

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
June 30, 2012

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STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| Official Roster..... | 1 |
| FINANCIAL SECTION | |
| Independent Auditor's Report..... | 3 |
| Management's Discussion and Analysis | 6 |
| Basic Financial Statements | |
| Government-wide Financial Statements: | |
| Statement of Net Assets..... | 17 |
| Statement of Activities..... | 18 |
| Fund Financial Statements: | |
| Governmental Funds- Balance Sheet..... | 19 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets..... | 22 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances..... | 23 |
| Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities..... | 26 |
| Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual | |
| General Fund-Operational-11000..... | 27 |
| General Fund-Teacherage-12000..... | 30 |
| General Fund-Transportation-13000..... | 31 |
| General Fund-Instructional Material-14000..... | 32 |
| Land of Enchantment Top Grant-25175..... | 33 |
| Statement of Fiduciary Net Assets-Agency Funds..... | 34 |
| Notes to Financial Statements..... | 35 |
| SUPPLEMENTAL INFORMATION RELATED TO NON MAJOR FUNDS | |
| Non Major Funds..... | 57 |
| Combining - Non-major Governmental Funds | |
| Combining Balance Sheet - by Fund Type..... | 61 |
| Combining Statement of Revenues, Expenditures and Changes in Fund balances - Non-major Governmental Funds..... | 70 |
| Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual | |
| Food service-21000..... | 79 |
| Athletics-22000..... | 80 |
| Title I-24101..... | 81 |
| IDEA PART B, Entitlement-24106..... | 82 |
| IDEA Part B Discretionary-24107..... | 83 |
| IDEA Preschool-24109..... | 84 |
| Fresh Fruits & Vegetables-24118..... | 85 |
| IDEA B Risk Pool- 24120..... | 86 |
| Title V-24150..... | 87 |
| English Language Acquisition-24153..... | 88 |
| Teacher Training Title II-A-24154..... | 89 |
| Safe & Drug Free Title IV-A-24157..... | 90 |
| Reading First-24167..... | 91 |

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
TABLE OF CONTENTS

Page

SUPPLEMENTAL INFORMATION RELATED TO NON MAJOR FUNDS (Continued)

| | |
|--|-----|
| Title I Recovery Act-24201..... | 92 |
| IDEA Part B, Recovery Act-24206..... | 93 |
| IDEA Preschool Recovery Act-24209..... | 94 |
| Medicaid-25153..... | 95 |
| Rural Education Achievement Program(REAP)-25233..... | 96 |
| State Fiscal Stabilization Program Fund-25250..... | 97 |
| Education Job Fund-25255..... | 98 |
| Dual Credits- 27103..... | 99 |
| GO Student Library Fund-27105..... | 100 |
| 2010 Go Bonds Students Library Fund-27106..... | 101 |
| Technology For Education-27117..... | 102 |
| Incentives for School Improvements-27138..... | 103 |
| Breakfast in Elementary-27155..... | 104 |
| State Directed Activities-27200..... | 105 |
| Sun Safety-28146..... | 106 |
| Gear Up-28178..... | 107 |

CAPITAL PROJECT FUND

| | |
|--|-----|
| Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual | |
| Bond Building-31100..... | 108 |
| Special Capital outlay-State-31400..... | 109 |
| Senate Bill Nine-31700..... | 110 |
| Educational Technology Equipment Act-31900..... | 111 |

DEBT SERVICE FUND

| | |
|--|-----|
| Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual | |
| Debt service-41000..... | 112 |
| Education Technology Bonds-43000..... | 113 |

OTHER SUPPLEMENTAL INFORMATION

| | |
|--|-----|
| Activity | |
| Schedule of Changes in Assets and Liabilities..... | 116 |
| Cash Reconciliations-All Funds..... | 118 |

FEDERAL COMPLIANCE

| | |
|---|-----|
| Schedule of Expenditures of Federal Awards..... | 120 |
| Notes to the Schedule of Expenditures of Federal Awards..... | 121 |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i> | 122 |
| Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133..... | 124 |
| Schedule of Findings and Questioned Costs..... | 126 |

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
Official Roster
June 30, 2012

BOARD OF EDUCATION

| | |
|---------------------|----------------|
| Bernie A. Torres | President |
| Jack L. Gallegos | Vice President |
| Tammy Jaramillo | Secretary |
| Kenneth D. Gallegos | Member |
| Mathew Ortega | Member |
| Daryl Ortega | Member |

SCHOOL OFFICIALS

| | |
|----------------|------------------------|
| Lester Beason | Interim Superintendent |
| Susie Martinez | Business Manager |
| Maria Montes | Payroll Clerk |
| Vanessa LaCome | Accounts Payable Clerk |

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Questa Independent School District
Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the Governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund and the major Special revenue funds of Questa Independent School District, (District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental and the budgetary comparisons for the major Capital project fund, Debt service fund and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District as of June 30, 2012, and the respective changes in financial position, thereof 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, 2012, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major Capital project fund, 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 our report dated November 07, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements, and the budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Harshwal & Company LLP

Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico

November 07, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

This Management Discussion and Analysis of the fiscal performance of the QUESTA INDEPENDENT SCHOOL DISTRICT (District) for the period ending June 30, 2012 represents the District's financial overview. This written analysis is a required part of the District's financial reporting and is an objective and easily readable discussion of the District's financial activities.

The discussion and analysis provide a review of the District's overall financial activities, using the accrual basis of accounting, for the year ending June 30, 2012. Fund financial statements are reported on a modified accrual basis of accounting. Rather than looking at specific areas of performance, this discussion and analysis focuses on the financial performance of the District as a whole. Whenever possible this discussion and analysis will provide the reader multi-year pictures of financial performance and other pertinent information through the use of tables and other graphics information.

In addition to this reporting, this annual report consists of a series of detailed, audited financial statements and the notes to those statements. Also included is the Independent Auditor's Report, The Independent Auditor's Report on Compliance on Internal Control (Governmental Accounting Standards), The Independent Auditor's Report on Compliance with Requirements Applicable in each Major Program (OMB A-133) and a Schedule of Findings.

About QUESTA INDEPENDENT SCHOOL DISTRICT

To completely understand the financial discussion of the QUESTA INDEPENDENT SCHOOL DISTRICT, it is important to understand the nature of the District.

Questa, New Mexico is the northern gateway to the Land of Enchantment. Located about 25 miles north of Taos on State Road 522, the tranquil Village of Questa is home to approximately 2,000 residents. Surrounded by spectacular mountain scenery, Questa lies at an elevation just over 7,600 feet on the western slopes of the Sangre de Cristo Mountains on the Enchanted Circle Scenic Byway. Historically, Questa was discovered by Spanish settlers in 1829 and was officially founded in 1842. The original settlement was named San Antonio del Rio Colorado after its patron St. Anthony. The name was changed to Questa by a post master who misspelled *cuesta* the Spanish word for slope. Outdoor popular activities include fishing, hiking, biking, and hunting. In the winter skiing, snow boarding, cross-country skiing, tubing, sledding and snowmobilling are great activities for all ages. Economically, the Village of Questa is supported by local merchants and Chevron Mine, Inc., previously known as Molycorp Mines, one of the largest employers in the community since 1920. The community is also supported by Taos County, NM State Department of Transportation, Red River Fish Hatchery, Questa Ranger District, and the Game and Fish Department.

Educationally, the Questa Independent Schools has been providing public education to the children of Questa and the outlying communities since 1962. The Questa Independent Schools is another of the community's single largest employer, employing approximately 88 staff members. The school district provides public education for 425 students in grades Pre K-12 which includes the small outlying community of Costilla.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

In Questa, children attend Alta Vista Elementary/Intermediate grades Pre K-6 and Questa Junior High/High School grades 7-12. Students in grades 10th and 11th are offered the opportunity to enroll in college courses with UNM Taos. The Questa School District pays the tuition and transportation costs for those participating students. In Costilla, a small community 20 miles north of, children attend Rio Costilla Elementary grades K-6. The school district also includes two Charter Schools, Red River Valley Charter School and Roots and Wings Charter School.

The vision is for each student to become a self-directed learner, who is motivated, self-sufficient, disciplined, confident, determined, and has a love of learning. The mission is to find ways to provide our students with the appropriate kinds of knowledge and skills for the world in which they will live. To prepare them for the kinds of work places they will find when they take their place in a highly competitive society and to help them develop into the kinds of people we want to have as productive citizens. Students from Questa Independent Schools will be prepared for the 21st Century and will have the necessary skills and self esteem to become productive members of society.

Significant Financial Highlights for the Year Ending June 30, 2012

The District has successfully implemented the financial reporting and processes as required by the Governmental Accounting Standards Board Statement No. 34. The implementation includes both the current year reporting of depreciation on Capital Assets and accumulated depreciation to date.

As part of the implementation of GASB 34 requirements, accumulated depreciation of \$8,229,691 was recorded. This includes current year depreciation of \$333,040 and prior year accumulated depreciation of \$7,896,651.

The overall adjusted Fund Balance decreased from \$5,177,145 for the year ending June 30, 2011 to \$4,392,373 for the year ending June 30, 2012. This represents a decrease in the fund balance of \$784,772.

Total revenues decreased from \$9,136,193 in the year ending June 30, 2011 to \$8,607,600 in the year ending June 30, 2012. This is a decrease of \$528,593 reflecting an overall revenue decrease of 6%. The most significant reason for this decrease is due to bonds sold in the previous year due to a General Obligation Bonds and also a decline in student enrollment as well as a decrease in the unit value. The unit value is set by PED annually.

Total expenditures increased from \$8,114,797 for the year ending June 30, 2011 to \$9,215,166 for the year ending June 30, 2012. This is an increase in expenditures of \$1,100,369 or 14%.

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 MANAGEMENT DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2012

DISTRICT WIDE FINANCIAL STATEMENTS

Statement of Net Assets

The financial statements of the QUESTA INDEPENDENT SCHOOL DISTRICT are prepared using the accrual method of accounting. This statement shows that the District has total assets of \$14,522,580. The District has \$4,718,452 of cash and cash equivalents on hand as of June 30, 2012 compared to \$6,408,942 in accounts payable and other current liabilities. Net Assets totaling \$3,518,846 are "restricted" for debt service and capital projects. Net Assets totaling \$(5,123,796) are "unrestricted".

| | June 30, 2012 |
|---|----------------------|
| ASSETS | |
| Cash assets | \$ 4,718,452 |
| Other current assets | 85,540 |
| Capital assets | 24,357,221 |
| Less: Accumulated depreciation | <u>(8,229,691)</u> |
| Total assets | <u>20,931,522</u> |
| LIABILITIES | |
| Accounts payable | 225,929 |
| Other current liabilities | 254,301 |
| Long term liabilities | <u>5,928,712</u> |
| Total liabilities | <u>6,408,942</u> |
| NET ASSETS | |
| Invested in Capital assets, net of related debt | 16,127,530 |
| Restricted | 3,518,846 |
| Unrestricted | <u>(5,123,796)</u> |
| Total net assets | <u>\$ 14,522,580</u> |

GASB 34 rules now require public entities to depreciate capital assets. This statement includes an adjusted accumulated depreciation of the District's capital assets in the amount of \$333,040. The District utilized a "straight line" depreciation method in all cases and standardized lifetime tables in calculating this depreciation.

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 MANAGEMENT DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2012

Statement of Activities

The Statement of (Governmental) Activities is also a statement required by GASB 34 and is prepared using the accrual method of accounting. This report compliments the Statement of Net Assets by showing the overall change in the District's net assets for the fiscal year ending June 30, 2012. As of June 30, 2012 the District had net assets of \$14,522,580. The Adjusted beginning year total net assets is \$14,533,779 reflecting an decrease in total net assets of \$(11,199) for the year ending June 30, 2012.

| | <u>June 30, 2012</u> |
|--|----------------------|
| Expenses for governmental activities | \$ (8,458,799) |
| Less charges for services | 93,387 |
| Less operating grants and contributions | <u>3,531,130</u> |
| Net (Expenses) revenues and changes in net assets | <u>(4,834,282)</u> |
| General revenues | |
| Taxes - general, debt service, capital projects | 894,399 |
| Federal and state aid not restricted to specific purpose | 4,086,142 |
| Miscellaneous | <u>2,542</u> |
| Subtotal, general revenues | <u>4,983,083</u> |
| Changes in net assets | 148,801 |
| Net assets - beginning | 14,373,779 |
| Net Assets - ending | <u>\$ 14,522,580</u> |

FUND FINANCIAL STATEMENTS

Fund financial statements are based on a modified accrual basis of accounting. The Statement of Revenues and Expenditures and Changes in Fund Balances, is not new to the District's annual financial reports. This report guides the reader to a meaningful overall view for the District revenue, expenditures and changes to the fund balance. Total revenues from state, local and Federal sources were \$8,607,600. Total expenditures for the District were \$9,215,166. The total ending fund balance was \$4,392,373; a decrease of \$784,772 from the prior year.

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 MANAGEMENT DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2012

Multi-Year District Revenues and Expenditures

A multi-year view of overall District revenues and expenditures indicates significant decreases in both areas. The decrease of both revenues and expenditures are commensurate with decline in student enrollment, as well as decreases in unit value.

| <u>Year</u> | <u>Total Revenues</u> | <u>Increase %</u> | <u>Total Expenses</u> | <u>Increase %</u> |
|-------------|-----------------------|-------------------|-----------------------|-------------------|
| 2007/2008 | 5,511,960 | | 6,776,981 | |
| 2008/2009 | 5,731,674 | 4 % | 6,464,412 | (5)% |
| 2009/2010 | 5,057,762 | (12)% | 6,617,831 | 2 % |
| 2010/2011 | 9,353,723 | 85 % | 9,343,361 | 41 % |
| 2011/2012 | 8,607,600 | (8)% | 9,215,166 | (1)% |

Note: Revenues include proceeds from General Obligation Bonds and exclude cash carryovers; Expenditures include capital outlays.

The Budget

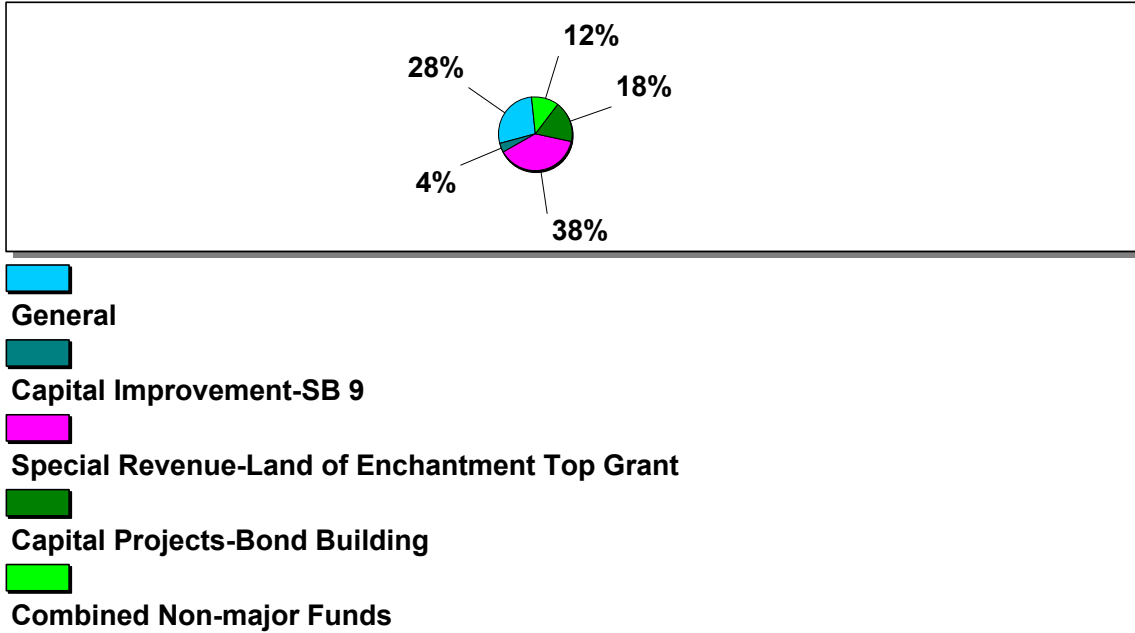
District budgets reflect the same decrease as seen in the revenue and expenditures of the District. The State of New Mexico school budget process is defined under state law and regulation. To enhance the process of developing a budget at the school district level, the District utilizes goals and objectives defined by the District's Board, community input meetings, long term plans and input from various staff groups to develop to the District's budget. District priorities are well defined through this process.

GASB 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

Major budgetary funds in these reports are; The General Fund (Operational Fund), Bond Building, Public School Capital Outlay, and Debt Service. In addition, included are non-major Special Revenue Funds, non-major Capital Projects Funds and Debt Service funds which are also reported for their budgetary performance. The following graphics and tables show the fiscal relationship of the major funds and the combined non-major funds.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

Budgetary Comparison



The reader will note that the General Fund represents 28% of the total fund dollar amount. This fund provides the salary and benefits for the significant majority of the Direct Instruction, Instructional Support, Administration, Business Support, Food Service Transportation and Maintenance staff as well as classroom materials, special education consulting staff and fixed utility costs.

Revenue from this fund is substantially derived from the State Equalization Guarantee, which is the funding formula appropriated for education by the State Legislature. The General Fund is explored later in the Management Discussion and Analysis.

The following table examines the summary budget performance of the major and combined non-major funds for the fiscal year ending June 30, 2012. Detailed budget performance is examined through the Budgetary Comparison Statement for each major fund and the Schedule of Revenues and Expenditures Budget and Actual for the combined Special Revenue Funds, Capital Projects Funds, and Debt Service.

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 MANAGEMENT DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2012

MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE

| <u>Fund Type</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-------------------------------|---------------------|-------------------|-------------------|
| General | \$ 5,091,572 | \$ 4,519,868 | \$ 571,704 |
| Land of Enchantment Top Grant | 6,987,711 | 2,329,755 | 4,657,956 |
| Bond Building | 3,243,068 | 835,975 | 2,407,093 |
| Capital Improvements | <u>\$ 739,614</u> | <u>\$ 198,545</u> | <u>\$ 541,069</u> |

All funds fell within the regulatory criteria set by the State Department of Education and New Mexico Statute. Both the Manual of Procedures for Public School Accounting and NMSA 8-22-5, Annotated require that budget expenditures be within the authorization of the approved budget.

The General Fund

The General Fund revenues represents \$4,652,325 of the total \$8,607,600 in overall District revenues. The impact of this fund must be kept in context. The General Fund began the year with an initial budget of \$4,646,672 and had a final budget of the same amount.

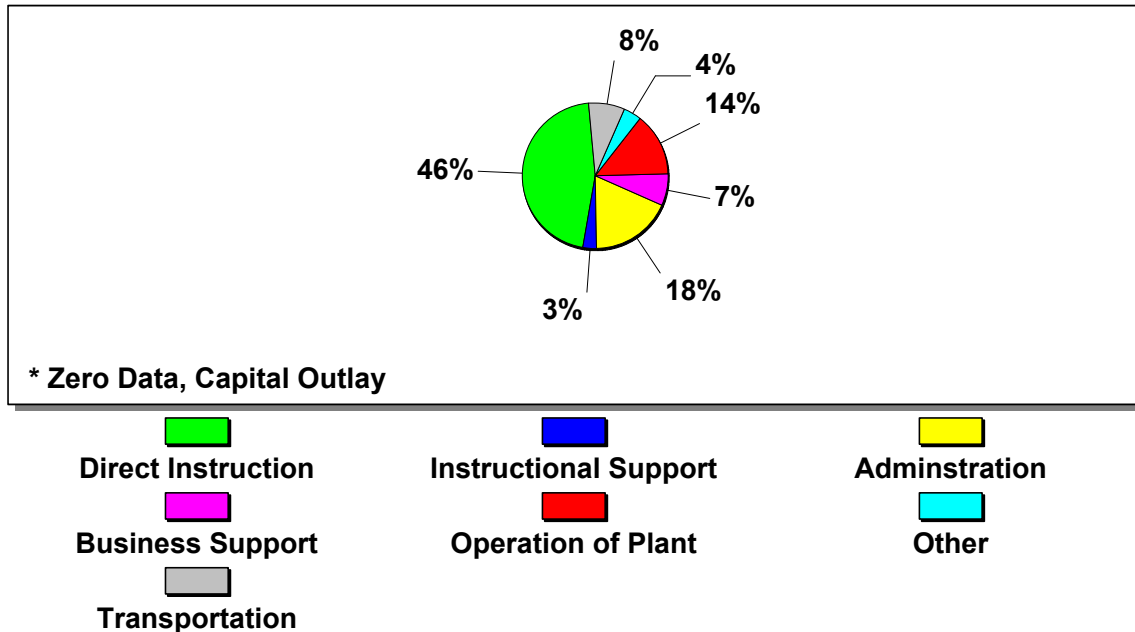
The General Fund is predominately funded by revenues from the State of New Mexico Equalization Guarantee Formula. This fund pays for teaching staff, teaching support staff, special education support staff, maintenance staff and administration staff. The General Fund provides the predominant funding for the entire education process. Because of the student population decrease experienced by the School District, and because of the reduction in the unit value the Equalization Guarantee has decreased. The Operational Fund has seen significant decreases in revenues as seen in the following table.

| Year | Revenues | Increase % |
|-----------|--------------|------------|
| 2007-2008 | \$ 5,191,310 | 0 % |
| 2008-2009 | 5,205,438 | 0 % |
| 2009-2010 | 4,746,742 | (9)% |
| 2010-2011 | 4,917,244 | 4 % |
| 2011-2012 | 4,638,018 | (6)% |

Because the General Fund is the main fund whose expenditures are significantly related to the educational process, \$4,525,216 was expended in the year ending June 30, 2012. The most significant inter-fund expenditure was for the function noted as "Direct Instruction". This expenditure was \$2,097,156 and represents 46% of all General expenditures. Expenditures included in this function are regular and special education teachers and assistants, benefits, payroll taxes, school supplies, training and miscellaneous instructional related contract services.

