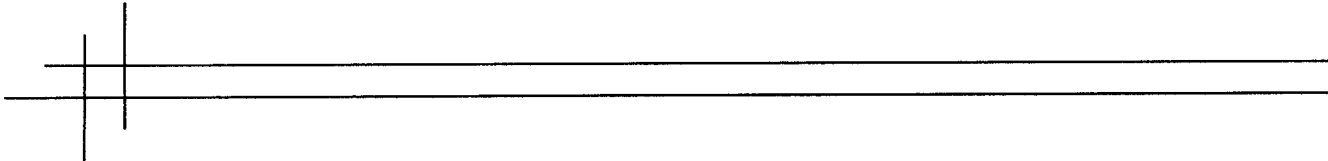




STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**

**ANNUAL FINANCIAL REPORT**  
June 30, 2008

**De'Aun Willoughby CPA, PC**  
Certified Public Accountant  
Melrose, New Mexico



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**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
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**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
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**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
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STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
Official Roster  
June 30, 2008

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**BOARD OF EDUCATION**

David Zimmerman	President
Bernie Torres	Vice President
Lawrence A. Ortega	Secretary
Jose Cisneros	Member
Robert Herman Medina	Member
Matt Ortega	Member
Nancy Gonzalez	Member

**SCHOOL OFFICIALS**

Eric V. Martinez	Superintendent
Susie Martinez	Business Manager

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

## Independent Auditor's Report

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of the QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9, (District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2008, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2008, and the respective changes in financial position and the respective budgetary comparisons for the major capital projects funds, debt service fund and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2008, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The District has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements and the combining and individual financial statements and budgetary comparisons presented as supplemental information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by US Office of Management and Budget circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*De'Aun Willoughby* CPA PC

November 15, 2008

## **FINANCIAL SECTION**

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
Statement of Net Assets  
June 30, 2008

	Governmental Activities	Red River Valley Charter School	Roots & Wings Charter School
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 1,196,186	\$ 37,234	\$ 16,991
Investment	950,000	0	0
Taxes Receivable	47,681	0	0
Due from Grantor	159,371	43,680	2,995
Other Receivables	22,153	0	0
Inventory	5,728	0	0
Total Current Assets	<u>2,381,119</u>	<u>80,914</u>	<u>19,986</u>
Noncurrent Assets			
Capital Assets	18,626,815	285,268	95,784
Less: Accumulated Depreciation	(7,250,503)	(218,477)	(47,746)
Total Noncurrent Assets	<u>11,376,312</u>	<u>66,791</u>	<u>48,038</u>
Total Assets	<u>13,757,431</u>	<u>147,705</u>	<u>68,024</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	224,037	8,363	0
Accrued Interest	34,588	0	0
Deferred Revenue	19,364	0	0
Current Amount Due for Bonds	175,000	0	0
Total Current Liabilities	<u>452,989</u>	<u>8,363</u>	<u>0</u>
Noncurrent Liabilities			
Bonds and Notes, Net	515,056	0	0
Compensated Absences	44,028	0	0
Total Noncurrent Liabilities	<u>559,084</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>1,012,073</u>	<u>8,363</u>	<u>0</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of Related Debt	10,861,256	66,791	48,038
Restricted for:			
Capital Projects	1,629,383	0	0
Debt Service	56,093	0	0
Unrestricted	198,626	72,551	19,986
Total Net Assets	<u>\$ 12,745,358</u>	<u>\$ 139,342</u>	<u>\$ 68,024</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
Statement of Activities  
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit's
<b>Governmental Activities</b>						
Instruction	\$ 3,600,924	\$ 34,211	\$ 606,137	\$ 0	\$ (2,960,576)	\$ 0
Support Services-Students	372,095	0	68,139	0	(303,956)	0
Support Services-Instruction	166,093	0	0	0	(166,093)	0
General Administration	341,650	0	16,844	0	(324,806)	0
School Administration	530,315	0	55,522	0	(474,793)	0
Central Services	196,901	0	0	0	(196,901)	0
Operation of Plant	805,103	0	0	0	(805,103)	0
Student Transportation	331,547	0	333,044	0	1,497	0
Food Services Operations	304,853	7,744	235,437	0	(61,672)	0
Other Support Services	0	0	0	0	0	0
Interest on Long-Term Obligations	77,911	0	0	0	(77,911)	0
Depreciation	49,589	0	0	0	(49,589)	0
<b>Total Governmental Activities</b>	<b>\$ 6,776,981</b>	<b>\$ 41,955</b>	<b>\$ 1,315,123</b>	<b>\$ 0</b>	<b>\$ (5,419,903)</b>	<b>\$ 0</b>
<b>Component Units</b>						
Red River Valley Charter	770,502	0	85,500	0	0	(685,002)
Roots & Wings Charter	264,020	0	42,997	0	0	(221,023)
<b>Total Component Units</b>	<b>1,034,522</b>	<b>0</b>	<b>128,497</b>	<b>0</b>	<b>0</b>	<b>(906,025)</b>
<b>General Revenues</b>						
<b>Taxes</b>						
Property Taxes, Levied for General Purposes				\$ 62,498	0	0
Property Taxes, Levied for Debt Service				202,154	0	0
Property Taxes, Levied for Capital Projects				309,915	0	0
<b>Federal and State aid not restricted to specific purpose</b>						
General				4,699,692	946,222	946,222
Capital				96,948	0	0
Interest and investment earnings				39,640	68	68
Miscellaneous				101,113	4,704	4,704
<b>Subtotal, General Revenues</b>				<b>5,511,960</b>	<b>950,994</b>	<b>950,994</b>
<b>Change in Net Assets</b>				<b>92,057</b>	<b>44,969</b>	<b>44,969</b>
<b>Net Assets - beginning</b>				<b>12,653,301</b>	<b>162,397</b>	<b>162,397</b>
<b>Net Assets - ending</b>				<b>\$ 12,745,358</b>	<b>\$ 207,366</b>	<b>\$ 207,366</b>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2008

	General Fund			
	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 0	\$ 25,728	\$ 0	\$ 7,475
Investment	0	0	0	0
Receivables				
Taxes	7,163	0	0	0
Due From Grantor	0	0	0	0
Other	0	0	0	0
Interfund Balance	142,758	10,376	2,136	4,101
Inventory	0	0	0	0
<b>Total Assets</b>	<b>\$ 149,921</b>	<b>\$ 36,104</b>	<b>\$ 2,136</b>	<b>\$ 11,576</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Interfund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Accounts Payable	13,220	0	0	0
Deferred Revenue	5,979	0	0	0
<b>Total Liabilities</b>	<b>19,199</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances</b>				
<b>Reserved For:</b>				
Debt Service	0	0	0	0
<b>Unreserved, Undesignated, reported in:</b>				
General Fund	130,722	36,104	2,136	11,576
Special Revenue Funds	0	0	0	0
Capital Improvements	0	0	0	0
<b>Total Fund Balances</b>	<b>130,722</b>	<b>36,104</b>	<b>2,136</b>	<b>11,576</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 149,921</b>	<b>\$ 36,104</b>	<b>\$ 2,136</b>	<b>\$ 11,576</b>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2008

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	Food Service <u>21000</u>	Title I <u>24101</u>	IDEA, Part B Discretionary <u>24107</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 22,402	\$ 0	\$ 0
Investment	0	0	0
Receivables			
Taxes	0	0	0
Due From Grantor	0	80,995	55,522
Other	0	0	0
Interfund Balance	0	0	0
Inventory	5,728	0	0
<b>Total Assets</b>	<b>\$ <u>28,130</u></b>	<b>\$ <u>80,995</u></b>	<b>\$ <u>55,522</u></b>
 <b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Interfund Balance	\$ 0	\$ 80,995	\$ 55,522
Accounts Payable	0	0	0
Deferred Revenue	0	0	0
<b>Total Liabilities</b>	<b><u>0</u></b>	<b><u>80,995</u></b>	<b><u>55,522</u></b>
 <b>Fund Balances</b>			
<b>Reserved For:</b>			
Debt Service	0	0	0
<b>Unreserved, Undesignated, reported in:</b>			
General Fund	0	0	0
Special Revenue Funds	28,130	0	0
Capital Improvements	0	0	0
<b>Total Fund Balances</b>	<b><u>28,130</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
 <b>Total Liabilities and Fund Balances</b>	 <b>\$ <u>28,130</u></b>	 <b>\$ <u>80,995</u></b>	 <b>\$ <u>55,522</u></b>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2008

	Bond Building 31100	Senate Bill Nine 31700	Education Technology Act 31900
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 81,755	\$ 400,948	\$ 154,004
Investment	600,000	0	350,000
Receivables			
Taxes	0	36,444	0
Due From Grantor	0	0	0
Other	0	0	10,900
Interfund Balance	0	0	0
Inventory	0	0	0
<b>Total Assets</b>	<b>\$ 681,755</b>	<b>\$ 437,392</b>	<b>\$ 514,904</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Interfund Balance	\$ 0	\$ 0	\$ 0
Accounts Payable	0	0	1,217
Deferred Revenue	0	30,440	10,900
<b>Total Liabilities</b>	<b>0</b>	<b>30,440</b>	<b>12,117</b>
<b>Fund Balances</b>			
<b>Reserved For:</b>			
Debt Service	0	0	0
<b>Unreserved, Undesignated, reported in:</b>			
General Fund	0	0	0
Special Revenue Funds	0	0	0
Capital Improvements	681,755	406,952	502,787
<b>Total Fund Balances</b>	<b>681,755</b>	<b>406,952</b>	<b>502,787</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 681,755</b>	<b>\$ 437,392</b>	<b>\$ 514,904</b>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2008

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	Ed Tech Debt Service 43000	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 257,344	\$ 246,530	\$ 1,196,186
Investment	0	0	950,000
Receivables			
Taxes	0	4,074	47,681
Due From Grantor	0	22,854	159,371
Other	11,253	0	22,153
Interfund Balance	0	0	159,371
Inventory	0	0	5,728
<b>Total Assets</b>	<u>\$ 268,597</u>	<u>\$ 273,458</u>	<u>\$ 2,540,490</u>
 <b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Interfund Balance	\$ 0	\$ 22,854	\$ 159,371
Accounts Payable	209,588	12	224,037
Deferred Revenue	6,437	13,289	67,045
<b>Total Liabilities</b>	<u>216,025</u>	<u>36,155</u>	<u>450,453</u>
 <b>Fund Balances</b>			
Reserved For:			
Debt Service	52,572	3,521	56,093
Unreserved, Undesignated, reported in:			
General Fund	0	0	180,538
Special Revenue Funds	0	195,893	224,023
Capital Improvements	0	37,889	1,629,383
<b>Total Fund Balances</b>	<u>52,572</u>	<u>237,303</u>	<u>2,090,037</u>
 <b>Total Liabilities and Fund Balances</b>	 <u>\$ 268,597</u>	 <u>\$ 273,458</u>	 <u>\$ 2,540,490</u>

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



STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
 Reconciliation of the Governmental Funds  
 Balance Sheet to the Statement of Net Assets  
 June 30, 2008

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

Total Fund Balance - Governmental Funds	\$	2,090,037
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

The cost of capital assets	\$	18,626,815	
Accumulated depreciation is		<u>(7,250,503)</u>	11,376,312

Property taxes receivable will be collected during the year ended June 30, 2008 but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.

47,681

Bond issue costs are amortized in the Statement of Activities but are expensed in the year of issue on the Statement of Revenues, Expenditures and Changes in Fund Balances.

Current Issue Costs	43,680	
Amortization Bond issue costs	<u>(8,736)</u>	34,944

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

Bond payable	(725,000)	
Accrued interest on bonds	(34,588)	
Compensated Absences	<u>(44,028)</u>	<u>(803,616)</u>

Total net assets - governmental activities	\$	<u><u>12,745,358</u></u>
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The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
For the Year Ended June 30, 2008

	General Fund			
	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
<b>Revenues</b>				
Taxes	\$ 62,497	\$ 0	\$ 0	\$ 0
Investment Income	2,097	121	0	0
Fees	0	0	0	0
State & Local Grants	4,699,692	0	333,044	46,578
Federal Grants	0	0	0	0
Miscellaneous	42,631	4,650	0	0
<b>Total Revenues</b>	<b>4,806,917</b>	<b>4,771</b>	<b>333,044</b>	<b>46,578</b>
<b>Expenditures</b>				
Current				
Instruction	2,553,588	0	0	35,213
Support Services-Students	370,689	0	0	0
Support Services-Instruction	119,796	0	0	3,049
Support Services-General Administration	347,126	0	0	0
Support Services-School Administration	474,217	0	0	0
Central Services	200,760	0	0	0
Operation & Maintenance of Plant	696,004	1,019	0	0
Student Transportation	0	0	331,547	0
Food Services Operations	50,781	0	0	0
Debt Service				
Principal	0	0	0	0
Interest	0	0	0	0
Capital Outlay	0	0	0	0
<b>Total Expenditures</b>	<b>4,812,961</b>	<b>1,019</b>	<b>331,547</b>	<b>38,262</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(6,044)</b>	<b>3,752</b>	<b>1,497</b>	<b>8,316</b>
<b>Other Financing Sources</b>				
Transfers In (Out)	1,453	0	0	0
Bond Issue	0	0	0	0
<b>Total Other Sources</b>	<b>1,453</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>(4,591)</b>	<b>3,752</b>	<b>1,497</b>	<b>8,316</b>
<b>Fund Balances at Beginning of Year</b>	<b>135,313</b>	<b>32,352</b>	<b>639</b>	<b>3,260</b>
<b>Fund Balances End of Year</b>	<b>\$ 130,722</b>	<b>\$ 36,104</b>	<b>\$ 2,136</b>	<b>\$ 11,576</b>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
For the Year Ended June 30, 2008

	Food Service 21000	Title I 24101	IDEA, Part B Discretionary 24107
<b>Revenues</b>			
Taxes	\$ 0	\$ 0	\$ 0
Investment Income	60	0	0
Fees	7,744	0	0
State & Local Grants	0	0	0
Federal Grants	227,368	194,049	55,522
Miscellaneous	0	0	0
Total Revenues	<u>235,172</u>	<u>194,049</u>	<u>55,522</u>
<b>Expenditures</b>			
Current			
Instruction	0	188,142	0
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	5,907	0
Support Services-School Administration	0	0	55,522
Central Services	0	0	0
Operation & Maintenance of Plant	0	0	0
Student Transportation	0	0	0
Food Services Operations	243,073	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>243,073</u>	<u>194,049</u>	<u>55,522</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(7,901)</u>	<u>0</u>	<u>0</u>
<b>Other Financing Sources</b>			
Transfers In (Out)	0	0	0
Bond Issue	0	0	0
Total Other Sources	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	(7,901)	0	0
<b>Fund Balances at Beginning of Year</b>	<u>36,031</u>	<u>0</u>	<u>0</u>
<b>Fund Balances End of Year</b>	<u>\$ 28,130</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
For the Year Ended June 30, 2008

