

**STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
JUNE 30, 2014**

**Harshwal & Company LLP
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INTRODUCTORY SECTION

**STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
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STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
OFFICIAL ROSTER
JUNE 30, 2014

BOARD OF EDUCATION

| | |
|------------------|----------------------|
| Jose Lovato | Board President |
| Kenneth Gallegos | Board Vice President |
| Joel Flory | Board Secretary |
| Rosaline Ortega | Board Member |
| Bernie Torres | Board Member |
| Jack Gallegos | Board Member |
| Tammy Jaramillo | Board Member |

SCHOOL OFFICIALS

| | |
|--------------------|------------------------|
| Dr. Lillian Torrez | Superintendent |
| Susie Martinez | Business Manager |
| Maria Montes | Payroll Clerk |
| Megan Jenkins | Accounts Payable Clerk |

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

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, (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements 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 funds, debt service funds, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2014, 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 accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental of the District as of June 30, 2014, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital project funds, debt service funds and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 to 19 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.

Other Information

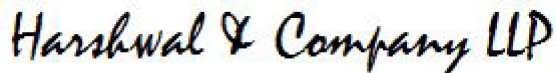
Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Schedule of Expenditures of federal awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and the other schedules required by section 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of federal awards and other schedules required by section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures and other schedules required by section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 03, 2014 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* in considering the District's internal control over financial reporting and compliance.

Harshwal & Company LLP
Certified Public Accountants

Handwritten signature of Harshwal & Company LLP in black ink.

Albuquerque, New Mexico
November 03, 2014

MANAGEMENT DISCUSSION AND ANALYSIS

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

This Management Discussion and Analysis of the fiscal performance of the QUESTA INDEPENDENT SCHOOL DISTRICT (District) for the period ending June 30, 2014 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, 2014. 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 snowmobiling 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. Chevron Mine closed its doors on June 1, 2014.

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 70 staff members. The school district provides public education for 357 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, 2014

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 Questa, children attend Rio Costilla Southwest Learning Academy grades K-6. The school district also includes a Charter School, Roots and Wings Charter School.

The vision is that all students will graduate college or career ready. The mission is to challenge all Students to accelerate their learning through rigorous instruction. 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, 2014

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 \$(9,081,961) was recorded. This includes current year depreciation of \$(722,102) and prior year accumulated depreciation of \$(8,967,494) and excluded accumulated depreciation on disposition of assets during the year \$(607,635).

The overall adjusted Fund Balance decreased from \$4,092,809 for the year ending June 30, 2013 to \$3,658,002 for the year ending June 30, 2014. This represents a decrease in the fund balance of \$434,807.

Total revenues increased from \$7,974,221 in the year ending June 30, 2013 to \$9,530,836 in the year ending June 30, 2014. This is an increase of \$1,556,615 reflecting an overall revenue increase of 20%. 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.

Total expenditures increased from \$9,259,935 for the year ending June 30, 2013 to \$9,965,643 for the year ending June 30, 2014. This is an increase in expenditures of \$705,708.

**STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 MANAGEMENT DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2014**

DISTRICT WIDE FINANCIAL STATEMENTS

Statement of Net Position

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 \$13,366,602. The District has \$3,715,227 of cash and cash equivalents on hand as of June 30, 2014 compared to \$7,005,201 in accounts payable and other current liabilities. Net Position totaling \$3,336,272 are "restricted" for debt service and capital projects. Net Position totaling \$160,354 are "unrestricted".

| | <u>June 30, 2014</u> |
|----------------------------------|----------------------|
| ASSETS | |
| Cash assets | \$ 3,715,227 |
| Other current assets | 146,600 |
| Capital assets | 25,591,937 |
| Less: Accumulated depreciation | <u>(9,081,961)</u> |
| Total assets | <u>20,371,803</u> |
| LIABILITIES | |
| Accounts payable | 706 |
| Other current liabilities | 727,462 |
| Long term liabilities | <u>6,277,033</u> |
| Total liabilities | <u>7,005,201</u> |
| NET POSITION | |
| Net investment in capital assets | 9,869,976 |
| Restricted | 3,336,272 |
| Unrestricted | <u>160,354</u> |
| Total net position | <u>\$ 13,366,602</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 \$(722,102). 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, 2014**