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 MANAGEMENT DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2012

Percentage of GF Expenditures



The following discussion on the General Fund Budget will relate functional expenditures for the year ending June 30, 2012 for the General Fund. Direct Instruction represents 46% of all General Fund expenditures. Direct Instruction expenditures account for regular education, special education and kindergarten teachers and educational assistants' salaries, payroll taxes and benefits. Instructional Support represents 3% of General Fund expenditures and account for expenditures for school principals, program coordinators, counselors, school nursing staff, librarians, special education ancillary staff and significant support to special education programs through contract ancillary support staff and contract programs.

The Office of the Superintendent and the Business Office represent the overhead support of the entire operations of the District; these programs combined represent 25% of the total General Fund. Operation of the Plant account for 14% of the General Fund expenditures. Included in the Operation of the Plant expenditures are salaries and benefits for maintenance staff, school custodians, fixed utility costs, maintenance and repairs, maintenance supplies and school custodial supplies. Additional support for maintenance supplies and projects comes from the voter approved SB9 Fund. The General Fund also supports expenditures for athletics and transportation.

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 MANAGEMENT DISCUSSION AND ANALYSIS
 For the Year Ended June 30, 2012

Capital Assets

This District has not added any new facilities. As can be seen from the balance in Capital Assets, the reader can see that the districts facilities are aging.

| <u>Assets Type</u> | <u>Balance June 30, 2011</u> | <u>Balance June 30, 2012</u> |
|---------------------------------|----------------------------------|----------------------------------|
| Land & Improvements | \$ 17,411 | \$ 17,411 |
| Furniture, Fixtures & Equipment | <u>23,404,928</u> | <u>24,339,810</u> |
| Total Capital Assets | <u>23,422,339</u> | <u>24,357,221</u> |
| Less Accumulated Depreciation | 7,896,651 | 8,229,691 |
| Capital Assets-Net | <u>\$ 15,525,688</u> | <u>\$ 16,127,530</u> |

General Long Term Debt

Article IX, Section 11 of the New Mexico Constitution limits the power of a school district to incur general obligation debt beyond a school year unless such debt is for "the purpose of erecting, remodeling, making additions, and furnishing buildings or purchasing or improving school grounds or purchasing computer software or hardware for student use in public classrooms or any combination of these purposes." The approval of debt is subject to a vote of the local electors and may not exceed 6% of the assessed valuation of the taxable property within the District.

The School District has never defaulted on any of its debts or other obligations. Listed below is the District's total general obligation debt as of June 30, 2012.

| <u>Year Ended June 30</u> | <u>Principle</u> | <u>Interest</u> | <u>Totals</u> |
|-------------------------------|---------------------|---------------------|---------------------|
| 2013 | \$ 195,000 | \$ 143,621 | \$ 338,621 |
| 2014 | 335,000 | 139,671 | 474,671 |
| 2015 | 345,000 | 134,871 | 479,871 |
| 2016 | 355,000 | 130,121 | 485,121 |
| 2017 | 365,000 | 125,121 | 490,121 |
| 2018-2022 | 1,970,000 | 519,081 | 2,489,081 |
| 2023-2027 | 2,115,000 | 264,288 | 2,379,288 |
| 2028-2029 | <u>195,000</u> | <u>14,490</u> | <u>209,490</u> |
| Total | <u>\$ 5,875,000</u> | <u>\$ 1,471,264</u> | <u>\$ 7,346,264</u> |

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2012

Agency Funds

The District, as a custodian, maintains and monitors special funds on the behalf of school activity groups. Agency funds maintained by the District are to benefit a specific activity or interest and are generally raised by students for student use. The custody and use of these funds are in accordance with Public Education Department Regulations and School District Policy. The Statement of Fiduciary Net Assets has a cash balance of \$74,065 as of June 30, 2012 held on behalf of the students.

Future Trends

The voters of the Questa Independent School District will have the opportunity to support the SB9 Levy Election again in February of 2013. With the recent General Obligation Bond the district was able to construct a Athletic Field which includes a football field, soccer field, baseball field, and a running track. Also, the District was able to renovate the restroom facilities to be ADA compliance. The district will continue to upgrade and renovate the school facilities. The district will continue its collaboration with UNM Taos enabling our students to get a headstart on their post secondary education.

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2012

| | <u>Governmental Activities</u> | <u>Roots & Wings Charter School</u> |
|---|------------------------------------|---|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 4,718,452 | \$ 32,158 |
| Investment | 1,353 | |
| Taxes receivable | 4,054 | |
| Due from grantor | 74,297 | |
| Inventory | <u>5,836</u> | |
| Total current assets | <u>4,803,992</u> | <u>32,158</u> |
| Noncurrent assets | | |
| Capital assets | 24,357,221 | 95,784 |
| Less: accumulated depreciation | <u>8,229,691</u> | <u>66,342</u> |
| Total noncurrent assets | <u>16,127,530</u> | <u>29,442</u> |
| Total assets | <u>20,931,522</u> | <u>61,600</u> |
| LIABILITIES | | |
| Current liabilities | | |
| Cash deficit | 152,146 | |
| Accounts payable | 225,929 | |
| Accrued interest | 59,320 | |
| Current amount due for bonds | 195,000 | |
| Deferred revenue | <u>33,544</u> | |
| Total current liabilities | <u>665,939</u> | <u>0</u> |
| Noncurrent liabilities | | |
| Compensated absences | 9,291 | |
| Bonds and notes, net | <u>5,733,712</u> | |
| Total noncurrent liabilities | <u>5,743,003</u> | <u>0</u> |
| Total liabilities | <u>6,408,942</u> | <u>0</u> |
| NET ASSETS | | |
| Invested in Capital assets, net of related debt | 16,127,530 | 29,442 |
| Restricted for: | | |
| Capital projects | 3,175,807 | |
| Debt services | 343,039 | |
| Unrestricted | <u>(5,123,796)</u> | <u>32,158</u> |
| Total net assets | <u>\$ 14,522,580</u> | <u>\$ 61,600</u> |

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Net (Expenses) Revenues and Changes in net assets</u> | |
|---|-------------------|---------------------------------|---|--|-----------------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Primary Governmental Activities</u> | <u>Component Unit's</u> |
| Governmental activities | | | | | |
| Instruction | \$ 3,475,755 | \$ 63,382 | \$ 426,863 | \$ (2,985,510) | |
| Support services-students | 388,149 | 22,809 | 57,029 | (308,311) | |
| Support services-instruction | 121,156 | | 25,657 | (95,499) | |
| General administration | 483,929 | | | (483,929) | |
| School administration | 2,001,286 | | 2,324,327 | 323,041 | |
| Central services | 338,906 | | | (338,906) | |
| Operation & maintenance of plant | 814,049 | | 75,678 | (738,371) | |
| Student transportation | 345,784 | | 341,309 | (4,475) | |
| Other | 48,554 | | | (48,554) | |
| Food services operations | 289,909 | 7,196 | 280,267 | (2,446) | |
| Interest on long-term obligations | <u>151,322</u> | | | <u>(151,322)</u> | |
| Total governmental activities | <u>8,458,799</u> | <u>93,387</u> | <u>3,531,130</u> | <u>(4,834,282)</u> | <u>\$ 0</u> |
| Component units | | | | | |
| Roots & wings charter | <u>489,514</u> | | <u>419,223</u> | | <u>(70,291)</u> |
| Total component units | <u>\$ 489,514</u> | <u>\$ 0</u> | <u>\$ 419,223</u> | <u>0</u> | <u>(70,291)</u> |
| General revenues | | | | | |
| Taxes | | | | | |
| Property taxes, levied for general purposes | | | | 80,423 | |
| Property taxes, levied for Capital projects | | | | 362,560 | |
| Property taxes, levied for Debt service | | | | 451,416 | |
| Federal and state aid not restricted to specific purpose | | | | | |
| General | | | | 4,086,142 | |
| Capital | | | | | 3,028 |
| Interest and investment earnings | | | | 2,542 | 115 |
| Miscellaneous | | | | | <u>25,440</u> |
| Subtotal, general revenues | | | | <u>4,983,083</u> | <u>28,583</u> |
| Change in net assets | | | | 148,801 | (41,708) |
| Net assets - beginning | | | | 14,373,779 | 103,308 |
| Net assets - ending | | | | <u>\$ 14,522,580</u> | <u>\$ 61,600</u> |

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS

Balance Sheet
June 30, 2012

| | General Fund | | |
|-------------------------------------|----------------------|---------------------|-------------------------|
| | Operational 11000 | Teacherage 12000 | Transportation 13000 |
| ASSETS | | | |
| Cash and cash equivalents | \$ 582,674 | \$ 23,370 | |
| Investment | | | |
| Receivables | | | |
| Property taxes | 4,054 | | |
| Due from grantor | | | |
| Interfund balance | 144,591 | | |
| Inventory | | | |
| Total assets | \$ 731,319 | \$ 23,370 | \$ 0 |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Cash deficit | | | |
| Accounts payable | \$ 7,518 | | |
| Interfund balance | 160,000 | | |
| Deferred revenue | | | |
| Total liabilities | 167,518 | \$ 0 | \$ 0 |
| Fund balances | | | |
| Nonspendable-inventory | | | |
| Restricted-reported in | | | |
| Special revenue funds | | | |
| Capital improvements | | | |
| Debt service | | | |
| Assigned-capital improvements | | | |
| Unassigned -general fund | 563,801 | 23,370 | 0 |
| Total fund balance | 563,801 | 23,370 | 0 |
| Total liabilities and fund balance | \$ 731,319 | \$ 23,370 | \$ 0 |

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS

Balance Sheet
June 30, 2012

| | <u>General Fund</u> | <u>Special Revenue</u> | <u>Capital Projects</u> |
|-------------------------------------|-------------------------------------|--|-----------------------------|
| | Instructional Materials 14000 | Land of Enchantment Top Grant 25175 | Bond Building 31100 |
| ASSETS | | | |
| Cash and cash equivalents | \$ 23,857 | | \$ 2,418,874 |
| Investment | | | 1,353 |
| Receivables | | | |
| Property taxes | | | |
| Due from grantor | | \$ 38,588 | |
| Interfund balance | | | 960 |
| Inventory | | | |
| Total assets | \$ 23,857 | \$ 38,588 | \$ 2,421,187 |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Cash deficit | | \$ 32,414 | |
| Accounts payable | | 6,174 | \$ 187,356 |
| Interfund balance | | | |
| Deferred revenue | | | |
| Total liabilities | \$ 0 | 38,588 | 187,356 |
| Fund balances | | | |
| Nonspendable-inventory | | | |
| Restricted-reported in | | | |
| Special revenue funds | | | |
| Capital improvements | | | 2,233,831 |
| Debt service | | | |
| Assigned-capital improvements | | | |
| Unassigned -general fund | 23,857 | | |
| Total fund balance | 23,857 | 0 | 2,233,831 |
| Total liabilities and fund balance | \$ 23,857 | \$ 38,588 | \$ 2,421,187 |

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS

Balance Sheet
June 30, 2012

| | Capital Projects | | | |
|-------------------------------------|---------------------------------------|--------------------------------|--------------------------------|--|
| | Capital Improvements SB-9 31700 | Other Governmental Funds | Total Governmental Funds | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 547,817 | \$ 1,121,860 | \$ 4,718,452 | |
| Investment | | | 1,353 | |
| Receivables | | | | |
| Property taxes | | | 4,054 | |
| Due from grantor | | 35,709 | 74,297 | |
| Interfund balance | 7,397 | 172,476 | 325,424 | |
| Inventory | | 5,836 | 5,836 | |
| Total assets | \$ 555,214 | \$ 1,335,881 | \$ 5,129,416 | |
| LIABILITIES AND FUND BALANCE | | | | |
| Liabilities | | | | |
| Cash deficit | | \$ 119,732 | \$ 152,146 | |
| Accounts payable | \$ 1,893 | 22,988 | 225,929 | |
| Interfund balance | | 165,424 | 325,424 | |
| Deferred revenue | | 33,544 | 33,544 | |
| Total liabilities | 1,893 | 341,688 | 737,043 | |
| Fund balances | | | | |
| Nonspendable-inventory | | 5,836 | 5,836 | |
| Restricted-reported in | | | | |
| Special revenue funds | | 256,663 | 256,663 | |
| Capital improvements | 553,321 | | 2,787,152 | |
| Debt service | | 343,039 | 343,039 | |
| Assigned-capital improvements | | 388,655 | 388,655 | |
| Unassigned -general fund | | | 611,028 | |
| Total fund balance | 553,321 | 994,193 | 4,392,373 | |
| Total liabilities and fund balance | \$ 555,214 | \$ 1,335,881 | \$ 5,129,416 | |

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Assets
 June 30, 2012

Total fund balance - governmental funds \$ 4,392,373

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

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 | 24,357,221 | |
| Accumulated depreciation | <u>(8,229,691)</u> | 16,127,530 |

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 :

| | | |
|---------------------------|----------------|--------------------|
| Bonds payable | (6,025,000) | |
| Issue costs | 162,093 | |
| Accumulated amortization | (65,805) | |
| Accrued interest on bonds | (59,320) | |
| Compensated absences | <u>(9,291)</u> | <u>(5,997,323)</u> |

| | | |
|--|--|----------------------|
| Total net assets - Governmental activities | | <u>\$ 14,522,580</u> |
|--|--|----------------------|

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2012

| | General Fund | | |
|--|----------------------|---------------------|-------------------------|
| | Operational 11000 | Teacherage 12000 | Transportation 13000 |
| Revenues | | | |
| Property taxes | \$ 80,423 | | |
| Investment income | 435 | \$ 11 | |
| Fees | 62,836 | 4,124 | |
| State & local grants | 3,990,856 | | \$ 341,309 |
| Federal grants | 25,657 | | |
| Miscellaneous | <u>128,232</u> | | |
| Total revenues | <u>4,288,439</u> | <u>4,135</u> | <u>341,309</u> |
| Expenditures | | | |
| Current | | | |
| Instruction | 2,077,303 | | |
| Support services-students | 308,633 | | |
| Support services-instruction | 115,429 | | |
| Support services-general administration | 304,586 | | |
| Support services-school administration | 504,154 | | |
| Central services | 200,669 | | |
| Operation & maintenance of plant | 647,782 | 2,660 | |
| Student transportation | | | 341,309 |
| Other support services | 2,838 | | |
| Food services operations | | | |
| Capital outlay | | | |
| Debt service | | | |
| Principal | | | |
| Interest | | | |
| Total expenditures | <u>4,161,394</u> | <u>2,660</u> | <u>341,309</u> |
| Excess (deficiency) of revenues over expenditures | 127,045 | 1,475 | 0 |
| Fund balances at beginning of year | 436,756 | 21,895 | 0 |
| Fund balances end of year | <u>\$ 563,801</u> | <u>\$ 23,370</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
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2012

| | <u>General Fund</u> | <u>Special Revenue</u> | <u>Capital Projects</u> |
|--|----------------------------------|----------------------------|-------------------------|
| | | Land of Enchantment | |
| | Instructional Materials 14000 | Top Grant 25175 | Bond Building 31100 |
| Revenues | | | |
| Property taxes | | | |
| Investment income | | | \$ 1 |
| Fees | | | |
| State & local grants | \$ 18,442 | | |
| Federal grants | | \$ 2,324,327 | |
| Miscellaneous | | | |
| Total revenues | <u>18,442</u> | <u>2,324,327</u> | <u>1</u> |
| Expenditures | | | |
| Current | | | |
| Instruction | 19,853 | 730,626 | |
| Support services-students | | | |
| Support services-instruction | | | |
| Support services-general administration | | 138,130 | |
| Support services-school administration | | 1,446,336 | |
| Central services | | | 90,282 |
| Operation & maintenance of plant | | 9,235 | |
| Student transportation | | | |
| Other support services | | | 45,716 |
| Food services operations | | | |
| Capital outlay | | | 887,334 |
| Debt service | | | |
| Principal | | | |
| Interest | | | |
| Total expenditures | <u>19,853</u> | <u>2,324,327</u> | <u>1,023,332</u> |
| Excess (deficiency) of revenues over expenditures | (1,411) | 0 | (1,023,331) |
| Fund balances at beginning of year | 25,268 | 0 | 3,257,162 |
| Fund balances end of year | <u>\$ 23,857</u> | <u>\$ 0</u> | <u>\$ 2,233,831</u> |

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2012

| | <u>Capital Projects</u> | | |
|--|---------------------------------------|--------------------------------|--------------------------------|
| | Capital Improvements SB-9 31700 | Other Governmental Funds | Total Governmental Funds |
| | <u> </u> | <u> </u> | <u> </u> |
| Revenues | | | |
| Property taxes | \$ 362,562 | \$ 451,415 | \$ 894,400 |
| Investment income | 1,661 | 433 | 2,541 |
| Fees | | 30,005 | 96,965 |
| State & local grants | | 53,284 | 4,403,891 |
| Federal grants | | 653,847 | 3,003,831 |
| Miscellaneous | <u>2,000</u> | <u>75,740</u> | <u>205,972</u> |
| Total revenues | <u>366,223</u> | <u>1,264,724</u> | <u>8,607,600</u> |
| Expenditures | | | |
| Current | | | |
| Instruction | | 326,281 | 3,154,063 |
| Support services-students | | 79,516 | 388,149 |
| Support services-instruction | | | 115,429 |
| Support services-general administration | 3,626 | 30,037 | 476,379 |
| Support services-school administration | 15,812 | 34,984 | 2,001,286 |
| Central services | | 47,955 | 338,906 |
| Operation & maintenance of plant | 150,661 | | 810,338 |
| Student transportation | | 4,475 | 345,784 |
| Other support services | | | 48,554 |
| Food services operations | | 288,601 | 288,601 |
| Capital outlay | 30,339 | | 917,673 |
| Debt service | | | |
| Principal | | 175,000 | 175,000 |
| Interest | | <u>155,004</u> | <u>155,004</u> |
| Total expenditures | <u>200,438</u> | <u>1,141,853</u> | <u>9,215,166</u> |
| Excess (deficiency) of revenues over expenditures | 165,785 | 122,871 | (607,566) |
| Fund balances at beginning of year | 387,536 | 871,322 | 4,999,939 |
| Fund balances end of year | <u>\$ 553,321</u> | <u>\$ 994,193</u> | <u>\$ 4,392,373</u> |

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 To the Statement of Activities
 For the Year Ended June 30, 2012

Excess (deficiency) of revenues over expenditures \$ (607,566)
 Amounts reported for governmental activities in the statement of activities
 are different because:

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

| | | |
|----------------------|----------------|---------|
| Depreciation expense | \$ (333,040) | |
| Capital outlays | <u>917,673</u> | 584,633 |

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 is the amount of
 the amortized bond issue costs this year.

| | | |
|----------------------|---------------|----------|
| Amortization expense | <u>15,334</u> | (15,334) |
|----------------------|---------------|----------|

In the statement of activities, interest is accrued on outstanding bonds,
 whereas in governmental funds, an interest expenditure is reported when
 due.

| | | |
|---------------------------------|-----------------|-------|
| Accrued interest, June 30, 2011 | 63,002 | |
| Accrued interest, June 30, 2012 | <u>(59,320)</u> | 3,682 |

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.

| | | |
|------------------------------------|----------------|--------------|
| Compensated absences June 30, 2011 | 17,677 | |
| Compensated absences June 30, 2012 | <u>(9,291)</u> | <u>8,386</u> |

| | | |
|--|--|--------------------------|
| Changes in net assets of governmental activities | | \$ <u><u>148,801</u></u> |
|--|--|--------------------------|