	Bond Building 31100	Senate Bill Nine 31700	Education Technology Act 31900
<b>Revenues</b>			
Taxes	\$ 0	\$ 308,587	\$ 0
Investment Income	26,755	1,584	8,989
Fees	0	0	0
State & Local Grants	0	31,880	0
Federal Grants	0	0	0
Miscellaneous	0	0	53,606
Total Revenues	<u>26,755</u>	<u>342,051</u>	<u>62,595</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	9,072	0	161,901
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	3,096	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	0	100,493	0
Student Transportation	0	0	0
Food Services Operations	0	0	0
<b>Debt Service</b>			
Principal	0	0	0
Interest	0	0	0
Capital Outlay	54,361	104,892	302,369
Total Expenditures	<u>63,433</u>	<u>208,481</u>	<u>464,270</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(36,678)</u>	<u>133,570</u>	<u>(401,675)</u>
<b>Other Financing Sources</b>			
Transfers In (Out)	0	0	0
Bond Issue	0	0	900,000
Total Other Sources	<u>0</u>	<u>0</u>	<u>900,000</u>
Net Change in Fund Balances	(36,678)	133,570	498,325
Fund Balances at Beginning of Year	<u>718,433</u>	<u>273,382</u>	<u>4,462</u>
Fund Balances End of Year	<u>\$ 681,755</u>	<u>\$ 406,952</u>	<u>\$ 502,787</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
For the Year Ended June 30, 2008

	Ed Tech Debt Service 43000	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 221,902	\$ 401	\$ 593,387
Investment Income	0	34	39,640
Fees	0	34,211	41,955
State & Local Grants	0	209,421	5,320,615
Federal Grants	0	314,209	791,148
Miscellaneous	0	226	101,113
Total Revenues	<u>221,902</u>	<u>558,502</u>	<u>6,887,858</u>
<b>Expenditures</b>			
Current			
Instruction	0	346,084	3,294,000
Support Services-Students	0	1,406	372,095
Support Services-Instruction	0	8,100	130,945
Support Services-General Administration	2,261	9,917	368,307
Support Services-School Administration	0	0	529,739
Central Services	0	0	200,760
Operation & Maintenance of Plant	0	0	797,516
Student Transportation	0	0	331,547
Food Services Operations	0	8,067	301,921
Debt Service			
Principal	175,000	0	175,000
Interest	34,587	0	34,587
Capital Outlay	0	27,179	488,801
Total Expenditures	<u>211,848</u>	<u>400,753</u>	<u>7,025,218</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,054</u>	<u>157,749</u>	<u>(137,360)</u>
<b>Other Financing Sources</b>			
Transfers In (Out)	0	(1,453)	0
Bond Issue	0	0	900,000
Total Other Sources	<u>0</u>	<u>(1,453)</u>	<u>900,000</u>
Net Change in Fund Balances	10,054	156,296	762,640
Fund Balances at Beginning of Year	<u>42,518</u>	<u>81,007</u>	<u>1,327,397</u>
Fund Balances End of Year	<u>\$ 52,572</u>	<u>\$ 237,303</u>	<u>\$ 2,090,037</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
 Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 To the Statement of Activities  
 June 30, 2008

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Net Change in Fund Balance-Governmental Funds \$ 762,640

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

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead reported as deferred revenues. They are however, recorded as revenues in the Statement of Activities. (18,789)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	\$ (409,478)	
Capital Outlays	<u>488,802</u>	79,324

The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net assets. (900,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 175,000

Bond issue costs are amortized in the Statement of Activities but are netted with proceeds of bond issues in the year of issue on the Statement of Revenues, Expenditures and Changes in Fund Balances. This the amount of the amortized bond issue costs this year.

Issue Costs	43,680	
Amortization of Issue Costs	<u>(8,735)</u>	34,945

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (34,587)

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in Compensated Absences		<u>(6,476)</u>
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Changes in Net Assets of Governmental Activities	\$	<u><u>92,057</u></u>
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The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
GENERAL FUND-OPERATIONAL-11000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
<b>State &amp; Local Sources</b>				
Taxes	\$ 52,352	\$ 52,352	\$ 62,738	\$ 10,386
Investment Income	2,000	2,000	2,097	97
State Grants	4,575,792	4,705,289	4,699,692	(5,597)
Miscellaneous	1,200	1,200	2,510	1,310
Total State & Local Sources	<u>4,631,344</u>	<u>4,760,841</u>	<u>4,767,037</u>	<u>6,196</u>
<b>Federal Sources</b>				
Forest Reserve	7,680	7,680	7,492	(188)
Federal Grant	0	0	13,970	13,970
Total Federal Sources	<u>7,680</u>	<u>7,680</u>	<u>21,462</u>	<u>13,782</u>
Total Revenues	<u>4,639,024</u>	<u>4,768,521</u>	<u>4,788,499</u>	<u>19,978</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	1,870,656	1,841,516	1,841,516	0
Employee Benefits	545,946	552,377	552,374	3
Professional & Tech Services	8,926	12,722	12,722	0
Purchased Property Services	0	817	817	0
Other Purchased Services	92,203	92,203	86,888	5,315
Supplies	36,003	42,715	39,748	2,967
Property	20,248	20,669	20,669	0
Total Instruction	<u>2,573,982</u>	<u>2,563,019</u>	<u>2,554,734</u>	<u>8,285</u>
<b>Support Services-Students</b>				
Personnel Services	186,456	202,777	196,154	6,623
Employee Benefits	53,781	67,180	63,492	3,688
Professional & Tech Services	119,571	119,571	108,311	11,260
Purchased Services	2,782	2,782	1,219	1,563
Supplies	4,312	4,312	1,513	2,799
Property	2,497	2,497	994	1,503
Total Support Services-Students	<u>369,399</u>	<u>399,119</u>	<u>371,683</u>	<u>27,436</u>
<b>Support Services-Instruction</b>				
Personnel Services	102,091	89,813	89,813	0
Employee Benefits	32,384	23,329	23,329	0
Purchased Services	2,150	2,378	2,378	0
Supplies	5,168	3,870	3,870	0
Property	195	406	406	0
Total Support Services-Instruction	<u>\$ 141,988</u>	<u>\$ 119,796</u>	<u>\$ 119,796</u>	<u>\$ 0</u>

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
GENERAL FUND-OPERATIONAL-11000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Support Services-General Administration</b>				
Personnel Services	\$ 144,618	\$ 144,619	\$ 144,619	\$ 0
Employee Benefits	45,011	44,757	42,554	2,203
Professional & Tech Services	24,098	111,863	108,271	3,592
Purchased Services	33,486	39,057	39,057	0
Supplies	15,130	15,130	12,414	2,716
Property	2,300	2,300	975	1,325
<b>Total Support Services-General Administration</b>	<b>264,643</b>	<b>357,726</b>	<b>347,890</b>	<b>9,836</b>
<b>Support Services-School Administration</b>				
Personnel Services	342,019	342,019	341,132	887
Employee Benefits	124,786	124,786	118,728	6,058
Professional & Tech Services	0	700	700	0
Purchased Services	6,209	8,460	8,460	0
Supplies	4,522	4,522	3,050	1,472
Property	2,425	2,425	2,348	77
<b>Total Support Services-School Administration</b>	<b>479,961</b>	<b>482,912</b>	<b>474,418</b>	<b>8,494</b>
<b>Central Services</b>				
Personnel Services	128,820	119,791	119,791	0
Employee Benefits	51,304	46,199	46,199	0
Professional & Tech Services	31,810	18,467	18,467	0
Purchased Services	3,782	4,644	4,644	0
Supplies	2,899	9,148	9,148	0
Property	880	2,458	2,458	0
<b>Total Central Services</b>	<b>219,495</b>	<b>200,707</b>	<b>200,707</b>	<b>0</b>
<b>Operation &amp; Maintenance of Plant</b>				
Personnel Services	176,399	178,419	178,419	0
Employee Benefits	81,663	65,580	65,580	0
Professional & Tech Services	0	525	525	0
Purchased Property Services	284,688	296,588	296,588	0
Purchased Services	145,923	146,815	146,814	1
Supplies	0	1,476	1,476	0
Property	682	139	139	0
<b>Total Operation &amp; Maintenance of Plant</b>	<b>689,355</b>	<b>689,542</b>	<b>689,541</b>	<b>1</b>
<b>Food Service</b>				
Supplies	0	55,500	50,781	4,719
<b>Total Food Service</b>	<b>0</b>	<b>55,500</b>	<b>50,781</b>	<b>4,719</b>
<b>Total Expenditures</b>	<b>\$ 4,738,823</b>	<b>\$ 4,868,321</b>	<b>\$ 4,809,550</b>	<b>\$ 58,771</b>



STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
GENERAL FUND-OPERATIONAL-11000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Excess (Deficiency) of Revenues Over Expenditures	\$ (99,799)	\$ (99,800)	\$ (21,051)	78,749
Other Financing Sources (Uses)				
Transfer from Operational	0	0	13,010	13,010
Total Other Sources (Uses)	0	0	13,010	13,010
Net Change in Fund Balance	(99,799)	(99,800)	(8,041)	91,759
Cash Balance Beginning of Year	150,799	150,799	150,799	0
Cash Balance End of Year	\$ 51,000	\$ 50,999	\$ 142,758	\$ 91,759
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (8,041)	
Net change in Taxes Receivable			(240)	
Net change in Accounts Payable			3,690	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ (4,591)	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
GENERAL FUND-TEACHERAGE-12000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
<b>State &amp; Local Sources</b>				
Investment Income	\$ 100	\$ 100	\$ 121	\$ 21
Miscellaneous	6,775	6,775	4,650	(2,125)
Total State & Local Sources	6,875	6,875	4,771	(2,104)
Total Revenues	6,875	6,875	4,771	(2,104)
<b>Expenditures</b>				
<b>Operation &amp; Maintenance of Plant</b>				
Other Purchased Services	0	80	80	0
Supplies	500	420	99	321
Property	5,000	5,000	840	4,160
Total Operation & Maintenance of Plant	5,500	5,500	1,019	4,481
Total Expenditures	5,500	5,500	1,019	4,481
Excess (Deficiency) of Revenues Over Expenditures	1,375	1,375	3,752	2,377
Cash Balance Beginning of Year	32,352	32,352	32,352	0
Cash Balance End of Year	\$ 33,727	\$ 33,727	\$ 36,104	\$ 2,377
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 3,752	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 3,752	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
GENERAL FUND-TRANSPORTATION-13000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
<b>State &amp; Local Sources</b>				
Transportation Distribution	\$ 324,436	\$ 333,044	\$ 333,044	\$ 0
Total State & Local Sources	<u>324,436</u>	<u>333,044</u>	<u>333,044</u>	<u>0</u>
Total Revenues	<u>324,436</u>	<u>333,044</u>	<u>333,044</u>	<u>0</u>
<b>Expenditures</b>				
<b>Student Transportation</b>				
Personnel Services	81,495	82,915	82,915	0
Employee Benefits	49,773	51,552	51,552	0
Professional & Tech Services	0	0	0	0
Purchased Property Services	0	0	0	0
Other Purchased Services	191,307	189,115	186,980	2,135
Supplies	2,500	8,792	8,792	0
Property	0	1,309	1,308	1
Total Student Transportation	<u>325,075</u>	<u>333,683</u>	<u>331,547</u>	<u>2,135</u>
Total Expenditures	<u>325,075</u>	<u>333,683</u>	<u>331,547</u>	<u>2,135</u>
Excess (Deficiency) of Revenues Over Expenditures	(639)	(639)	1,497	2,136
Cash Balance Beginning of Year	<u>639</u>	<u>639</u>	<u>639</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,136</u>	<u>\$ 2,136</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,497	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 1,497</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
GENERAL FUND-INSTRUCTIONAL MATERIALS-14000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
State & Local Sources				
State Grant	\$ 37,710	\$ 37,905	\$ 46,578	\$ 8,673
Total State & Local Sources	<u>37,710</u>	<u>37,905</u>	<u>46,578</u>	<u>8,673</u>
Total Revenues	<u>37,710</u>	<u>37,905</u>	<u>46,578</u>	<u>8,673</u>
<b>Expenditures</b>				
Instruction				
Supplies	<u>37,653</u>	<u>37,653</u>	<u>35,213</u>	<u>2,440</u>
Total Instruction	<u>37,653</u>	<u>37,653</u>	<u>35,213</u>	<u>2,440</u>
Support Services-Instruction				
Supplies	<u>3,317</u>	<u>3,512</u>	<u>3,049</u>	<u>463</u>
Total Support Services-Instruction	<u>3,317</u>	<u>3,512</u>	<u>3,049</u>	<u>463</u>
Total Expenditures	<u>40,970</u>	<u>41,165</u>	<u>38,262</u>	<u>2,903</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,260)	(3,260)	8,316	11,576
Cash Balance Beginning of Year	<u>3,260</u>	<u>3,260</u>	<u>3,260</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,576</u>	<u>\$ 11,576</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>8,316</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>8,316</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-FOOD SERVICE-21000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
<b>State &amp; Local Sources</b>				
Investment Income	8,500	8,500	60	(8,440)
Fees	\$ 0	\$ 0	\$ 7,744	\$ 7,744
Total State & Local Sources	<u>0</u>	<u>0</u>	<u>7,804</u>	<u>7,744</u>
<b>Federal Sources</b>				
Federal Grant	<u>232,257</u>	<u>249,976</u>	<u>249,976</u>	<u>0</u>
Total Federal Sources	<u>232,257</u>	<u>249,976</u>	<u>249,976</u>	<u>0</u>
Total Revenues	<u>232,257</u>	<u>249,976</u>	<u>257,780</u>	<u>7,744</u>
<b>Expenditures</b>				
<b>Food Service Operations</b>				
Personnel Services	112,252	117,476	117,476	0
Employee Benefits	60,820	57,662	57,622	40
Professional & Tech Services	0	0	0	0
Other Purchased Services	2,000	3,470	3,470	0
Supplies	69,832	68,581	68,581	0
Property	0	876	875	1
Total Food Service Operations	<u>244,904</u>	<u>248,065</u>	<u>248,024</u>	<u>41</u>
Total Expenditures	<u>244,904</u>	<u>248,065</u>	<u>248,024</u>	<u>41</u>
Excess (Deficiency) of Revenues Over Expenditures	(12,647)	1,911	9,756	7,845
Cash Balance Beginning of Year	<u>12,647</u>	<u>12,647</u>	<u>12,647</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>14,558</u>	\$ <u>22,403</u>	\$ <u>7,845</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 9,756	
Net change in Due from Grantor			(22,608)	
Net change in Inventory			1,193	
Net change in Accounts Payable			3,758	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(7,901)</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-TITLE I-24101  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
<b>Federal Sources</b>				
Federal Grant	\$ 221,648	\$ 231,311	\$ 145,062	\$ (86,249)
Total Federal Sources	<u>221,648</u>	<u>231,311</u>	<u>145,062</u>	<u>(86,249)</u>
Total Revenues	<u>221,648</u>	<u>231,311</u>	<u>145,062</u>	<u>(86,249)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	113,927	116,672	113,157	3,515
Employee Benefits	45,508	48,592	47,495	1,097
Other Purchased Services	11,000	11,000	10,425	575
Supplies	13,432	17,064	17,064	0
Total Instruction	<u>183,867</u>	<u>193,328</u>	<u>188,141</u>	<u>5,187</u>
<b>Support Services-General Administration</b>				
Professional & Tech Services	<u>5,773</u>	<u>5,974</u>	<u>5,908</u>	<u>66</u>
Total Support Services-General Administration	<u>5,773</u>	<u>5,974</u>	<u>5,908</u>	<u>66</u>
Total Expenditures	<u>189,640</u>	<u>199,302</u>	<u>194,049</u>	<u>5,253</u>
Excess (Deficiency) of Revenues Over Expenditures	32,008	32,009	(48,987)	(80,996)
Cash Balance Beginning of Year	<u>(32,008)</u>	<u>(32,008)</u>	<u>(32,008)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ (80,995)</u>	<u>\$ (80,996)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (48,987)	
Net change in Due from Grantor			<u>48,987</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-IDEA, Discretionary-24107  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
<b>Federal Sources</b>				
Federal Grant	\$ 0	\$ 56,080	\$ 0	\$ (56,080)
Total Federal Sources	0	56,080	0	(56,080)
Total Revenues	0	56,080	0	(56,080)
<b>Expenditures</b>				
<b>Support Services-School Administration</b>				
Personnel Services	0	41,409	41,243	166
Employee Benefits	0	14,671	14,280	391
Other Purchased Services	0	0	0	0
Total Support Services-School Administration	0	56,080	55,523	391
Total Expenditures	0	56,080	55,523	391
Excess (Deficiency) of Revenues Over Expenditures	0	0	(55,523)	(55,523)
Cash Balance Beginning of Year	1	1	1	0
Cash Balance End of Year	\$ 1	\$ 1	\$ (55,522)	\$ (55,523)
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (55,523)	
Net change in Due from Grantor			55,523	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 0	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
Statement of Fiduciary Net Assets and Liabilities-Agency Funds  
For the Year Ended June 30, 2008

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	<u>Agency Funds</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 76,788
Total Assets	<u>\$ 76,788</u>
<b>Liabilities</b>	
Deposits Held for Others	\$ 76,788
Total Liabilities	<u>\$ 76,788</u>

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



**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments*. Some of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD & A) providing an analysis of the District's overall financial position and results of operations.
- Financial Statements prepared using full-accrual accounting for all the District's activities.
- A change in fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements) as of June 30, 2008.