DISTRICT WIDE FINANCIAL STATEMENTS - Cont'd

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 Position by showing the overall change in the District's net position for the fiscal year ending June 30, 2014. As of June 30, 2014 the District had net position of \$13,366,602. The Adjusted beginning year total net asset is \$14,337,613 reflecting a decrease in total net asset of \$(971,011) for the year ending June 30, 2014.

| | <u>June 30, 2014</u> |
|--|----------------------|
| Expenses for governmental activities | \$ (9,991,100) |
| Less charges for services | 95,551 |
| Less operating grants and contributions | <u>4,388,139</u> |
| Net (Expenses) revenues and changes in net position | <u>(5,507,410)</u> |
| General revenues: | |
| Taxes - general, debt service, capital projects | 1,140,057 |
| Federal and state aid not restricted to specific purpose | 3,781,924 |
| Miscellaneous | 125,165 |
| Loss on disposal of Capital aects | <u>(510,747)</u> |
| Subtotal, general revenues | <u>4,536,399</u> |
| Changes in net position | (971,011) |
| Net position - beginning | <u>14,438,383</u> |
| Restatement for GASB 65 | (100,770) |
| Net position - ending | <u>\$ 13,366,602</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 \$9,530,836. Total expenditures for the District were \$9,965,643. The total ending fund balance was \$3,658,002; a decrease of \$434,807 from the prior year.

**STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 MANAGEMENT DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED JUNE 30, 2014**

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 | (4.61)% |
| 2009/2010 | \$ 5,057,762 | (12)% | \$ 6,617,831 | 2.37 % |
| 2010/2011 | \$ 9,353,723 | 85 % | \$ 9,343,361 | 41.18 % |
| 2011/2012 | \$ 8,607,600 | (8)% | \$ 9,215,166 | (1.37)% |
| 2012/2013 | \$ 8,960,371 | (4)% | \$ 9,259,935 | 0.49 % |
| 2013/2014 | \$ 9,530,836 | 6 % | \$ 9,965,643 | 7.62 % |

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

THE BUDGET

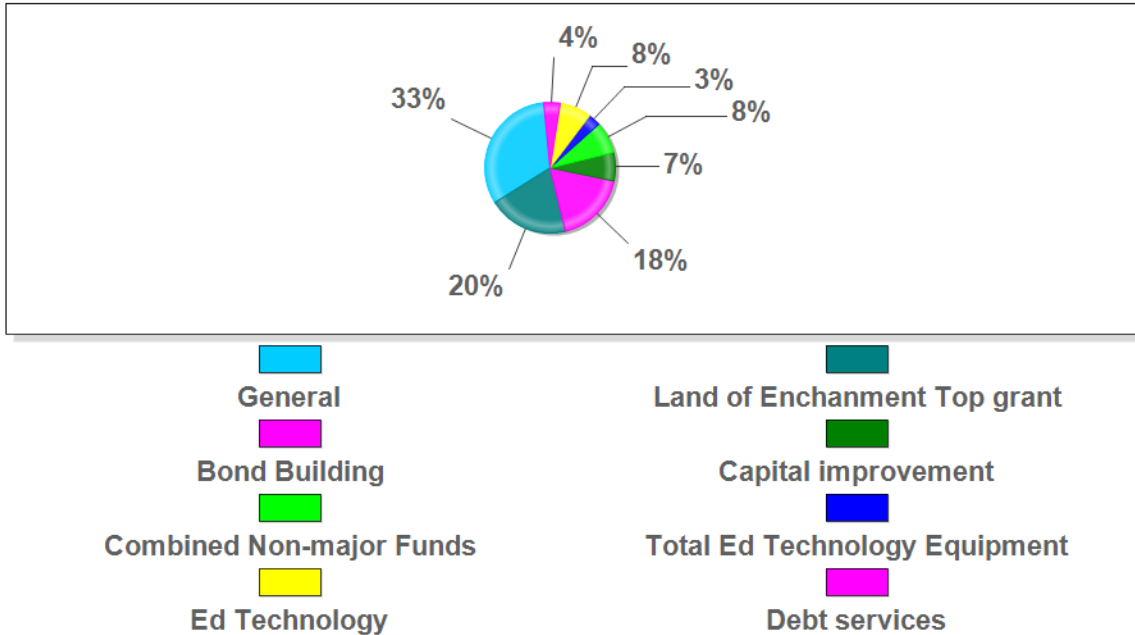
District budgets reflect the same decrease as seen in the revenue and expenditures of the District. The State of New Mexico school budget process is defined under state law and regulation. To enhance the process of developing a budget at the school district level, the District utilizes goals and objectives 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, Title I - IASA, Land of Enchantment Top Grant, Bond Building, Capital Improvements and Total Education Technology Equipment Act. 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, 2014**