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
GENERAL FUND-OPERATIONAL-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variances |
|--|-------------------------|-------------------|--------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | Positive (Negative) Final to Actual |
| Revenues: | | | | |
| Property taxes | \$ 77,827 | \$ 77,827 | \$ 76,329 | \$ (1,498) |
| Investment income | 350 | 350 | 435 | 85 |
| Fees | 80,961 | 80,961 | 62,835 | (18,126) |
| State & local grants | 3,975,550 | 3,990,127 | 3,990,856 | 729 |
| Miscellaneous | <u>130,276</u> | <u>130,276</u> | <u>153,889</u> | <u>23,613</u> |
| Total revenues | <u>4,264,964</u> | <u>4,279,541</u> | <u>4,284,344</u> | <u>4,803</u> |
| Expenditures: | | | | |
| Instruction | | | | |
| Personnel services | 1,541,113 | 1,545,181 | 1,434,390 | 110,791 |
| Employee benefits | 543,280 | 523,225 | 458,616 | 64,609 |
| Professional & tech services | 122,282 | 139,174 | 34,650 | 104,524 |
| Other purchased services | | | 87,512 | (87,512) |
| Supplies | 90,866 | 93,245 | 53,022 | 40,223 |
| Supply assets | <u>20,000</u> | <u>20,000</u> | <u>9,113</u> | <u>10,887</u> |
| Total instruction | <u>2,317,541</u> | <u>2,320,825</u> | <u>2,077,303</u> | <u>243,522</u> |
| Support services-students | | | | |
| Personnel services | 187,830 | 180,551 | 168,216 | 12,335 |
| Employee benefits | 67,422 | 66,204 | 60,646 | 5,558 |
| Professional & tech services | 88,509 | 88,759 | 79,325 | 9,434 |
| Supplies | 2,471 | 2,471 | 446 | 2,025 |
| Supply assets | <u>477</u> | <u>477</u> | <u> </u> | <u>477</u> |
| Total support services-students | <u>346,709</u> | <u>338,462</u> | <u>308,633</u> | <u>29,829</u> |
| Support services-instruction | | | | |
| Personnel services | 81,486 | 81,488 | 81,488 | |
| Employee benefits | 24,923 | 27,011 | 26,889 | (122) |
| Professional & tech services | 570 | 590 | 249 | (341) |
| Supplies | <u>9,435</u> | <u>9,435</u> | <u>6,803</u> | <u>(2,632)</u> |
| Total support services-instruction | <u>116,414</u> | <u>118,524</u> | <u>115,429</u> | <u>(3,095)</u> |
| Support services-general administration | | | | |
| Personnel services | 148,127 | 152,837 | 150,821 | 2,016 |
| Employee benefits | 55,007 | 59,981 | 52,164 | 7,817 |
| Professional & tech services | 123,139 | 119,098 | 82,399 | 36,699 |
| Other purchased services | 8,000 | 12,328 | 10,899 | 1,429 |
| Supplies | <u>10,787</u> | <u>12,287</u> | <u>8,263</u> | <u>4,024</u> |
| Total support services-general administration | <u>\$ 345,060</u> | <u>\$ 356,531</u> | <u>\$ 304,546</u> | <u>\$ 51,985</u> |

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
GENERAL FUND-OPERATIONAL-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variances |
|---|-------------------------|---------------------|--------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | Positive (Negative) Final to Actual |
| Support services-school administration | | | | |
| Personnel services | \$ 364,724 | \$ 364,724 | \$ 359,908 | \$ 4,816 |
| Employee benefits | 152,502 | 158,465 | 135,753 | 22,712 |
| Professional & tech services | 2,721 | 3,071 | 943 | 2,128 |
| Other purchased services | 4,392 | 4,392 | 4,074 | 318 |
| Supplies | 4,376 | 4,286 | 2,447 | 1,839 |
| Supply assets | <u>564</u> | <u>1,029</u> | <u>1,029</u> | |
| Total support services-school administration | <u>529,279</u> | <u>535,967</u> | <u>504,154</u> | <u>31,813</u> |
| Central services | | | | |
| Personnel services | 148,990 | 139,545 | 136,287 | 3,258 |
| Employee benefits | 55,315 | 58,191 | 46,644 | 11,547 |
| Professional & tech services | 18,419 | 13,849 | 10,730 | 3,119 |
| Supplies | 5,864 | 7,366 | 6,540 | 826 |
| Supply assets | <u>13,324</u> | <u>13,824</u> | <u>468</u> | <u>13,356</u> |
| Total central services | <u>241,912</u> | <u>232,775</u> | <u>200,669</u> | <u>32,106</u> |
| Operation & maintenance of plant | | | | |
| Personnel services | 172,915 | 188,290 | 177,110 | 11,180 |
| Employee benefits | 67,499 | 72,907 | 67,074 | 5,833 |
| Professional & tech services | 765 | 1,265 | 865 | 400 |
| Purchased property services | 419,035 | 430,714 | 388,491 | 42,223 |
| Supplies | 4,800 | 9,223 | 6,243 | 2,980 |
| Supply assets | <u>2,500</u> | <u>2,500</u> | <u>1,212</u> | <u>1,288</u> |
| Total operation & maintenance of plant | <u>667,514</u> | <u>704,899</u> | <u>640,995</u> | <u>63,904</u> |
| Others | | | | |
| Other support services | <u>16,639</u> | <u>16,639</u> | <u>2,838</u> | <u>13,801</u> |
| Total other | <u>16,639</u> | <u>16,639</u> | <u>2,838</u> | <u>13,801</u> |
| Food service | | | | |
| Supplies | <u>52,108</u> | <u>52,108</u> | | <u>52,108</u> |
| Total food service | <u>52,108</u> | <u>52,108</u> | <u>0</u> | <u>52,108</u> |
| Total expenditures | <u>\$ 4,633,176</u> | <u>\$ 4,676,730</u> | <u>\$ 4,154,567</u> | <u>\$ 515,973</u> |

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
GENERAL FUND-OPERATIONAL-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

| | <u>Budgeted Amounts</u> | | <u>Actual (Budgetary Basis)</u> | <u>Variances Positive (Negative) Final to Actual</u> |
|--|--------------------------|----------------------------|---|--|
| | <u>Original</u> | <u>Final</u> | | |
| Excess (deficiency) of revenues over expenditures | \$ 110,397 | \$ (397,189) | \$ 129,777 | \$ 520,776 |
| Cash balance beginning of year | <u>103,404</u> | <u>103,404</u> | <u>452,432</u> | <u>349,028</u> |
| Cash balance end of year | <u><u>\$ 213,801</u></u> | <u><u>\$ (293,785)</u></u> | <u><u>582,209</u></u> | <u><u>\$ 869,804</u></u> |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 129,777 | |
| Net change in taxes receivable | | | 4,095 | |
| Net change in accounts payable | | | <u>(6,827)</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u><u>\$ 127,045</u></u> | |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 GENERAL FUND-TEACHERAGE-12000
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|---------------------------|---------------------------|--------------------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Investment income | \$ 1,380 | \$ 1,380 | \$ 11 | \$ (1,369) |
| Fees | <u>6,000</u> | <u>6,000</u> | <u>4,124</u> | <u>(1,876)</u> |
| Total revenues | <u>7,380</u> | <u>7,380</u> | <u>4,135</u> | <u>3,245</u> |
| Expenditures: | | | | |
| Operation & maintenance of plant | | | | |
| Purchased property services | 24,374 | 24,374 | 1,253 | 23,121 |
| Supplies | 1,500 | 1,500 | 1,021 | 479 |
| Supply assets | <u>2,500</u> | <u>2,500</u> | <u>386</u> | <u>2,114</u> |
| Total operation & maintenance of plant | <u>28,374</u> | <u>28,374</u> | <u>2,660</u> | <u>25,714</u> |
| Total expenditures | <u>28,374</u> | <u>28,374</u> | <u>2,660</u> | <u>25,714</u> |
| Excess (deficiency) of revenues over expenditures | (20,994) | (20,994) | 1,475 | (22,469) |
| Cash balance beginning of year | <u>249</u> | <u>249</u> | <u>21,895</u> | <u>(21,646)</u> |
| Cash balance end of year | <u><u>\$ (20,745)</u></u> | <u><u>\$ (20,745)</u></u> | <u>23,370</u> | <u><u>\$ (44,115)</u></u> |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | <u>1,475</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u><u>\$ 1,475</u></u> | |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 GENERAL FUND- PUPIL TRANSPORTATION-13000
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|------------------|------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| State & local grants | \$ 312,594 | \$ 341,309 | \$ 341,309 | _____ |
| Total revenues | 312,594 | 341,309 | 341,309 | \$ 0 |
| Expenditures | | | | |
| Student transportation | | | | |
| Personnel services | 54,230 | 48,549 | 48,549 | |
| Employee benefits | 35,064 | 33,768 | 33,768 | |
| Purchased property services | 40,626 | 79,440 | 79,440 | |
| Other purchased services | 182,674 | 179,552 | 179,552 | _____ |
| Total student transportation | 312,594 | 341,309 | 341,309 | 0 |
| Total expenditures | 312,594 | 341,309 | 341,309 | 0 |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | 0 | 0 |
| Cash balance beginning of year | 5,199 | 0 | 0 | 0 |
| Cash balance end of year | \$ 5,199 | \$ 0 | 0 | \$ 0 |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| 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
 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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|---------------------------|---------------------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| State & local grants | \$ <u>18,442</u> | \$ <u>18,442</u> | \$ <u>18,442</u> | <u> </u> |
| Total revenues | <u>18,442</u> | <u>18,442</u> | <u>18,442</u> | \$ <u>0</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Supplies | <u>45,159</u> | <u>45,159</u> | <u>21,332</u> | <u>23,827</u> |
| Total instruction | <u>45,159</u> | <u>45,159</u> | <u>21,332</u> | <u>23,827</u> |
| Total expenditures | <u>45,159</u> | <u>45,159</u> | <u>21,332</u> | <u>23,827</u> |
| Excess (deficiency) of revenues over expenditures | (26,717) | (26,717) | (2,890) | (23,827) |
| Cash balance beginning of year | <u>52</u> | <u>52</u> | <u>26,747</u> | <u>(26,695)</u> |
| Cash balance end of year | \$ <u><u>(26,665)</u></u> | \$ <u><u>(26,665)</u></u> | <u>23,857</u> | \$ <u><u>(50,522)</u></u> |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (2,890) | |
| Net Change in accounts payables | | | <u>1,479</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | \$ <u><u>(1,411)</u></u> | |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 SPECIAL REVENUE FUND-LAND OF ENCHANTMENT TOP GRANT-25175
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|------------------|--------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal grants | \$ 1,736,033 | \$ 6,987,711 | \$ 2,296,885 | \$ (4,690,826) |
| Total revenues | 1,736,033 | 6,987,711 | 2,296,885 | (4,690,826) |
| Expenditures | | | | |
| Instruction | | | | |
| Personnel services | 233,355 | 1,778,599 | 388,265 | 1,390,334 |
| Employee benefits | 69,233 | 112,547 | 95,152 | 17,395 |
| Professional & tech services | 45,850 | 342,604 | 246,909 | 95,695 |
| Other purchased services | 2,000 | 3,061 | 3,061 | |
| Supplies | 3,500 | 27,500 | 9,991 | 17,509 |
| Total instruction | 353,938 | 2,264,311 | 743,378 | 1,520,933 |
| Support services-general administration | | | | |
| Other purchased services | 122,043 | 138,130 | 138,130 | |
| Total support services-general administration | 122,043 | 138,130 | 138,130 | 0 |
| Support services-school administration | | | | |
| Personnel services | 845,820 | 3,726,045 | 928,808 | 2,797,237 |
| Employee benefits | 264,431 | 313,266 | 301,109 | 12,157 |
| Professional & tech services | 73,000 | 279,000 | 121,931 | 157,069 |
| Other purchased services | 43,300 | 100,630 | 51,357 | 49,273 |
| Supplies | 11,698 | 86,698 | 18,572 | 68,126 |
| Supply assets | 7,815 | 17,235 | 17,235 | |
| Total support services-school administration | 1,246,064 | 4,522,874 | 1,439,012 | 3,083,862 |
| Central services | | | | |
| Other purchased services | 13,988 | 62,396 | 9,235 | 53,161 |
| Total central services | 13,988 | 62,396 | 9,235 | 53,161 |
| Total expenditures | 1,736,033 | 6,987,711 | 2,329,755 | 4,657,956 |
| Excess (deficiency) of revenues over expenditures | | | (32,870) | 32,870 |
| Cash balance beginning of year | 0 | 0 | 0 | 0 |
| Cash balance end of year | \$ 0 | \$ 0 | (32,870) | \$ 32,870 |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (32,870) | |
| Net change in due from grantor | | | 27,442 | |
| Net change in accounts payable | | | 5,428 | |
| 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
Statement of Fiduciary Net Assets-Agency Funds
For the Year Ended June 30, 2012

| | <u>Agency Funds</u> |
|---------------------------|-------------------------|
| Assets | |
| Cash and cash equivalents | \$ <u>74,065</u> |
| Total assets | \$ <u><u>74,065</u></u> |
| Liabilities | |
| Deposits held for others | \$ <u>74,065</u> |
| Total liabilities | \$ <u><u>74,065</u></u> |

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies

The financial statements of the Questa Independent School District (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. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. 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.

A. Financial Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the 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 a discretely presented component unit, Roots and Wings Charter School, Box 22, Questa, NM 87556 as defined by GASB Statement No. 14. The Charter School is responsible for separate elementary and secondary education within the Questa Independent School District jurisdiction. Questa Independent School District is accountable for the Charter School because the District approves their charter. The Charter School is presented as a governmental fund type.

The District also had a discretely presented component unit, Red River Valley Charter School in the past fiscal year. However, effective school year 2011/2012, Red River Valley Charter School elected to become a State Charter School authorized by the Public Education Department.

B. Government-wide and fund financial statements

The government-wide financial statements (GWFS) consist of the Statement of Net Assets and the Statement of Activities. They report information on all of the non fiduciary activities of the primary government as a whole. The interfund activity among funds has been removed from these statements. 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 activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment such as state equalization

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (Continued)

guarantee, transportation and various federal and state grants. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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.

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 numbers 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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (Continued)

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

Under the requirements of GASB #34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements are as follows:

General fund (11000)(12000)(13000)(14000)

The General Fund consists 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.

Major Special revenue funds

Land of Enchantment Top Grant (25175). To provide professional development opportunities to people pursuing careers in Special Education or School Leadership. Funding authorized by the PL Public Law 110-115 HIGHER EDUCATION ACT, AS AMENDED IN 2008. The fund was created by the authority of federal grant provisions.

Major Capital project 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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Assets or Equity

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.

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

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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "interfund balances." 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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (Continued)

Receivables include Property taxes and amount due from state or federal government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Inventories and Prepaid Items

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Food service 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 |

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.

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 Notes to Financial Statements
 June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (Continued)

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.

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.

Compensated Absences

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

| Years of Service | Day accrued per year |
|---------------------|-------------------------|
| 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 ten (10) working days. Upon termination of employment, not payment will be made for more than ten (10) 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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (Continued)

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.

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

Fund balances of Fund Financial Statements

Nonspendable fund balance represents assets that are other than cash such as inventory.

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

Assigned fund balance classification are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance indicates that portion of fund equity which is available for budgeting in future

Revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from outside parties, as a whole; program revenues reduce the cost of the function to be financed from general revenues. Program revenues are categorized as 1) charges for services (if applicable), 2) program-specific operating grants specified for educational purposes such as IDEA-B grants, and 3) program-specific capital grants and contributions (if applicable). Internally dedicated resources are reported as general revenues rather than as program revenues.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2012

NOTE 1. Summary of Significant Accounting Policies (Continued)

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. 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.

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

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 provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred (the recipient has raised the matching funds).

Expenditures

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function.

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 employee's 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
Notes to Financial Statements
June 30, 2012

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. 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 expenditure 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 there to.

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 Notes to Financial Statements
 June 30, 2012

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. Deposits 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.

Centinel Bank

| Name of account | Balance as per Bank 6/30/2012 | Reconciled Balance | Type |
|----------------------------|-------------------------------------|-----------------------|----------|
| Payroll clearing | \$ 389,584 | | Checking |
| Account payable clearing | 441,838 | | Checking |
| Cafeteria | 140,280 | \$ 140,280 | Checking |
| Teachergage | 23,370 | 23,370 | Checking |
| General operational | 594,612 | 606,531 | Checking |
| Debt service | 281,404 | 281,404 | Checking |
| Ed technology | 621,753 | 614,746 | Checking |
| Federal project | (55,068) | (67,629) | Checking |
| Athletics | 72 | 912 | Checking |
| Activity-non budgeted | 46,513 | 54,066 | Checking |
| Capital project | 2,966,691 | 2,966,691 | Checking |
| Questa Ind. Schools | 10,000 | 10,000 | Savings |
| Questa Ind. Schools | <u>10,000</u> | <u>10,000</u> | Savings |
| TOTAL deposited | <u>5,471,049</u> | <u>\$ 4,640,371</u> | |
| Less: FDIC coverage | <u>1,026,353</u> | | |
| Uninsured amount | 4,444,696 | | |
| 50% collateral requirement | 2,222,348 | | |
| Pledged securities | <u>2,778,513</u> | | |
| Over (under) requirement | <u>\$ 556,165</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**:

| Description | CUSIP# | Market Value | Maturity Date | Location |
|-------------|------------------|---------------------|---------------|-----------------|
| FFCB | <u>31331YR44</u> | \$ <u>2,778,513</u> | 5/21/2015 | FHLB-Dallas, TX |
| | | <u>\$ 2,778,513</u> | | |

The carrying amount of deposits shown above are included in the following captions in the financials:

| | |
|---|---------------------|
| Cash and cash equivalents - Statement of Net Assets | \$ 4,718,452 |
| Cash deficit - Statement of Net Assets | (152,146) |
| Cash and cash equivalents - Statement of Fiduciary Net Assets | <u>74,065</u> |
| | <u>\$ 4,640,371</u> |

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 Notes to Financial Statements
 June 30, 2012

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Custodial Credit Risk-Deposits

| <u>Depository account</u> | <u>Bank Balance</u> |
|---|---------------------|
| Insured | \$ 1,026,353 |
| Collateralized: | |
| Collateral held by the pledging bank in District's name | 2,778,513 |
| Uninsured and uncollateralized | <u>1,666,183</u> |
| Total deposits | <u>\$ 5,471,049</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, 2012 \$1,666,183 of the District's bank balance of \$5,471,049 was exposed to custodial credit risk.

New Mexico State Treasurer

| <u>Name of Account</u> | <u>Balance 6/30/2012</u> | <u>Reconciled Balance</u> | <u>Type</u> |
|------------------------|------------------------------|-------------------------------|-------------|
| QISD LGIP | \$ 561 | \$ 561 | Investment |
| QISD Reserve CF | 294 | 294 | Investment |
| QISD LGIP | 327 | 327 | Investment |
| QISD Reserve CF | <u>171</u> | <u>171</u> | Investment |
| TOTAL deposited | <u>\$ 1,353</u> | <u>\$ 1,353</u> | |

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

GASB Statement No. 40, Deposit and Investment Risk Disclosures, relates to how deposits and investments are reported in the annual financial statements of governmental entities. GASB Statement No. 40 disclosures inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. GASB Statement No. 40 requires governments to disclose deposit and investment risks related to credit risk (including custodial credit risk), concentration of credit risk, interest rate risk, and foreign currency risk. The State Treasurer's Office provides the following information regarding the LGIP:

1. With respect to credit risk, the LGIP, a government investment pool, is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.
2. GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure. However, our portfolio is posted on the State Treasurer's website www.stonm.org and available for review by participants at any time.

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 Notes to Financial Statements
 June 30, 2012

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

3. GASB Statement No. 40 defines interest rate risk as the risk that interest rate variations may adversely affect the fair value of an investment. According to GASB Statement No. 40, an acceptable method for reporting interest rate risk is weighted average maturity (“WAM”). The State Treasurer’s Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer’s Office website at www.stonm.org. As of June 30, 2012, the LGIP WAM was 60 days.
4. Finally, with respect to foreign currency risk, all investments in the LGIP are in U.S. dollar denominated assets. Therefore, the LGIP has no foreign currency risk.

Component Unit: Deposits and Investments

Roots & Wings Charter School

The School 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.

| Name of Account | Balance as per Bank 6/30/2012 | Reconciled Balanced | Type |
|----------------------------|-------------------------------------|------------------------|----------|
| Roots and Wings | \$ <u>66,975</u> | \$ <u>32,158</u> | Checking |
| TOTAL deposited | <u>66,975</u> | <u>\$ 32,158</u> | |
| Less:FDIC coverage | <u>(66,975)</u> | | |
| Uninsured amount | | | |
| 50% collateral requirement | | | |
| Pledged securities | <u> </u> | | |
| Over (under) requirement | <u>\$ <u>0</u></u> | | |

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

Custodial Credit Risk-Deposits

| Depository Account | Bank Balance |
|---|-----------------------------|
| Insured | \$ 66,975 |
| Collateralized: | |
| Collateral held by the pledging bank in School's name | |
| Uninsured and uncollateralized | <u> </u> |
| Total deposits | <u>\$ 66,975</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, 2012 none of the School's bank balance of \$66,975 was exposed to custodial credit risk.

