</b>	<b>7,277</b>	<b>278,330</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 230,948</b>	<b>\$ 20,373</b>	<b>\$ 24,496</b>	<b>\$ 7,277</b>	<b>\$ 283,094</b>

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

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

Year Ended June 30, 2016

	Operational	Teacherage	Transportation	Instructional Materials	TOTALS
<b>REVENUE</b>					
Federal Programs	\$ 542,322	\$ -	\$ -	\$ -	\$ 542,322
State Programs	113,820	-	328,293	7,969	450,082
Local Programs	45,596	-	-	-	45,596
State Equalization	1,060,086	-	-	-	1,060,086
Service Revenues	1,274	3,061	-	-	4,335
Taxes	38,105	-	-	-	38,105
Interest	600	14	63	5	682
Other revenue sources	2,113	-	-	-	2,113
<b>TOTAL REVENUES</b>	<b>1,803,916</b>	<b>3,075</b>	<b>328,356</b>	<b>7,974</b>	<b>2,143,321</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
Instruction	1,416,226	-	-	7,271	1,423,497
Support Services	-	-	-	-	-
Support Services Students	99,622	-	-	-	99,622
Support Services Instruction	43,846	-	-	-	43,846
Support Services General Administration	180,200	-	-	-	180,200
Support Services School Administration	151,860	-	-	-	151,860
Central Services	124,260	-	-	-	124,260
Operation and Maintenance of Plant	375,608	967	-	-	376,575
Student Transportation	6,194	-	336,537	-	342,731
Other Support Services	1,286	-	-	-	1,286
Food Services Operations	47,548	-	-	-	47,548
Capital Outlay	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,446,650</b>	<b>967</b>	<b>336,537</b>	<b>7,271</b>	<b>2,791,425</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>(642,734)</b>	<b>2,108</b>	<b>(8,181)</b>	<b>703</b>	<b>(648,104)</b>
<b>Other Financing Sources (Uses)</b>					
Transfer In/Transfers (Out)	-	-	-	-	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(642,734)</b>	<b>2,108</b>	<b>(8,181)</b>	<b>703</b>	<b>(648,104)</b>
<b>FUND BALANCE</b>					
June 30, 2015	868,918	18,265	65,354	6,574	959,111
Restatements	-	-	(32,677)	-	(32,677)
June 30, 2015 as restated	868,918	18,265	32,677	6,574	926,434
<b>FUND BALANCE</b>	<b>\$ 226,184</b>	<b>\$ 20,373</b>	<b>\$ 24,496</b>	<b>\$ 7,277</b>	<b>\$ 278,330</b>

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, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 36,962	\$ 36,962	\$ 37,642	\$ 680
Fees - Users	210	210	504	294
Fees - Educational	575	575	520	(55)
Rent and Leases	500	500	250	(250)
Interest Income	115	115	600	485
Refunds Prior Year	-	-	410	410
State Equalization	1,804,425	1,058,858	1,060,086	1,228
Emergency Supplemental	-	113,820	113,820	-
Sale of Personal Property	-	-	1,466	1,466
Insurance Recoveries	-	-	136	136
Donations	-	-	101	101
Forrest Reserve	-	542,322	542,322	-
Access Board E-Rate	41,562	41,562	45,596	4,034
<b>TOTAL REVENUE</b>	<b>1,884,349</b>	<b>1,794,924</b>	<b>\$ 1,803,453</b>	<b>\$ 8,529</b>
<b>BUDGETED CASH BALANCE</b>	<b>361,254</b>	<b>871,353</b>		
<b>TOTAL REVENUE &amp; CASH</b>	<b>\$ 2,245,603</b>	<b>\$ 2,666,277</b>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 1,263,544	\$ 1,509,414	\$ 1,416,092	\$ 93,322
Support Services	-	-	-	-
Support Services Students	85,440	100,461	99,622	839
Support Services Instruction	46,949	52,516	43,562	8,954
Support Services General Administration	181,475	186,060	180,178	5,882
Support Services School Administration	158,303	154,334	151,223	3,111
Central Services	117,469	131,367	123,423	7,944
Operation and Maintenance of Plant	324,929	441,457	375,578	65,879
Student Transportation	5,750	8,574	6,194	2,380
Other Support Services	4,128	8,678	1,286	7,392
Food Services Operations	57,616	73,416	47,548	25,868
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,245,603</b>	<b>\$ 2,666,277</b>	<b>\$ 2,444,706</b>	<b>\$ 221,571</b>

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, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	-	-	-
Local Programs	6,012	6,012	3,075	(2,937)
<b>TOTAL REVENUE</b>	<u>6,012</u>	<u>6,012</u>	<u>\$ 3,075</u>	<u>\$ (2,937)</u>
<b>BUDGETED CASH BALANCE</b>	<u>19,505</u>	<u>18,265</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 25,517</u>	<u>\$ 24,277</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	25,517	24,277	967	23,310
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 25,517</u>	<u>\$ 24,277</u>	<u>\$ 967</u>	<u>\$ 23,310</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, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	355,531	328,293	328,293	-
Local Programs	-	-	63	63
<b>TOTAL REVENUE</b>	<u>355,531</u>	<u>328,293</u>	<u>\$ 328,356</u>	<u>\$ 63</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>32,677</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 355,531</u>	<u>\$ 360,970</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
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	355,531	360,970	336,537	24,433
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 355,531</u>	<u>\$ 360,970</u>	<u>\$ 336,537</u>	<u>\$ 24,433</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, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	5,852	7,969	7,969	-
Local Programs	-	-	5	5
<b>TOTAL REVENUE</b>	<u>5,852</u>	<u>7,969</u>	<u>\$ 7,974</u>	<u>\$ 5</u>
<b>BUDGETED CASH BALANCE</b>	<u>8,226</u>	<u>6,574</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 14,078</u>	<u>\$ 14,543</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 14,078	\$ 14,543	\$ 7,271	\$ 7,272
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	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 14,078</u>	<u>\$ 14,543</u>	<u>\$ 7,271</u>	<u>\$ 7,272</u>