Budgetary Comparison



The reader will note that the General Fund represents 30% 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, 2014. 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, 2014

MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE

| <u>Fund Type</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-------------------------------|-------------------------|---------------|-----------------|
| General | \$ 4,976,363 | \$ 4,729,017 | \$ 247,346 |
| Land of enchantment top grant | \$ 3,002,566 | \$ 2,371,086 | \$ 631,480 |
| Bond building | \$ 2,629,486 | \$ 300,177 | \$ 2,329,309 |
| Total Ed technology equipment | \$ 377,044 | \$ 204,229 | \$ 172,815 |
| Ed technology | \$ 1,123,619 | \$ 477,508 | \$ 646,111 |
| Debt Services | \$ 604,573 | \$ 325,028 | \$ 279,545 |
| Capital improvements | \$ 1,003,455 | \$ 619,058 | \$ 384,397 |

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 revenue represents \$4,448,257 of the total \$9,530,836 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 \$4,441,474 and had a final budget of \$4,448,533.

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.

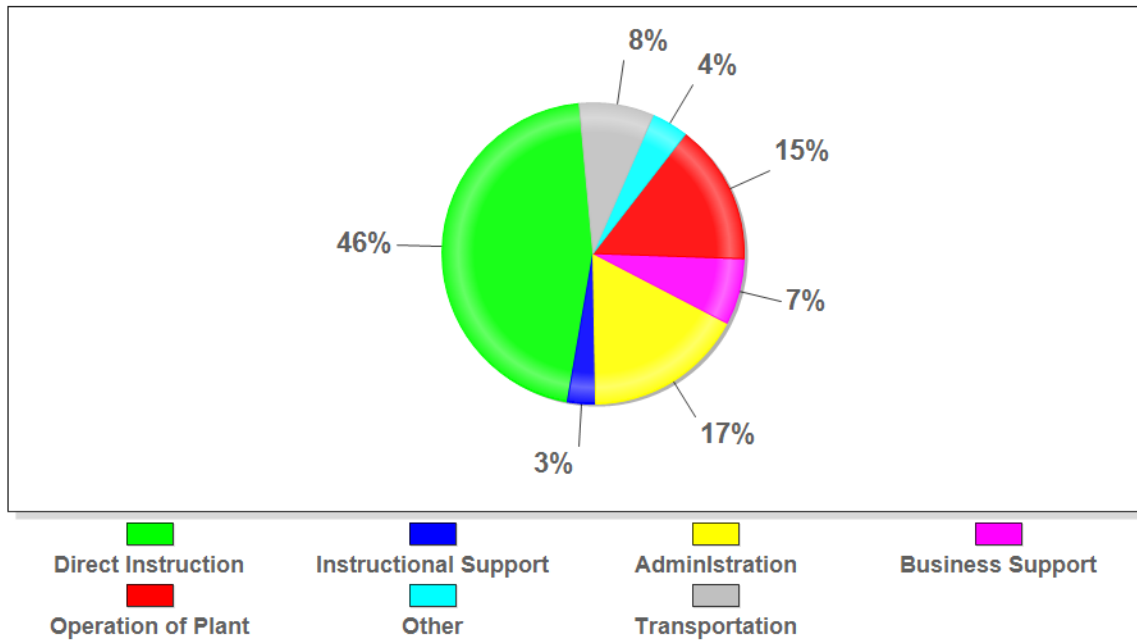
| <u>Year</u> | <u>Revenues</u> | <u>Increase %</u> |
|-------------|-----------------|-------------------|
| 2007-2008 | \$ 5,191,310 | 0 % |
| 2008-2009 | \$ 5,205,438 | 0 % |
| 2009-2010 | \$ 4,746,742 | (9)% |
| 2010-2011 | \$ 4,917,244 | 4 % |
| 2011-2012 | \$ 4,638,018 | (6)% |
| 2012-2013 | \$ 4,584,366 | (1)% |
| 2013-2014 | \$ 4,448,257 | (3)% |