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 Notes to Financial Statements
 June 30, 2012

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Following is a schedule of receivables as of June 30, 2012:

| | General Fund 11000 | Land of Enchantment Top Grant 25175 | IDEA, Part B Entitlement 24106 | Other Governmental | Total Governmental Funds |
|--------------------------|-----------------------|--|--------------------------------------|-----------------------|--------------------------------|
| Property taxes Available | \$ 4,054 | | | | \$ 4,054 |
| Due from grantors: | | | | | |
| State-agencies | | | | | |
| Federal agencies | | \$ 38,588 | | \$ 35,709 | 74,297 |
| Total | <u>\$ 4,054</u> | <u>\$ 38,588</u> | <u>\$</u> | <u>\$ 35,709</u> | <u>\$ 78,351</u> |

C. Interfund Receivables, Payables and Transfers

InterFund balances during the year ending June 30, 2012 were as follows:

| <u>Due from other funds</u> | <u>Amount</u> | <u>Due to other funds</u> | <u>Amount</u> |
|------------------------------------|-------------------|-------------------------------------|-------------------|
| Major governmental funds | | Major Governmental Funds | |
| Operational | \$ 144,591 | Operational | 160,000 |
| Bond building | 960 | | |
| Capital Improvements SB-9 31700 | <u>7,397</u> | | |
| Total Major Governmental Funds | <u>152,948</u> | Total Major Governmental Funds | <u>\$ 160,000</u> |
| Nonmajor Governmental Funds | | Nonmajor Governmental Funds | |
| Food Services | 30,000 | Total Ed. Technology Equipment Act. | 165,424 |
| Title I - IASA | 103,573 | | |
| Medicaid | 26,427 | | |
| Ed Tech | 7,458 | | |
| Debt Services | <u>5,018</u> | | |
| Total Nonmajor Governmental Funds | <u>172,476</u> | Total Nonmajor Governmental Funds | <u>165,424</u> |
| Grand Total | <u>\$ 325,424</u> | Grand Total | <u>\$ 325,424</u> |

The due to/due from balances have been caused by negative cash balances at year end.

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.

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 Notes to Financial Statements
 June 30, 2012

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital Assets Balances and Activity for the Year Ended June 30, 2012 is as follows:

| | <u>Balance</u> <u>6/30/2011</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>6/30/2012</u> |
|--|------------------------------------|-------------------|------------------|------------------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 17,411 | _____ | _____ | \$ 17,411 |
| Total capital assets, not being depreciated | <u>17,411</u> | \$ <u>0</u> | \$ <u>0</u> | <u>17,411</u> |
| Capital assets being depreciated: | | | | |
| Buildings & improvements | 21,801,002 | 869,511 | | 22,670,513 |
| Equipment and vehicles information technology equipment, software & library books | <u>1,603,926</u> | <u>65,371</u> | _____ | <u>1,669,297</u> |
| Total capital assets being depreciated: | <u>23,404,928</u> | <u>917,673</u> | <u>0</u> | <u>24,339,810</u> |
| Total capital assets | <u>23,422,339</u> | <u>917,673</u> | <u>0</u> | <u>24,357,221</u> |
| Less: accumulated depreciation for: | | | | |
| Building & improvements | 6,945,769 | 315,026 | | 7,260,795 |
| Equipment and vehicles information technology equipment, software & library books | <u>950,882</u> | <u>18,014</u> | _____ | <u>968,896</u> |
| Total accumulated depreciation: | <u>7,896,651</u> | <u>333,040</u> | <u>0</u> | <u>8,229,691</u> |
| Capital assets, net | <u>\$15,525,688</u> | <u>\$ 584,633</u> | <u>\$ 0</u> | <u>\$16,127,530</u> |

Depreciation expense was charged to Governmental activities as follows:

| | |
|-----------------------------|-------------------|
| Instruction | \$ 314,744 |
| Support instruction | 5,727 |
| General administration | 7,550 |
| Operation of plant | 3,711 |
| Food services | <u>1,308</u> |
| Total depreciation expenses | <u>\$ 333,040</u> |

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 Notes to Financial Statements
 June 30, 2012

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

Component Unit:

Roots & Wings Charter School

Capital Assets Balances and Activity for the Year Ended June 30, 2012 is as follows:

| | Balance 6/30/2011 | Additions | Deletions | Balance 6/30/2012 |
|--|----------------------|------------|-----------|----------------------|
| Governmental activities | | | | |
| Capital assets being depreciated | | | | |
| Buildings & improvements | \$ 7,860 | | | \$ 7,860 |
| Equipment and vehicles information technology equipment, software & library books | 87,924 | | | 87,924 |
| Total capital assets being depreciated: | 95,784 | \$ 0 | \$ 0 | 95,784 |
| Total capital assets | 95,784 | 0 | 0 | 95,784 |
| Less: accumulated depreciation for | | | | |
| Building & improvements | 18,211 | 2,243 | | 20,454 |
| Equipment and vehicles information technology equipment, software & library books | 45,590 | 298 | | 45,888 |
| Total accumulated depreciation: | 63,801 | 2,541 | 0 | 66,342 |
| Capital assets, net | \$ 31,983 | \$ (2,541) | \$ 0 | \$ 29,442 |
| Depreciation expense was charged to Governmental activities as follows: | | | | |
| Instruction | | | | \$ 2,541 |
| Total depreciation expenses | | | | \$ 2,541 |

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 Notes to Financial Statements
 June 30, 2012

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

E. Deferred Revenue

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, 2012:

| | Other Governmental |
|------------------------|-------------------------|
| Federal grants | \$ <u>33,544</u> |
| Total deferred revenue | \$ <u><u>33,544</u></u> |

F. Long-Term Debt

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

| | Balance <u>6/30/2011</u> | Additions | Reductions | Balance <u>6/30/2012</u> | Amount Due Within One Year |
|-------------------------|-----------------------------|-------------------------|--------------------------|-----------------------------|----------------------------------|
| Governmental activities | | | | | |
| Education technology | | | | | |
| Notes | \$ <u>6,200,000</u> | <u> </u> | \$ <u>175,000</u> | \$ <u>6,025,000</u> | \$ <u>195,000</u> |
| Total notes | <u>6,200,000</u> | \$ <u>0</u> | <u>175,000</u> | <u>6,025,000</u> | <u>195,000</u> |
| Other liabilities | | | | | |
| Compensated absences | <u>17,677</u> | <u>23,750</u> | <u>32,136</u> | <u>9,291</u> | <u>9,291</u> |
| Total other liabilities | <u>17,677</u> | <u>23,750</u> | <u>32,136</u> | <u>9,291</u> | <u>9,291</u> |
| Long-term liabilities | \$ <u><u>6,217,677</u></u> | \$ <u><u>23,750</u></u> | \$ <u><u>207,136</u></u> | \$ <u><u>6,034,291</u></u> | \$ <u><u>204,291</u></u> |

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

General Obligation Bonds.

The following bonds were issued for the purpose of erecting, furnishing, remodeling and making additions to District buildings and improving District grounds. A tax is annually assessed, levied and collected upon all taxable property within the District for the purpose of providing the necessary funds to meet the interest and principal payments as they become due.

| <u>Series</u> | <u>Maturity Date</u> | Original <u>Amount</u> | <u>Interest Rate</u> | <u>Balance</u> |
|---------------|----------------------|---------------------------|----------------------|----------------------------|
| 2007 | 7/15/2012 | 900,000 | 6.70% | \$ 25,000 |
| 2009 | 3/3/2029 | 4,000,000 | 4.80% | 4,000,000 |
| 2010 | 9/1/2026 | 2,000,000 | 0.00% | <u>2,000,000</u> |
| | | | | \$ <u><u>6,025,000</u></u> |

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 Notes to Financial Statements
 June 30, 2012

NOTE 3: DETAILED NOTES ON ALL FUNDS (Continued)

The annual requirements to amortize the general obligation bonds as of June 30, 2012 including interest payments are as follows:

| | Principal | Interest | Total Debt |
|-------------|--------------|--------------|--------------|
| 2013 | \$ 195,000 | \$ 143,621 | \$ 338,621 |
| 2014 | 335,000 | 139,671 | 474,671 |
| 2015 | 345,000 | 134,871 | 479,871 |
| 2016 | 355,000 | 130,121 | 485,121 |
| 2017 | 365,000 | 125,121 | 490,121 |
| 2018 - 2022 | 1,970,000 | 519,081 | 2,489,081 |
| 2023 - 2027 | 2,115,000 | 264,288 | 2,379,288 |
| 2028 - 2029 | 345,000 | 14,490 | 359,490 |
| Total | \$ 6,025,000 | \$ 1,471,264 | \$ 7,496,264 |

NOTE 4: OTHER INFORMATION

A. Retirement Plan

Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school District's 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.

Effective July 01, 2011 plan members are required by statute to continue 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually are required to contribute 11.15% of their gross salary. The District is required to contribute 12.4% of gross covered salary for employees earning \$20,000 or less, and 9.15% of the gross covered salary of employees earning more than \$20,000 annually. 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, 2012, 2011, and 2010, were \$817,660, \$789,680 and \$588,779 respectively, which equal the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2012

NOTE 4: OTHER INFORMATION (Continued)

B. Post-Employment Benefits

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.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the RHCA, Albuquerque State Government Center, 401 Roma, NW, Suite 200, Albuquerque, New Mexico 87102.

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 Notes to Financial Statements
 June 30, 2012

NOTE 4: OTHER INFORMATION (Continued)

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending June 30, 2013, the contribution rate for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contribution rates

| Fiscal Year | Employer Contribution Rate | Employee Contribution Rate |
|-------------|----------------------------|----------------------------|
| FY13 | 2.000% | 1.000% |

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

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

The District's contributions to the RHCA for the years ended June 30, 2012, 2011 and 2010 were \$111,282, \$101,064, and \$56,558 respectively, which equal the required contributions for each year.

C. Risk Management

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 is insured with the New Mexico Public School Insurance Authority (NMPSIA), a public entity currently operating as a common risk management and insurance program for member school districts. Annual premiums are paid by the District to NMPSIA for coverage provided in the following areas:

The NMPSIA is self-insured for property and liability losses below \$250,000 and purchases excess insurance above the self-insured retention. The self-insured retention aggregate for property is set at \$2,000,000 with a \$1,000,000 stop loss. The self-insured retention aggregate for liability is \$3,000,000 with a \$1,000,000 stop loss.

D. Contingent Liabilities

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2012

NOTE 4: OTHER INFORMATION (Continued)

E. 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 Fund balances and reconciliations are located at the bottom of each budget actual.

F. 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.

G. Construction Commitments

There are no construction commitments for the year ending June 30, 2012.

H. 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.

I. Joint Powers Agreements

The District is part of the Northwest Regional Center Cooperative No. 2 (REC) Joint Powers Agreement. The Cooperative was formed to establish and maintain a cooperative program of special educational services funded by each participating district's available IDEA-B Entitlement, Discretionary and Preschool funds. In addition to the District, there are six other districts participating, including Chama Valley Schools, Cuba Independent Schools, Dulce Independent Schools, Jemez Mountain Schools, Penasco Schools, and Mesa Vista Consolidated Schools.

The REC passed-through \$44,678 to the District for salaries and fringe benefits. As required by SAO 2.2.2.12 C (3) (d), the funds were reported as revenues and expenditures in the following Special revenue funds:

27200 State Directed

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2012

NOTE 4: OTHER INFORMATION (Continued)

A policy council, which consists of Superintendents 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 REC 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.

J. Subsequent Event

Subsequent to June 30, 2012, the School District issued General obligation Lease Purchase Note in the amount of \$1 million on July 3, 2012 to finance the lease/purchase of education technology equipment for learning and administrative use in schools and related facilities within the Questa Independent School District.

**SUPPLEMENTARY INFORMATION RELATED TO
NON MAJOR FUNDS**

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
June 30, 2012

NONMAJOR FUNDS

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.

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

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, 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 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.

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.

Fresh Fruits & Vegetables (24118). To account for a Federal grant to provide a variety of free fresh fruits and vegetables to children to help create a healthier school environment. Funding is authorized by the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Act, signed in November 2005, Public Law 109-97.

IDEA B Risk Pool (24120). To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. 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.

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).

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
June 30, 2012

NONMAJOR FUNDS

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.

Improving Teacher Quality (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 Title (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.

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.).

Title I Recovery Act (24201). To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the American Recovery and Reinvestment Act of 2009. The fund was created by the authority of federal grant provisions.

IDEA, Part B Recovery Act (24206). 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 American Recovery and Reinvestment Act of 2009. The fund was created by the authority of federal grant provisions.

IDEA Preschool Recovery Act (24209). To account for a program funded by a Federal grant to assist the District in providing a free appropriate public education to preschool disabled children aged three through five years. Funding authorized by the American Recovery and Reinvestment Act of 2009. The fund was created by the authority of federal grant provisions.

Elementary Breakfast (24290). To account for the revenues and expenditures for a federal grant to provide breakfast in the classroom. Funding authorized by the American Recovery and Reinvestment Act of 2009. The fund was created by the authority of federal grant provisions.

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).

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
June 30, 2012

NONMAJOR FUNDS

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.

State Fiscal Stabilization Program Fund (25250). The objectives of this grant are to support and restore funding for elementary and secondary education, to avoid reductions in budgets for education and other essential services in exchange for a commitment to advance essential education reforms. The fund was created by grant provisions.

Education Job Fund (25255). To account for revenues and expenditures received from the federal government for the purpose of job creation. Funding authorized by the American Recovery and Reinvestment Act of 2009. The fund was created by the authority of federal grant provisions.

A+ for Energy (26179). To account for a local grant to reward the School of excellent performance. The authority for the special revenue fund is by grant provisions.

Dual Credit (27103). To provide financial assistance to purchased instructional materials for the college classes offered to students who are taking them for dual credits. The fund was created by the authority of state grant provisions.

GO Student Library Fund (27105). To provide funding for the purchase of library books. The fund was created by the authority of state grant provision.

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).

Pre K Initiative Instruction (27149). To account for revenues and expenditures from a state grant provided for the running of the Pre K program. The fund was created by state grant provisions.

Beginning Teacher 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.

State Directed Activities (27200). To account for funds received from the New Mexico Public Education Department for the support and direct services, including technical assistance, preparation and professional development and training. To support capacity building activities and improve the delivery of services by local agencies to improve results for children with disabilities. The fund was created by state provisions.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
June 30, 2012

NONMAJOR FUNDS

Library Book Fund (27549). To account for funds received from the New Mexico Public Education Department for purchasing library books. The fund was created by state 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.

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.

Educational Technology Equipment 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. Authority for the creation of this fund is NMSA 1978, 6-15A-1 through 6-15A-16.

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.

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.

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 NONMAJOR FUNDS
 Combining Balance Sheet
 For the Year Ended June 30, 2012

| | Food Services 21000 | Athletics 22000 | Title I -IASA 24101 | IDEA, Part B Entitlement 24106 |
|-------------------------------------|------------------------|-----------------|------------------------|--------------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 140,280 | \$ 912 | | |
| Investment | | | | |
| Receivables | | | | |
| Property taxes | | | | |
| Due from grantor | 4,523 | | \$ | \$ 15,972 |
| Interfund balance | 30,000 | | 103,573 | |
| Inventory | 5,836 | | | |
| Total assets | \$ 180,639 | \$ 912 | \$ 103,573 | \$ 15,972 |
| LIABILITIES AND FUND BALANCE | | | | |
| Liabilities | | | | |
| Cash deficit | | | \$ 92,064 | \$ 15,972 |
| Accounts payable | \$ (28) | | 11,509 | |
| Interfund balance | | | | |
| Interest | | | | |
| Deferred revenue | | | | |
| Total liabilities | (28) | 0 | 103,573 | 15,972 |
| Fund balances | | | | |
| Nonspendable-inventory | 5,836 | | | |
| Restricted-reported in | | | | |
| Special revenue funds | 174,831 | 912 | | |
| Debt service | | | | |
| Assigned-capital improvements | | | | |
| Unassigned | | | | |
| Total fund balance | 180,667 | 912 | 0 | 0 |
| Total liabilities and fund balance | \$ 180,639 | \$ 912 | \$ 103,573 | \$ 15,972 |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 NONMAJOR FUNDS
 Combining Balance Sheet
 For the Year Ended June 30, 2012

| | IDEA, Part B Discretionary <u>24107</u> | IDEA Preschool <u>24109</u> | Fresh Fruits & Vegetables <u>24118</u> | IDEA B Risk Pool <u>24120</u> |
|-------------------------------------|---|-----------------------------------|--|----------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | | | \$ 1,738 | |
| Investment | | | | |
| Receivables | | | | |
| Property taxes | | | | |
| Due from grantor | | \$ 2,145 | | |
| Interfund balance | | | | |
| Inventory | | | | |
| Total assets | <u>\$ 0</u> | <u>\$ 2,145</u> | <u>\$ 1,738</u> | <u>\$ 0</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| Liabilities | | | | |
| Cash deficit | | \$ 2,145 | | |
| Accounts payable | | | | |
| Interfund balance | | | | |
| Interest | | | | |
| Deferred revenue | | | \$ 1,738 | |
| Total liabilities | <u>0</u> | <u>2,145</u> | <u>1,738</u> | <u>0</u> |
| Fund balances | | | | |
| Nonspendable-inventory | | | | |
| Restricted-reported in | | | | |
| Special revenue funds | | | | |
| Debt service | | | | |
| Assigned-capital improvements | | | | |
| Unassigned | | | | |
| Total fund balance | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total liabilities and fund balance | <u>\$ 0</u> | <u>\$ 2,145</u> | <u>\$ 1,738</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
 NONMAJOR FUNDS
 Combining Balance Sheet
 For the Year Ended June 30, 2012

| | Title V 24150 | English Language Acquisition 24153 | Improving Teacher Quality 24154 | Safe & Drug Free Schools 24157 |
|-------------------------------------|---------------|---|---------------------------------------|--------------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | | | | \$ 540 |
| Investment | | | | |
| Receivables | | | | |
| Property taxes | | | | |
| Due from grantor | | \$ 5,561 | \$ 389 | |
| Interfund balance | | | | |
| Inventory | | | | |
| Total assets | \$ 0 | \$ 5,561 | \$ 389 | \$ 540 |
| LIABILITIES AND FUND BALANCE | | | | |
| Liabilities | | | | |
| Cash deficit | | \$ 5,561 | \$ 389 | |
| Accounts payable | | | | |
| Interfund balance | | | | \$ |
| Interest | | | | |
| Deferred revenue | | | | 540 |
| Total liabilities | 0 | 5,561 | 389 | 540 |
| Fund balances | | | | |
| Nonspendable-inventory | | | | |
| Restricted-reported in | | | | |
| Special revenue funds | | | | |
| Debt service | | | | |
| Assigned-capital improvements | | | | |
| Unassigned | | | | |
| Total fund balance | 0 | 0 | 0 | 0 |
| Total liabilities and fund balance | \$ 0 | \$ 5,561 | \$ 389 | \$ 540 |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 NONMAJOR FUNDS
 Combining Balance Sheet
 For the Year Ended June 30, 2012

| | Reading First 24167 | Title I Recovery Act 24201 | IDEA-B Entitlement - Stimulus 24206 | IDEA Preschool Recovery Act 24209 |
|-------------------------------------|------------------------|----------------------------------|---|--|
| ASSETS | | | | |
| Cash and cash equivalents | | | | |
| Investment | | | | |
| Receivables | | | | |
| Property taxes | | | | |
| Due from grantor | | | | |
| Interfund balance | | | | |
| Inventory | | | | |
| Total assets | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| LIABILITIES AND FUND BALANCE | | | | |
| Liabilities | | | | |
| Cash deficit | | | | |
| Accounts payable | | | | |
| Interfund balance | | | | |
| Interest | | | | |
| Deferred revenue | | | | |
| Total liabilities | 0 | 0 | 0 | 0 |
| Fund balances | | | | |
| Nonspendable-inventory | | | | |
| Restricted-reported in | | | | |
| Special revenue funds | | | | |
| Debt service | | | | |
| Assigned-capital improvements | | | | |
| Unassigned | | | | |
| Total fund balance | 0 | 0 | 0 | 0 |
| Total liabilities and fund balance | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 NONMAJOR FUNDS
 Combining Balance Sheet
 For the Year Ended June 30, 2012

| | <u>Medicaid 25153</u> | <u>Rural Education Achievement Program 25233</u> | <u>State Fiscal Stabilization Program Fund 25250</u> | <u>Education Job Fund 25255</u> |
|-------------------------------------|---------------------------|--|--|-------------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 33,732 | \$ 8,758 | | |
| Investment | | | | |
| Receivables | | | | |
| Property taxes | | | | |
| Due from grantor | 6,055 | | | |
| Interfund balance | 26,427 | | | |
| Inventory | | | | |
| Total assets | <u>\$ 66,214</u> | <u>\$ 8,758</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| Liabilities | | | | |
| Cash deficit | | | | |
| Accounts payable | | | | |
| Interfund balance | | | | |
| Interest | | | | |
| Deferred revenue | | \$ 8,758 | | |
| Total liabilities | <u>0</u> | <u>8,758</u> | <u>0</u> | <u>0</u> |
| Fund balances | | | | |
| Nonspendable-inventory | | | | |
| Restricted-reported in | | | | |
| Special revenue funds | 66,214 | | | |
| Debt service | | | | |
| Assigned-capital improvements | | | | |
| Unassigned | | | | |
| Total fund balance | <u>66,214</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total liabilities and fund balance | <u>\$ 66,214</u> | <u>\$ 8,758</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
 NONMAJOR FUNDS
 Combining Balance Sheet
 For the Year Ended June 30, 2012