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

## SPECIAL REVENUE FUNDS

**FOOD SERVICES** - 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 COMPETITIVE-** P.L. 94-142, Individuals with Disabilities Education Act – to account for a federal grant restricted to 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, 93-142, 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.

**2012 GO BOND STUDENT LIBRARY FUND** – to fund school for library resource acquisitions, including library books for public school libraries. Fund and authority provided by Senate Bill 66, Chapter 54, Section 10, paragraph B(3), Laws of 2012.

NM READS TO LEAD K-3 – to account for funds to implement early childhood education in reading. Fund and authority provided by the NM PED.

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.

NM HIGHWAY DEPARTMENT – to account for funding to improve parking lots on school property. Authority provided by NM PED and NM DFA.

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, 2016

	Food Services	Athletics	Non Instructional	IDEA- B Entitlement
<b>ASSETS</b>				
Cash and cash equivalents	\$ 28,835	\$ 9,988	\$ 19,067	\$ -
Accounts Receivable				
Property Taxes Receivable	-	-	-	-
Federal	-	-	-	12,852
State	-	-	-	-
Inventories	1,905	-	-	-
Due from Other Funds	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 30,740</b>	<b>\$ 9,988</b>	<b>\$ 19,067</b>	<b>\$ 12,852</b>
<b>LIABILITIES AND OTHER CREDITS</b>				
Accounts Payable	\$ -	\$ -	\$ 1,344	\$ -
Due to Other Funds	-	-	-	12,852
Accrued Interest Payable	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>1,344</b>	<b>12,852</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	-	-	-	-
<b>TOTAL DEFERRED INFLOWS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>				
Nonspendable	1,905	-	-	-
Restricted	28,835	9,988	17,723	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>30,740</b>	<b>9,988</b>	<b>17,723</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 30,740</b>	<b>\$ 9,988</b>	<b>\$ 19,067</b>	<b>\$ 12,852</b>

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

EXHIBIT B-1

IDEA- B Competitive	IDEA- B Preschool	Fresh Fruits & Vegetables	IDEA- B Risk Pool	Teacher/ Principal Training	R.E.A.P.	Dual Credit Instructional Materials
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
5,832	148	2,553	6,203	9,253	4,839	-
-	-	-	-	-	-	127
-	-	-	-	-	-	-
<u>\$ 5,832</u>	<u>\$ 148</u>	<u>\$ 2,553</u>	<u>\$ 6,203</u>	<u>\$ 9,253</u>	<u>\$ 4,839</u>	<u>\$ 127</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,832	148	2,553	6,203	9,253	4,839	127
-	-	-	-	-	-	-
<u>5,832</u>	<u>148</u>	<u>2,553</u>	<u>6,203</u>	<u>9,253</u>	<u>4,839</u>	<u>127</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 5,832</u>	<u>\$ 148</u>	<u>\$ 2,553</u>	<u>\$ 6,203</u>	<u>\$ 9,253</u>	<u>\$ 4,839</u>	<u>\$ 127</u>

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

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

June 30, 2016

	2012 GO Bond Student Library Fund	NM Reads to Lead K-3
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ -
Accounts Receivable		
Property Taxes Receivable	-	-
Federal	-	-
State	4,460	27,579
Inventories	-	-
Due from Other Funds	-	-
<b>TOTAL ASSETS</b>	<u>\$ 4,460</u>	<u>\$ 27,579</u>
<b>LIABILITIES AND OTHER CREDITS</b>		
Accounts Payable	\$ -	\$ -
Due to Other Funds	4,460	27,579
Accrued Interest Payable	-	-
<b>TOTAL LIABILITIES</b>	<u>4,460</u>	<u>27,579</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue	-	-
<b>TOTAL DEFERRED INFLOWS</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>		
Nonspendable	-	-
Restricted	-	-
Committed	-	-
Assigned	-	-
Unassigned	-	-
<b>TOTAL FUND BALANCE</b>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<u>\$ 4,460</u>	<u>\$ 27,579</u>

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

EXHIBIT B-1  
CONTINUED

Breakfast for Elementary Students	NM Highway Department	School Based Health Center	Total Non-Major Special Revenue Funds	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ 70,360	\$ -	\$ 128,250	\$ 128,250
-	-	-	-	-
-	-	-	41,680	41,680
-	-	-	32,166	32,166
-	-	-	1,905	1,905
-	-	-	-	-
<u>\$ -</u>	<u>\$ 70,360</u>	<u>\$ -</u>	<u>\$ 204,001</u>	<u>\$ 204,001</u>
\$ -	\$ -	\$ -	\$ 1,344	\$ 1,344
-	-	-	73,846	73,846
-	-	-	-	-
-	-	-	75,190	75,190
-	70,360	-	70,360	70,360
-	70,360	-	70,360	70,360
-	-	-	1,905	1,905
-	-	-	56,546	56,546
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	58,451	58,451
<u>\$ -</u>	<u>\$ 70,360</u>	<u>\$ -</u>	<u>\$ 204,001</u>	<u>\$ 204,001</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, 2016