Because the General Fund is the main fund whose expenditures are significantly related to the educational process, \$4,729,015 was expended in the year ending June 30, 2014. The most significant inter-fund expenditure was for the function noted as "Direct Instruction". This expenditure was \$2,185,372 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, 2014**

MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE - Cont'd

Percentage of GF Expenditures



The following discussion on the General Fund Budget will relate functional expenditures for the year ending June 30, 2014 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 36% of the total General Fund. Operation of the Plant account for 15% 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, 2014

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 district's facilities are aging.

| <u>Assets Type</u> | <u>Balance June 30, 2013</u> | <u>Balance June 30, 2014</u> |
|---------------------------------|----------------------------------|----------------------------------|
| Land & improvements | \$ 17,411 | \$ 17,411 |
| Furniture, fixtures & equipment | <u>26,086,938</u> | <u>25,574,526</u> |
| Total capital assets | <u>26,104,349</u> | <u>25,591,937</u> |
| Less Accumulated depreciation | <u>(8,967,494)</u> | <u>(9,081,961)</u> |
| Capital assets-Net | <u>\$ 17,136,855</u> | <u>\$ 16,509,976</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, 2014.

| <u>Year Ended June 30</u> | <u>Principle</u> | <u>Interest</u> | <u>Totals</u> |
|-------------------------------|---------------------|---------------------|---------------------|
| 2015 | \$ 375,000 | \$ 256,147 | \$ 631,147 |
| 2016 | 390,000 | 249,317 | 639,317 |
| 2017 | 405,000 | 241,664 | 646,664 |
| 2018 | 420,000 | 232,514 | 652,514 |
| 2019 | 215,000 | 224,196 | 439,196 |
| 2020-2024 | 1,255,000 | 995,719 | 2,250,719 |
| 2025-2027 | <u>3,580,000</u> | <u>441,633</u> | <u>4,021,633</u> |
| Total | <u>\$ 6,640,000</u> | <u>\$ 2,641,190</u> | <u>\$ 9,281,190</u> |

**STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

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 Asset has a cash balance of \$76,433 as of June 30, 2014 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 2015. With the recent General Obligation Bond the district was able to construct an 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 head start on their post secondary education.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