| | Duel Credits 27103 | GO Student Library Fund 27105 | 2010 GO Bonds Stu Library Fund 27106 | Technology For Education 27117 |
|-------------------------------------|-----------------------|-------------------------------------|---|--------------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | | | | \$ 51 |
| Investment | | | | |
| Receivables | | | | |
| Property taxes | | | | |
| Due from grantor | \$ 1,064 | | | |
| Interfund balance | | | | |
| Inventory | | | | |
| Total assets | \$ 1,064 | \$ 0 | \$ 0 | \$ 51 |
| LIABILITIES AND FUND BALANCE | | | | |
| Liabilities | | | | |
| Cash deficit | \$ 1,064 | | | |
| Accounts payable | | | | |
| Interfund balance | | | | |
| Interest | | | | |
| Deferred revenue | | | | |
| Total liabilities | 1,064 | 0 | \$ 0 | \$ 0 |
| Fund balances | | | | |
| Nonspendable-inventory | | | | |
| Restricted-reported in | | | | |
| Special revenue funds | | | | 51 |
| Debt service | | | | |
| Assigned-capital improvements | | | | |
| Unassigned | | | | |
| Total fund balance | 0 | 0 | 0 | 51 |
| Total liabilities and fund balance | \$ 1,064 | \$ 0 | \$ 0 | \$ 51 |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 NONMAJOR FUNDS
 Combining Balance Sheet
 For the Year Ended June 30, 2012

| | Incentives for School Improvements <u>27138</u> | Breakfast in Elementary <u>27155</u> | State Directed Activities <u>27200</u> | Sun Safety <u>28146</u> |
|-------------------------------------|--|--|--|----------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,175 | | \$ 22,508 | \$ 2,019 |
| Investment | | | | |
| Receivables | | | | |
| Property taxes | | | | |
| Due from grantor | | | | |
| Interfund balance | | | | |
| Inventory | | | | |
| Total assets | <u>\$ 1,175</u> | <u>\$ 0</u> | <u>\$ 22,508</u> | <u>\$ 2,019</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| Liabilities | | | | |
| Cash deficit | | \$ 2,537 | | |
| Accounts payable | | | | |
| Interfund balance | | | | |
| Interest | | | | |
| Deferred revenue | | | <u>\$ 22,508</u> | |
| Total liabilities | <u>\$ 0</u> | <u>2,537</u> | <u>22,508</u> | <u>\$ 0</u> |
| Fund balances | | | | |
| Nonspendable-inventory | | | | |
| Restricted-reported in | | | | |
| Special revenue funds | 1,175 | (2,537) | | 2,019 |
| Debt service | | | | |
| Assigned-capital improvements | | | | |
| Unassigned | | | | |
| Total fund balance | <u>1,175</u> | <u>(2,537)</u> | <u>0</u> | <u>2,019</u> |
| Total liabilities and fund balance | <u>\$ 1,175</u> | <u>\$ 0</u> | <u>\$ 22,508</u> | <u>\$ 2,019</u> |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 NONMAJOR FUNDS
 Combining Balance Sheet
 For the Year Ended June 30, 2012

| | <u>Gear Up 28178</u> | <u>Special Capital Outlay State 31400</u> | <u>Ed Tech 31900</u> | <u>Debt Services 41000</u> |
|-------------------------------------|----------------------|---|----------------------|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 13,998 | | \$ 392,704 | \$ 281,404 |
| Investment | | | | |
| Receivables | | | | |
| Property taxes | | | | |
| Due from grantor | | | | |
| Interfund balance | | | 7,458 | 5,018 |
| Inventory | | | | |
| Total assets | <u>\$ 13,998</u> | <u>\$ 0</u> | <u>\$ 400,162</u> | <u>\$ 286,422</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| Liabilities | | | | |
| Cash deficit | | | | |
| Accounts payable | | | \$ 11,507 | |
| Interfund balance | | | | |
| Interest | | | | |
| Deferred revenue | | | | |
| Total liabilities | <u>\$ 0</u> | <u>\$ 0</u> | <u>11,507</u> | <u>\$ 0</u> |
| Fund balances | | | | |
| Nonspendable-inventory | | | | |
| Restricted-reported in | | | | |
| Special revenue funds | 13,998 | | | |
| Debt service | | | | 286,422 |
| Assigned-capital improvements | | | 388,655 | |
| Unassigned | | | | |
| Total fund balance | <u>13,998</u> | <u>0</u> | <u>388,655</u> | <u>286,422</u> |
| Total liabilities and fund balance | <u>\$ 13,998</u> | <u>\$ 0</u> | <u>\$ 400,162</u> | <u>\$ 286,422</u> |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 NONMAJOR FUNDS
 Combining Balance Sheet
 For the Year Ended June 30, 2012

| | Total Ed. Technology Equipment Act. 43000 | <u>TOTAL</u> | |
|-------------------------------------|--|---------------------|--|
| ASSETS | | | |
| Cash and cash equivalents | \$ 222,041 | \$ 1,121,860 | |
| Investment | | | |
| Receivables | | | |
| Property taxes | | | |
| Due from grantor | | 35,709 | |
| Interfund balance | | 172,476 | |
| Inventory | | <u>5,836</u> | |
| Total assets | <u>\$ 222,041</u> | <u>\$ 1,335,881</u> | |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Cash deficit | | \$ 119,732 | |
| Accounts payable | | 22,988 | |
| Interfund balance | \$ 165,424 | 165,424 | |
| Interest | | | |
| Deferred revenue | | <u>33,544</u> | |
| Total liabilities | <u>165,424</u> | <u>341,688</u> | |
| Fund balances | | | |
| Nonspendable-inventory | | 5,836 | |
| Restricted-reported in | | | |
| Special revenue funds | | 256,663 | |
| Debt service | 56,617 | 343,039 | |
| Assigned-capital improvements | | 388,655 | |
| Unassigned | | | |
| Total fund balance | <u>56,617</u> | <u>994,193</u> | |
| Total liabilities and fund balance | <u>\$ 222,041</u> | <u>\$ 1,335,881</u> | |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 NONMAJOR FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For the Year Ended June 30, 2012

| | <u>Food Services</u> 21000 | <u>Athletics 22000</u> | <u>Title I - IASA</u> 24101 | <u>IDEA, Part B</u> <u>Entitlement</u> 24106 |
|---|-------------------------------|------------------------|--------------------------------|--|
| Revenues | | | | |
| Property taxes | | | | |
| Investment income | \$ 76 | \$ 2 | | |
| Fees | 7,196 | 22,809 | | |
| State & local grants | | | | |
| Federal grants | 269,521 | | \$ 154,815 | \$ 94,364 |
| Miscellaneous | | <u>63</u> | | |
| Total revenues | <u>276,793</u> | <u>22,874</u> | <u>154,815</u> | <u>94,364</u> |
| Expenditures | | | | |
| Current | | | | |
| Instruction | | 21,966 | 128,507 | 88,153 |
| Support services-students | | | | |
| Support services-instruction | | | | |
| Support services-general administration | | | 11,378 | 6,211 |
| Support services-school administration | | | 10,455 | |
| Central services | | | | |
| Operation & maintenance of plant | | | | |
| Student transportation | | | 4,475 | |
| Food services operations | 269,480 | | | |
| Capital outlay | | | | |
| Debt service | | | | |
| Principal | | | | |
| Interest | | | | |
| Total expenditures | <u>269,480</u> | <u>21,966</u> | <u>154,815</u> | <u>94,364</u> |
| Excess (deficiency) of revenues over expenditures | 7,313 | 908 | | |
| Fund balances at beginning of year | <u>173,354</u> | <u>4</u> | <u>0</u> | <u>0</u> |
| Fund balance end of year | <u>\$ 180,667</u> | <u>\$ 912</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
 NONMAJOR FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For the Year Ended June 30, 2012

| | IDEA, Part B Entitlement 24107 | IDEA Preschool 24109 | Fresh Fruits & Vegetables 24118 | IDEA B Risk Pool 24120 |
|---|--------------------------------------|-------------------------|---------------------------------------|---------------------------|
| Revenues | | | | |
| Property taxes | | | | |
| Investment income | | | | |
| Fees | | | | |
| State & local grants | | | | |
| Federal grants | | \$ 1,443 | \$ 10,746 | |
| Miscellaneous | | | | |
| Total revenues | \$ 0 | 1,443 | 10,746 | \$ 0 |
| Expenditures | | | | |
| Current | | | | |
| Instruction | | 1,443 | | |
| Support services-students | | | | |
| Support services-instruction | | | | |
| Support services-general administration | | | | |
| Support services-school administration | | | | |
| Central services | | | | |
| Operation & maintenance of plant | | | | |
| Student transportation | | | | |
| Food services operations | | | 10,746 | |
| Capital outlay | | | | |
| Debt service | | | | |
| Principal | | | | |
| Interest | | | | |
| Total expenditures | 0 | 1,443 | 10,746 | 0 |
| Excess (deficiency) of revenues over expenditures | | | | |
| Fund balances at beginning of year | 0 | 0 | 0 | 0 |
| Fund balance end of year | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 NONMAJOR FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For the Year Ended June 30, 2012

| | Title V 24150 | English Language Acquisition 24153 | Improving Teacher Quality 24154 | Safe & Drug Free Schools 24157 |
|---|---------------|---|---------------------------------------|--------------------------------------|
| Revenues | | | | |
| Property taxes | | | | |
| Investment income | | | | |
| Fees | | | | |
| State & local grants | | | | |
| Federal grants | | \$ 7,861 | \$ 20,464 | |
| Miscellaneous | | | | |
| Total revenues | \$ 0 | 7,861 | 20,464 | \$ 0 |
| Expenditures | | | | |
| Current | | | | |
| Instruction | | 7,345 | 18,377 | |
| Support services-students | | | | |
| Support services-instruction | | | | |
| Support services-general administration | | 516 | 1,344 | |
| Support services-school administration | | | 743 | |
| Central services | | | | |
| Operation & maintenance of plant | | | | |
| Student transportation | | | | |
| Food services operations | | | | |
| Capital outlay | | | | |
| Debt service | | | | |
| Principal | | | | |
| Interest | | | | |
| Total expenditures | 0 | 7,861 | 20,464 | 0 |
| Excess (deficiency) of revenues over expenditures | | | | |
| Fund balances at beginning of year | 0 | 0 | 0 | 0 |
| Fund balance end of year | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 NONMAJOR FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For the Year Ended June 30, 2012

| | Reading First 24167 | Title I Recovery Act 24201 | IDEA B Entitlement Stimulus 24206 | IDEA Preschool Recovery Act 24209 |
|---|------------------------|-------------------------------|---|---|
| Revenues | | | | |
| Property taxes | | | | |
| Investment income | | | | |
| Fees | | | | |
| State & local grants | | | | |
| Federal grants | | \$ 54 | \$ 5,580 | \$ 1,130 |
| Miscellaneous | | | | |
| Total revenues | \$ 0 | 54 | 5,580 | 1,130 |
| Expenditures | | | | |
| Current | | | | |
| Instruction | | 54 | | 1,130 |
| Support services-students | | | 5,233 | |
| Support services-instruction | | | | |
| Support services-general administration | | | 347 | |
| Support services-school administration | | | | |
| Central services | | | | |
| Operation & maintenance of plant | | | | |
| Student transportation | | | | |
| Food services operations | | | | |
| Capital outlay | | | | |
| Debt service | | | | |
| Principal | | | | |
| Interest | | | | |
| Total expenditures | 0 | 54 | 5,580 | 1,130 |
| Excess (deficiency) of revenues over expenditures | | | | |
| Fund balances at beginning of year | 0 | 0 | 0 | 0 |
| Fund balance end of year | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 NONMAJOR FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For the Year Ended June 30, 2012

| | <u>Medicaid 25153</u> | <u>Rural Education Achievement Program 25233</u> | <u>State Fiscal Stabilization Program Fund 25250</u> | <u>Education Job Fund 25255</u> |
|---|-----------------------|--|--|-------------------------------------|
| Revenues | | | | |
| Property taxes | | | | |
| Investment income | | | | |
| Fees | | | | |
| State & local grants | | | | |
| Federal grants | \$ 42,719 | \$ 43,324 | \$ | \$ 1,826 |
| Miscellaneous | | | | |
| Total revenues | 42,719 | 43,324 | 0 | 1,826 |
| Expenditures | | | | |
| Current | | | | |
| Instruction | | 40,257 | | 1,826 |
| Support services-students | 39,481 | | | |
| Support services-instruction | | | | |
| Support services-general administration | 2,806 | 3,067 | | |
| Support services-school administration | | | | |
| Central services | | | | |
| Operation & maintenance of plant | | | | |
| Student transportation | | | | |
| Food services operations | | | | |
| Capital outlay | | | | |
| Debt service | | | | |
| Principal | | | | |
| Interest | | | | |
| Total expenditures | 42,287 | 43,324 | 0 | 1,826 |
| Excess (deficiency) of revenues over expenditures | 432 | | | |
| Fund balances at beginning of year | 65,782 | 0 | 0 | 0 |
| Fund balance end of year | \$ 66,214 | \$ 0 | \$ 0 | \$ 0 |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 NONMAJOR FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For the Year Ended June 30, 2012

| | Duel Credits 27103 | GO Student Library Fund 27105 | 2010 GO Student Library Fund 27106 | Technology For Education 27117 |
|---|-----------------------|-------------------------------------|--|--------------------------------------|
| Revenues | | | | |
| Property taxes | | | | |
| Investment income | | | | |
| Fees | | | | |
| State & local grants | \$ 2,804 | | | |
| Federal grants | | | | |
| Miscellaneous | | | | |
| Total revenues | 2,804 | \$ 0 | \$ 0 | \$ 0 |
| Expenditures | | | | |
| Current | | | | |
| Instruction | 2,804 | | | |
| Support services-students | | | | |
| Support services-instruction | | | | |
| Support services-general administration | | | | |
| Support services-school administration | | | | |
| Central services | | | | |
| Operation & maintenance of plant | | | | |
| Student transportation | | | | |
| Food services operations | | | | |
| Capital outlay | | | | |
| Debt service | | | | |
| Principal | | | | |
| Interest | | | | |
| Total expenditures | 2,804 | 0 | 0 | 0 |
| Excess (deficiency) of revenues over expenditures | | | | |
| Fund balances at beginning of year | 0 | 0 | 0 | 51 |
| Fund balance end of year | \$ 0 | \$ 0 | \$ 0 | \$ 51 |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 NONMAJOR FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For the Year Ended June 30, 2012

| | Incentives for School Improvements <u>27138</u> | Breakfast in Elementary 27155 <u>27155</u> | State Directed Activities 27200 <u>27200</u> |
|--|--|---|--|
| Revenues | | | |
| Property taxes | | | |
| Investment income | | | |
| Fees | | | |
| State & local grants | | \$ 5,802 | \$ 44,678 |
| Federal grants | | | |
| Miscellaneous | <u> </u> | <u> </u> | <u> </u> |
| Total revenues | <u>\$ 0</u> | <u>5,802</u> | <u>44,678</u> |
| Expenditures | | | |
| Current | | | |
| Instruction | 4,168 | | 9,876 |
| Support services-students | | | 34,802 |
| Support services-instruction | | | |
| Support services-general administration | | | |
| Support services-school administration | | | |
| Central services | | | |
| Operation & maintenance of plant | | | |
| Student transportation | | | |
| Food services operations | | 8,375 | |
| Capital outlay | | | |
| Debt service | | | |
| Principal | | | |
| Interest | <u> </u> | <u> </u> | <u> </u> |
| Total expenditures | <u>4,168</u> | <u>8,375</u> | <u>44,678</u> |
| Excess (deficiency) of revenues over expenditures | (4,168) | (2,573) | |
| Fund balances at beginning of year | <u>5,343</u> | <u>36</u> | <u>0</u> |
| Fund balance end of year | <u>\$ 1,175</u> | <u>\$ (2,537)</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
 NONMAJOR FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For the Year Ended June 30, 2012

| | <u>Sun Safety</u> 28146 | <u>Gear Up 28178</u> | <u>Special Capital</u> <u>Outlay State</u> 31400 | <u>Ed Tech 31900</u> |
|---|----------------------------|----------------------|--|----------------------|
| Revenues | | | | |
| Property taxes | | | | |
| Investment income | | | | \$ 255 |
| Fees | | | | |
| State & local grants | | | | |
| Federal grants | | | | |
| Miscellaneous | | | | <u>75,677</u> |
| Total revenues | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>75,932</u> |
| Expenditures | | | | |
| Current | | | | |
| Instruction | | 375 | | |
| Support services-students | | | | |
| Support services-instruction | | | | |
| Support services-general administration | | 26 | | |
| Support services-school administration | | | | 23,786 |
| Central services | | | | 47,955 |
| Operation & maintenance of plant | | | | |
| Student transportation | | | | |
| Food services operations | | | | |
| Capital outlay | | | | |
| Debt service | | | | |
| Principal | | | | |
| Interest | | | | |
| Total expenditures | <u>0</u> | <u>401</u> | <u>0</u> | <u>71,741</u> |
| Excess (deficiency) of revenues over expenditures | | (401) | | 4,191 |
| Fund balances at beginning of year | <u>2,019</u> | <u>14,399</u> | <u>0</u> | <u>384,464</u> |
| Fund balance end of year | <u>\$ 2,019</u> | <u>\$ 13,998</u> | <u>\$ 0</u> | <u>\$ 388,655</u> |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 NONMAJOR FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For the Year Ended June 30, 2012

| | Debt Services 41000 | Total Ed. Tech. Debt Services Sub Fund 43000 | TOTAL |
|---|------------------------|--|-------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Revenues | | | |
| Property taxes | \$ 234,230 | \$ 217,185 | \$ 451,415 |
| Investment income | 100 | | 433 |
| Fees | | | 30,005 |
| State & local grants | | | 53,284 |
| Federal grants | | | 653,847 |
| Miscellaneous | | | <u>75,740</u> |
| Total revenues | <u>234,330</u> | <u>217,185</u> | <u>1,264,724</u> |
| Expenditures | | | |
| Current | | | |
| Instruction | | | 326,281 |
| Support services-students | | | 79,516 |
| Support services-instruction | | | |
| Support services-general administration | 2,342 | 2,000 | 30,037 |
| Support services-school administration | | | 34,984 |
| Central services | | | 47,955 |
| Operation & maintenance of plant | | | |
| Student transportation | | | 4,475 |
| Food services operations | | | 288,601 |
| Capital outlay | | | |
| Debt service | | | |
| Principal | | 175,000 | 175,000 |
| Interest | <u>143,691</u> | <u>11,313</u> | <u>155,004</u> |
| Total expenditures | <u>146,033</u> | <u>188,313</u> | <u>1,141,853</u> |
| Excess (deficiency) of revenues over expenditures | 88,297 | 28,872 | 122,871 |
| Fund balances at beginning of year | <u>198,125</u> | <u>27,745</u> | <u>871,322</u> |
| Fund balance end of year | <u>\$ 286,422</u> | <u>\$ 56,617</u> | <u>\$ 994,193</u> |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 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, 2012