	Food Services	Athletics	Non Instructional	IDEA- B Entitlement
<b>REVENUE</b>				
Federal Programs	\$ 74,464	\$ -	\$ -	\$ 20,517
State Programs	-	-	-	-
Local Programs	-	-	-	-
State Equalization	-	-	-	-
Service Revenues	10,507	6,649	5,478	-
Taxes	-	-	-	-
Interest	18	7	16	-
Other revenue sources	-	-	-	-
<b>TOTAL REVENUES</b>	<b>84,989</b>	<b>6,656</b>	<b>5,494</b>	<b>20,517</b>
<b>EXPENDITURES</b>				
Current				
Instruction	-	6,843	8,449	5,847
Support Services	-	-	-	-
Support Services Students	-	-	-	11,379
Support Services Instruction	-	-	-	3,291
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	67,073	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>67,073</b>	<b>6,843</b>	<b>8,449</b>	<b>20,517</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>17,916</b>	<b>(187)</b>	<b>(2,955)</b>	<b>-</b>
Other Financing Sources (Uses)				
Transfer In/Transfers (Out)	-	-	-	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>17,916</b>	<b>(187)</b>	<b>(2,955)</b>	<b>-</b>
<b>FUND BALANCE</b>				
June 30, 2015	12,824	10,175	20,678	-
Restatements	-	-	-	-
June 30, 2015 as restated	12,824	10,175	20,678	-
<b>FUND BALANCE June 30, 2016</b>	<b>\$ 30,740</b>	<b>\$ 9,988</b>	<b>\$ 17,723</b>	<b>\$ -</b>

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

EXHIBIT B-2

IDEA- B Competitive	IDEA- B Preschool	Fresh Fruits & Vegetables	IDEA- B Risk Pool	Teacher/ Principal Training	R.E.A.P.	Dual Credit Instructional Materials
\$ 5,832	\$ 148	\$ 3,324	\$ 6,203	\$ 10,743	\$ 9,503	\$ -
-	-	-	-	-	-	189
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,832</u>	<u>148</u>	<u>3,324</u>	<u>6,203</u>	<u>10,743</u>	<u>9,503</u>	<u>189</u>
5,832	148	-	6,203	10,743	7,333	189
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	2,170	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	3,324	-	-	-	-
-	-	-	-	-	-	-
<u>5,832</u>	<u>148</u>	<u>3,324</u>	<u>6,203</u>	<u>10,743</u>	<u>9,503</u>	<u>189</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, 2016

	2012 GO Bond Student Library Fund	NM Reads to Lead K-3
<b>REVENUE</b>		
Federal Programs	\$ -	\$ -
State Programs	4,460	41,288
Local Programs	-	-
State Equalization	-	-
Service Revenues	-	-
Taxes	-	-
Interest	-	-
Other revenue sources	-	-
TOTAL REVENUES	<u>4,460</u>	<u>41,288</u>
<b>EXPENDITURES</b>		
Current		
Instruction	-	41,288
Support Services	-	-
Support Services Students	-	-
Support Services Instruction	4,460	-
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>4,460</u>	<u>41,288</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, 2015	-	-
Restatements	-	-
June 30, 2015 as restated	<u>-</u>	<u>-</u>
FUND BALANCE June 30, 2016	<u>\$ -</u>	<u>\$ -</u>

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

EXHIBIT B-2  
CONTINUED

Breakfast for Elementary Students	NM Highway Department	School Based Health Center	TOTAL NONMAJOR SPECIAL REVENUE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ 130,734	\$ 130,734
-	-	1,076	47,013	47,013
-	-	-	-	-
-	-	-	-	-
-	-	-	22,634	22,634
-	-	-	41	41
-	-	-	-	-
-	-	1,076	200,422	200,422
-	-	-	92,875	92,875
-	-	-	-	-
-	-	-	11,379	11,379
-	-	-	7,751	7,751
-	-	-	-	-
-	-	-	2,170	2,170
-	-	-	-	-
-	-	1,076	1,076	1,076
-	-	-	-	-
-	-	-	-	-
-	-	-	70,397	70,397
-	-	-	-	-
-	-	1,076	185,648	185,648
-	-	-	14,774	14,774
-	-	-	-	-
-	-	-	-	-
-	-	-	14,774	14,774
-	-	-	43,677	43,677
-	-	-	-	-
-	-	-	43,677	43,677
\$ -	\$ -	\$ -	\$ 58,451	\$ 58,451