| | Governmental Activities | Roots & Wings Charter School |
|----------------------------------|----------------------------|------------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 3,715,227 | \$ 211,843 |
| Other receivable | 3,824 | |
| Due from grantor | 136,940 | 2,365 |
| Inventory | 5,836 | |
| Total current assets | 3,861,827 | 214,208 |
| Noncurrent assets: | | |
| Capital assets | 25,591,937 | 101,970 |
| Less: accumulated depreciation | (9,081,961) | (72,211) |
| Total noncurrent assets | 16,509,976 | 29,759 |
| Total assets | 20,371,803 | 243,967 |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 706 | 4,512 |
| Accrued interest | 149,343 | |
| Compensated absences | 9,025 | |
| Current amount due for bonds | 375,000 | |
| Other liabilities | | 580 |
| Unearned revenue | 203,119 | |
| Total current liabilities | 737,193 | 5,092 |
| Noncurrent liabilities: | | |
| Compensated absences | 3,008 | |
| Bonds and notes | 6,265,000 | |
| Total noncurrent liabilities | 6,268,008 | 0 |
| Total liabilities | 7,005,201 | 5,092 |
| NET POSITION | | |
| Net investment in capital assets | 9,869,976 | 29,759 |
| Restricted for: | | |
| Special revenue funds | 249,847 | 358 |
| Capital projects | 2,397,096 | 180,461 |
| Debt services | 689,329 | |
| Unrestricted | 160,354 | 28,297 |
| Total net position | \$ 13,366,602 | \$ 238,875 |

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, 2014

| Functions/Programs | Expenses | Program Revenues | | Net (Expenses) Revenues and Changes in net position | |
|---|-------------------|-------------------------|--|--|---------------------|
| | | Charges for Services | Operating Grants and Contributions | Primary Governmental Activities | Component Unit's |
| Governmental activities | | | | | |
| Instruction | \$ 4,155,937 | \$ 69,691 | \$ 494,875 | \$ (3,591,371) | \$ |
| Support services-students | 372,787 | 18,369 | 131,879 | (222,539) | |
| Support services-instruction | 147,807 | | 26,567 | (121,240) | |
| General administration | 596,123 | | | (596,123) | |
| School administration | 2,077,613 | | 2,382,748 | 305,135 | |
| Central services | 219,763 | | | (219,763) | |
| Operation & maintenance of plant | 1,530,319 | | 742,948 | (787,371) | |
| Student transportation | 362,021 | | 360,043 | (1,978) | |
| Other | 5,975 | | | (5,975) | |
| Food services operations | 260,488 | 7,491 | 249,079 | (3,918) | |
| Interest on long-term obligations | 262,267 | | | (262,267) | |
| Total governmental activities | <u>9,991,100</u> | <u>95,551</u> | <u>4,388,139</u> | <u>(5,507,410)</u> | <u>0</u> |
| Component units | | | | | |
| Roots & wings charter | <u>543,085</u> | | <u>227,487</u> | | <u>(315,598)</u> |
| Total component units | <u>\$ 543,085</u> | <u>\$ 0</u> | <u>\$ 227,487</u> | <u>0</u> | <u>(315,598)</u> |
| General revenues | | | | | |
| Taxes: | | | | | |
| Property taxes, levied for general purposes | | | | 78,445 | |
| Property taxes, levied for Capital projects | | | | 366,021 | |
| Property taxes, levied for Debt service | | | | 695,591 | |
| Federal and state aid not restricted to specific purpose: | | | | | |
| General | | | | 3,781,924 | 427,758 |
| Interest and investment earnings | | | | 125,165 | 99 |
| Miscellaneous | | | | | 20,701 |
| Loss on disposal of capital assets | | | | (510,747) | |
| Subtotal, general revenues | | | | <u>4,536,399</u> | <u>448,558</u> |
| Change in net position | | | | <u>(971,011)</u> | <u>132,960</u> |
| Net position - beginning | | | | 14,438,383 | 105,915 |
| Restatement for GASB 65 | | | | (100,770) | 0 |
| Net position - beginning, restated | | | | <u>14,337,613</u> | <u>105,915</u> |
| Net position - ending | | | | <u>\$ 13,366,602</u> | <u>\$ 238,875</u> |