| | <u>Budgeted Amounts</u> | | <u>Actual (Budgetary Basis)</u> | <u>Variances Positive (Negative) Final to Actual</u> |
|--|----------------------------|---------------------------|---|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Investment income | \$ 275 | \$ 275 | \$ 76 | \$ (199) |
| Fees | 7,500 | 7,500 | 7,196 | (304) |
| Federal grants | <u>254</u> | <u>253,825</u> | <u>241,824</u> | <u>(12,001)</u> |
| Total revenues | <u>8,029</u> | <u>261,600</u> | <u>249,096</u> | <u>(12,504)</u> |
| Expenditures | | | | |
| Food service operations | | | | |
| Personnel services | 266,343 | 295,640 | 113,098 | 182,542 |
| Employee benefits | | | 41,709 | (41,709) |
| Purchased property services | 118,500 | 89,203 | | 89,203 |
| Professional & tech services | 1,605 | 1,605 | 600 | 1,005 |
| Supplies | | | <u>111,243</u> | <u>(111,243)</u> |
| Total food service operations | <u>386,448</u> | <u>386,448</u> | <u>266,650</u> | <u>119,798</u> |
| Total expenditures | <u>386,448</u> | <u>386,448</u> | <u>266,650</u> | <u>119,798</u> |
| Excess (deficiency) of revenues over expenditures | (378,419) | (124,848) | (17,554) | 107,294 |
| Cash balance beginning of year | <u>57,698</u> | <u>57,698</u> | <u>157,862</u> | <u>100,164</u> |
| Cash balance end of year | <u><u>\$ (320,721)</u></u> | <u><u>\$ (67,150)</u></u> | <u>140,308</u> | <u><u>\$ 207,458</u></u> |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (17,554) | |
| Net change in due from grantor | | | 27,697 | |
| Net change in accounts payable | | | <u>(2,830)</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u><u>\$ 7,313</u></u> | |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances positive (Negative) Final to Actual |
|--|--------------------------|--------------------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Investment income | \$ 4 | \$ 4 | \$ 2 | \$ (2) |
| Fees | 23,000 | 23,000 | 22,809 | (191) |
| Miscellaneous | <u> </u> | <u> </u> | <u>63</u> | <u>63</u> |
| Total revenues | <u>23,004</u> | <u>23,004</u> | <u>22,874</u> | <u>(130)</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Professional & tech services | 10,518 | 10,683 | 10,532 | 151 |
| Other purchased services | 12,500 | 12,335 | 10,800 | 1,535 |
| Supplies | <u>2,000</u> | <u>2,000</u> | <u>979</u> | <u>1,021</u> |
| Total instruction | <u>25,018</u> | <u>25,018</u> | <u>22,311</u> | <u>2,707</u> |
| Total expenditures | <u>25,018</u> | <u>25,018</u> | <u>22,311</u> | <u>2,707</u> |
| Excess (deficiency) of revenues over expenditures | (2,014) | (2,014) | 563 | 2,577 |
| Cash balance beginning of year | <u>(2,209)</u> | <u>(2,179)</u> | <u>4</u> | <u>2,183</u> |
| Cash balance end of year | <u><u>\$ (4,223)</u></u> | <u><u>\$ (4,193)</u></u> | <u><u>567</u></u> | <u><u>\$ 4,760</u></u> |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 563 | |
| Net change in accounts payable | | | <u>345</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u><u>\$ 908</u></u> | |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 SPECIAL REVENUE FUND-TITLE I- IASA- 24101
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to |
|--|------------------|------------|-----------------------------|--|
| | Original | Final | | Actual |
| Revenues | | | | |
| Federal grants | \$ 140,429 | \$ 258,022 | \$ 115,809 | \$ (142,213) |
| Total revenues | 140,429 | 258,022 | 115,809 | (142,213) |
| Expenditures | | | | |
| Instruction | | | | |
| Personnel services | 33,845 | 21,716 | 21,715 | 1 |
| Employee benefits | 26,438 | 27,924 | 13,356 | 14,568 |
| Professional & tech services | 21,777 | 27,833 | 19,682 | 8,151 |
| Other purchased services | 14,000 | 15,000 | | 15,000 |
| Supplies | 2,000 | 104,684 | 92,165 | 12,519 |
| Supplies assets | | 875 | | 875 |
| Total instruction | 98,060 | 198,032 | 146,918 | 51,114 |
| Support services-general administration | | | | |
| Other purchase services | | 500 | | 500 |
| Purchased professional & tech. ser. | | 500 | | 500 |
| Professional & tech services | 9,224 | 17,586 | 11,378 | 6,208 |
| Total support services-general administration | 9,224 | 18,586 | 11,378 | 6,208 |
| Support services-school administration | | | | |
| Personnel services | 18,465 | 18,465 | 3,670 | 14,795 |
| Employee benefits | 6,680 | 6,680 | 1,168 | 5,512 |
| Professional & tech services | 1,500 | 700 | 700 | |
| Other purchased services | 1,500 | 392 | | 392 |
| Supplies | | 4,917 | 4,916 | 1 |
| Total support services-school administration | 28,145 | 31,154 | 10,454 | 20,700 |
| Student transportation | | | | |
| Other purchased services | 5,000 | 10,250 | 4,475 | 5,775 |
| Total student transportation | 5,000 | 10,250 | 4,475 | 5,775 |
| Total expenditures | \$ 140,429 | \$ 258,022 | \$ 173,225 | \$ 83,797 |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | \$ (57,416) | \$ (226,010) |
| Cash balance beginning of year | \$ 1 | \$ 1 | (34,648) | |
| Cash balance end of year | \$ 1 | \$ 1 | (92,064) | \$ (226,010) |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (57,416) | |
| Net change in due from grantor | | | 39,006 | |
| Net Change in accounts payables | | | 18,410 | |
| 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
 SPECIAL REVENUE FUND-IDEA PART B, ENTITLEMENT-24106
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | <u>Budgeted Amounts</u> | | <u>Actual (Budgetary Basis)</u> | <u>Variances positive (Negative) Final to Actual</u> |
|--|-------------------------|----------------|---|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Federal grants | \$ 103,007 | \$ 142,892 | \$ 113,529 | \$ (29,363) |
| Total revenues | <u>103,007</u> | <u>142,892</u> | <u>113,529</u> | <u>(29,363)</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Personnel services | 42,976 | 42,976 | 42,709 | 267 |
| Employee benefits | 21,972 | 23,035 | 22,933 | 102 |
| Professional & tech services | | 5,337 | 1,008 | 4,329 |
| Other purchased services | 13,561 | 14,754 | 13,554 | 1,200 |
| Supplies | 3,447 | 12,847 | 6,596 | 6,251 |
| Supply assets | <u>3,500</u> | <u>16,181</u> | <u>1,543</u> | <u>14,638</u> |
| Total instruction | <u>85,456</u> | <u>115,130</u> | <u>88,343</u> | <u>26,787</u> |
| Support services-general administration | | | | |
| Professional & tech services | <u>7,622</u> | <u>10,122</u> | <u>6,211</u> | <u>3,911</u> |
| Total support services-general administration | <u>7,622</u> | <u>10,122</u> | <u>6,211</u> | <u>3,911</u> |
| Central services | | | | |
| Other purchased services | <u>9,929</u> | <u>17,640</u> | <u> </u> | <u>17,640</u> |
| Total central services | <u>9,929</u> | <u>17,640</u> | <u>0</u> | <u>17,640</u> |
| Total expenditures | <u>103,007</u> | <u>142,892</u> | <u>94,554</u> | <u>48,338</u> |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | 18,975 | 18,975 |
| Cash balance beginning of year | <u>0</u> | <u>0</u> | <u>(34,947)</u> | <u>(34,947)</u> |
| Cash balance end of year | <u>0</u> | <u>0</u> | <u>(15,972)</u> | <u>(15,972)</u> |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash Basis | | | 18,975 | |
| Net change in due from grantor | | | (19,165) | |
| Net change in accounts payable | | | <u>190</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
 SPECIAL REVENUE FUND-IDEA PART B, DISCRETIONARY-24107
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variances positive (Negative) Final to Actual |
|--|-------------------------|----------------------|--------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Total revenues | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 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>558</u> | <u>558</u> | <u>558</u> | <u> </u> |
| Cash balance end of year | <u><u>\$ 558</u></u> | <u><u>\$ 558</u></u> | <u>558</u> | <u><u>\$ 0</u></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><u>\$ 0</u></u> | |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 SPECIAL REVENUE FUND-IDEA- B PRESCHOOL-24109
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | <u>Budgeted Amounts</u> | | <u>Actual (Budgetary Basis)</u> | <u>Variances Positive (Negative) Final to Actual</u> |
|--|-------------------------|--------------|---|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Federal grants | \$ 2,810 | \$ 5,669 | \$ 3,279 | \$ (2,390) |
| Total revenues | <u>2,810</u> | <u>5,669</u> | <u>3,279</u> | <u>(2,390)</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Supplies | 2,810 | 5,285 | 2,205 | 3,080 |
| Supply assets | _____ | 384 | 383 | 1 |
| Total instruction | <u>2,810</u> | <u>5,669</u> | <u>2,588</u> | <u>3,081</u> |
| Total expenditures | <u>2,810</u> | <u>5,669</u> | <u>2,588</u> | <u>3,081</u> |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | 691 | 691 |
| Cash balance beginning of year | 0 | 0 | (2,835) | (2,835) |
| Cash balance end of year | <u>0</u> | <u>0</u> | <u>(2,144)</u> | <u>(2,144)</u> |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 691 | |
| Net change in due from grantor | | | (1,836) | |
| Net change in accounts payable | | | 1,145 | |
| 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
 SPECIAL REVENUE FUND-FRESH FRUIT & VEGETABLES-24118
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | <u>Budgeted Amounts</u> | | <u>Actual (Budgetary Basis)</u> | <u>Variances Positive (Negative) Final to Actual</u> |
|--|-------------------------|--------------|---|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Federal grants | | \$ 12,532 | \$ 13,645 | \$ 1,113 |
| Total revenues | \$ 0 | 12,532 | 13,645 | 1,113 |
| Expenditures | | | | |
| Food service operations | | | | |
| Supplies | | 12,532 | 10,746 | 1,786 |
| Total food service | 0 | 12,532 | 10,746 | 1,786 |
| Total expenditures | 0 | 12,532 | 10,746 | 1,786 |
| Excess (deficiency) of revenues over expenditures | | | 2,899 | 2,899 |
| Cash balance beginning of year | 0 | 0 | (1,161) | (1,161) |
| Cash balance end of year | \$ 0 | \$ 0 | 1,738 | \$ 1,738 |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 2,899 | |
| Net change in due from grantor | | | (2,899) | |
| 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
 SPECIAL REVENUE FUND-IDEA B RISK POOL-24120
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances positive (Negative) Final to Actual |
|--|------------------|--------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal grants | | \$ 909 | \$ 1,062 | \$ 153 |
| Total revenues | \$ 0 | 909 | 1,062 | 153 |
| Expenditures | | | | |
| Instruction | | | | |
| Supplies | | 909 | | 909 |
| Total instruction | 0 | 909 | 0 | 909 |
| Total expenditures | 0 | 909 | 0 | 909 |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | 1,062 | (1,062) |
| Cash balance beginning of year | 0 | 0 | (1,062) | (1,062) |
| Cash balance end of year | \$ 0 | \$ 0 | 0 | \$ 0 |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 1,062 | |
| Net change in due from grantor | | | (1,062) | |
| 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
 SPECIAL REVENUE FUND-TITLE V- PART A INNOVATIVE PRO STRATEGIES-24150
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances positive (Negative) Final to Actual |
|--|----------------------|----------------------|--------------------------------|---|
| | Original | Final | | |
| Total revenues | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 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>166</u> | <u>166</u> | <u>0</u> | <u>(166)</u> |
| Cash balance end of year | <u><u>\$ 166</u></u> | <u><u>\$ 166</u></u> | <u>0</u> | <u><u>\$ (166)</u></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><u>\$ 0</u></u> | |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances positive (Negative) Final to Actual |
|--|------------------|-----------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal grants | \$ 11,242 | \$ 13,320 | \$ 2,511 | \$ (10,809) |
| Total revenues | 11,242 | 13,320 | 2,511 | (10,809) |
| Expenditures | | | | |
| Instruction | | | | |
| Personnel services | 2,885 | 1,319 | | 1,319 |
| Employee benefits | | 570 | 569 | 1 |
| Professional & tech services | 3,250 | 3,800 | 2,278 | 1,522 |
| Supplies | 4,465 | 5,851 | 3,387 | 2,464 |
| Supply assets | | 1,111 | 1,111 | |
| Total instruction | 10,600 | 12,651 | 7,345 | 5,306 |
| Support services-general administration | | | | |
| Professional & tech services | 642 | 669 | 516 | 153 |
| Total support services-general administration | 642 | 669 | 516 | 153 |
| Total expenditures | 11,242 | 13,320 | 7,861 | 5,459 |
| Excess (deficiency) of revenues over expenditures | | | | |
| | 0 | 0 | (5,350) | (5,350) |
| Cash balance beginning of year | | | | |
| | 0 | 0 | (211) | (211) |
| Cash balance end of year | | | | |
| | \$ 0 | \$ 0 | (5,561) | \$ (5,561) |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (5,350) | |
| Net change in due from grantor | | | 5,350 | |
| 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
 SPECIAL REVENUE FUND- TEACHER/PRINCIPAL TRAINING & RECRUITING- 24154
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances positive (Negative) Final to Actual |
|--|------------------|-----------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal grants | \$ 31,758 | \$ 55,409 | \$ 30,213 | \$ (25,196) |
| Total revenues | 31,758 | 55,409 | 30,213 | (25,196) |
| Expenditures | | | | |
| Instruction | | | | |
| Personnel services | | | | |
| Employee benefits | 3,776 | 15,239 | 2,790 | 12,449 |
| Professional & tech services | 25,322 | 29,280 | 14,000 | 15,280 |
| Other purchased services | | | 1,588 | (1,588) |
| Total instruction | 29,098 | 44,519 | 18,378 | 26,141 |
| Support services-general administration | | | | |
| Professional & tech services | | 5,502 | 1,344 | 4,158 |
| Other purchased services | | 1,000 | | 1,000 |
| Total support services-general administration | 0 | 6,502 | 1,344 | 5,158 |
| Support services-school administration | | | | |
| Other purchased services | | 2,000 | 355 | 1,645 |
| Supplies | | 2,388 | 388 | 2,000 |
| Total support services-school administration | 0 | 4,388 | 743 | 3,645 |
| Total expenditures | 29,098 | 55,409 | 20,465 | 34,944 |
| Excess (deficiency) of revenues over expenditures | 2,660 | 0 | 9,748 | 9,748 |
| Cash balance beginning of year | 30,000 | 0 | (10,138) | (10,138) |
| Cash balance end of year | \$ 32,660 | \$ 0 | (390) | \$ (390) |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 9,748 | |
| Net change in due from grantor | | | (9,749) | |
| Net change in accounts payable | | | 1 | |
| 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
 SPECIAL REVENUE FUND- TITLE IV-A SAFE & DRUG FREE SCHOOLS & COMMUNITY-24157
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances positive (Negative) Final to Actual |
|--|------------------|-------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal grants | _____ | _____ | \$ <u>2,414</u> | \$ <u>2,414</u> |
| Total revenues | \$ <u>0</u> | \$ <u>0</u> | <u>2,414</u> | <u>2,414</u> |
| Total expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | 2,414 | 2,414 |
| Cash balance beginning of year | 1 | 1 | (2,414) | (2,415) |
| Cash balance end of year | <u>1</u> | <u>1</u> | <u>0</u> | <u>(1)</u> |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 2,414 | |
| Net change in due from grantor | | | (2,414) | |
| 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
 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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances positive (Negative) Final to Actual |
|--|----------------------|----------------------|--------------------------------|---|
| | Original | Final | | |
| Total revenues | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 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>342</u> | <u>342</u> | <u>0</u> | <u>(342)</u> |
| Cash balance end of year | <u><u>\$ 342</u></u> | <u><u>\$ 342</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ (342)</u></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><u>\$ 0</u></u> | |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 SPECIAL REVENUE FUND-TITLE I- STIMULUS- 24201
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|------------------|-------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal grants | | \$ 54 | \$ 54 | |
| Total revenues | \$ 0 | 54 | 54 | \$ 0 |
| Expenditures | | | | |
| Instruction | | | | |
| Supplies | | 54 | 54 | |
| Total instruction | 0 | 54 | 54 | 0 |
| Total expenditures | 0 | 54 | 54 | 0 |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | 0 | 0 |
| Cash balance beginning of year | 0 | 0 | 0 | 0 |
| Cash balance end of year | \$ 0 | \$ 0 | 0 | \$ 0 |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | | |
| 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
 SPECIAL REVENUE FUND-IDEA PART B- ENTITLEMENT- STIMULUS- 24206
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|------------------|----------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal grants | | \$ 9,153 | \$ 101,712 | \$ (92,559) |
| Total revenues | \$ 0 | 9,153 | 101,712 | (92,559) |
| Expenditures | | | | |
| Instruction | | | | |
| Personnel services | | 3,573 | | 3,573 |
| Total instruction | 0 | 3,573 | 0 | 3,573 |
| Support services-students | | | | |
| Professional & tech services | | 4,937 | 4,937 | |
| Supply assets | | 296 | 296 | |
| Total support services-students | 0 | 5,233 | 5,233 | 0 |
| Support services-general administration | | | | |
| Professional & tech services | | 347 | 347 | |
| Total support services-general administration | 0 | 347 | 347 | 0 |
| Total expenditures | 0 | 9,153 | 5,580 | 3,573 |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | 96,132 | 96,132 |
| Cash balance beginning of year | 0 | 0 | (96,132) | (96,132) |
| Cash balance end of year | \$ 0 | \$ 0 | 0 | \$ 0 |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 96,132 | |
| Net change in due from grantor | | | (96,132) | |
| 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
 SPECIAL REVENUE FUND-IDEA-B PRESCHOOL STIMULUS-24209
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|------------------|----------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal grants | | \$ 1,130 | \$ 5,413 | \$ 4,283 |
| Total revenues | \$ 0 | 1,130 | 5,413 | 4,283 |
| Expenditures | | | | |
| Instruction | | | | |
| Supplies | | 696 | 696 | |
| Supply assets | | 434 | 434 | |
| Total instruction | 0 | 1,130 | 1,130 | 0 |
| Total expenditures | 0 | 1,130 | 1,130 | 0 |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | 4,283 | 4,283 |
| Cash balance beginning of year | 0 | 0 | (4,283) | (4,283) |
| Cash balance end of year | \$ 0 | \$ 0 | 0 | \$ 0 |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 4,283 | |
| Net change in due from grantor | | | (4,283) | |
| 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
 SPECIAL REVENUE FUND-TITLE XIX MEDICAID 3/12 YEAR- 25153
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|---------------------------|---------------------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal grants | \$ <u>9,747</u> | \$ <u>9,747</u> | \$ <u>10,237</u> | \$ <u>490</u> |
| Total revenues | <u>9,747</u> | <u>9,747</u> | <u>10,237</u> | <u>490</u> |
| Expenditures | | | | |
| Support services-students | | | | |
| Personnel services | 5,000 | 11,268 | 8,400 | 2,868 |
| Employee benefits | | 14,139 | 7,445 | 6,694 |
| Professional & tech services | 43,000 | 36,045 | 23,563 | 12,482 |
| Other purchased services | 12,183 | 3,183 | | 3,183 |
| Supplies | | 158 | 158 | |
| Supply assets | <u>10,000</u> | <u>5,390</u> | <u>348</u> | <u>5,042</u> |
| Total support services-students | <u>70,183</u> | <u>70,183</u> | <u>39,914</u> | <u>30,269</u> |
| Support services-general administration | | | | |
| Professional & tech services | <u>5,771</u> | <u>5,771</u> | <u>2,806</u> | <u>2,965</u> |
| Total support services-general administration | <u>5,771</u> | <u>5,771</u> | <u>2,806</u> | <u>2,965</u> |
| Total expenditures | <u>75,954</u> | <u>75,954</u> | <u>42,720</u> | <u>33,234</u> |
| Excess (deficiency) of revenues over expenditures | (66,207) | (66,207) | (32,483) | 33,724 |
| Cash balance beginning of year | <u>2,535</u> | <u>2,535</u> | <u>66,213</u> | <u>63,678</u> |
| Cash balance end of year | <u><u>\$ (63,672)</u></u> | <u><u>\$ (63,672)</u></u> | <u><u>33,730</u></u> | <u><u>\$ 97,402</u></u> |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (32,483) | |
| Net change in due from grantor | | | 32,482 | |
| Net change in accounts payable | | | <u>1</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u><u>\$ 0</u></u> | |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 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, 2012