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-3

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

Year Ended June 30, 2016

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ 63,000	\$ 63,000	\$ 74,464	\$ 11,464
State Programs	-	-	-	-
Local Programs	3,312	3,312	10,525	7,213
<b>TOTAL REVENUE</b>	<u>66,312</u>	<u>66,312</u>	<u>\$ 84,989</u>	<u>\$ 18,677</u>
<b>BUDGETED CASH BALANCE</b>	<u>13,762</u>	<u>10,842</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 80,074</u>	<u>\$ 77,154</u>		
<b>EXPENDITURES</b>				
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	80,074	77,154	67,016	10,138
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 80,074</u>	<u>\$ 77,154</u>	<u>\$ 67,016</u>	<u>\$ 10,138</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, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	-	-	-
Local Programs	7,708	7,708	6,656	(1,052)
<b>TOTAL REVENUE</b>	<u>7,708</u>	<u>7,708</u>	<u>\$ 6,656</u>	<u>\$ (1,052)</u>
BUDGETED CASH BALANCE	<u>10,151</u>	<u>10,065</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 17,859</u>	<u>\$ 17,773</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 17,859	\$ 17,773	\$ 6,843	\$ 10,930
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	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 17,859</u>	<u>\$ 17,773</u>	<u>\$ 6,843</u>	<u>\$ 10,930</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, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	-	-	-
Local Programs	4,216	4,216	5,494	1,278
<b>TOTAL REVENUE</b>	<u>4,216</u>	<u>4,216</u>	<u>\$ 5,494</u>	<u>\$ 1,278</u>
<b>BUDGETED CASH BALANCE</b>	<u>20,232</u>	<u>20,679</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 24,448</u>	<u>\$ 24,895</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 24,448	\$ 24,895	\$ 7,105	\$ 17,790
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	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 24,448</u>	<u>\$ 24,895</u>	<u>\$ 7,105</u>	<u>\$ 17,790</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, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ 31,455	\$ 73,185	\$ 18,242	\$ (54,943)
State Programs	-	-	-	-
Local Programs	-	-	-	-
<b>TOTAL REVENUE</b>	<u>31,455</u>	<u>73,185</u>	<u>\$ 18,242</u>	<u>\$ (54,943)</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 31,455</u>	<u>\$ 73,185</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 16,472	\$ 44,952	\$ 5,847	\$ 39,105
Support Services	-	-	-	-
Support Services Students	11,383	24,633	11,379	13,254
Support Services Instruction	3,600	3,600	3,291	309
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	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 31,455</u>	<u>\$ 73,185</u>	<u>\$ 20,517</u>	<u>\$ 52,668</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 COMPETITIVE

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ -	\$ 7,180	\$ 5,921	\$ (1,259)
State Programs	-	-	-	-
Local Programs	-	-	-	-
<b>TOTAL REVENUE</b>	<u>-</u>	<u>7,180</u>	<u>\$ 5,921</u>	<u>\$ (1,259)</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 7,180</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ -	\$ 7,180	\$ 5,832	\$ 1,348
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	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 7,180</u>	<u>\$ 5,832</u>	<u>\$ 1,348</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--IDEA-B-PRESCHOOL

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ 1,865	\$ 3,730	\$ 816	\$ (2,914)
State Programs	-	-	-	-
Local Programs	-	-	-	-
<b>TOTAL REVENUE</b>	<u>1,865</u>	<u>3,730</u>	<u>\$ 816</u>	<u>\$ (2,914)</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 1,865</u>	<u>\$ 3,730</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 865	\$ 2,730	\$ 148	\$ 2,582
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	1,000	1,000	-	1,000
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	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,865</u>	<u>\$ 3,730</u>	<u>\$ 148</u>	<u>\$ 3,582</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--FRESH FRUITS & VEGETABLES

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ -	\$ 3,398	\$ 2,864	\$ (534)
State Programs	-	-	-	-
Local Programs	-	-	-	-
<b>TOTAL REVENUE</b>	<u>-</u>	<u>3,398</u>	<u>\$ 2,864</u>	<u>\$ (534)</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 3,398</u>		
<b>EXPENDITURES</b>				
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	-	3,398	3,324	74
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 3,398</u>	<u>\$ 3,324</u>	<u>\$ 74</u>

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

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-10

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

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ -	\$ 16,523	\$ 5,485	\$ (11,038)
State Programs	-	-	-	-
Local Programs	-	-	-	-
<b>TOTAL REVENUE</b>	<u>-</u>	<u>16,523</u>	<u>\$ 5,485</u>	<u>\$ (11,038)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 16,523</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ -	\$ 9,823	\$ 6,203	\$ 3,620
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	-	6,700	-	6,700
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 16,523</u>	<u>\$ 6,203</u>	<u>\$ 10,320</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--TEACHER/PRINCIPAL TRAINING

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ 9,468	\$ 23,473	\$ 2,322	\$ (21,151)
State Programs	-	-	-	-
Local Programs	-	-	-	-
<b>TOTAL REVENUE</b>	<u>9,468</u>	<u>23,473</u>	<u>\$ 2,322</u>	<u>\$ (21,151)</u>
BUDGETED CASH BALANCE	-	-		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 9,468</u>	<u>\$ 23,473</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 9,468	\$ 23,473	\$ 10,743	\$ 12,730
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	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 9,468</u>	<u>\$ 23,473</u>	<u>\$ 10,743</u>	<u>\$ 12,730</u>