In addition, in June 2001, the GASB issued Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus - an amendment of GASB Statement No. 21 and No. 34 and Statement No. 38, Certain Financial Note Disclosures*. These two statements clarify, modify, establish and rescind certain disclosure requirements under GASB No. 34. Both statements are being implemented in conjunction with GASB Statement No. 34. These statements do not have an impact on the results of operations or the financial position of the District.

**Financial Reporting Entity**

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

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

The District has two discretely presented component units, Red River Charter School, Box 742, Red River, NM 87558 and Roots and Wings Charter School, Box 22, Questa, NM 87556 as defined by GASB Statement No. 14. The Charter Schools are responsible for separate elementary and secondary education within the Questa Independent School District No. 9 jurisdiction. Questa Independent School District is accountable for the Charter Schools because the school district approves their charter. The Charter Schools are presented as a governmental fund type.

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

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

***Governmental Funds***

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

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

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

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

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

***Fiduciary Fund Type***

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

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

**Major Funds**

The District reports the following major governmental funds:

**General Fund (11000(12000))(13000)(14000)**

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

**SPECIAL REVENUE**

**Food Service (21000)**

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

**Title I (24101)**

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

**Idea Part B-Discretionary (24107)**

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

**CAPITAL PROJECTS FUNDS**

**Bond Building (31100)**

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

**Senate Bill Nine (31700)**

The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements.

**Educational Technology Act (31900)**

To account for proceeds received from the issuance of Educational Technology Notes to be used for the acquisition of education technology equipment for use in classrooms and library and media centers.

**DEBT SERVICE FUND**  
**Education Technology Bonds (43000)**

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values. Expenditures are restricted to Debt Reduction.

**Measurement Focus and Basis of Accounting**

***Government-Wide Financial Statements (GWFS)***

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

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

**Program Revenues**

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

***Fund Financial Statements (FFS)***

**Governmental Funds**

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

Revenues

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

Grants. Government mandated nonexchange transaction and voluntary nonexchange transactions. Recipients should recognize revenues in the period when all applicable eligibility requirements have been met and the resources are available.

Revenue Recognition for Grants.

Eligibility requirements for government-mandated and voluntary nonexchange transaction comprise one or more of the following:

1. Required characteristics of recipients. The recipient has the characteristics specified by the provider (are required to be school districts).
2. Time requirements. Time requirements specified by enabling legislation or the provider have been met (period when the resources are required to be used).
3. Reimbursements. The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program.
4. Contingencies. The providers offer of resources is contingent upon a specified action of the recipient and that action has occurred (the recipient has raised the matching funds).

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

Expenditures

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

Other Financing Sources (Uses)

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
Notes to the Financial Statements  
June 30, 2008

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Basis of Budgeting

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

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

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

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

Cash and Cash Equivalents

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

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

Investments

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

(a) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or

(b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

(c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Receivables and Payables

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
Notes to the Financial Statements  
June 30, 2008

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Property Taxes

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

Elimination and Reclassifications of Certain Receivables and Payables

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

Inventories and Prepaid Items

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

Capital Assets

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

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

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

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



STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
Notes to the Financial Statements  
June 30, 2008

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Capital Leases

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

Short -Term Debt

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

Long-Term Liabilities

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

Restricted Net Assets

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

Fund Balances of Fund Financial Statements

Reserved fund balance indicates that portion of fund equity which has been segregated for specific purposes.

Unreserved fund balance indicates that portion of fund equity which is available for budgeting in future periods.

Interfund Transfers

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
Notes to the Financial Statements  
June 30, 2008

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Deferred Revenue

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

Compensated Absences

The annual leave with pay policy is only applicable for full-time (12 month) employees and is based on the following scale:

<u>Years of Service</u>	<u>Days accrued per year</u>
0-1	10
2-10	15
11-20	20
21-over	25

Years of service will be based on the number of years employed with the District. Unused annual leave may be accumulated to a total of not more than twenty-five (25) working days. Upon termination of employment, not payment will be made for more than twenty-five (25) days of unused annual leave.

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

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

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

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

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
Notes to the Financial Statements  
June 30, 2008

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**NOTE B: CASH AND INVESTMENTS**

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

<u>Name of Account</u>	Balance Per Bank 06-30-08	Reconciled Balance	<u>Type</u>
Payroll Clearing	\$ 361,262	0	Checking
Accounts Payable Clearing	132,947	78	Checking
Payroll Account	0	0	Checking
Cafeteria	22,402	22,403	Checking
Teacherage	36,104	36,104	Checking
General Operational	100,351	76,391	Checking
Debt Service	3,511	3,511	Checking
Ed Technology	411,347	411,347	Checking
Federal Projects	100,195	124,154	Checking
Athletics	1,605	1,605	Checking
Activity-non budgeted	56,789	56,789	Checking
Capital Projects	520,593	520,593	Checking
Questa Ind Schools	10,000	10,000	Savings
Questa Ind Schools	10,000	10,000	Savings
TOTAL Deposited	<u>1,767,106</u>	<u>\$ 1,272,975</u>	
Less: FDIC Coverage	(120,000)		
Uninsured Amount	1,647,106		
50% collateral requirement	823,553		
Pledged securities	1,049,016		
Over (Under) requirement	<u>\$ 225,463</u>		

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

The following securities are pledged at **Centinel Bank**:

<u>Description</u>	<u>CUSIP #</u>	<u>Market/ Par Value</u>	<u>Maturity Date</u>	<u>Location</u>
Los Alamos NM Schools	544228AQ2	105,000	08/01/2010	* Dallas, TX
UNM Gallup	914684CC7	170,000	06/01/2019	* Dallas, TX
Federal Home Loan Bank	3133M86T6	\$ 153,234	03/16/2009	* Dallas, TX
Federal Home Loan Bank	3133M86T6	510,782	03/16/2009	* Dallas, TX
Santa Rosa School Dist	802751CL9	110,000	07/01/2012	* Dallas, TX
		<u>\$ 1,049,016</u>		

\* Texas Independent Bank

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
Notes to the Financial Statements  
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**Custodial Credit Risk-Deposits**

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 120,000
Collateralized:	
Collateral held by the pledging bank in District's name	1,049,016
Uninsured and uncollateralized	<u>598,090</u>
Total Deposits	<u>\$ 1,767,106</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2007 none of the District's bank balance of \$1,767,106 was exposed to custodial credit risk.

**New Mexico State Treasurer**

<u>Name of Account</u>	<u>Balance 6-30-08</u>	<u>Reconciled Balance</u>	<u>Type</u>
Questa Independent School	\$ 950,000	\$ 950,000	Investment
TOTAL Deposited	<u>\$ 950,000</u>	<u>\$ 950,000</u>	

The investments with the State Treasurer are valued at fair value based on quoted market prices as of valuation date.

The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 1, 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 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. 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;

The pool does not have unit shares. Per Section 6-10-10.1F, 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; and

Participation in the local government investment pool is voluntary.

**Interest Rate Risk**

Interest rate risk is the risk that interest rate variations may adversely affect an investment's fair value. The prices of securities fluctuate with market interest rates and the securities held in a portfolio will decline if market interest rates rise. The portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investments to rising interest rates. The WAM for this investment is 24 days. The investment is rated AAAM and the rate is 4.7135%.

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
 Notes to the Financial Statements  
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**NOTE C: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund Balances during the year ending June 30, 2008 were as follows:

Due to General Fund from:

Title I	\$	80,995
Idea B-Entitlement		55,522
Other Governmental Funds		22,854
Totals	\$	<u>159,371</u>

Loans were made from the General fund to above funds to cover the cash balances while awaiting reimbursements from PED. All loans are expected to be repaid within one year.

**NOTE D: TAXES RECEIVABLE**

Following is a schedule of property taxes receivable as of June 30, 2008:

	General Fund 11000	Senate Bill Nine 31700	Other Governmental
Property Taxes Receivable:			
Available	\$ 1,184	\$ 6,004	\$ 0
Unavailable	5,979	30,440	4,074
TOTAL Property Taxes Receivable	\$ <u>7,163</u>	<u>36,444</u>	\$ <u>4,074</u>
			<u>Total</u>
Property Taxes Receivable:			
Available			\$ 7,188
Unavailable			40,493
TOTAL Property Taxes Receivable			\$ <u>47,681</u>

**NOTE E: DUE FROM OTHER GOVERNMENT UNITS**

Amounts due from other agencies and units of government were as follows as of June 30, 2008:

Federal Agencies	\$	159,371
State Agencies		0
Total	\$	<u>159,371</u>

**NOTE F: DEFERRED REVENUES**

Revenues are deferred in accordance with the modified accrual basis of accounting for the fund financial statements. The following deferred revenues are measurable but do not represent available expendable resources for the Fund Financial Statements for the fiscal year ended June 30, 2008:

General Fund	Senate Bill Nine	Education Tech Act	Ed Tech Debt Service	Other Governmental
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	11000	31700	31900		
Property Taxes	\$ 5,979	\$ 30,440	\$ 0	\$ 6,437	\$ 0
Federal Grants	0	0	0	0	13,289
Other Receivable	0	0	10,900	0	0
<b>TOTAL Deferred Revenues</b>	<b>\$ 5,979</b>	<b>\$ 30,440</b>	<b>\$ 10,900</b>	<b>\$ 6,437</b>	<b>\$ 13,289</b>

**NOTE G: CAPITAL ASSETS**

Capital Assets Balances and Activity for the Year Ended June 30, 2008 is as follows:

	Balance 6/30/07	Additions	Deletions	Balance 6/30/08
<b>Governmental Activities</b>				
Capital Assets, not being Depreciated				
Land	\$ 17,411	\$ 0	\$ 0	\$ 17,411
Total Capital Assets, not being Depreciated	17,411	0	0	17,411
Capital Assets, being Depreciated				
Buildings & Improvements	17,005,658	0	0	17,005,658
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	1,114,947	488,800	0	1,603,747
Total Capital Assets, being Depreciated	18,120,605	488,800	0	18,609,405
Total Capital Assets	18,138,016	488,800	0	18,626,816
<b>Less Accumulated Depreciation</b>				
Buildings & Improvements	5,765,664	319,090	0	6,084,754
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	1,075,361	90,388	0	1,165,749
Total Accumulated Depreciation	6,841,025	409,478	0	7,250,503
Capital Assets, net	\$ 11,296,991	\$ 79,322	\$ 0	\$ 11,376,313

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 281,317
Support Instruction	28,151
General Administration	10,279
Operation of Plant	3,210
Food Services	2,381

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June 30, 2008

Non-Categories	84,140
Total depreciation expenses	\$ <u><u>409,478</u></u>

**NOTE H: LONG TERM DEBT**

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

	Balance 6/30/07	Additions	Reductions	Balance 6/30/08	Amounts Due Within One Year
Governmental Activities					
Education Technology					
Notes	0 \$	900,000 \$	175,000 \$	725,000 \$	0
Total Notes	<u>0</u>	<u>900,000</u>	<u>175,000</u>	<u>725,000</u>	<u>0</u>
Other Liabilities					
Compensated					
Absences	37,554	27,121	20,647	44,028	0
Total Other					
Liabilities	<u>37,554</u>	<u>27,121</u>	<u>20,647</u>	<u>44,028</u>	<u>0</u>
Long-Term	\$ <u><u>37,554</u></u>	\$ <u><u>927,121</u></u>	\$ <u><u>195,647</u></u>	\$ <u><u>769,028</u></u>	\$ <u><u>0</u></u>

The current portion of the compensated absences is estimated at zero since there are no anticipated retirements or terminations.

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

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

Note H	\$ 725,000
Net Issue Costs/Premium/Discounts on Bond Issues	(43,680)
Accumulated Amortization	8,736
Statement of Net Assets	\$ <u><u>690,056</u></u>
Government Wide Statements	
Amount Reported as Current Amount Due	\$ 175,000
Amount Reported as Long-Term Due	515,056
Statement of Net Assets	\$ <u><u>690,056</u></u>

**NOTE I: COMMITMENTS**

There were no construction commitments for the year ended June 30, 2008.

**NOTE J: PENSION PLAN**

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

Plan members are required to contribute 7.42% of their gross salary. The District is required to contribute 10.9% of the gross covered salary. Effective July 1, 2008, plan members are required to contribute 7.9% of their gross salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2008, 2007, and 2006, were \$632,339, \$589,443, and \$525,658, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE J: RETIREE HEALTH CARE ACT CONTRIBUTIONS**

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

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

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



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 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. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary.

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

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

The District's contributions to the RHCA for the years ended June 30, 2008, 2007 and 2006 were \$65,868, \$64,358 and \$60,378, respectively, which equal the required contributions for each year.

#### **NOTE L: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS**

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

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

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

Reconciliations are located at the bottom of each budget actual.

**NOTE M: INSURANCE COVERAGE**

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

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

**NOTE N: SURETY BOND**

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

**NOTE O: JOINT POWERS AGREEMENT**

Questa Independent School district No. 9 is part of the Northwest Regional Center Cooperative No. 2

The term of the agreement began on July 1, 1996 through June 30, 2008.