| | Budgeted Amounts | | Actual (Budgetary BASIS) | Variances Positive (Negative) Final to Actual |
|--|------------------|-----------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal grants | \$ 36,651 | \$ 51,942 | \$ 38,741 | \$ (13,201) |
| Total revenues | 36,651 | 51,942 | 38,741 | (13,201) |
| Expenditures | | | | |
| Instruction | | | | |
| Personnel services | 15,830 | 28,920 | 28,918 | 2 |
| Employee benefits | 12,754 | 14,464 | 7,336 | 7,128 |
| Supplies | 5,490 | 5,490 | 4,003 | 1,487 |
| Total instruction | 34,074 | 48,874 | 40,257 | 8,617 |
| Support services- general administration | | | | |
| Professional & tech services | 2,577 | 2,846 | 2,846 | |
| Other purchased services | | 222 | 222 | |
| Total support services- general administration | 2,577 | 3,068 | 3,068 | 0 |
| Total expenditures | 36,651 | 51,942 | 43,325 | 8,617 |
| Excess(deficiency) of revenues over expenditures | 0 | 0 | (4,584) | (4,584) |
| Cash balance beginning of year | 0 | 0 | 13,342 | 13,342 |
| Cash balance end of year | \$ 0 | \$ 0 | 8,758 | \$ 8,758 |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (4,584) | |
| Net change in due from grantor | | | 4,584 | |
| 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
 SPECIAL REVENUE FUND-STATE FISCAL STABILIZATION PROGRAM FUND-25250
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|---|-------------------|-------------------|--------------------------------|---|
| | Original | Final | | |
| Total revenues | \$ <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 Cash Basis | 0 | 0 | 0 | 0 |
| Cash balance beginning of year | <u>261,600</u> | <u>362,322</u> | <u> </u> | <u>(362,322)</u> |
| Cash balance end of year | <u>\$ 261,600</u> | <u>\$ 362,322</u> | <u>0</u> | <u>\$ (362,322)</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
 SPECIAL REVENUE FUND-EDUCATION JOBS FUND- 25255
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|---|------------------|----------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal grants | | \$ 1,826 | \$ 1,826 | |
| Total revenues | \$ 0 | 1,826 | 1,826 | \$ 0 |
| Expenditures | | | | |
| Instruction | | | | |
| Employee benefits | | 1,826 | 1,826 | |
| Total instruction | 0 | 1,826 | 1,826 | 0 |
| Total expenditures | 0 | 1,826 | 1,826 | 0 |
| Excess (deficiency) of revenues over expenditures Cash Basis | 0 | 0 | 0 | 0 |
| Cash balance beginning of year | 0 | 0 | 0 | 0 |
| Cash balance end of year | \$ 0 | \$ 0 | 0 | \$ 0 |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| 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
 SPECIAL REVENUE FUND-DUAL CREDITS-27103
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|------------------|-----------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| State & local grant | | \$ 13,442 | \$ 12,479 | \$ (963) |
| Total revenues | \$ 0 | 13,442 | 12,479 | (963) |
| Expenditures | | | | |
| Instruction | | | | |
| Supplies | | 13,442 | 2,804 | 10,638 |
| Total instruction | 0 | 13,442 | 2,804 | 10,638 |
| Total expenditures | 0 | 13,442 | 2,804 | 10,638 |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | 9,675 | 9,675 |
| Cash balance beginning of year | 0 | 0 | (10,739) | (10,739) |
| Cash balance end of year | \$ 0 | \$ 0 | (1,064) | \$ (1,064) |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 9,675 | |
| Net change in due from grantor | | | (9,675) | |
| 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
 SPECIAL REVENUE FUND-GO BOND ACT-27105
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|------------------|----------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| State & local grant | | \$ 1,225 | \$ 9,050 | \$ 7,825 |
| Total revenues | \$ 0 | 1,225 | 9,050 | 7,825 |
| Expenditures | | | | |
| Student support - instruction | | | | |
| Supply assets | | 1,225 | 1,218 | 7 |
| Total student support - instruction | 0 | 1,225 | 1,218 | 7 |
| Total expenditures | 0 | 1,225 | 1,218 | 7 |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | 7,832 | 7,832 |
| Cash balance beginning of year | 0 | 0 | (7,832) | (7,832) |
| Cash balance end of year | \$ 0 | \$ 0 | 0 | \$ 0 |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 7,832 | |
| Net change in due from grantor | | | (9,050) | |
| Net Change in Accounts payable | | | 1,218 | |
| 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
 2010 GO BONDS STU LIBRARY FUND- 27106
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|--------------------|--------------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| State & local grant | \$ <u>10,366</u> | \$ <u>10,366</u> | <u> </u> | \$ <u>(10,366)</u> |
| Total revenues | <u>10,366</u> | <u>10,366</u> | \$ <u> 0</u> | <u>(10,366)</u> |
| Expenditures | | | | |
| Student support - instruction | | | | |
| Supplies | <u>10,366</u> | <u>10,366</u> | <u> </u> | <u>10,366</u> |
| Total student support - instruction | <u>10,366</u> | <u>10,366</u> | <u> 0</u> | <u>10,366</u> |
| Total expenditures | <u>10,366</u> | <u>10,366</u> | <u> 0</u> | <u>10,366</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><u>0</u></u> | \$ <u><u>0</u></u> | <u>0</u> | \$ <u><u>0</u></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><u>0</u></u> | |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|------------------------|--------------------|--------------------------------|---|
| | Original | Final | | |
| Total revenues | \$ <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>7,731</u> | <u>0</u> | <u>51</u> | <u>51</u> |
| Cash balance end of year | <u><u>\$ 7,731</u></u> | <u><u>\$ 0</u></u> | <u>51</u> | <u><u>\$ 51</u></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><u>\$ 0</u></u> | |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 SPECIAL REVENUE FUND-INCENTIVES FOR SCHOOL IMPROVEMENTS ACT PED-27138
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|------------------|----------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| State & local grant | | \$ 5,343 | | \$ (5,343) |
| Total revenues | \$ 0 | 5,343 | \$ 0 | (5,343) |
| Expenditures | | | | |
| Instruction | | | | |
| Supplies | | 5,343 | 4,168 | 1,175 |
| Total instruction | 0 | 5,343 | 4,168 | 1,175 |
| Total expenditures | 0 | 5,343 | 4,168 | 1,175 |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | (4,168) | (4,168) |
| Cash balance beginning of year | 10,076 | 0 | 5,343 | 5,343 |
| Cash balance end of year | \$ 10,076 | \$ 0 | 1,175 | \$ 1,175 |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (4,168) | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | \$ (4,168) | |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|------------------|-----------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| State & local grant | | \$ 11,389 | \$ 5,802 | \$ (5,587) |
| Total revenues | \$ 0 | 11,389 | 5,802 | (5,587) |
| Expenditures | | | | |
| Food services operations | | | | |
| Supplies | | 11,389 | 8,375 | 3,014 |
| Total food services operations | 0 | 11,389 | 8,375 | 3,014 |
| Total expenditures | 0 | 11,389 | 8,375 | 3,014 |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | (2,573) | (2,573) |
| Cash balance beginning of year | 36 | 36 | 36 | 0 |
| Cash balance end of year | \$ 36 | \$ 36 | (2,537) | \$ (2,573) |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (2,573) | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | \$ (2,573) | |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 SPECIAL REVENUE FUND-STATE DIRECTED ACTIVITIES-27200
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|------------------|-----------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| State & local grant | | \$ 89,409 | \$ 44,705 | \$ (44,704) |
| Total revenues | \$ 0 | 89,409 | 44,705 | (44,704) |
| Expenditures | | | | |
| Instruction | | | | |
| Personal Services | | 18,111 | 9,408 | 8,703 |
| Employee benefits | | 321 | 201 | 120 |
| Professional & tech services | | 150 | 150 | |
| Supplies | | 3,499 | | 3,499 |
| Supply assets | | 5,500 | | 5,500 |
| Total instruction | | 27,581 | 9,759 | 17,822 |
| Support services - student | | | | |
| Personal services | | 34,975 | 28,693 | 6,282 |
| Employee benefits | | 13,904 | 4,453 | 9,451 |
| Other purchased services | | 85 | 85 | |
| Supplies | | 1,688 | 1,687 | 1 |
| Total support services- students | 0 | 50,652 | 34,918 | 15,734 |
| Support services - general administration | | | | |
| Other purchased services | | 11,176 | | 11,176 |
| Total support services-general administration | 0 | 11,176 | 0 | 11,176 |
| Total expenditures | 0 | 89,409 | 44,677 | 44,732 |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | 28 | 28 |
| Cash balance beginning of year | 16,279 | 0 | 22,481 | 22,481 |
| Cash balance end of year | \$ 16,279 | \$ 0 | 22,509 | \$ 22,509 |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 28 | |
| Net change in due from grantor | | | (28) | |
| 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
 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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|--------------------|--------------------|--------------------------------|---|
| | Original | Final | | |
| Total revenues | \$ <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>0</u> | <u>0</u> | <u>2,019</u> | <u>2,019</u> |
| Cash balance end of year | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ 2,019</u></u> | <u><u>\$ 2,019</u></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><u>\$ 0</u></u> | |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|--------------------------|--------------------------|--------------------------------|---|
| | Original | Final | | |
| Total revenues | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Personal Services | 5,000 | 5,000 | | 5,000 |
| Employee benefits | 1,110 | 1,110 | | 1,110 |
| Other purchased services | 8,950 | 8,950 | 375 | 8,575 |
| Supplies | <u>4,998</u> | <u>4,998</u> | <u> </u> | <u>4,998</u> |
| Total instruction | <u>20,058</u> | <u>20,058</u> | <u>375</u> | <u>19,683</u> |
| Support services- general administration | | | | |
| Professional & tech services | <u>1,517</u> | <u>1,517</u> | <u>26</u> | <u>1,491</u> |
| Total support services-general administration | <u>1,517</u> | <u>1,517</u> | <u>26</u> | <u>1,491</u> |
| Total expenditures | <u>21,575</u> | <u>21,575</u> | <u>401</u> | <u>21,174</u> |
| Excess (deficiency) of revenues over expenditures | (21,575) | (21,575) | (401) | 21,174 |
| Cash balance beginning of year | <u>16,776</u> | <u>18,554</u> | <u>14,399</u> | <u>(4,155)</u> |
| Cash balance end of year | <u><u>\$ (4,799)</u></u> | <u><u>\$ (3,021)</u></u> | <u>13,998</u> | <u><u>\$ 17,019</u></u> |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | <u>(401)</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u><u>\$ (401)</u></u> | |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 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, 2012

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|-------------------------|-----------------------|--------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Investment income | | | \$ <u>1</u> | \$ <u>1</u> |
| Total revenues | \$ <u>0</u> | \$ <u>0</u> | <u>1</u> | <u>1</u> |
| Expenditures | | | | |
| Capital outlay | | | | |
| Professional & tech services | 306,930 | 306,930 | 135,998 | 170,932 |
| Purchased property services | <u>2,936,138</u> | <u>2,936,138</u> | <u>699,977</u> | <u>2,236,161</u> |
| Total capital outlay | <u>3,243,068</u> | <u>3,243,068</u> | <u>835,975</u> | <u>2,407,093</u> |
| Total expenditures | <u>3,243,068</u> | <u>3,243,068</u> | <u>835,975</u> | <u>2,407,093</u> |
| Excess (deficiency) of revenues over expenditures | (3,243,068) | (3,243,068) | (835,974) | (2,407,092) |
| Cash balance beginning of year | <u>475,663</u> | <u>475,663</u> | <u>3,257,162</u> | <u>2,781,499</u> |
| Cash balance end of year | \$ <u>(2,767,405)</u> | \$ <u>(2,767,405)</u> | <u>2,421,188</u> | \$ <u>(346,217)</u> |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (835,974) | |
| Net change in accounts payable | | | <u>(187,357)</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | \$ <u>(1,023,331)</u> | |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|------------------|-----------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Capital outlay | | \$ 29,329 | | \$ (29,329) |
| Total revenues | \$ 0 | 29,329 | \$ 0 | (29,329) |
| Expenditures | | | | |
| Capital outlay | | | | |
| Purchased property services | | 29,329 | | 29,329 |
| Total capital outlay | 0 | 29,329 | 0 | 29,329 |
| Total expenditures | 0 | 29,329 | 0 | 29,329 |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | 0 | 0 |
| Cash balance beginning of year | 0 | 0 | 0 | 0 |
| Cash balance end of year | \$ 0 | \$ 0 | 0 | \$ 0 |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| 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
 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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|------------------|--------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Property taxes | \$ 369,570 | \$ 369,570 | \$ 362,562 | \$ (7,008) |
| Investment income | 650 | 650 | 1,661 | 1,011 |
| State & local grants | | 12,709 | | (12,709) |
| Miscellaneous | | | 2,000 | 2,000 |
| Total revenues | 370,220 | 382,929 | 366,223 | (16,706) |
| Expenditures | | | | |
| Support services-general administration | | | | |
| Professional & tech services | 3,696 | 4,196 | 3,626 | 570 |
| Total support services-general administration | 3,696 | 4,196 | 3,626 | 570 |
| Capital outlay | | | | |
| Professional & tech services | | 1,894 | | 1,894 |
| Maintenance & repair | 165,000 | 171,896 | 150,661 | 21,235 |
| Construction services | 474,209 | 451,419 | 7,679 | 443,740 |
| Supplies | 10,000 | 13,919 | 13,919 | |
| Land improvements | | 74,185 | 2,056 | 72,129 |
| Fixed assets | | 22,105 | 20,604 | 1,501 |
| Total capital outlay | 649,209 | 735,418 | 194,919 | 540,499 |
| Total expenditures | 652,905 | 739,614 | 198,545 | 541,069 |
| Excess (deficiency) of revenues over expenditures | (282,685) | (356,685) | 167,678 | 524,363 |
| Cash balance beginning of year | 44,682 | 44,682 | 380,139 | 335,457 |
| Cash balance end of year | \$ (238,003) | \$ (312,003) | 547,817 | \$ 859,820 |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 167,678 | |
| Net change in accounts payable | | | (1,893) | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | \$ 165,785 | |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 CAPITAL PROJECT FUND-EDUCATIONAL TECHNOLOGY EQUIPMENT ACT-31900
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|----------------------------|----------------------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Investment income | \$ 240 | \$ 240 | \$ 255 | \$ 15 |
| Miscellaneous | <u> </u> | <u> </u> | <u>75,677</u> | <u>75,677</u> |
| Total revenues | <u>240</u> | <u>240</u> | <u>75,932</u> | <u>75,692</u> |
| Expenditures | | | | |
| Capital outlay | | | | |
| Professional & tech services | 90,408 | 90,100 | 36,448 | 53,652 |
| Supplies | 17,000 | 17,308 | 17,144 | 164 |
| Fixed assets | 90,000 | 90,000 | | 90,000 |
| Supply assets | <u>186,441</u> | <u>186,441</u> | <u>6,642</u> | <u>179,799</u> |
| Total capital outlay | <u>383,849</u> | <u>383,849</u> | <u>60,234</u> | <u>323,615</u> |
| Total expenditures | <u>383,849</u> | <u>383,849</u> | <u>60,234</u> | <u>323,615</u> |
| Excess (deficiency) of revenues over expenditures | (383,609) | (383,609) | 15,698 | 399,307 |
| Cash balance beginning of year | <u>(6,329)</u> | <u>(6,329)</u> | <u>385,363</u> | <u>391,692</u> |
| Cash balance end of year | <u><u>\$ (389,938)</u></u> | <u><u>\$ (389,938)</u></u> | <u>401,061</u> | <u><u>\$ 790,999</u></u> |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 15,698 | |
| Net change in accounts payable | | | <u>(11,507)</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u><u>\$ 4,191</u></u> | |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 DEBT SERVICE-41000

Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|---------------------------|---------------------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Property taxes | \$ 271,297 | \$ 271,297 | \$ 234,230 | \$ (37,067) |
| Investment income | <u>60</u> | <u>60</u> | <u>100</u> | <u>40</u> |
| Total revenues | <u>271,357</u> | <u>271,357</u> | <u>234,330</u> | <u>(37,027)</u> |
| Expenditures | | | | |
| Support services- general administration | | | | |
| Professional & tech services | <u>2,713</u> | <u>3,213</u> | <u>2,342</u> | <u>871</u> |
| Total support services- general administration | <u>2,713</u> | <u>3,213</u> | <u>2,342</u> | <u>871</u> |
| Debt service | | | | |
| Reserve | 135,739 | 135,239 | | 135,239 |
| Interest | <u>271,297</u> | <u>271,297</u> | <u>143,691</u> | <u>127,606</u> |
| Total debt service | <u>407,036</u> | <u>406,536</u> | <u>143,691</u> | <u>262,845</u> |
| Total expenditures | <u>409,749</u> | <u>409,749</u> | <u>146,033</u> | <u>263,716</u> |
| Excess (deficiency) of revenues over expenditures | (138,392) | (138,392) | 88,297 | 226,689 |
| Cash balance beginning of year | <u>51,066</u> | <u>73,585</u> | <u>193,107</u> | <u>119,522</u> |
| Cash balance end of year | <u><u>\$ (87,326)</u></u> | <u><u>\$ (64,807)</u></u> | <u>281,404</u> | <u><u>\$ 346,211</u></u> |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | <u>88,297</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u><u>\$ 88,297</u></u> | |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 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, 2012

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|-------------------------|--------------------------|--------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Property taxes | \$ <u>186,313</u> | \$ <u>186,313</u> | \$ <u>199,979</u> | \$ <u>13,666</u> |
| Total revenues | <u>186,313</u> | <u>186,313</u> | <u>199,979</u> | <u>13,666</u> |
| Expenditures | | | | |
| Support services- general administration | | | | |
| Professional & tech services | <u>1,863</u> | <u>2,363</u> | <u>2,000</u> | <u>363</u> |
| Total Support services- general administration | <u>1,863</u> | <u>2,363</u> | <u>2,000</u> | <u>363</u> |
| Debt service | | | | |
| Principle | 175,000 | 175,000 | 175,000 | |
| Interest | 11,313 | 11,313 | 11,313 | |
| Reserve | <u>52,399</u> | <u>51,899</u> | <u> </u> | <u>51,899</u> |
| Total debt service | <u>238,712</u> | <u>238,212</u> | <u>186,313</u> | <u>51,899</u> |
| Total expenditures | <u>240,575</u> | <u>240,575</u> | <u>188,313</u> | <u>52,262</u> |
| Excess (deficiency) of revenues over expenditures | (54,262) | (54,262) | 11,666 | 65,928 |
| Cash balance beginning of year | <u>54,262</u> | <u>52,397</u> | <u>210,374</u> | <u>157,977</u> |
| Cash balance end of year | \$ <u><u>0</u></u> | \$ <u><u>(1,865)</u></u> | <u>222,040</u> | \$ <u><u>223,905</u></u> |
| Reconciliation of budgetary basis to GAAP basis | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | <u>11,666</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP Basis | | | \$ <u><u>11,666</u></u> | |

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

OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
June 30, 2012

FIDUCIARY FUND

Activity Trust Fund

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 AGENCY FUNDS - ACTIVITY
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 For the Year Ended June 30, 2012

| | <u>Balance</u> <u>6/30/2011</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>6/30/2012</u> |
|----------------------------------|------------------------------------|------------------|------------------|------------------------------------|
| ASSETS | | | | |
| 600 General Activity Fund | \$ 6,979 | \$ 1,109 | \$ 1,167 | \$ 6,921 |
| 702 Scholarship Fund | (277) | 1,415 | 300 | 838 |
| 703 HS Office Assistant | 403 | 441 | 775 | 69 |
| 704 HS Pepsi Fund | 177 | | 86 | 91 |
| 709 JRHS Honor Society | 10 | 1,333 | 636 | 707 |
| 710 HS Student Council | 2,093 | 1,963 | 2,374 | 1,682 |
| 712 FHA Fund | 208 | | | 208 |
| 714 Science Club Fund | 173 | | | 173 |
| 715 Library Fund | 2,392 | 796 | 436 | 2,752 |
| 716 HS Cheerleaders Fund | 3,553 | 5,903 | 8,452 | 1,004 |
| 722 Ski Club Fund | 1,888 | 5,356 | 6,344 | 900 |
| 724 Rio Costilla Elementary Fund | 956 | 2,329 | 2,957 | 328 |
| 725 AV 7-8 Grade Fund | 103 | | | 103 |
| 727 Interest on NOW Accounts | 162 | 23 | | 185 |
| 728 Interest on CD's | 1,368 | 197 | | 1,565 |
| 734 AV Yearbook Fund | 2,950 | 615 | | 3,565 |
| 736 FFA Fund | 42 | 464 | 29 | 477 |
| 739 AV K-3 | 2,685 | | | 2,685 |
| 742 Spanish Club | 274 | | | 274 |
| 743 AV Office Fund | 3 | | | 3 |
| 745 AV 4/5/6 Grades Fund | 294 | | | 294 |
| 749 AV 4/6 Office Fund | 240 | | | 240 |
| 752 Athletic General Fund | 1,466 | 336 | 1,703 | 99 |
| 754 HS Soccer Club | 2,196 | | | 2,196 |
| 760 JR High Volleyball | 8 | 1,012 | 867 | 153 |
| 762 Volleyball Fund | 707 | 6,352 | 5,596 | 1,463 |
| 763 Rent & lease Deposit Fund | 3,506 | 100 | 100 | 3,506 |
| 764 HS Football Fund | 3,256 | 137 | 145 | 3,248 |
| 765 JR High Football | 122 | | | 122 |
| 766 Av Library Fund | 700 | 2,361 | 2,362 | 699 |
| 785 Class of 2002 | 236 | | | 236 |
| 787 Class of 2004 | 727 | | | 727 |
| 795 JR High Student Council Fund | 586 | 788 | 1,249 | 125 |
| 801 HS Yearbook | 2,539 | 4,516 | 4,333 | 2,722 |
| 802 AV Office Fund | 1,024 | | | 1,024 |
| 803 Travel Club Fund | | 20 | | 20 |
| 804 Insurance Refunds | 1,861 | 843 | 612 | 2,092 |
| 805 Alta Vista Music Program | 515 | | | 515 |
| 808 Woodshop & Metals Fund | | 510 | | 510 |
| 810 Drama Club | 679 | | | 679 |
| 811 NMRSC Pepsi Fund | 1,083 | 200 | 156 | 1,127 |
| 812 AV Pepsi Fund | 540 | | | 540 |
| 815 AV Student Council Fund | \$ 231 | \$ 11,539 | \$ 11,763 | \$ 7 |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 AGENCY FUNDS - ACTIVITY
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 For the Year Ended June 30, 2012

| | Balance 6/30/2011 | Additions | Deletions | Balance 6/30/2012 |
|--------------------------------------|----------------------|------------------|------------------|----------------------|
| ASSETS | | | | |
| 816 Science Fair Club Fund | \$ 729 | \$ | \$ | \$ 729 |
| 819 Project 540 Fund | 126 | | | 126 |
| 820 Cafeteria Activity Fund | 292 | | 150 | 142 |
| 821 HS Boys Basketball Fund | 540 | | 539 | 1 |
| 822 HS Girls Basketball Fund | 99 | | | 99 |
| 823 Class of 2008 | 2,239 | | | 2,239 |
| 827 Positive Incentive Program | 521 | 13,834 | 11,418 | 2,937 |
| 828 Class of 2010 | 363 | | | 363 |
| 829 Class of 2011 | 101 | | | 101 |
| 830 Class of 2012 | 3,012 | 476 | 3,211 | 277 |
| 831 Class of 2013 | 2,580 | 4,451 | 6,180 | 851 |
| 832 Class of 2014 | 1,485 | 2,729 | 288 | 3,926 |
| 833 Class of 2015 | | 2,074 | 384 | 1,690 |
| 863 Class of 2015 | 1,826 | | | 1,826 |
| 834 Class of 2016 | 405 | 760 | | 1,165 |
| 835 Class of 2017 | 245 | 1,089 | | 1,334 |
| 837 Science Levinson Fund | 1,544 | | | 1,544 |
| 838 AV PAC | 539 | 1,163 | 397 | 1,305 |
| 840 Chess Club | 26 | | | 26 |
| 841 Ski Club-K MacDonald | 148 | 2,740 | 2,888 | |
| 842 HS Track-Girls | 225 | | | 225 |
| 843 Art Department Fees | 1,798 | 990 | | 2,788 |
| 845 Class of 2018 | 120 | | | 120 |
| 846 Class of 2019 | 701 | | | 701 |
| 849 Class of 2022 | 1,276 | | 363 | 913 |
| 851 Athletic Field Dedication | 940 | | 266 | 674 |
| 852 Taos Soil and Water Conservation | 400 | 300 | | 700 |
| 853 Rio Costilla Cheerleader | | 370 | 370 | |
| 854 JH Girls Basketball | | 134 | | 134 |
| 855 ELEM Jaguar BB Team | | 64 | 55 | 9 |
| 856 Class of 2024 | | 2,747 | 2,747 | |
| 857 End of year event | | 600 | 374 | 226 |
| 858 Class Of 2023 (K 2010-2011) | | 20 | | 20 |
| Total Assets | \$ 70,938 | \$ 85,199 | \$ 82,072 | \$ 74,065 |
| LIABILITIES | | | | |
| Deposits held for others | \$ 70,938 | \$ 85,199 | \$ 82,072 | \$ 74,065 |
| Total liabilities | \$ 70,938 | \$ 85,199 | \$ 82,072 | \$ 74,065 |