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

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-12

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

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ -	\$ -	\$ 4,889	\$ 4,889
State Programs	-	-	-	-
Local Programs	-	-	-	-
<b>TOTAL REVENUE</b>	<u>-</u>	<u>-</u>	<u>\$ 4,889</u>	<u>\$ 4,889</u>
<b>BUDGETED CASH BALANCE</b>	<u>7,429</u>	<u>18,306</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 7,429</u>	<u>\$ 18,306</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 5,371	\$ 16,136	\$ 7,333	\$ 8,803
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	2,058	2,170	2,170	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 7,429</u>	<u>\$ 18,306</u>	<u>\$ 9,503</u>	<u>\$ 8,803</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, 2016

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	230	61	(169)
Local Programs	-	-	-	-
<b>TOTAL REVENUE</b>	<u>-</u>	<u>230</u>	<u>\$ 61</u>	<u>\$ (169)</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ 230</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ -	\$ 230	\$ 189	\$ 41
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	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ 230</u>	<u>\$ 189</u>	<u>\$ 41</u>

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

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-14

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--2012 GO BOND STUDENT LIBRARY FUND

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	9,333	9,333	-	(9,333)
Local Programs	-	-	-	-
<b>TOTAL REVENUE</b>	<u>9,333</u>	<u>9,333</u>	<u>\$ -</u>	<u>\$ (9,333)</u>
BUDGETED CASH BALANCE	-	-		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 9,333</u>	<u>\$ 9,333</u>		
<b>EXPENDITURES</b>				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	9,333	9,333	4,460	4,873
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	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 9,333</u>	<u>\$ 9,333</u>	<u>\$ 4,460</u>	<u>\$ 4,873</u>

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



STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-15

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--NM READS TO LEAD K-3

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	50,000	50,000	31,562	(18,438)
Local Programs	-	-	-	-
<b>TOTAL REVENUE</b>	<u>50,000</u>	<u>50,000</u>	<u>\$ 31,562</u>	<u>\$ (18,438)</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 50,000</u>	<u>\$ 50,000</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 50,000	\$ 50,000	\$ 41,288	\$ 8,712
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	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 41,288</u>	<u>\$ 8,712</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, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	-	988	988
Local Programs	-	-	-	-
<b>TOTAL REVENUE</b>	<u>-</u>	<u>-</u>	<u>\$ 988</u>	<u>\$ 988</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ -</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
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	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-17

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
 AND ACTUAL--SPECIAL REVENUE FUND--NM HIGHWAY DEPARTMENT

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	-	70,360	70,360
Local Programs	-	-	-	-
<b>TOTAL REVENUE</b>	<u>-</u>	<u>-</u>	<u>\$ 70,360</u>	<u>\$ 70,360</u>
<b>BUDGETED CASH BALANCE</b>	<u>-</u>	<u>-</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ -</u>	<u>\$ -</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
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	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT B-18

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

Year Ended June 30, 2016

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Federal Programs	\$ -	\$ -	\$ -	\$ -
State Programs	-	-	-	-
Local Programs	1	1	-	(1)
<b>TOTAL REVENUE</b>	<u>1</u>	<u>1</u>	<u>\$ -</u>	<u>\$ (1)</u>
<b>BUDGETED CASH BALANCE</b>	<u>1,424</u>	<u>1,076</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 1,425</u>	<u>\$ 1,077</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	-	-	-	-
Support Services Students	-	-	-	-
Support Services Instruction	-	-	-	-
Support Services General Administration	-	-	-	-
Support Services School Administration	-	-	-	-
Central Services	-	-	-	-
Operation and Maintenance of Plant	1,425	1,077	1,076	1
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,425</u>	<u>\$ 1,077</u>	<u>\$ 1,076</u>	<u>\$ 1</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.

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

EXHIBIT C-1

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS

Year Ended June 30, 2016

	Balance 6/30/2015	ADDITIONS	DEDUCTIONS	Balance 6/30/2016
FFA	\$ 7,551	\$ 8,455	\$ 12,008	\$ 3,998
NATIONAL FFA	1,554	8,867	8,866	1,555
FHA	811	1	-	812
STUDENT COUNCIL	1,351	201	500	1,052
ELEMENTARY FUND	2,662	338	763	2,237
YEARBOOK	4,682	655	475	4,862
CHEERLEADERS	266	-	-	266
DANCE CLUB	1,945	2	-	1,947
ART CLUB	16	-	-	16
BATTLE OF THE BOOKS	16	-	-	16
ALUMNI	224	-	39	185
GIRLS BB	1,364	803	982	1,185
BOYS BB	189	2,477	2,577	89
TRACK	712	2,011	1,605	1,118
GIRLS VB	4,191	2,802	2,140	4,853
JOURNALISM	88	-	-	88
SCIENCE CLUB	296	-	-	296
NATIONAL HONOR SOCIETY	131	180	307	4
DRAMA CLUB	79	8,493	6,568	2,004
TEEN HEALTH COUNCIL	51	449	-	500
EAGLE GRAFIX	879	1	-	880
DATIL MEMORIAL FUND	388	-	-	388
DATIL SCHOOL	1,405	4,151	3,119	2,437
CLOSE UP	317	-	-	317
SENIOR GRAD NIGHT	65	-	-	65
MATH LAB	399	-	-	399
ELEMENTARY BB CLUB	335	-	-	335
CLASS OF 2016	1,010	1,808	2,618	200
CLASS OF 2017	1,970	1,899	2,001	1,868
CLASS OF 2018	730	185	-	915
CLASS OF 2019	1,046	1	-	1,047
CLASS OF 2020	770	112	-	882
CLASS OF 2021	1,972	276	-	2,248
CLASS OF 2022	710	949	279	1,380
CLASS OF 2023	1,089	1,102	623	1,568
CLASS OF 2024	305	815	338	782
CLASS OF 2025	198	200	47	351
CLASS OF 2026	279	382	222	439
CLASS OF 2027	78	720	215	583
CLASS OF 2028	103	396	281	218
CLASS OF 2029	-	261	-	261
BOOSTER CLUB	4,479	20,565	18,864	6,180
	<u>\$ 46,706</u>	<u>\$ 69,557</u>	<u>\$ 65,437</u>	<u>\$ 50,826</u>