The REC passed-through \$119,686, to the District for salaries and fringe benefits. As required by SAO 2.2.2.12 C (3) (d), the REC funds were reported as revenues and expenditures in the following special revenue funds:

24106 IDEA, Part B Entitlement  
24107 IDEA, Part B Discretionary

A policy council, which consists of Superintendent of each school and the REC director, comprise the responsible parties for the operations of the Cooperative. The agreement runs from July 1st to June 30th of each year until a participating district or institution gives Notice of Intent to Terminate pursuant to the agreement.

The Northwest Regional Center Cooperative # 2 reports revenues and expenditures to the New Mexico State Department of Education. The Cooperative is required to have an annual audit conducted according to the Independent Audit Requirements for Regional Education Cooperatives. The audit for the year ended June 30, 2008 will be conducted by another IPA.

**SUPPLEMENTAL INFORMATION RELATED TO  
MAJOR FUNDS**

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
 CAPITAL PROJECTS FUND-BOND BUILDING-31100  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
State & Local Sources				
Investment Income	\$ 33,500	\$ 33,500	\$ 26,755	\$ (6,745)
State & Local Sources	33,500	33,500	26,755	(6,745)
Total Revenues	<u>33,500</u>	<u>33,500</u>	<u>26,755</u>	<u>(6,745)</u>
<b>Expenditures</b>				
Capital Outlay				
Professional & Tech Services	50,000	50,000	8,682	41,318
Purchased Property Services	586,933	586,933	0	586,933
Supplies	0	0	0	0
Property	115,000	115,000	54,751	60,249
Total Capital Outlay	<u>751,933</u>	<u>751,933</u>	<u>63,433</u>	<u>688,500</u>
Total Expenditures	<u>751,933</u>	<u>751,933</u>	<u>63,433</u>	<u>688,500</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(718,433)</u>	<u>(718,433)</u>	<u>(36,678)</u>	<u>681,755</u>
Cash Balance Beginning of Year	<u>718,433</u>	<u>718,433</u>	<u>718,433</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 681,755</u>	<u>\$ 681,755</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (36,678)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ (36,678)	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
 CAPITAL PROJECT FUND-SENATE BILL NINE-31700  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
<b>State &amp; Local Sources</b>				
Taxes	\$ 254,370	\$ 254,370	\$ 309,556	\$ 55,186
Investment Income	1,200	1,200	1,584	384
State Grant	0	12,468	31,880	19,412
Total State & Local Sources	<u>255,570</u>	<u>268,038</u>	<u>343,020</u>	<u>74,982</u>
Total Revenues	<u>255,570</u>	<u>268,038</u>	<u>343,020</u>	<u>74,982</u>
<b>Expenditures</b>				
<b>General Administration</b>				
Professional & Tech Services	<u>2,544</u>	<u>3,096</u>	<u>3,096</u>	<u>0</u>
Total General Administration	<u>2,544</u>	<u>3,096</u>	<u>3,096</u>	<u>0</u>
<b>Capital Outlay</b>				
Purchased Property Services	419,526	396,554	97,874	298,680
Supplies	16,941	32,468	25,277	7,191
Land Improvements	75,000	75,000	54,905	20,095
Fixed Assets	10,000	12,294	12,294	0
Supply Assets	<u>8,775</u>	<u>25,842</u>	<u>25,842</u>	<u>0</u>
Total Capital Outlay	<u>530,242</u>	<u>542,158</u>	<u>216,192</u>	<u>325,966</u>
Total Expenditures	<u>532,786</u>	<u>545,254</u>	<u>219,288</u>	<u>325,966</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(277,216)</u>	<u>(277,216)</u>	<u>123,732</u>	<u>400,948</u>
Cash Balance Beginning of Year	<u>277,216</u>	<u>277,216</u>	<u>277,216</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 400,948</u>	<u>\$ 400,948</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 123,732	
Net change in Taxes Receivable			(372)	
Net change in Accounts Payable			10,807	
Net change in Deferred Revenue			(597)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 133,570</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
 CAPITAL PROJECT FUND-EDUCATION TECHNOLOGY ACT-31900  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
State & Local Sources				
Investment Income	\$ 0	\$ 0	\$ 8,989	\$ 8,989
Sale of Bonds	0	837,170	880,250	43,080
Miscellaneous	0	0	54,207	54,207
Total State & Local Sources	<u>0</u>	<u>837,170</u>	<u>943,446</u>	<u>106,276</u>
Total Revenues	<u>0</u>	<u>837,170</u>	<u>943,446</u>	<u>106,276</u>
<b>Expenditures</b>				
Capital Outlay				
Professional & Tech Services	0	280,700	125,641	155,059
Purchased Property Services	0	100,700	880	99,820
Supplies	0	104,270	32,129	72,141
Supply Assets	0	351,500	306,619	44,881
Total Instruction	<u>0</u>	<u>837,170</u>	<u>465,269</u>	<u>371,901</u>
Total Expenditures	<u>0</u>	<u>837,170</u>	<u>465,269</u>	<u>371,901</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	478,177	478,177
Cash Balance Beginning of Year	<u>25,827</u>	<u>25,827</u>	<u>25,827</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 25,827</u>	<u>\$ 25,827</u>	<u>\$ 504,004</u>	<u>\$ 478,177</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 478,177	
Net change in Accounts Payable			999	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 479,176</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
DEBT SERVICE FUND-EDUCATION TECHNOLOGY BONDS-43000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
State & Local Sources				
Taxes	\$ 50,000	\$ 50,000	\$ 226,086	\$ 176,086
Total State & Local Sources	<u>50,000</u>	<u>50,000</u>	<u>226,086</u>	<u>176,086</u>
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>226,086</u>	<u>176,086</u>
<b>Expenditures</b>				
Support Services- General Administration				
Professional & Tech Services	500	2,261	2,260	1
Total Support Services- General Administration	<u>500</u>	<u>2,261</u>	<u>2,260</u>	<u>1</u>
Total Expenditures	<u>500</u>	<u>2,261</u>	<u>2,260</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	49,500	47,739	223,826	176,087
Cash Balance Beginning of Year	<u>33,518</u>	<u>33,518</u>	<u>33,518</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 83,018</u>	<u>\$ 81,257</u>	<u>\$ 257,344</u>	<u>\$ 176,087</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 223,826	
Net change in Taxes Receivable			(4,089)	
Net change in Principal			(175,000)	
Net change in Interest			(34,588)	
Net change in Deferred Taxes			(95)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 10,054</u>	

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

**SUPPLEMENTAL INFORMATION RELATED TO  
NON MAJOR FUNDS**



STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
NONMAJOR GOVERNMENT FUNDS  
Combining Balance Sheet - By Fund Type  
June 30, 2008

	Special Revenue	Capital Projects	Debt Service	Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 205,130	\$ 37,889	\$ 3,511	\$ 246,530
Receivables				
Taxes	0	0	4,074	4,074
Due From Grantor	22,854	0	0	22,854
Inventory	0	0	0	0
Total Assets	<u>\$ 227,984</u>	<u>\$ 37,889</u>	<u>\$ 7,585</u>	<u>\$ 273,458</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Interfund Balance	\$ 22,854	\$ 0	\$ 0	\$ 22,854
Accounts Payable	12	0	0	12
Deferred Revenue	9,225	0	4,064	13,289
Total Liabilities	<u>32,091</u>	<u>0</u>	<u>4,064</u>	<u>36,155</u>
<b>Fund Balance</b>				
<b>Reserved for:</b>				
Debt Service	0	0	3,521	3,521
<b>Unreserved, Undesignated</b>				
Special Revenue	195,893	0	0	195,893
Capital Projects	0	37,889	0	37,889
Total Fund Balance	<u>195,893</u>	<u>37,889</u>	<u>3,521</u>	<u>237,303</u>
 Total Liabilities and Fund Balance	 <u>\$ 227,984</u>	 <u>\$ 37,889</u>	 <u>\$ 7,585</u>	 <u>\$ 273,458</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
NONMAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures and Changes in  
Fund Balance - By Fund Type  
For the Year Ended June 30, 2008

	Special Revenue	Capital Projects	Debt Service	Total
<b>Revenues</b>				
Taxes	\$ 0	\$ 0	\$ 401	\$ 401
Investment Income	22	0	12	34
Fees	34,211	0	0	34,211
State & Local Grants	144,353	65,068	0	209,421
Federal Grants	314,209	0	0	314,209
Miscellaneous	226	0	0	226
<b>Total Revenues</b>	<u>493,021</u>	<u>65,068</u>	<u>413</u>	<u>558,502</u>
<b>Expenditures</b>				
Current				
Instruction	346,084	0	0	346,084
Support Services-Students	1,406	0	0	1,406
Support Services-Instruction	8,100	0	0	8,100
Support Services-General Administration	9,910	0	7	9,917
Support Services-School Administration	0	0	0	0
Food Services Operations	8,067	0	0	8,067
Capital Outlay	0	27,179	0	27,179
<b>Total Expenditures</b>	<u>373,567</u>	<u>27,179</u>	<u>7</u>	<u>400,753</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>119,454</u>	<u>37,889</u>	<u>406</u>	<u>157,749</u>
<b>Other Financing Sources (Uses)</b>				
Transfer Out	(1,453)	0	0	(1,453)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,453)</u>	<u>0</u>	<u>0</u>	<u>(1,453)</u>
<b>Net Change in Fund Balances</b>	118,001	37,889	406	156,296
<b>Fund Balances at Beginning of Year</b>	<u>77,892</u>	<u>0</u>	<u>3,115</u>	<u>81,007</u>
<b>Fund Balance End of Year</b>	<u>\$ 195,893</u>	<u>\$ 37,889</u>	<u>\$ 3,521</u>	<u>\$ 237,303</u>

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

#### **NONMAJOR SPECIAL REVENUE FUNDS**

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

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

**IDEA Preschool (24109).** To provide grants to States to assist them in providing a free appropriate public education to all children with disabilities. Individuals with Disabilities Education Act (IDEA), Part B, Section 611-617, and part D, Section 674 as amended, 20 U. S. C. 1411-1417 and 1420. The fund was created by the authority of federal grant provisions.

**Enhancing Education Through Technology (24133).** To account for a Federal grant designed to strengthen teacher learning in the field of technology. The fund was created by the authority of federal grant provisions. (PL 103-382).

**Preschool Competitive (24136).** To account for revenues and expenditures received from a federal grant to provide financial incentives for schools that need to substantially improve student achievement, particularly Title I schools. The fund was created by the authority of the Elementary and Secondary Education Act of 1965., Title I, Part A.

**Title V (24150).** To account for monies received to improve elementary and secondary education for children attending both public and private schools. The fund was created by grant provisions. (PL 103-382).

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

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

**Safe & Drug Free (24157).** To offer a disciplined environment conducive to learning, by preventing violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco, and drugs, involve parents, and coordinated with related Federal, State, and community efforts and resources. Elementary and Secondary Education Act , Title IV, Part A, Subpart 1, as amended. 20 USC 7111-7118.

## NONMAJOR SPECIAL REVENUE FUNDS

**Reading First (24167).** The purpose of this grant is to ensure that all children can read at grade level or above by the end of third grade. The Reading First program is authorized by Title I, Part B, Subpart 1 of the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001 (20 USC 6361 *et seq.*).

**Carl Perkins (24171).** To account for funds distributed by the U. S. Department of Education through the State Department of Education to provide services which impact school district vocational programs, educators, and students. This fund was created by the authority of the Carl D. Perkins Vocational and Applied Technology Education Amendments of 1998, Title I, Part B and C and Sections 115 and 116, and Workforce Investment Act, Section 503.

**Advanced Placement (25135).** Award grants to State and local efforts to increase access to advance placement classes and tests for low-income students and to cover part of all the cost of test fees for low-income students enrolled in advanced placement courses. Elementary and Secondary Education Act, as amended, Title I, Part G.

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

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

**LANL Foundation (26131).** Educational enrichment grant in support of The Renaissance Program.

**Technology for Education (27117).** To account for funds received from the Technology for Education Grant created by the 1994 State Legislation to establish funding of any costs associated with educational technology. Funding provided by the State of New Mexico. (NMSA 22-15A-1-10).

**Incentives for School Improvements (27138).** To account for revenues and expenditures from a state grant as part of the Incentives for School Improvement Act: awarded based on the improvement in CTBS 5/Terra Nova or New Mexico High School Competency Examination scores. The fund was created by state grant provisions. (NMSA 22-13 A-1).

**Mentoring (27154).** To account for revenues and expenditures from a state grant provided for beginning teacher mentoring programs. The fund was created by state grant provisions.

**Breakfast in Elementary (27155).** To account for revenues and expenditures from a state grant for the purpose of providing a free breakfast to elementary students. The fund was created by state grant provisions.

**NONMAJOR SPECIAL REVENUE FUNDS**

**Kindergarten 3-Plus (27166).** To account for funds received to provide the opportunity for the district to address early literacy. The full-day kindergarten program is the first step in the implementation of a sequential early literacy approach to teaching reading. The fund was created by state grant provisions.

**Libraries Go Bonds (27170).** To account for revenues and expenditures from a state grant to provide for public school and juvenile detention libraries. The funding made available to update and expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by the State of New Mexico.

**Energy/Minerals (28110).** To account for funds provided to install energy monitoring equipment and develop an education program, using the resources of the Albuquerque Public Schools and Rebuild New Mexico a non-profit group that develops materials for New Mexico schools on energy conservation. The fund was created by grant provisions.

**Sun Safety (28146).** To teach kids on safety from the sun, the effect that the sun has on them and hoe to protect themselves from further damage to their skin. The fund was created by state grant provisions.