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

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 CASH RECONCILIATIONS - ALL FUNDS
 For the Year Ended June 30, 2012

| | | Beginning Balance <u>6/30/2011</u> | <u>Revenue</u> | <u>Expenditures</u> | Prior Year Warrants Voided/Other <u>Adjustments</u> | Ending Cash Balance <u>6/30/2012</u> |
|-------------------------|-------|--|---------------------|---------------------|--|--|
| Operational | 11000 | \$ 452,431 | \$ 4,284,344 | \$ 4,154,567 | \$ 466 | \$ 582,674 |
| Teacherage | 12000 | 21,894 | 4,135 | 2,659 | | 23,370 |
| Transportation | 13000 | | 341,309 | 341,309 | | |
| Instructional materials | 14000 | 26,747 | 18,442 | 21,332 | | 23,857 |
| Food Services | 21000 | 157,861 | 249,096 | 266,677 | | 140,280 |
| Athletics | 22000 | 4 | 22,874 | 22,311 | 345 | 912 |
| Federal Flowthrough | 24000 | (187,827) | 389,641 | 316,203 | 536 | (113,853) |
| Federal Direct | 25000 | 79,554 | 2,347,689 | 2,417,626 | 459 | 10,076 |
| State Flowthrough | 27000 | 9,340 | 72,036 | 61,243 | | 20,133 |
| State Direct | 28000 | 16,418 | | 401 | | 16,017 |
| Bond Building | 31100 | 3,257,161 | 1 | 835,975 | (2,313) | 2,418,874 |
| Senate Bill Nine | 31700 | 380,139 | 366,223 | 198,545 | | 547,817 |
| Ed Tech | 31900 | 385,363 | 75,932 | 60,234 | (8,357) | 392,704 |
| Debt Service | 41000 | 193,107 | 234,330 | 146,033 | | 281,404 |
| Debt Service-ed tech | 43000 | 210,374 | 199,979 | 188,312 | | 222,041 |
| Agency funds | | <u>70,938</u> | <u>85,199</u> | <u>82,072</u> | | <u>74,065</u> |
| Total | | <u>\$ 5,073,504</u> | <u>\$ 8,691,230</u> | <u>\$ 9,115,499</u> | <u>\$ (8,864)</u> | <u>\$ 4,640,371</u> |

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

COMPLIANCE

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2012

| <u>Federal Agency/ Pass Through Grantor/ Program Title</u> | <u>Federal CFDA Number</u> | <u>State ID Number</u> | <u>Total Federal Awards Expended</u> |
|--|--------------------------------|----------------------------|--|
| <u>U. S. Department of Agriculture</u> | | | |
| Pass-Through Program from: | | | |
| New Mexico Public Education Department | | | |
| National School Lunch Program | 10.555 | 21000 | \$ <u>266,609</u> |
| Total Child Nutrition Cluster | | | <u>266,609</u> |
| Fruits & Vegetables | 10.582 | 24118 | 10,746 |
| Pass-Through Program from: | | | |
| New Mexico Human Service Department | | | |
| Commodities Program | 10.551 | 21000 | 2,871 |
| Direct Program | | | |
| Forest Reserve | 10.670 | 11000 | <u>25,657</u> |
| Total U. S. Department of Agriculture | | | <u>\$ 305,883</u> |
| <u>U. S. Department of Education</u> | | | |
| Pass-Through Program from: | | | |
| New Mexico Public Education Department | | | |
| Special Education Cluster | | | |
| IDEA, Part B Entitlement | 84.027 | 24106 | 94,364 |
| IDEA Preschool | 84.173 | 24109 | 1,443 |
| IDEA, Part B Recovery Act | 84.391 | 24206 | 5,580 |
| IDEA Preschool Recovery Act | 84.392 | 24209 | 1,130 |
| Northern New Mexico Regional Education Cooperative | | | |
| IDEA, Part B State Directed | 84.027 | 27200 | 44,678 |
| Roots and Wings Community School | | | |
| IDEA, Part B | 84.027 | | <u>15,885</u> |
| Total Special Education Cluster | | | <u>\$ 163,080</u> |
| Title I Basic Education Grant | 84.010 | 24101 | \$ 154,815 |
| English Language Acquisition | 84.365 | 24153 | 7,861 |
| Improving Teacher Quality | 84.367 | 24154 | 20,464 |
| Title I Recovery Act | 84.389 | 24201 | 54 |
| Teacher Quality Partnerships, Recovery Act | 84.405 | 25175 | 2,324,327 |
| Education Job Fund | 84.410 | 25255 | 1,826 |
| Rural Education Achievement Program | 84.358 | 25233 | 43,324 |
| Roots and Wings Community School | | | |
| Safe Routes to School | 84.041 | | <u>402</u> |
| Total US Department of Education | | | <u>\$ 2,716,153</u> |
| Reconciliation with the financial statements | | | |
| Federal Revenues | | | |
| Questa Independent School District | | | \$ 3,005,749 |
| Roots and Wings Community School | | | <u>16,287</u> |
| | | | <u>\$ 3,022,036</u> |

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Questa Independent School District (the District) and is presented on the accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

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.

**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
Mr. Balderas and Members of the Board

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major Special revenue funds, the budgetary comparisons for the major Capital project fund and the major Debt service fund and the combining individual funds and related budgetary comparison presented as supplemental information of the Questa Independent School District (District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements have issued our report thereon dated November 09, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Questa Independent School District, is responsible for establishing and maintaining effective 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 our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as items 11-5, 12-1 12-2 12-3, 12-4, 12-5, RWC 12-1 and RWC 12-2. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 11-5, 12-1, 12-2, RWC 12-1 and RWC 12-2 .

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

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

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
November 07, 2012

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON 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
Mr. Balderas and Members of the Board

Compliance

We have audited Questa Independent School District (District) compliance with the types of compliance requirements described in the *OMB A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. 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 to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 of the District's compliance with those requirements.

In our opinion, the District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
November 07, 2012

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2012

A. SUMMARY OF AUDIT RESULTS

Financial Statements:

Type of auditors' report issued Unqualified

Internal control over financial reporting:

* Material weaknesses identified? No

* Significant deficiencies identified Yes

Noncompliance material to the financial statements noted? No

Federal Awards:

Internal control over major programs:

* Material weaknesses identified? No

* Significant deficiencies identified No

Type of auditors' report issued on compliance for major programs Unqualified

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

Identification of major programs:

| CFDA Numbers | Name of Federal Program of Cluster |
|--------------|--|
| 84.405 | Teacher Quality Partnerships, Recovery Act |

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

Auditee qualified as low-risk auditee? No

STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2012

| <u>Section I</u> | <u>Prior Year Audit Findings</u> | <u>Status</u> |
|------------------|--|--------------------|
| 07-01 | LEASE OF PREMISES- School must obtain approval of the State Board of Finance Prior to Lease of Real Property - Compliance | Resolved |
| 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 | Resolved |
| 07-03 | LEASE OF PREMISES- The QISD Board of Directors must approve leases entered into between Artesanos and third-parties - Compliance | Resolved |
| 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 | Resolved |
| 07-06 | QISD BOARD CONFLICT OF INTEREST- Involvement of Board member in sub-lease with Artesanos de Questa created an appearance of impropriety - Compliance | Resolved |
| 10-1 | Personnel Files | Resolved |
| 10-3 | Cash Appropriations in Excess of Available Cash Balances | Resolved |
| 10-4 | PED Cash Reports-Compliance and Internal Control | Resolved |
| 11-1 | Stale Dated Transactions-Compliance and Internal Control | Resolved |
| 11-2 | Budget Violations-Compliance and Internal Control | Resolved |
| 11-3 | Negative Activity Cash Balances-Compliance and Internal Control | Resolved |
| 11-4 | Receipt Numbers Not Used in Sequence-Compliance and Internal Control | Resolved |
| 11-5 | Expenditure Issues-Compliance and Internal Control | Repeated & Revised |
| 11-6 | 1099's completed incorrectly-Compliance and Internal Control | Resolved |
| 11-7 | RHCA & ERB-Compliance and Internal Control | Resolved |
| 11-8 | Clearing accounts not reconciling to zero-Compliance and Internal Control | Resolved |

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

Section II. Current Year Audit Findings - Financial Statement Audit

11-5 Expenditure Issues - Compliance and Internal Control

Condition

During the examination of the sample of 65 expenditures, we noted that two bill packages with a total of \$221 had no invoices and the business manager signature was missing on three invoices (totalling \$298) approved for payments.

Criteria

In accordance with 6.20.2.17 purchasing each school district shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq, NMSA 1978.

Cause

The staffs are not following the procurement act. They are sending bills to the central office expecting them to be paid without the purchase requisition or purchase order. Revised purchase orders should be issued when the amount of the purchase is greater than expected. Staff did not get the invoice to central office to complete the bill package before the bill was paid.

Effect

Without proper documentation and following the procurement act, there are not adequate controls over expenditures. Results are over spending.

Recommendation

Staffs meeting need to be held with training on the procurement process. The superintendent needs to enforce the process and write up those who violate it. There should be consequences to violations.

Management Response

School district staff will be trained and directed to follow the procurement process. Purchases without prior approval will not be paid. All purchase orders will be revised to reflect the correct amount of the invoice. All receiving copies of all purchase orders must be verified by requester before payments are made and accompanied by bill package slips. The superintendent will enforce the process and write up those who violate it. The business office staff will forward any invoices received without an approved purchase order to the staff member indicating to them that they are responsible for payment of said invoice. Business Manager currently reviews all invoices for payments and will include signature on each invoice scheduled for payment.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

Section II. Current Year Audit Findings - Financial Statement Audit (Continued)

12-1 Internal Control Deficiencies Payroll - Compliance & Internal Control

Condition

During our walkthrough and testwork of the payroll transaction cycle, we noted that management does not review payroll reports for accuracy or irregularities. Payroll disbursements made to three employees were not in conformity with the provisions of the employment contract.

Criteria

A review of payroll reports and proper authorization and approval for wages, as indicated in NMSA 1978 Section 6-6-3 are required to be maintained in order to have proper and sufficient internal controls to reduce the risk of fraudulent activities.

Cause

For the fiscal year 2012 management did not follow its own policies to ensure internal controls were in place and working properly.

Effect

Internal controls over payroll are not monitored and maintained to prevent or detect intentional misappropriation of the District's assets.

Recommendation

We recommend the District to follow its internal controls over payroll that are in place and perform periodic reviews of the supporting documentation to ensure that they are operating effectively.

Management Response

Management presently reviews all payroll reports for accuracy or irregularities, in addition to this process management will develop a verification sheet that periodic reviews are taking place. Supporting documentation will be attached to each payroll cycle processed. All policies, procedures and internal controls will be adhered to, monitored and maintained.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

Section II. Current Year Audit Findings - Financial Statement Audit (Continued)

12-2 Disaster Recovery Plan - Compliance & Internal Control

Condition

The District lacked a disaster recovery plan. A disaster recovery plan should be a map for reestablishing operations after a disaster. This map should include details of the following, at minimum.

1. What hardware and software are in place and which vendors may be used to replace the hardware and software.
2. Potential off-site locations for running operations.
3. Names and telephone numbers of critical operations personnel that should be contacted during a disaster.
4. Backup and recovery procedures for data.
5. The location of the off-site data backups.
6. A detailed list of instructions to be followed in order to re-establish operations.

Criteria

State of New Mexico Statewide Guideline S-GUIDE-002.003 (per NMSA 1978 Section 15-1C- 1 et. Seq. and NMAC 1.12.6 and NMAC 1.12.2) establishes an Enterprise Security Policy for the protection of IT assets and resources including data and information.

Cause

The District has not developed a detailed disaster recovery plan.

Effect

The District may not be able to continue operations in the event of a disaster.

Recommendation

The District should develop a contingency plan detailing how to recover IT systems and become operations in the event of a disaster or interruption of the IT function.

Management Response

The District will develop a disaster recovery plan which will include a map for re-establishing operations after a disaster. This map will include a contingency plan detailing how to recover IT systems and the details as outlined in the finding. It will also include operations in the event of a disaster or interruption of the IT function.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

Section II. Current Year Audit Findings - Financial Statement Audit (Continued)

12-3 Inadequate Review and Documentation of Manual Journal Entries - Internal Control

Condition

During the 2012 fiscal year, the District did not have procedures in place for authorization and review of manual journal entries.

Criteria

Good accounting practice requires that manual adjusting entries be authorized and reviewed by someone other than the person initiating the adjusting entry.

Cause

The District does not have the personnel to review the journal entries.

Effect

Without proper review processes, there is a greater risk that improper adjustments could be made. Improper adjustments result in balances being materially misstated. Also, the risk of fraudulent acts increases without proper review.

Recommendation

We recommend that all journal entries require a second person's review prior to posting to the accounting records.

Management Response

Another central office staff member besides the business manager will be trained on the process of manual journal entries. All manual journal/adjusting entries will be reviewed by that staff member and also approved by the school superintendent.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

Section II. Current Year Audit Findings - Financial Statement Audit (Continued)

12-4 Segregation of Duties over Cash Receipts Process - Internal Control

Condition

During the 2012 fiscal year, there are no segregation of duties over cash receipts cycle. The person responsible for reconciling the bank account is also capable of making adjustments to cash receipts.

Criteria

Strong internal controls are present when accountability has been established for all employees. Accountability is most commonly established by segregating job duties between employees.

Cause

Staff size and training does not address the said segregation of duties.

Effect

The lack of segregation of duties increases the risk of asset misappropriation.

Recommendation

We recommend that the District implement a process that allows for an oversight of the functions by someone other than the person directly responsible.

Management Response

The cash receipts cycle is as follows: Cash is collected at each different school site, verified by the school secretaries with the individuals collecting the cash. The cash is then brought to the administration office and re-verified by the accounts payable clerk in the Administration Office and the school secretary and issues a receipt for the funds. Cash is then deposited into the bank account(s) by the accounts payable administration clerk. At the end of the month the bank reconciliations are entered by the payroll clerk and reconciled by the business manager. Deposits are verified by both payroll clerk and business manager.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

Section II. Current Year Audit Findings - Financial Statement Audit (Continued)

12-5 Internal Control Deficiencies over Agency Accounts - Internal Control

Condition

The billing and collections process of the Agency account is not overseen by the finance department and there is little communication and reconciliation of the balances between the two departments.

Criteria

Management is responsible for establishing and maintaining internal control. The objectives of internal control are to provide management with reasonable, but not absolute, assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations and (c) compliance with applicable laws and regulations.

Cause

There are no established controls to follow to ensure the transactions are properly accounted for and monitored.

Effect

Without proper review processes, there is a greater risk that accounts could be misstated and not detected in a timely manner.

Recommendation

We recommend that the finance department provide oversight services to the agency account and work to reconcile the revenues and receivables.

Management Response

We only receive cash for other funds such as the athletic gate receipts and cafeteria meal tickets. The same process as explained in finding #12-4 is used for Student Activity Accounts. The Student Activity Accounts are processed through the Visions Accounting System with regards to all cash received, all receipts which are pre-numbered at both the school and the district office. Student Activity Accounts are treated in the same manner as all district revenues and expenditures, purchase order process, bank reconciliations, etc. Bank reconciliations are entered by the payroll clerk and reconciled by the business manager. At the end of the month Activity Fund Balances are provided to the school staff/departments.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

Section III – Federal Award Findings-None

No findings or questioned costs related to federal awards.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

Section IV Component Unit Findings

Roots & Wings Community School

Prior Year Audit Findings

Status

11-1 PED Cash reports

Resolved

Current Year Audit Findings

RWC 12-1 Personnel Files - Compliance and internal Control

Condition

During our test of 8 personnel files, we noted that four employee files did not have evidence of background check; five employees did not have the employment contract in file; application documentation was missing in one of the instance. There were no records of teachers attending personal development programs.

Criteria

NMAC 6.20.2.18 states the local board shall establish written payroll policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. School districts shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations.

Cause

The School was unaware that the employees had incomplete files.

Effect

The School is not in compliance with New Mexico State Statutes. The School could be subject to penalties or possibly legal action. Not having correct supporting documentation is a serious failure of internal control procedures and could result in various legal complications in the event of noncompliance with a contract.

Recommendation

We recommend the School obtain all required information and retain the necessary documents in the personnel files. The School should make periodic checks to ensure all required information is being maintained.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

Section IV Component Unit Findings (Continued)

Response

1 – Four employee files did not have evidence of background check: I am aware that two employees did not have evidence of background check in their files; they were in process. Fingerprints had been sent to the PED licensure department. We have since received notification that both have passed their background checks; this document is now in their files.

As for the other six, all of them were PED licensed and their license(s) is/are in their files, and therefore had completed a background check prior to receiving their licensure. I trust that the PED would not have issued them licensure if they had not passed the background check. In the past I have tried to get a copy of the background check from PED but was informed that they are only kept current for a certain period of time and then aren't applicable. We will go back to all those employees whose licenses are over 4 years since issuance and request a current background check.

2 – Five employees did not have the employment contract in file: this is true for hourly employees (secretary, custodial/maintenance, and tutors), substitute teachers, and an ancillary employee who worked once during the year to assist our Special Education teacher on an assessment. Since it is required that all employees have a contract in their file, we will certainly comply.

3 – Application documentation was missing in one of the instance: I usually require every employee to complete an application prior to receiving their first paycheck. I will make sure every employee has one in their file.

4 – There were no records of teachers attending personal development programs: The director/principal of the school has never given me such documentation. We will develop a form for such and include it in the future.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

Section IV Component Unit Findings (Continued)

RWC 12-2 Expenditure Issues-Compliance and Internal Control

Condition

During the examination of the sample of 21 expenditures, we noted that none of the expenditures were cancelled out to prevent double payment.

Criteria

According to NMSA 1978 Section 6-6-3, the school is expected to conform to the rules and regulations that they have adopted relating to internal controls.

Cause

Internal controls over cash disbursements are not being enforced.

Effect

The lack of effective internal controls over disbursement may result in the double payment of goods and/or services.

Recommendation

The School must enforce policies and procedures that are set in place for the purchase of goods and/or services. There should be consequences to violations.

Response

In the Visions software, I enter the invoice by line item detail by applying it against the approved purchase order. Items paid in full are not allowed to be paid again. Duplicate invoice numbers are also not allowed in Visions software. I will purchase and use a "paid" stamp to indicate the invoice has been paid.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

F. Other Required Disclosures

Preparation of Financial Statements

The financial statements presented in this report have been prepared by the independent auditor. However, they are the responsibility of management, as addressed in the Independent Auditor's Report.

Exit Conference

An exit conference was held on November 13th, 2012. The following individuals were in attendance:

Questa Independent School District New Mexico

Hipolito "Paul" Aguilar, PED Assigned School Board

Dr. Lester Beason, Interim Superintendent

Susie Martinez, Business Manager

Vanessa LaCome, A/P Clerk

Al Spungen, Director Roots & Wings Community School

Justin Friedman, Governance Council Member

Karen Quintana, Business Manager for Roots & Wings Community School

Harshwal & Company LLP

Sanwar Harshwal, CPA, Managing Partner

Deepa Adhikari, Senior Auditor