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

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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, 2016

	Original Budget	Adjusted Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 186,450	\$ 186,450	\$ 189,535	\$ 3,085
Interest Income	52	52	74	22
<b>TOTAL REVENUE</b>	<u>186,502</u>	<u>186,502</u>	<u>\$ 189,609</u>	<u>\$ 3,107</u>
<b>BUDGETED CASH BALANCE</b>	<u>163,205</u>	<u>193,060</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 349,707</u>	<u>\$ 379,562</u>		
<b>EXPENDITURES</b>				
Support Services General Administration	\$ 2,100	\$ 3,300	\$ 1,896	\$ 1,404
Debt Service	326,157	353,957	165,000	188,957
Debt Service - Interest & Fiscal Charges	21,450	22,305	21,291	1,014
<b>TOTAL EXPENDITURES</b>	<u>\$ 349,707</u>	<u>\$ 379,562</u>	<u>\$ 188,187</u>	<u>\$ 191,375</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO  
QUEMADO INDEPENDENT SCHOOLS

SCHEDULE 1

SCHEDULE OF THE PROPORTIONATE SHARE OF NET PENSION LIABILITY  
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN - LAST 10 FISCAL YEARS\*

JUNE 30, 2016

	<u>2016</u>
Proportion of the net pension liability	0.05049%
Proportionate share of the net pension liability	\$ 3,270,372
Covered-employee payroll	\$ 1,378,539
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	237.23%
Plan fiduciary net position as a percentage of total pension liability	66.54%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Quemado Independent School District will present information for those years for which information is available.

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

SCHEDULE 2

SCHEDULE OF CONTRIBUTIONS EDUCATIONAL RETIREMENT  
 BOARD (ERB) PENSION PLAN - LAST 10 FISCAL YEARS\*

JUNE 30, 2016

	<u>2016</u>
Contractually required contribution	\$ 203,055
Contributions in relation to the contractually required contribuion	203,055
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 1,460,831
Contributions as a percentage of covered-employee payroll	13.90%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Quemado Independent School District will present information for those years for which information is available.

Notes to Required Supplementary Information (Schedules 4 & 5)

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

Changes of assumptions - ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on April 26, 2013, ERB implemented the following changes in assumptions for fiscal years 2014 and 2013.

1. Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:
  - a. Lower wage inflation from 4.75% to 4.25%
  - b. Lower payroll growth from 3.75% to 3.50%
  - c. Minor changes to demographic assumptions
  - d. Population growth per year from 0.75% to 0.50%
2. Assumptions that were not changed:
  - a. Investment return will remain at 7.75%
  - b. Inflation will remain at 3.00%

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

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OTHER SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

SCHEDULE 3

BANK SUMMARY

June 30, 2016

Bank	ACCT TYPE	FUND	BANK BALANCE	OUTSTANDING (CHECKS) DEPOSITS	NET CASH BALANCE
First State Bank	Checking	Multi Fund *	\$ 1,069,992	\$ (189,746)	\$ 880,246
	Checking	Activity *	54,127	(3,301)	50,826
Total First State Bank			<u>1,124,119</u>	<u>(193,047)</u>	<u>931,072</u>
Total All Accounts			\$ <u>1,124,119</u>	\$ <u>(193,047)</u>	\$ <u>931,072</u>

\* Interest Bearing

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

SCHEDULE 4

SCHEDULE OF PLEDGED COLLATERAL

June 30, 2016

	Total Deposits	FDIC Insurance	Uninsured Deposits	Collateral Required	Collateral Pledged	Uninsured & Uncollateralized Deposits
First State Bank	\$ 1,124,119	\$ 250,000	\$ 874,119	\$ 437,060	\$ 900,000	\$ -

Collateral	CUSIP #.	Amount	Matures
FHLB Non CBL	3133X8EW8	900,000	8/15/2024
		<u>900,000</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, 2016

	<u>OPERATIONAL</u>	<u>TEACHERAGE</u>	<u>TRANSPORTATION</u>
Audited Net Cash			
June30, 2015	\$ 797,216	\$ 18,265	\$ 65,354
Investments & cash on hand/Loans	(100)	-	-
<b>TOTAL CASH BALANCE</b>			
June30, 2015	797,116	18,265	65,354
Add: Prior year void checks	-	-	-
2015-2016 Revenue	1,803,453	3,075	328,356
Transfers In & Adjustments	74,237	-	-
<b>TOTAL AVAILABLE CASH</b>	<b>2,674,806</b>	<b>21,340</b>	<b>393,710</b>
Less: 2015-2016 Expenditures	2,444,706	967	336,537
Returned Checks	-	-	-
Transfers Out & Adjustments	108,280	-	32,677
	<u>2,552,986</u>	<u>967</u>	<u>369,214</u>
<b>NET CASH, JUNE 30, 2016</b>	<b>121,820</b>	<b>20,373</b>	<b>24,496</b>
Cash On hand	100	-	-
<b>TOTAL CASH, JUNE 30, 2016</b>	<b>\$ 121,920</b>	<b>\$ 20,373</b>	<b>\$ 24,496</b>