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
NONMAJOR SPECIAL-REVENUE FUNDS  
Combining Balance Sheet  
June 30, 2008

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	Athletics 22000	IDEA, Part B Entitlement 24106	Preschool 24109
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,605	\$ 0	\$ 1
Receivables			
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 1,605</u>	<u>\$ 0</u>	<u>\$ 1</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 0
Accounts Payable	0	0	0
Deferred Revenue	0	0	1
Total Liabilities	<u>0</u>	<u>0</u>	<u>1</u>
Fund Balance			
Unreserved, Undesignated	<u>1,605</u>	<u>0</u>	<u>0</u>
Total Fund Balance	<u>1,605</u>	<u>0</u>	<u>0</u>
 Total Liabilities and Fund Balance	 <u>\$ 1,605</u>	 <u>\$ 0</u>	 <u>\$ 1</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 2008

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	Enhancing Education Through Education <u>24133</u>	Preschool Competitive <u>24136</u>	Title V <u>24150</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 166
Receivables			
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 166</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 0
Accounts Payable	0	0	0
Deferred Revenue	0	0	166
Total Liabilities	<u>0</u>	<u>0</u>	<u>166</u>
Fund Balance			
Unreserved, Undesignated	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
 Total Liabilities and Fund Balance	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 166</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 2008

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	English Language Acquisition <u>24153</u>	Teacher Training Title II-A <u>24154</u>	Safe & Drug Free Title IV-A <u>24157</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 626
Receivables			
Due From Grantor	11,362	11,492	0
Inventory	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 11,362</u>	<u>\$ 11,492</u>	<u>\$ 626</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balance	\$ 11,362	\$ 11,492	\$ 0
Accounts Payable	0	0	0
Deferred Revenue	<u>0</u>	<u>0</u>	<u>626</u>
Total Liabilities	<u>11,362</u>	<u>11,492</u>	<u>626</u>
Fund Balance			
Unreserved, Undesignated	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
 Total Liabilities and Fund Balance	 <u>\$ 11,362</u>	 <u>\$ 11,492</u>	 <u>\$ 626</u>

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



STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 2008

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	Reading First <u>24167</u>	Carl Perkins 24171 <u>          </u>	Advanced Placement 25135 <u>          </u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 342	\$ 0	\$ 0
Receivables			
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 342</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 0
Accounts Payable	0	0	0
Deferred Revenue	342	0	0
Total Liabilities	<u>342</u>	<u>0</u>	<u>0</u>
Fund Balance			
Unreserved, Undesignated	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
 Total Liabilities and Fund Balance	 <u>\$ 342</u>	 <u>\$ 0</u>	 <u>\$ 0</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 2008

	Medicaid 25153	Rural Education Achievement Program 25233	LANL Foundation 26131
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 44,400	\$ 8,090	\$ 0
Receivables			
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 44,400</u>	<u>\$ 8,090</u>	<u>\$ 0</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 0
Accounts Payable	12	0	0
Deferred Revenue	0	8,090	0
Total Liabilities	<u>12</u>	<u>8,090</u>	<u>0</u>
Fund Balance			
Unreserved, Undesignated	<u>44,388</u>	<u>0</u>	<u>0</u>
Total Fund Balance	<u>44,388</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 44,400</u>	<u>\$ 8,090</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 2008

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	Technology For Education 27117	Incentives for School Improvements 27138	Mentoring 27154
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 17,288	\$ 19,936	\$ 0
Receivables			
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 17,288</u>	<u>\$ 19,936</u>	<u>\$ 0</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 0
Accounts Payable	0	0	0
Deferred Revenue	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Unreserved, Undesignated	<u>17,288</u>	<u>19,936</u>	<u>0</u>
Total Fund Balance	<u>17,288</u>	<u>19,936</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 17,288</u>	<u>\$ 19,936</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 2008

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	Breakfast in Elementary 27155	Kindergarten 3-Plus 27166	Library GO Bonds 27170
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2	\$ 74,537	\$ 0
Receivables			
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 2</u>	<u>\$ 74,537</u>	<u>\$ 0</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 0
Accounts Payable	0	0	0
Deferred Revenue	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Unreserved, Undesignated	<u>2</u>	<u>74,537</u>	<u>0</u>
Total Fund Balance	<u>2</u>	<u>74,537</u>	<u>0</u>
 Total Liabilities and Fund Balance	 <u>\$ 2</u>	 <u>\$ 74,537</u>	 <u>\$ 0</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 2008

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	Energy Minerals <u>28110</u>	Sun Safety <u>28146</u>	Gear Up <u>28178</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 1,552	\$ 36,585
Receivables			
Due From Grantor	0	0	0
Inventory	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 0</u>	<u>\$ 1,552</u>	<u>\$ 36,585</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 0
Accounts Payable	0	0	0
Deferred Revenue	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Unreserved, Undesignated	<u>0</u>	<u>1,552</u>	<u>36,585</u>
Total Fund Balance	<u>0</u>	<u>1,552</u>	<u>36,585</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 1,552</u>	<u>\$ 36,585</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 2008

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	<u>Total</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 205,130
Receivables	
Due From Grantor	22,854
Inventory	0
Total Assets	<u>\$ 227,984</u>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Interfund Balance	\$ 22,854
Accounts Payable	12
Deferred Revenue	9,225
Total Liabilities	<u>32,091</u>
Fund Balance	
Unreserved, Undesignated	<u>195,893</u>
Total Fund Balance	<u>195,893</u>
Total Liabilities and Fund Balance	<u>\$ 227,984</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2008

	Athletics 22000	IDEA, Part B Entitlement 24106	IDEA, Part B Preschool 24109
<b>Revenues</b>			
Investment Income	\$ 22	\$ 0	\$ 0
Fees	34,211	0	0
State & Local Grants	0	0	0
Federal Grants	0	64,164	0
Micellaneous	226	0	0
Total Revenues	<u>34,459</u>	<u>64,164</u>	<u>0</u>
<b>Expenditures</b>			
Current			
Instruction	37,083	64,164	0
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	0
Food Services Operations	0	0	0
Total Expenditures	<u>37,083</u>	<u>64,164</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,624)</u>	<u>0</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>			
Transfer Out	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(2,624)	0	0
Fund Balances at Beginning of Year	<u>4,229</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 1,605</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2008

	Enhancing Education Through Education 24133	Preschool Competitive 24136	Title V 24150
<b>Revenues</b>			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	0	0	9,567
Micellaneous	0	0	0
Total Revenues	<u>0</u>	<u>0</u>	<u>9,567</u>
<b>Expenditures</b>			
Current			
Instruction	0	0	8,753
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	814
Support Services-School Administration	0	0	0
Food Services Operations	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>9,567</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfer Out	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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



STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2008

	English Language Acquisition 24153	Teacher Training Title II-A 24154	Safe & Drug Free Title IV-A 24157
<b>Revenues</b>			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	11,362	41,346	1,709
Micellaneous	0	0	0
Total Revenues	<u>11,362</u>	<u>41,346</u>	<u>1,709</u>
<b>Expenditures</b>			
Current			
Instruction	11,062	38,239	1,657
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	300	3,107	52
Support Services-School Administration	0	0	0
Food Services Operations	0	0	0
Total Expenditures	<u>11,362</u>	<u>41,346</u>	<u>1,709</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfer Out	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2008

	Reading First 24167	Carl Perkins 24171	Advanced Placement 25135
<b>Revenues</b>			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	158,688	0	0
Micellaneous	0	0	0
Total Revenues	<u>158,688</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>			
Current			
Instruction	153,857	0	0
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	4,831	0	0
Support Services-School Administration	0	0	0
Food Services Operations	0	0	0
Total Expenditures	<u>158,688</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfer Out	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2008

	Medicaid 25153	Rural Education Achievement Program 25233	LANL Foundation 26131
<b>Revenues</b>			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	19,839	7,534	0
Micellaneous	0	0	0
Total Revenues	<u>19,839</u>	<u>7,534</u>	<u>0</u>
<b>Expenditures</b>			
Current			
Instruction	0	7,311	0
Support Services-Students	1,406	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	43	223	0
Support Services-School Administration	0	0	0
Food Services Operations	0	0	0
Total Expenditures	<u>1,449</u>	<u>7,534</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>18,390</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfer Out	0	0	(118)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(118)</u>
Net Change in Fund Balances	18,390	0	(118)
Fund Balances at Beginning of Year	<u>25,998</u>	<u>0</u>	<u>118</u>
Fund Balance End of Year	<u>\$ 44,388</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2008

	Technology For Education 27117	Incentives for School Improvements 27138	Mentoring 27154
<b>Revenues</b>			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	26,409	19,219	4,645
Federal Grants	0	0	0
Micellaneous	0	0	0
Total Revenues	<u>26,409</u>	<u>19,219</u>	<u>4,645</u>
<b>Expenditures</b>			
Current			
Instruction	8,851	0	4,645
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	270	0	0
Support Services-School Administration	0	0	0
Food Services Operations	0	0	0
Total Expenditures	<u>9,121</u>	<u>0</u>	<u>4,645</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>17,288</u>	<u>19,219</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>			
Transfer Out	0	(1,140)	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>(1,140)</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	17,288	18,079	0
<b>Fund Balances at Beginning of Year</b>	<u>0</u>	<u>1,857</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u>\$ 17,288</u>	<u>\$ 19,936</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2008

	Breakfast in Elementary 27155	Kindergarten 3-Plus 27166	Libraries Go Bonds 27170
<b>Revenues</b>			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	8,069	74,537	8,100
Federal Grants	0	0	0
Micellaneous	0	0	0
Total Revenues	<u>8,069</u>	<u>74,537</u>	<u>8,100</u>
<b>Expenditures</b>			
Current			
Instruction	0	0	
Support Services-Students	0	0	0
Support Services-Instruction	0	0	8,100
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	0
Food Services Operations	8,067	0	0
Total Expenditures	<u>8,067</u>	<u>0</u>	<u>8,100</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2</u>	<u>74,537</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfer Out	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	2	74,537	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 2</u>	<u>\$ 74,537</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2008

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	Energy Minerals <u>28110</u>	Sun Safety <u>28146</u>	Gear Up <u>28178</u>
Revenues			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	3,350	24
Federal Grants	0	0	0
Micellaneous	0	0	0
Total Revenues	<u>0</u>	<u>3,350</u>	<u>24</u>
Expenditures			
Current			
Instruction	0	1,885	8,577
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	270
Support Services-School Administration	0	0	0
Food Services Operations	0	0	0
Total Expenditures	<u>0</u>	<u>1,885</u>	<u>8,847</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>1,465</u>	<u>(8,823)</u>
Other Financing Sources (Uses)			
Transfer Out	<u>(195)</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(195)</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(195)	1,465	(8,823)
Fund Balances at Beginning of Year	<u>195</u>	<u>87</u>	<u>45,408</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 1,552</u>	<u>\$ 36,585</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2008

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	Total
Revenues	
Investment Income	\$ 22
Fees	34,211
State & Local Grants	144,353
Federal Grants	314,209
Miscellaneous	226
Total Revenues	<u>493,021</u>
Expenditures	
Current	
Instruction	346,084
Support Services-Students	1,406
Support Services-Instruction	8,100
Support Services-General Administration	9,910
Support Services-School Administration	0
Food Services Operations	8,067
Total Expenditures	<u>373,567</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>119,454</u>
Other Financing Sources (Uses)	
Transfer Out	(1,453)
Total Other Financing Sources (Uses)	<u>(1,453)</u>
Net Change in Fund Balances	118,001
Fund Balances at Beginning of Year	<u>77,892</u>
Fund Balance End of Year	<u>\$ 195,893</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-ATHLETICS-22000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
State & Local Sources				
Investment Income	\$ 30	\$ 30	22	\$ (8)
Fees	30,500	34,211	34,211	0
Miscellaneous	0	0	226	0
Total State & Local Sources	<u>30,530</u>	<u>34,241</u>	<u>34,459</u>	<u>(8)</u>
Total Revenues	<u>30,530</u>	<u>34,241</u>	<u>34,459</u>	<u>(8)</u>
<b>Expenditures</b>				
Instruction				
Professional & Tech Services	15,000	22,271	22,271	0
Purchased Services	16,598	13,317	13,317	0
General Supplies	2,500	1,495	1,495	0
Total Instruction	<u>34,098</u>	<u>37,083</u>	<u>37,083</u>	<u>0</u>
Total Expenditures	<u>34,098</u>	<u>37,083</u>	<u>37,083</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,568)	(2,842)	(2,624)	218
Cash Balance Beginning of Year	<u>4,229</u>	<u>4,229</u>	<u>4,229</u>	<u>0</u>
Cash Balance End of Year	\$ <u>661</u>	\$ <u>1,387</u>	\$ <u>1,605</u>	\$ <u>218</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>(2,624)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(2,624)</u>	

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



STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-IDEA, ENTITLEMENT-24106  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
<b>Federal Sources</b>				
Federal Grant	\$ 65,287	\$ 65,287	\$ 52,427	\$ (12,860)
Total Federal Sources	<u>65,287</u>	<u>65,287</u>	<u>52,427</u>	<u>(12,860)</u>
Total Revenues	<u>65,287</u>	<u>65,287</u>	<u>52,427</u>	<u>(12,860)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	48,951	48,951	48,489	462
Employee Benefits	16,337	16,337	15,675	662
Total Instruction	<u>65,288</u>	<u>65,288</u>	<u>64,164</u>	<u>662</u>
Total Expenditures	<u>65,288</u>	<u>65,288</u>	<u>64,164</u>	<u>662</u>
Excess (Deficiency) of Revenues Over Expenditures	(1)	(1)	(11,737)	(11,736)
Cash Balance Beginning of Year	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (11,736)</u>	<u>\$ (11,736)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (11,737)	
Net change in Deferred Revenue			<u>11,737</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-IDEA, PRESCHOOL-24109  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
<b>Federal Sources</b>				
Federal Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Federal Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Purchased Services	0	0	0	0
Supplies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-ENHANCING EDUCATION THROUGH TECHNOLOGY-24133  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Federal Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instruction				
Other Purchased Services	0	0	0	0
Supplies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Support Services-General Administration				
Professional & Tech Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services-General Administration	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>1,648</u>	<u>1,648</u>	<u>1,648</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,648</u>	<u>\$ 1,648</u>	<u>\$ 1,648</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-PRESCHOOL COMPETITIVE-24136  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Federal Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>2,521</u>	<u>2,521</u>	<u>2,521</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,521</u>	<u>\$ 2,521</u>	<u>\$ 2,521</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-TITLE V-24150  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
<b>Federal Sources</b>				
Federal Grant	\$ 2,896	\$ 8,654	\$ 8,820	\$ 166
Total Federal Sources	<u>2,896</u>	<u>8,654</u>	<u>8,820</u>	<u>166</u>
Total Revenues	<u>2,896</u>	<u>8,654</u>	<u>8,820</u>	<u>166</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	<u>3,590</u>	<u>8,753</u>	<u>8,753</u>	<u>0</u>
Total Instruction	<u>3,590</u>	<u>8,753</u>	<u>8,753</u>	<u>0</u>
<b>Support Services-General Administration</b>				
Professional & Tech Services	<u>219</u>	<u>814</u>	<u>814</u>	<u>0</u>
Total Support Services-General Administration	<u>219</u>	<u>814</u>	<u>814</u>	<u>0</u>
Total Expenditures	<u>3,809</u>	<u>9,567</u>	<u>9,567</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(913)	(913)	(747)	166
Cash Balance Beginning of Year	<u>913</u>	<u>913</u>	<u>913</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>166</u>	\$ <u>166</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (747)	
Net change in Deferred Revenue			<u>747</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>0</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-ENGLISH LANGUAGE ACQUISITION-24153  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
<b>Federal Sources</b>				
Federal Grant	\$ 0	\$ 5,218	\$ 0	\$ (5,218)
Total Federal Sources	<u>0</u>	<u>5,218</u>	<u>0</u>	<u>(5,218)</u>
Total Revenues	<u>0</u>	<u>5,218</u>	<u>0</u>	<u>(5,218)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Other Purchased Services	0	457	457	0
Supplies	6,238	10,699	10,606	93
Total Instruction	<u>6,238</u>	<u>11,156</u>	<u>11,063</u>	<u>93</u>
<b>Support Services-General Administration</b>				
Professional & Tech Services	0	300	300	0
Total Support Services-General Administration	<u>0</u>	<u>300</u>	<u>300</u>	<u>0</u>
Total Expenditures	<u>6,238</u>	<u>11,456</u>	<u>11,363</u>	<u>93</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,238)	(6,238)	(11,363)	(5,125)
Cash Balance Beginning of Year	<u>6,238</u>	<u>6,238</u>	<u>6,238</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (5,125)</u>	<u>\$ (5,125)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (11,363)	
Net change in Due from Grantor			5,125	
Net change in Deferred Revenue			6,238	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-TITLE II-24154  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
<b>Federal Sources</b>				
Federal Grant	\$ 46,193	\$ 63,809	\$ 32,708	\$ (31,101)
Total Federal Sources	<u>46,193</u>	<u>63,809</u>	<u>32,708</u>	<u>(31,101)</u>
Total Revenues	<u>46,193</u>	<u>63,809</u>	<u>32,708</u>	<u>(31,101)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	17,450	25,155	25,155	0
Employee Benefits	7,232	7,232	5,907	1,325
Other Purchased Services	7,500	12,500	4,286	8,214
Supplies	7,339	11,723	2,892	8,831
Total Instruction	<u>39,521</u>	<u>56,610</u>	<u>38,240</u>	<u>18,370</u>
<b>Instructional Support</b>				
Professional & Tech Services	1,319	1,846	1,259	587
Other Purchased Services	2,500	2,500	1,848	652
Total Instructional Support	<u>3,819</u>	<u>4,346</u>	<u>3,107</u>	<u>1,239</u>
Total Expenditures	<u>43,340</u>	<u>60,956</u>	<u>41,347</u>	<u>19,609</u>
Excess (Deficiency) of Revenues Over Expenditures	2,853	2,853	(8,639)	(11,492)
Cash Balance Beginning of Year	<u>(2,853)</u>	<u>(2,853)</u>	<u>(2,853)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (11,492)</u>	<u>\$ (11,492)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (8,639)	
Net change in Due from Grantor			<u>8,639</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-SAFE & DRUG FREE-24157  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 1,152	\$ 2,370	\$ 0	\$ (2,370)
Total Federal Sources	<u>1,152</u>	<u>2,370</u>	<u>0</u>	<u>(2,370)</u>
Total Revenues	<u>1,152</u>	<u>2,370</u>	<u>0</u>	<u>(2,370)</u>
Expenditures				
Instruction				
Other Purchased Services	2,482	1,563	1,155	408
Supplies	<u>908</u>	<u>3,045</u>	<u>502</u>	<u>2,543</u>
Total Instruction	<u>3,390</u>	<u>4,608</u>	<u>1,657</u>	<u>2,951</u>
Support Services-General Administration				
Professional & Tech Services	<u>97</u>	<u>97</u>	<u>52</u>	<u>45</u>
Total Support Services-General Administration	<u>97</u>	<u>97</u>	<u>52</u>	<u>45</u>
Total Expenditures	<u>3,487</u>	<u>4,705</u>	<u>1,709</u>	<u>2,996</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,335)	(2,335)	(1,709)	626
Cash Balance Beginning of Year	<u>2,335</u>	<u>2,335</u>	<u>2,335</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 626</u>	<u>\$ 626</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,709)	
Net change in Deferred Revenue			<u>1,709</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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



STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-READING FIRST-24167  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
<b>Federal Sources</b>				
Federal Grant	\$ 47,102	\$ 217,508	\$ 206,131	\$ (11,377)
Total Federal Sources	<u>47,102</u>	<u>217,508</u>	<u>206,131</u>	<u>(11,377)</u>
Total Revenues	<u>47,102</u>	<u>217,508</u>	<u>206,131</u>	<u>(11,377)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	107,284	105,278	2,006
Employee Benefits	0	39,287	37,148	2,139
Purchased Services	0	9,962	2,740	7,222
Supplies	0	8,524	8,524	0
Property	0	166	166	0
Total Instruction	<u>0</u>	<u>165,223</u>	<u>153,856</u>	<u>11,367</u>
<b>Support Services-General Administration</b>				
Professional & Tech Services	0	5,183	4,831	352
Total Support Services-General Administration	<u>0</u>	<u>5,183</u>	<u>4,831</u>	<u>352</u>
Total Expenditures	<u>0</u>	<u>170,406</u>	<u>158,687</u>	<u>11,719</u>
Excess (Deficiency) of Revenues Over Expenditures	47,102	47,102	47,444	342
Cash Balance Beginning of Year	<u>(47,102)</u>	<u>(47,102)</u>	<u>(47,102)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 342</u>	<u>\$ 342</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 47,444	
Net change in Due from Grantor			(47,102)	
Net change in Deferred Revenue			(342)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-CARL PERKINS-24171  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
<b>Federal Sources</b>				
Federal Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Federal Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
<b>Other Financing Sources (Uses)</b>				
Refund of Prior Year	<u>(129)</u>	<u>(129)</u>	<u>(129)</u>	<u>0</u>
Total Other Sources (Uses)	<u>(129)</u>	<u>(129)</u>	<u>(129)</u>	<u>0</u>
Net Change in Cash Balance	(129)	(129)	(129)	0
Cash Balance Beginning of Year	<u>129</u>	<u>129</u>	<u>129</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (129)	
Net change in Deferred Revenue			<u>129</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-ADVANCED PLACEMENT-25135  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Federal Sources				
Federal Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Federal Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instruction				
Personnel Services	0	0	0	0
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>1,001</u>	<u>1,001</u>	<u>1,001</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,001</u>	<u>\$ 1,001</u>	<u>\$ 1,001</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-MEDICAID-25153  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
<b>Federal Sources</b>				
Federal Grant	\$ 12,202	\$ 12,202	\$ 19,839	\$ 7,637
Total Federal Sources	<u>12,202</u>	<u>12,202</u>	<u>19,839</u>	<u>7,637</u>
Total Revenues	<u>12,202</u>	<u>12,202</u>	<u>19,839</u>	<u>7,637</u>
<b>Expenditures</b>				
<b>Support Services-Students</b>				
Professional & Tech Services	7,000	7,000	1,088	5,912
Supplies	4,676	4,676	305	4,371
Total Support Services-Students	<u>7,000</u>	<u>11,676</u>	<u>1,393</u>	<u>10,283</u>
<b>Support Services-General Administration</b>				
Professional & Tech Services	526	526	44	482
Total Support Services-General Administration	<u>526</u>	<u>526</u>	<u>44</u>	<u>482</u>
Total Expenditures	<u>7,526</u>	<u>12,202</u>	<u>1,437</u>	<u>10,765</u>
Excess (Deficiency) of Revenues Over Expenditures	4,676	0	18,402	18,402
Cash Balance Beginning of Year	<u>25,998</u>	<u>25,998</u>	<u>25,998</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 30,674</u>	<u>\$ 25,998</u>	<u>\$ 44,400</u>	<u>\$ 18,402</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 18,402	
Net change in Accounts Payable			(12)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 18,390</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-RURAL EDUCATION ACHIEVEMENT PROGRAM-25233  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
<b>Federal Sources</b>				
Federal Grant	\$ 0	\$ 12,045	\$ 15,624	\$ 3,579
Total Federal Sources	0	12,045	15,624	3,579
Total Revenues	0	12,045	15,624	3,579
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	20	11,698	7,311	4,387
Total Instruction	20	11,698	7,311	4,387
<b>Support Services-General Administration</b>				
Supplies	0	367	223	144
Total Support Services-General Administration	0	367	223	144
Total Expenditures	20	12,065	7,534	4,531
Excess (Deficiency) of Revenues Over Expenditures	(20)	(20)	8,090	8,110
Cash Balance Beginning of Year	20	20	20	0
Cash Balance End of Year	\$ 0	\$ 0	\$ 8,110	\$ 8,110
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 8,090	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 8,090	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-LANL FOUNDATION-26131  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>118</u>	<u>118</u>	<u>118</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 118</u>	<u>\$ 118</u>	<u>\$ 118</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-TECHNOLOGY FOR EDUCATION-27117  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
<b>State &amp; Local Sources</b>				
State Grant	\$ 1,024	\$ 10,144	\$ 27,432	\$ 17,288
Total State & Local Sources	<u>1,024</u>	<u>10,144</u>	<u>27,432</u>	<u>17,288</u>
Total Revenues	<u>1,024</u>	<u>10,144</u>	<u>27,432</u>	<u>17,288</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Other Purchased Services	0	435	435	0
Supplies	0	6,265	6,265	0
Property	0	2,150	2,150	0
Total Instruction	<u>0</u>	<u>8,850</u>	<u>8,850</u>	<u>0</u>
<b>Support Services-General Administration</b>				
Professional & Tech Services	0	270	270	0
Total Support Services-General Administration	<u>0</u>	<u>270</u>	<u>270</u>	<u>0</u>
<b>Support Services-School Administration</b>				
Other Purchased Services	0	0	0	0
Total Support Services-School Administration	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>9,120</u>	<u>9,120</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	1,024	1,024	18,312	17,288
Cash Balance Beginning of Year	<u>(1,024)</u>	<u>(1,024)</u>	<u>(1,024)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 17,288</u>	<u>\$ 17,288</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 18,312	
Net change in Due from Grantor			(1,024)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 17,288</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-INCENTIVES FOR SCHOOL IMPROVEMENTS-27138  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
State & Local Sources				
State Grant	\$ 0	\$ 0	\$ 19,219	\$ 19,219
Total State & Local Sources	<u>0</u>	<u>0</u>	<u>19,219</u>	<u>19,219</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>19,219</u>	<u>19,219</u>
<b>Expenditures</b>				
Instruction				
Supplies	0	0	0	0
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	19,219	19,219
Cash Balance Beginning of Year	<u>1,857</u>	<u>1,857</u>	<u>1,857</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,857</u>	<u>\$ 1,857</u>	<u>\$ 21,076</u>	<u>\$ 19,219</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>19,219</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>19,219</u>	

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



STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-MENTORING-27154  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
<b>State &amp; Local Sources</b>				
State Grant	\$ 0	\$ 4,645	\$ 4,645	\$ 0
Total State & Local Sources	<u>0</u>	<u>4,645</u>	<u>4,645</u>	<u>0</u>
Total Revenues	<u>0</u>	<u>4,645</u>	<u>4,645</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Other	0	4,645	4,645	0
Total Instruction	<u>0</u>	<u>4,645</u>	<u>4,645</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>4,645</u>	<u>4,645</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 0	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-BREAKFAST IN ELEMENTARY-27155  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
State & Local Sources				
State Grant	\$ 8,069	\$ 8,069	\$ 8,069	\$ 0
Total State & Local Sources	<u>8,069</u>	<u>8,069</u>	<u>8,069</u>	<u>0</u>
Total Revenues	<u>8,069</u>	<u>8,069</u>	<u>8,069</u>	<u>0</u>
<b>Expenditures</b>				
Food Services Operations				
Supplies	<u>8,069</u>	<u>8,069</u>	<u>8,067</u>	<u>2</u>
Total Food Services Operations	<u>8,069</u>	<u>8,069</u>	<u>8,067</u>	<u>2</u>
Total Expenditures	<u>8,069</u>	<u>8,069</u>	<u>8,067</u>	<u>2</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	2	2
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2</u>	<u>\$ 2</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>2</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>2</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-KINDERGARTEN 3-PLUS-27166  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
State & Local Sources				
State Grant	\$ 0	0	\$ 74,537	\$ 74,537
Total State & Local Sources	<u>0</u>	<u>0</u>	<u>74,537</u>	<u>74,537</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>74,537</u>	<u>74,537</u>
<b>Expenditures</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	74,537	74,537
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 74,537</u>	<u>\$ 74,537</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 74,537</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 74,537</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-LIBRARIES GO BONDS-27170  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
State & Local Sources				
State Grant	\$ 0	15,666	\$ 8,100	\$ (7,566)
Total State & Local Sources	<u>0</u>	<u>15,666</u>	<u>8,100</u>	<u>(7,566)</u>
Total Revenues	<u>0</u>	<u>15,666</u>	<u>8,100</u>	<u>(7,566)</u>
<b>Expenditures</b>				
Support Services-Instruction				
Supplies	0	15,666	8,100	7,566
Total Support Services-Instruction	<u>0</u>	<u>15,666</u>	<u>8,100</u>	<u>7,566</u>
Total Expenditures	<u>0</u>	<u>15,666</u>	<u>8,100</u>	<u>7,566</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-ENERGY/MINERALS-28110  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Revenues				
State & Local Sources				
State Grant	\$ 0	0	\$ 0	\$ 0
Total State & Local Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>195</u>	<u>195</u>	<u>195</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 195</u>	<u>\$ 195</u>	<u>\$ 195</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-SUN SAFETY-28146  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
State & Local Sources				
State Grant	\$ 0	\$ 1,798	\$ 3,350	\$ 1,552
Total State & Local Sources	<u>0</u>	<u>1,798</u>	<u>3,350</u>	<u>1,552</u>
Total Revenues	<u>0</u>	<u>1,798</u>	<u>3,350</u>	<u>1,552</u>
<b>Expenditures</b>				
Instruction				
Personnel Services	0	1,038	1,038	0
Employee Benefits	0	206	206	0
Supplies	0	641	641	0
Total Instruction	<u>0</u>	<u>1,885</u>	<u>1,885</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>1,885</u>	<u>1,885</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(87)	1,465	1,552
Cash Balance Beginning of Year	<u>87</u>	<u>87</u>	<u>87</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 87</u>	<u>\$ 0</u>	<u>\$ 1,552</u>	<u>\$ 1,552</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,465	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 1,465</u>	

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
SPECIAL REVENUE FUND-GEAR UP-28178  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
<b>State &amp; Local Sources</b>				
State Grant	\$ 0	\$ 0	\$ 24	\$ 24
Total State & Local Sources	<u>0</u>	<u>0</u>	<u>24</u>	<u>24</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>24</u>	<u>24</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	4,500	4,500	0
Other Purchased Services	6,000	1,919	1,919	0
Supplies	7,404	7,404	2,158	5,246
Total Instruction	<u>13,404</u>	<u>13,823</u>	<u>8,577</u>	<u>5,246</u>
<b>Support Services-General Administration</b>				
Professional & Tech Services	1,350	1,350	270	1,080
Total Support Services-General Administration	<u>1,350</u>	<u>1,350</u>	<u>270</u>	<u>1,080</u>
Total Expenditures	<u>14,754</u>	<u>15,173</u>	<u>8,847</u>	<u>6,326</u>
Excess (Deficiency) of Revenues Over Expenditures	(14,754)	(15,173)	(8,823)	6,350
Cash Balance Beginning of Year	<u>45,408</u>	<u>45,408</u>	<u>45,408</u>	<u>0</u>
Cash Balance End of Year	\$ <u>30,654</u>	\$ <u>30,235</u>	\$ <u>36,585</u>	\$ <u>6,350</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (8,823)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ (8,823)	

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

STATE OF NEW MEXICO  
QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9  
June 30, 2008

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**NONMAJOR CAPITAL PROJECTS FUNDS**

**Special Capital Outlay-State (31400)**

To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of upgrading buildings.



STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
 CAPITAL PROJECTS FUND-SPECIAL CAPITAL OUTLAY-STATE-31400  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
State & Local Grants				
Special Capital Outlay	\$ 7,103	\$ 50,532	\$ 72,170	\$ 21,638
Total State & Local Grants	<u>7,103</u>	<u>50,532</u>	<u>72,170</u>	<u>21,638</u>
Total Revenues	<u>7,103</u>	<u>50,532</u>	<u>72,170</u>	<u>21,638</u>
<b>Expenditures</b>				
Capital Outlay				
Land Improvements	0	43,429	27,179	16,250
Total Capital Outlay	<u>0</u>	<u>43,429</u>	<u>27,179</u>	<u>16,250</u>
Total Expenditures	<u>0</u>	<u>43,429</u>	<u>27,179</u>	<u>16,250</u>
Excess (Deficiency) of Revenues Over Expenditures	7,103	7,103	44,991	37,888
Cash Balance Beginning of Year	<u>(7,103)</u>	<u>(7,103)</u>	<u>(7,103)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 37,888</u>	<u>\$ 37,888</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 44,991	
Net Change in Due from Grantor			<u>(7,102)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 37,889</u>	

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

**NONMAJOR DEBT SERVICE**

**Debt Service (41000)**

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
DEBT SERVICE-41000

Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
<b>Revenues</b>				
<b>State &amp; Local Sources</b>				
Taxes	\$ 158	\$ 158	\$ 711	\$ 553
Investment Income	10	10	12	2
Total State & Local Sources	<u>168</u>	<u>168</u>	<u>723</u>	<u>555</u>
Total Revenues	<u>168</u>	<u>168</u>	<u>723</u>	<u>555</u>
<b>Expenditures</b>				
<b>Support Services-General Administration</b>				
Professional & Tech Services	<u>2</u>	<u>8</u>	<u>7</u>	<u>1</u>
Total Support Services-General Administration	<u>2</u>	<u>8</u>	<u>7</u>	<u>1</u>
<b>Debt Service</b>				
Debt Service Reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>2</u>	<u>8</u>	<u>7</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	166	160	716	556
Cash Balance Beginning of Year	<u>2,795</u>	<u>2,795</u>	<u>2,795</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,961</u>	<u>\$ 2,955</u>	<u>\$ 3,511</u>	<u>\$ 556</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 716	
Net change in Taxes Receivable			(1,027)	
Net change in Deferred Taxes			717	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 406</u>	

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

**OTHER SUPPLEMENTAL INFORMATION**

**FIDUCIARY FUND**

**Activity Trust Fund**

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
 AGENCY FUNDS  
 Statement of Fiduciary Net Assets and Liabilities-Agency Funds  
 For the Year Ended June 30, 2008

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	<u>Balance</u> <u>06/30/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/08</u>
<b>ASSETS</b>				
Cash in Bank	\$ 87,138	\$ 88,483	\$ 98,833	\$ 76,788
Total Assets	<u>\$ 87,138</u>	<u>\$ 88,483</u>	<u>\$ 98,833</u>	<u>\$ 76,788</u>
<b>LIABILITIES</b>				
Deposits Held for Others	\$ 87,138	\$ 88,483	\$ 98,833	\$ 76,788
Total Liabilities	<u>\$ 87,138</u>	<u>\$ 88,483</u>	<u>\$ 98,833</u>	<u>\$ 76,788</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
 AGENCY FUNDS - ACTIVITY  
 Statement of Fiduciary Net Assets and Liabilities-Agency Funds  
 For the Year Ended June 30, 2008

	Balance 06/30/07	Additions	Deletions	Balance 06/30/08
<b>ASSETS</b>				
600 General Activity Fund	\$ 0	\$ 3,943	\$ 1,676	\$ 2,267
702 Scholarship Fund	212	552	594	171
703 HS Office Assistant	338	191	75	454
704 HS Pepsi Fund	269	785	0	1,054
709 JRHS Honor Society	5,038	742	2,900	2,880
710 HS Student Council	4,606	1,448	2,726	3,327
712 FHA Fund	241	62	98	205
714 Science Club Fund	288	2	120	170
715 Library Fund	2,139	1,234	1,357	2,016
716 HS Cheerleaders Fund	0	483	93	390
722 Ski Club Fund	956	2,233	2,135	1,054
724 Rio Costilla Elementary Fund	3,183	1,380	3,321	1,242
725 AV 7-8 Grade Fund	101	1	0	102
727 Interest on NOW Accounts	475	0	75	400
728 Interest on CD's	250	300	0	550
729 Red River Elementary	137	0	137	0
730 Questa Board of Education	8	0	8	0
734 AV Yearbook Fund	2,572	2,420	2,615	2,378
736 FFA Fund	1,290	951	1,432	809
737 Close Up Program Fund	1,039		1,039	0
738 Art Fund	1,586	2,238	2,939	885
739 AV K-3	2,291	361	0	2,652
740 Academic Boosters	153	0	153	0
741 Special Child Fund	13	0	13	0
742 Spanish Club	268	0	0	268
743 AV Office Fund	3	0	0	3
745 AV 4/5/6 Grades Fund	564	5	0	569
749 AV 4/6 Office Fund	1,345	11	533	823
751 AV Cheerleader Fund	34	0	34	(0)
752 Athletic General Fund	8,977	1,118	5,642	4,453
753 AV Reading Fund	43	0	43	1
754 HS Soccer Club	1,936	318	200	2,054
761 Night School	1,217	0	1,217	0
760 JR High Volleyball	0	200	0	200
762 Volleyball Fund	0	164	0	164
763 Rent & lease Deposit Fund	2,678	985	200	3,463
764 HS Football Fund	1,179	2,630	1,907	1,902
766 Av Library Fund	1,173	2,365	2,874	664
770 HS Computer Literacy	49	0	49	0
785 Class of 2002	232	2	0	234
786 Class of 2003	21	0	0	21
787 Class of 2004	712	6	0	718
795 JR High Student Council Fund	980	2,974	3,716	238
801 HS Yearbook	4,992	5,766	10,758	0
802 AV Office Fund	\$ 726	\$ 707	\$ 915	\$ 518

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
 AGENCY FUNDS - ACTIVITY  
 Statement of Fiduciary Net Assets and Liabilities-Agency Funds  
 For the Year Ended June 30, 2008

	Balance 06/30/07	Additions	Deletions	Balance 06/30/08
803 Travel Club	\$ 3,256	\$ 4,304	\$ 7,560	\$ 0
804 Insurance Refunds	1,700	2,576	2,772	1,505
805 Alta Vista Music Program	14	0	0	14
806 Mariachi Fund	977	8	0	985
807 HS Newspaper Fund	106	0	106	(0)
810 Drama Club	481	250	61	671
811 NMRSC Pepsi Fund	2,210	2,348	1,819	2,739
812 AV Pepsi Fund	736	246	217	764
814 Class of 2005	266	2	0	268
815 AV Student Council Fund	590	4,091	3,795	886
816 Science Fair Club Fund	1,575	13	0	1,588
819 Project 540 Fund	123	1	0	124
820 Cafeteria Activity Fund	1,502	33	171	1,364
821 HS Boys Basketball Fund	1,933	730	1,045	1,618
822 HS Girls Basketball Fund	95	11	105	0
823 Class of 2008	3,205	937	1,930	2,212
824 Class of 2007	413	3	0	416
825 QHS Spirit/Dance Team	179	4,915	4,501	593
826 Class of 2009	4,686	10,123	8,282	6,527
827 Positive Incentive Program	2,629	12,892	10,221	5,300
828 Class of 2010	2,354	3,289	1,329	4,315
829 Class of 2011	874	934	320	1,488
830 Class of 2012	340	293	0	633
831 Class of 2013	0	250	0	250
863 Class of 2015	148	1	0	149
834 Class of 2016	222	2	0	224
835 Class of 2017	211	32	0	243
836 JAG Fund	18	0	18	0
837 Science Levinson Fund	1,512	13	0	1,525
838 AV PAC	469	4	0	473
839 Chevron Mining, Inc.	0	3,600	2,990	610
Total Assets	<u>\$ 87,138</u>	<u>\$ 88,483</u>	<u>\$ 98,833</u>	<u>\$ 76,788</u>
<b>LIABILITIES</b>				
Deposits Held for Others	<u>\$ 87,138</u>	<u>\$ 88,483</u>	<u>\$ 98,833</u>	<u>\$ 76,788</u>
Total Liabilities	<u><u>\$ 87,138</u></u>	<u><u>\$ 88,483</u></u>	<u><u>\$ 98,833</u></u>	<u><u>\$ 76,788</u></u>

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



STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL  
DISTRICT NO. 9**

Cash Reconciliations - All Funds  
For the Year Ended June 30, 2007

	Operational 11000	Teacherage 12000	Transportation 13000
Net Cash in Bank-Beginning of Year			
Cash in Bank	\$ 150,799	32,352	639
Balance	<u>150,799</u>	<u>32,352</u>	<u>639</u>
Add: Current Year			
Revenues	4,788,499	4,771	333,044
Transfers In	13,010	0	0
Loan from Other Funds	0	0	0
TOTAL Cash Available	<u>4,952,308</u>	<u>37,123</u>	<u>333,683</u>
Less: Current Year			
Expenditures	4,809,550	1,019	331,547
Transfers	0	0	0
Loans to Other Funds	0	0	0
Returned to PED	0	0	0
	<u>4,809,550</u>	<u>1,019</u>	<u>331,547</u>
 TOTAL Cash-Ending of Year	 <u>\$ 142,758</u>	 <u>36,104</u>	 <u>2,136</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
Cash Reconciliations - All Funds  
For the Year Ended June 30, 2007

---

	Instructional Materials 14000	Food Service 21000	Athletics 22000
Net Cash in Bank-Beginning of Year			
Cash in Bank	\$ 3,260	\$ 12,647	\$ 4,229
Balance	<u>3,260</u>	<u>12,647</u>	<u>4,229</u>
Add: Current Year			
Revenues	46,578	257,780	34,459
Transfers In	0	0	0
Loan from Other Funds	0	0	0
TOTAL Cash Available	<u>49,838</u>	<u>270,427</u>	<u>38,688</u>
Less: Current Year			
Expenditures	38,262	248,024	37,083
Transfers	0	0	0
Loans to Other Funds	0	0	0
Returned to PED	0	0	0
	<u>38,262</u>	<u>248,024</u>	<u>37,083</u>
TOTAL Cash-Ending of Year	<u>\$ 11,576</u>	<u>\$ 22,403</u>	<u>\$ 1,605</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL  
DISTRICT NO. 9**  
Cash Reconciliations - All Funds  
For the Year Ended June 30, 2007

---

	Activities 23000	Federal Flowthrough 24000	Federal Direct 25000
Net Cash in Bank-Beginning of Year			
Cash in Bank	\$ 87,138	\$ (56,442)	\$ 27,020
Balance	<u>87,138</u>	<u>(56,442)</u>	<u>27,020</u>
Add: Current Year			
Revenues	88,485	445,148	35,463
Transfers In	0	0	0
Loan from Other Funds	0	0	0
TOTAL Cash Available	<u>175,623</u>	<u>388,706</u>	<u>62,483</u>
Less: Current Year			
Expenditures	98,834	536,408	8,971
Transfers	0	10,535	1,022
Loans to Other Funds	0	0	0
Returned to PED	0	0	0
	<u>98,834</u>	<u>546,943</u>	<u>9,993</u>
TOTAL Cash-Ending of Year	<u>\$ 76,789</u>	<u>(158,237)</u>	<u>52,490</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
Cash Reconciliations - All Funds  
For the Year Ended June 30, 2007

---

	Local Grants 26000	State Flowthrough 27000	State Direct 28000
Net Cash in Bank-Beginning of Year			
Cash in Bank	\$ 118	\$ 834	\$ 45,689
Balance	<u>118</u>	<u>834</u>	<u>45,689</u>
Add: Current Year			
Revenues	0	142,002	3,374
Transfers In	0	0	0
Loan from Other Funds	0	0	0
TOTAL Cash Available	<u>118</u>	<u>142,836</u>	<u>49,063</u>
Less: Current Year			
Expenditures	0	29,933	10,731
Transfers	118	1,140	195
Loans to Other Funds	0	0	0
Returned to PED	0	0	0
	<u>118</u>	<u>31,073</u>	<u>10,926</u>
TOTAL Cash-Ending of Year	<u>\$ 0</u>	<u>\$ 111,763</u>	<u>\$ 38,137</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
Cash Reconciliations - All Funds  
For the Year Ended June 30, 2007

	Bond Building 31100	Special Capital Outlay-State 31400	Senate Bill Nine 31700
Net Cash in Bank-Beginning of Year			
Cash in Bank	\$ 718,433	\$ (7,103)	\$ 277,216
Balance	<u>718,433</u>	<u>(7,103)</u>	<u>277,216</u>
Add: Current Year			
Revenues	26,754	72,170	343,020
Transfers In	0	0	0
Loan from Other Funds	0	0	0
TOTAL Cash Available	<u>745,187</u>	<u>65,067</u>	<u>620,236</u>
Less: Current Year			
Expenditures	63,432	27,178	219,288
Transfers	0	0	0
Loans to Other Funds	0	0	0
Returned to PED	0	0	0
	<u>63,432</u>	<u>27,178</u>	<u>219,288</u>
TOTAL Cash-Ending of Year	<u>\$ 681,755</u>	<u>\$ 37,889</u>	<u>\$ 400,948</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
Cash Reconciliations - All Funds  
For the Year Ended June 30, 2007

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	Education Technology 31900	Debt Service 41000	Education Technology Debt Service 43000
Net Cash in Bank-Beginning of Year			
Cash in Bank	\$ 25,827	\$ 2,795	\$ 33,518
Balance	<u>25,827</u>	<u>2,795</u>	<u>33,518</u>
Add: Current Year			
Revenues	943,445	724	226,086
Transfers In	0	0	0
Loan from Other Funds	0	0	0
TOTAL Cash Available	<u>969,272</u>	<u>3,519</u>	<u>259,604</u>
Less: Current Year			
Expenditures	465,269	7	2,261
Transfers	0	0	0
Loans to Other Funds	0	0	0
Returned to PED	0	0	0
	<u>465,269</u>	<u>7</u>	<u>2,261</u>
TOTAL Cash-Ending of Year	<u>\$ 504,003</u>	<u>\$ 3,512</u>	<u>\$ 257,343</u>

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

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL**  
**DISTRICT NO. 9**  
Cash Reconciliations - All Funds  
For the Year Ended June 30, 2007

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	<u>Totals</u>
Net Cash in Bank-Beginning of Year	
Cash in Bank	\$ 1,358,969
Balance	<u>1,358,969</u>
 Add: Current Year	
Revenues	7,791,802
Transfers In	13,010
Loan from Other Funds	0
TOTAL Cash Available	<u>9,163,781</u>
 Less: Current Year	
Expenditures	6,927,797
Transfers	13,010
Loans to Other Funds	0
Returned to PED	0
	<u>6,940,807</u>
 TOTAL Cash-Ending of Year	 \$ <u><u>2,222,974</u></u>

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

## FEDERAL COMPLIANCE



STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2008

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
<u>U. S. Department of Agriculture</u>			
Pass-Through Program from:			
New Mexico Department of Education			
USDA National School Lunch Program	10.555	21000	\$ 129,828
USDA School Breakfast Program	10.553	21000	74,952
Total Child Nutrition Cluster			
Pass-Through Program from:			
Children, Youth, and Families Department			
USDA Nutrition School Lunch Program	10.555	21000	22,488
Total Child Nutrition Cluster			<u>227,268</u>
Pass-Through Program from:			
New Mexico Human Service Department			
USDA Commodities Program	10.550	21000	22,883
			<u>22,883</u>
Direct Program			
Forest Reserve	10.670	11000	7,492
			<u>7,492</u>
Total U. S. Department of Agriculture			<u>257,643</u>
<u>U. S. Department of Education</u>			
Pass-Through Program from:			
New Mexico Department of Education			
Special Education Cluster			
IDEA, Part B, Entitlement	84.027	24106	\$ 64,164
IDEA, Part B, Discretionary	84.027	24107	55,522
Total Pass-through Cooperative			<u>119,686</u>
Title I Basic Education Grant	84.010	24101	194,049
Title V-A	84.298	24150	9,567
English Language Acquisition	84.365	24153	11,362
Title II-A	84.367	24154	41,346
Safe & Drug Free Schools & Community	84.186	24157	1,709
Reading First	84.357A	24167	\$ 158,688
Roots & Wings			
Pass-Through Program from:			
New Mexico Department of Education			
Dissemination	84.282	24146	\$ 59,974

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2008

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
Direct Programs			
Rural Education Achievement Program	84.358A	25233	7,534
Total US Department of Education			<u>603,915</u>
<u>US Department of Health &amp; Human Services</u>			
Pass-Through Program from:			
New Mexico Department of Health			
Title XIX Medicaid	93.778	24253	<u>1,437</u>
Total Department of Health & Human Services			<u>1,437</u>
Total Federal Assistance			<u>\$ 862,995</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
Notes to the Schedule of Expenditures of Federal Awards  
June 30, 2008

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

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

**Note 2: Insurance Requirements**

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

**Note 3: Loans or Loan Guarantees**

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

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

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*

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of the QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9

Mr. Balderas and Members of the Board

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds presented as supplemental information of QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9, (District), as of and for the year ended June 30, 2008, and have issued our report thereon dated November 4, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing the auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned cost to be significant deficiencies in internal control over financial reporting. 07-01, 07-02, 07-03, 07-04 and 07-06.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### Compliance and Other Matters

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

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the administration, the board members, the Public Education Department, the Office of the State Auditor, the New Mexico State Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

 De'Ann Willoughby, CPA PC

November 15, 2008

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

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

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of the QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9

Mr. Balderas and Members of the Board

Compliance

We have audited the compliance of QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9 (District), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance.