SCHEDULE 5

INSTRUCTIONAL MATERIALS	CAFETERIA	ATHLETICS	NON INSTRUCTIONAL	FEDERAL PROJECTS	LOCAL/STATE ACCOUNT
\$ 6,574	\$ 10,862	\$ 10,175	\$ 20,678	\$ 66,942	\$ 1,076
-	(20)	(110)	-	-	-
6,574	10,842	10,065	20,678	66,942	1,076
-	-	-	-	-	-
7,974	84,989	6,656	5,494	133,544	102,971
-	-	-	-	76,114	32,166
14,548	95,831	16,721	26,172	276,600	136,213
7,271	67,016	6,843	7,105	175,151	47,013
-	-	-	-	-	-
-	-	-	-	55,409	18,840
7,271	67,016	6,843	7,105	230,560	65,853
7,277	28,815	9,878	19,067	46,040	70,360
-	20	110	-	-	-
<u>\$ 7,277</u>	<u>\$ 28,835</u>	<u>\$ 9,988</u>	<u>\$ 19,067</u>	<u>\$ 46,040</u>	<u>\$ 70,360</u>

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

SCHEDULE 5  
 Continued

BANK RECONCILIATION

JUNE 30, 2016

	SB-9	DEBT SERVICE	ACTIVITY
Audited Net Cash			
June30, 2015	\$ 248,618	\$ 193,059	\$ 46,706
Investments & cash on hand/Loans	-	-	-
<b>TOTAL CASH BALANCE</b>			
June30, 2015	248,618	193,059	46,706
Add: Prior year void checks	-	-	-
2015-2016 Revenue	164,835	189,609	69,557
Transfers In & Adjustments	-	1	-
<b>TOTAL AVAILABLE CASH</b>	413,453	382,669	116,263
Less: 2015-2016 Expenditures	75,815	188,187	65,437
Returned Checks	-	-	-
Transfers Out & Adjustments	-	-	-
	75,815	188,187	65,437
	-	-	-
<b>NET CASH, JUNE 30, 2016</b>	337,638	194,482	50,826
Cash On hand	-	-	-
<b>TOTAL CASH, JUNE 30, 2016</b>	<u>\$ 337,638</u>	<u>\$ 194,482</u>	<u>\$ 50,826</u>

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STATE OF NEW MEXICO  
QUEMADO INDEPENDENT SCHOOLS

SCHEDULE OF VENDOR INFORMATION FOR PURCHASES  
EXCEEDING \$60,000 (EXCLUDING GRT)

FOR THE YEAR ENDED JUNE 30, 2016

PREPARED BY AGENCY STAFF NAME: ANNA WASTCHAK  
TITLE: BUSINESS MANAGER DATE: JULY 26, 2016

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP# (if applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>
7068	Quemado Independent Schools	Schools	None		

Schedule 6

<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
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# 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

Timothy Keller  
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, 2016, 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 November 8, 2016.

### 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies identified as 2015-001.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Quemado Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying Schedule of 12-6-5 NMSA 1978 Findings as items 2016-001 and 2016-002.

### 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  
November 8, 2016



# Woodard, Cowen & Co.

Certified Public Accountants

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

Timothy Keller  
New Mexico 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 *OMB 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2016.

### 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Woodard, Cowen & Co*

Clovis, New Mexico  
November 8, 2016

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SINGLE AUDIT SECTION

STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2016

I. SUMMARY OF AUDITORS RESULTS:

Report on Financial Statements		Unmodified
Significant Deficiencies on GAGAS		2015-001
Other Items required to be reported		None
Material Noncompliance		None
Questioned Cost		None
Type A & Type B dollar threshold		\$750,000
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 the Uniform Guidance 2 CFR 200.516(a)		None

II. FINANCIAL STATEMENT FINDINGS

Control

2015-001 Purchase Orders (significant deficiency)

Condition: The district had several invoices dated before the purchase order. Of 153 invoices tested, 7 or 5% were dated prior to the purchase order. Also, 9 of the 153 (6%) were not signed and 6 of the 153 (4%) had handwritten increases to the purchase orders, rather than revising the purchase order as policy would require. These instances amounted to \$86,986 of \$851,744 or 10% of the amounts tested. Management has failed to implement the corrective action plan as outlined in the prior year audit finding.

Criteria: Good budgetary control and board policies and procedures require that purchase orders be issued before the obligation is incurred. Per the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13– Purchasing, the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services, or construction.

Cause: District policies and procedures were ignored, circumvented or erroneously missed with respect to the disbursements.

STATE OF NEW MEXICO  
QUEMADO INDEPENDENT SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2016

II. FINANCIAL STATEMENT FINDINGS (continued)

2015-001 Purchase Orders (significant deficiency) (continued)

Effect: Loss of budgetary control

Recommendation: The District should consider additional training of employees regarding the procedures for purchasing and the purpose and need of purchase orders.