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

In our opinion, QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

### Internal Control Over Compliance

The management of the District, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control over compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

A control deficiency in an entity's internal control over compliance exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A insignificant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weakness.

This report is intended solely for the information and use of the administration, the board members, the Public Education Department, the Office of the State Auditor, the New Mexico State Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*De'Ann Willoughby CPA PC*

November 15, 2008

**A. SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting

- \* Material Weakness(es) identified?   \_\_\_\_\_ yes                           X   no
- \* Significant Deficiencie(s) identified that are not considered to be material weaknesses?   \_\_\_\_\_ yes                           X   none reported
- Noncompliance material to financial statements noted?   \_\_\_\_\_ yes                           X   no

Federal Awards

Internal control over major programs:

- \* Material Weakness(es) identified?   \_\_\_\_\_ yes                           X   no
- \* Significant Deficiencie(s) identified that are not considered to be material weaknesses?   \_\_\_\_\_ yes                           X   none reported

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

Any audit findings disclosed that are required to be reported in accordance with   0                         \_\_\_\_\_ yes                           X   no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
10.555	Child Nutrition Cluster

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

Auditee qualified as low risk auditee   X   yes                         \_\_\_\_\_ no



STATE OF NEW MEXICO  
**QUESTA INDEPENDENT SCHOOL DISTRICT NO. 9**  
 Schedule of Findings and Questioned Cost  
 For the Year Ended June 30, 2008

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<b>Prior Year Audit Findings</b>		<b>Status</b>
<b>07-01</b>	LEASE OF PREMISES - School must obtain approval of the State Board of Finance Prior to Lease of Real Property - Compliance	Repeated
<b>07-02</b>	LEASE OF PREMISES - The QISD Board of Directors must ensure that the terms of the lease between QISD and Artesanos are being complied with - Compliance	Repeated
<b>07-03</b>	LEASE OF PREMISES - The QISD Board of Directors must approve leases entered into between Artesanos and third-parties - Compliance	Repeated
<b>07-04</b>	LEASE OF PREMISES - The QISD Board of Directors must ensure leases entered into between Artesanos and third-parties are for fair market value - Compliance	Repeated
<b>07-05</b>	ANTI-DONATION PROHIBITED - QISD is prohibited from making donations to a corporation - Compliance	Resolved
<b>07-06</b>	QISD BOARD CONFLICT OF INTEREST - Involvement of Board member in sub-lease with Artesanos de Questa created an appearance of impropriety - Compliance	Repeated
<b>07-07</b>	PURCHASE ORDERS - Expenditures were made without prior approval - Compliance	Resolved
<b>07-08</b>	NEPOTISM - The local superintendent may not hire individuals who are close family members of school board members - Compliance	Resolved
<b>07-09</b>	CASH BALANCE - Negative cash balances were reported for fund 31400 - Compliance	Resolved
<b>07-10</b>	Late Audit Report-Compliance	Resolved

## Current Year Audit Findings

### 07-01 LEASE OF PREMISES - School must obtain approval of the State Board of Finance Prior to Lease of Real Property - Compliance

#### Condition

QISD entered into a lease of the La Cinema Elementary School with Artesanos in February 2000, for a term of 24 years at a rate of \$1.00 per year with "in-kind contributions" by Artesanos to QISD valued at \$34,588 per year. To date, QISD has failed to provide evidence of approval of the lease from the State Board of Finance.

#### Criteria

"[Any sale, trade or lease for a period of more than five years of real property belonging to a . . . school district or any sale, trade or lease of such real property for a consideration of more than twenty-five thousand dollars (\$25,000) shall not be valid unless it is approved *prior to its effective date* by the state board of finance." Section 13-6-2.1(A), NMSA 1978 (emphasis added).

#### Cause

Appropriate procedures were not followed by management or council when the lease was entered into in 2000. The legal advisor who drew the lease agreement should have insured the approval was obtained from the state board of finance.

#### Effect

By failing to obtain approval by the State Board of Finance prior to the effective date of the lease, QISD is in direct violation of the requirements of the Laws of the State of New Mexico and the lease is likely invalid as result. QISD could potentially be exposed to liability as a result of its failure to comply with the requirements of the statutes.

#### Recommendation

QISD should obtain approval of the lease by the State Board of Finance and ratify the lease after the proper approval is obtained. The violation described above has been ongoing since the premises was leased in 2000, therefore, QISD should consult legal council to assist it in obtaining the proper approval and addressing any liability issues that exist as a result.

#### Response

The QISD Board of Education is presently in litigation to determine the validity of the lease.

**07-02 LEASE OF PREMISES - The QISD Board of Directors must ensure that the terms of the lease between QISD and Artesanos are being complied with - Compliance**

Condition

Artesanos is currently violating terms of its lease with QISD. Said violations include: use of premises for purposes other than cultural opportunities, Failure to seek written consent for a different use of premises, Failure to maintain the premises in good repair, Failure to pay for all utilities and services, Failure to provide the "in-kind" services as required by the lease, and Failure to seek prior written approval of sublease with Carinos.

Criteria

Pursuant to the Lease Agreement between Artesanos and QISD, Artesanos is responsible for performing in-kind contributions in lieu of paying rent for the facilities. These in-kind contributions include: upkeep of the gym; provide students with arts and crafts classes; assist in vocational education classes; provide after-school tutoring programs; provide a computer lab with internet access for students; provide physical education activities during the school year and during the summer; provide work areas for students with supervision of students by Artesanos staff; and participate in the District's employability program.

Cause

Artesanos has either failed to provide these in-kind contributions to QISD in lieu of paying rent for the facilities, or has failed to provide QISD with proper documentation that it has complied with the in-kind contributions as required. Additionally, the QISD Board has failed to demand that Artesanos provide these services and provide the QISD Board with the proper documentation of compliance.

Effect

The QISD Board lacks proper documentation to evaluate whether Artesanos is in default and therefore has breach of its lease agreement with QISD.

Recommendation

QISD should obtain proper documentation to determine whether Artesanos is complying with the provisions of the lease agreement and providing proper services for QISD students and the Questa community at large. If it is determined that Artesanos is in breach of the lease agreement, QISD should take steps as appropriate under the lease agreement.

Response

The QISD Board of Education is presently in litigation to determine the validity of the lease.

**07-03 LEASE OF PREMISES - The QISD Board of Directors must approve leases entered into between Artesanos and third-parties - Compliance**

Condition

Artesanos entered into a lease with the Carinos Day Care Center on March 1, 2007. To date, the QISD Board has yet to approve the lease.

Criteria

Pursuant to the Lease Agreement between Artesanos and QISD, any sub-lease of the facilities must be approved by the QISD Board.

Cause

Artesanos executed a lease with the Carinos Day Care Center without the knowledge or consent of the QISD Board. However, the QISD Board was aware that a day care was being installed in the facility and it failed to exercise due diligence to determine the status of the day care and whether the requirements of the lease were being fulfilled.

Effect

By failing the exercise due diligence to ensure that Artesanos was complying with the terms of the lease, the QISD Board allowed Artesanos to sub-lease a portion of the facilities in a manner that was inconsistent with the lease terms and in violation of the Constitution and the Laws of the State of New Mexico.

Recommendation

QISD should review the sub-lease between Artesanos and Carinos Day Care Center and make a determination as to the acceptability of the sub-lease of the premises. If said sub-lease is not acceptable, the QISD Board should take the steps necessary to ensure that the lease is modified so that it is acceptable, or take other appropriate action as allowed by the primary lease and applicable statutes.

Response

The QISD Board of Education is presently in litigation to determine the validity of the lease.

**07-04 LEASE OF PREMISES - The QISD Board of Directors must ensure leases entered into between Artesanos and third-parties are for fair market value - Compliance**

Condition

Artesanos entered into a lease with the Carinos Day Care Center on March 1, 2007. The terms of the lease called for monthly rental payments of \$933.00, whereas similar rental space was leased to the Forest Service for \$3,900.00 per month. Therefore, the lease agreement with the Carinos Day Care Center was less for fair market value.

Criteria

Pursuant to 1.5.23.10(C), a school district may not lease premises at less than fair market value to a private entity. Furthermore, the New Mexico Constitution, Article IX, Section 14 provides that "[n]either the state nor any county, school district or municipality, . . . , shall directly or indirectly lend or pledge its credit or make any donation to or in aid of any person, association or public or private corporation." QISD counsel, in an opinion letter dated August 28, 2007, has cited case law defining a "donation" as "a 'gift,' an allocation or appropriation of something of value, without consideration." *Village of Deming v. Hosdreg Co.*, 303 P.2d 920 (1956).

Cause

Artesanos executed a lease with the Carinos Day Care Center the terms of which were for monthly rental payments that were acknowledged to be below fair market value. The agreement contemplated allowing the day care center to succeed through a reduced rental agreement and then to review the rental fee agreement annually. However, Carinos Day Care Center was a private organization, and the lease agreement violated provisions of the Public Property Management regulation.

Effect

By indirectly allowing the School District's facilities to be leased for less than fair market value by failing to properly monitor and approve sub-leases executed by Artesanos, the QISD Board allowed a lease to exist that is volatile of applicable regulations as well as the New Mexico Constitution. Such a violation has potentially subjected QISD to liability as the day care center has been in operation since April 2007.

Recommendation

QISD should review the lease between Artesanos and Carinos Day Care Center to ensure that the lease is for fair market value and take whatever steps are necessary to bring the lease into compliance with applicable regulations.

Response

The QISD Board of Education is presently in litigation to determine the validity of the lease.

07-06

**QISD BOARD CONFLICT OF INTEREST - Involvement of Board member in sub-lease with Artesanos de Questa created an appearance of impropriety - Compliance**

Condition

Board Member, involvement in the Carinos Day Care Center created an appearance of impropriety and a conflict of interest.

Criteria

Section 22-5-5(B), NMSA 1978, provides that "[n]o member of a local school board shall be employed in any capacity by a school district governed by that local school board during the term of office for which the member was elected or appointed."

Cause

Board Member is the owner of the Carinos Day Care Center, a for-profit corporation, operating in the La Cienega Elementary School building and receiving payments from members of the community for childcare. Furthermore, this board member failed to disclose this conflict to the QISD Board when it became apparent that she would be running the day care as a private entity instead of simply assisting in its creation, and she failed to request a waiver of conflict from the QISD Board before proceeding with the day care center.

Effect

Board Member involvement with the Carinos Day Care Center, at a minimum, creates the appearance of impropriety between the day care center and the QISD Board. In addition, Board Member has a conflict of interest between the QISD Board and the day care center.

Recommendation

Board Member should resign her position as QISD Board Member so that the involvement with the Carinos Day Care Center no longer poses a conflict of interest. Alternatively, the QISD Board should hold a public meeting to allow Board Member, the QISD Board, and the community to discuss the conflict of interest and determine whether the conflict should be waived by the QISD Board.

Response

The QISD Board of Education is presently in litigation to determine the validity of the lease. The Board Member involved in the Carinos Day Care Center that created an appearance of impropriety has been censored by the Board of Education.

08-01

**Procurement Violation**

Condition

The District had spent \$61,423 for legal fees by January 31, 2008 without an RFP.

Criteria

The Regulation of Public School and Accounting and Budgeting Handbook, Chapter 13 states that the purchasing cycle and procurement process. These steps were not followed.

#### Cause

The District had significant and unexpected legal fees. Attorneys were hired with the understanding the fees would not exceed \$50,000 the threshold for issuing an RFP. The fees escalated quickly and unexpectedly beyond the RFP threshold.

#### Effect

The District should make every effort to pay the least for professional services. Without issuing an RFP and choosing the best from the results of the procurement process, the District can not insure the least has been paid for professional services.

#### Recommendation

RFP should be issued for attorney fees timely and prior to hiring attorneys whether the threshold is expected to be exceeded or not.

#### Response

Initially legal services were retained within the New Mexico Procurement Regulation not to exceed \$50,000. In January 2008 due to on going litigation with Artesanos/Carinow Day Care Center and La Cienega lease agreement, the superintendent realized that the legal fees exceeded \$50,000, thus resulting in violation of the procurement code. Upon realizing the violation of the procurement code, the superintendent initiated the RFP process for legal services. The Board of Education approved the Cuddy, Kennedy, Albetta & Ives, LLP law firm after reviewing the RFP proposals at the June 17, 2008 board meeting.

## **Financial Statement Findings**

### **Federal Award Findings**

There are no federal award findings.

### **Component Units**

#### **Red River Valley Charter School**

##### **Prior Year Audit Findings**

There were no prior year audit findings

##### **Current Year Audit Findings**

There are no current year audit findings.

#### **Roots & Wings Community School**

##### **Prior Year Audit Findings**

There were no prior year audit findings

##### **Current Year Audit Findings**

There are no current year audit findings.

### **Financial Statement Preparation**

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

### **Exit Conference**

An exit conference was held on November 13, 2008 in attendance were Nancy Gonzalez, Member, Bernie Torres, Member, Joe Cisneros, Member, Eric Martinez, Superintendent, Susie Martinez, Business Manager and De'Aun Willoughby, CPA.