Response: The Superintendent and Principal have met with teachers and gone over the procedures for requisitions and purchase orders. The requirement to put in a requisition in, have it approved then a purchase order typed up before any orders are made was addressed in several meetings with all staff. The office personnel have revisited their procedures for purchase orders and have adjusted so that all purchase orders are signed after they are typed up and before they are filed. Procedures were also addressed for increases in purchase orders and determined that if an increase is known before an invoice is received, the purchase order will be revised and printed out.

Compliance

None

III. FEDERAL FINDINGS

None

IV. PRIOR YEAR AUDIT FINDINGS

2015-001 Purchase Orders  
2015-002 Overspent Budget

Revised and Repeated  
Resolved

STATE OF NEW MEXICO  
QUEMADO INDEPENDENT SCHOOLS

SCHEDULE OF 12-6-5 NMSA 1978 FINDINGS

JUNE 30, 2016

Compliance

2016-001 HR Documentation (other matter)

- Condition: During the tests of payroll files we noted that 1 of 8 (13%) of the files had no completed I-9 form in the files.
- Criteria: NMAC 6.20.2.18 1978 states the local board shall establish written payroll policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. School districts shall maintain and have available for inspection the following employee record documentation: employment contracts ( including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations.
- Cause: The District employees have disregarded the board policies and procedures and the state and federal statutes regarding employee file documentation.
- Effect: Violation of Federal and State statutes and District policies and procedures.
- Recommendation: The District should develop internal procedures to ensure that all required documentation is in the employee files. There should be a person responsible for reviewing files for completeness of required documents.
- Response: The office personnel have revised their procedures for new hire employee paperwork. All paperwork must be turned in prior to the first paycheck, which will include the I-9 form and supporting documentation.

STATE OF NEW MEXICO  
QUEMADO INDEPENDENT SCHOOLS

SCHEDULE OF 12-6-5 NMSA 1978 FINDINGS (continued)

JUNE 30, 2016

2016-002 Deposits (other matter)

- Condition: 5 of 8 (63%) of activity deposits totaling \$15,433 and 3 of 3 (100%) of cafeteria deposits totaling \$3,112 were not deposited within one week of being received by the District. 2 of 8 activity deposits were not turned into the business office within 24 hours as the district policy requires.
- 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.
- Cause: Disregard by staff of District policies and state statutes applying to cash receipts and deposit requirements.
- 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. Training with respect to fund raising receipts should be provided annually at the beginning of the school year.
- Response: After discussing proper deposit procedures and receiving clarification for our auditor regarding the 24 hour rule and the district's waiver from PED to extend the 24 hours to one week and when the deposit has to be received by the bank, the district has revised the procedure for deposits. The district has had training meetings with staff going over the 24 hour procedure for deposits to be turned in to the front desk and training with office personnel going over the procedures of when the deposits need to be received by the bank. Training with staff with regards to fund raising was covered in the beginning of the year in-service and will be revisited after the Christmas break when staff returns.



STATE OF NEW MEXICO  
 QUEMADO INDEPENDENT SCHOOLS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

	Federal CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
<b>US DEPARTMENT OF EDUCATION</b>			
Passed through the State Department of Education			
Title I	84.010	24101	\$ 83,993
IDEA-B Entitlement	84.027	24106	20,517
IDEA-B Risk Pool	84.027	24120	6,203
IDEA-B Competitive	84.027	24108	5,832
IDEA-B Preschool	84.173	24109	148
Teacher/Principal Training	84.367A	24154	10,743
TOTAL PASSTHROUGH GRANTS			<u>127,436</u>
Direct Grants			
Rural Ed Achievement Program	84.358	25233	9,503
TOTAL DIRECT GRANTS			<u>9,503</u>
TOTAL DEPARTMENT OF EDUCATION			<u>136,939</u>
<b>US DEPARTMENT OF AGRICULTURE</b>			
Passed Through State Department of Education			
National School Lunch Program	10.555	21000	67,016
Fresh Fruit & Vegetables	10.582	24118	3,324
<1> Forrest Reserve	10.665	11000	542,322
			<u>612,662</u>
Passed Through New Mexico State Department of Human Services			
Non-Monetary Assistance	10.565	21000	4,562
TOTAL DEPARTMENT OF AGRICULTURE			<u>617,224</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 754,163</u>

<1> Major Program

Note 1 The accompanying schedule of expenditures of Federal awards include the Federal awards activity, under programs of the federal government for the year ended June 30, 2016 in accordance with the requirements of Title 2 U.S. code of Federal Regulation Part 200, Uniform Administrative Requirments, Cost Principles and Audit Requirements of Federal awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the district, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

Note 2 The District has elected to not use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Note 3 Non-Monetary assistance of \$4,562 is reported in the schedule at the fair market value of the commodities received from the Department of Agriculture.

STATE OF NEW MEXICO  
QUEMADO INDEPENDENT SCHOOLS

OTHER DISCLOSURES

Year Ended June 30, 2016

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 July 29, 2016. Present were:

David Lackey  
Danny Carver  
Anna Wastchak  
Anika Driver  
D. Brent Woodard  
Martin Mackechnie

Superintendent  
Board Vice President  
Business Manager  
Office Assistant  
Auditor  
Staff Accountant