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

GOVERNMENTAL FUND FINANCIAL STATEMENT

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014

| | General funds | | | |
|-------------------------------------|----------------------|---------------------|----------------------------------|-------------------------------------|
| | Operational 11000 | Teacherage 12000 | Pupil Transportation 13000 | Instructional Materials 14000 |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 157,702 | \$ 23,503 | \$ 384 | \$ 4,424 |
| Receivables: | | | | |
| Due from grantor | | | | |
| Interfund receivable | 216,692 | | | |
| Other receivable | 2,646 | | | |
| Inventory | | | | |
| Total assets | 377,040 | 23,503 | 384 | 4,424 |
| LIABILITIES AND FUND BALANCE | | | | |
| LIABILITIES | | | | |
| Accounts payable | 706 | | | |
| Interfund payable | | | | |
| Unearned revenue | | | | |
| Total liabilities | 706 | 0 | 0 | 0 |
| FUND BALANCES | | | | |
| Nonspendable-inventory | | | | |
| Restricted-reported in: | | | | |
| Special revenue funds | | | | |
| Capital improvements funds | | | | |
| Debt service funds | | | | |
| Unassigned - reported in: | | | | |
| General funds | 376,334 | 23,503 | 384 | 4,424 |
| Special revenue funds | | | | |
| Total fund balance | 376,334 | 23,503 | 384 | 4,424 |
| Total liabilities and fund balance | \$ 377,040 | \$ 23,503 | \$ 384 | \$ 4,424 |

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, 2014

| | Special Revenue fund | <u>Capital Project Funds</u> | | |
|-------------------------------------|--|------------------------------|---------------------------------------|---|
| | Land of Enchantment Top Grant 25175 | Bond Building 31100 | Capital Improvements SB-9 31700 | Ed. Technology Equipment Act 31900 |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 174,003 | \$ 1,305,047 | \$ 445,958 | \$ 636,351 |
| Receivables: | | | | |
| Due from grantor | | | | |
| Interfund receivable | | 2,219 | 7,397 | 124 |
| Other receivable | 1,150 | | | |
| Inventory | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>175,153</u> | <u>1,307,266</u> | <u>453,355</u> | <u>636,475</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| LIABILITIES | | | | |
| Accounts payable | | | | |
| Interfund payable | 2,747 | | | |
| Unearned revenue | <u>172,406</u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>175,153</u> | <u> 0</u> | <u> 0</u> | <u> 0</u> |
| FUND BALANCES | | | | |
| Nonspendable-inventory | | | | |
| Restricted-reported in: | | | | |
| Special revenue funds | | | | |
| Capital improvements funds | | 1,307,266 | 453,355 | 636,475 |
| Debt service funds | | | | |
| Unassigned - reported in: | | | | |
| General funds | | | | |
| Special revenue funds | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total fund balance | <u> 0</u> | <u>1,307,266</u> | <u>453,355</u> | <u>636,475</u> |
| Total liabilities and fund balance | <u>\$ 175,153</u> | <u>\$ 1,307,266</u> | <u>\$ 453,355</u> | <u>\$ 636,475</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, 2014

| | <u>Debt service funds</u> | | | |
|-------------------------------------|---------------------------|--|--------------------------------|--------------------------------|
| | Debt Services 41000 | Total Ed. Tech. Debt Service Sub Fund - 43000 | Other Governmental Funds | Total Governmental Funds |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 626,388 | \$ 218,347 | \$ 123,120 | \$ 3,715,227 |
| Receivables: | | | | |
| Due from grantor | | | 136,940 | 136,940 |
| Interfund receivable | 5,019 | | 110,045 | 341,496 |
| Other receivable | | | 28 | 3,824 |
| Inventory | | | <u>5,836</u> | <u>5,836</u> |
| Total assets | <u>631,407</u> | <u>218,347</u> | <u>375,969</u> | <u>4,203,323</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| LIABILITIES | | | | |
| Accounts payable | | | | 706 |
| Interfund payable | | 160,425 | 178,324 | 341,496 |
| Unearned revenue | | | <u>30,713</u> | <u>203,119</u> |
| Total liabilities | <u>0</u> | <u>160,425</u> | <u>209,037</u> | <u>545,321</u> |
| FUND BALANCES | | | | |
| Nonspendable-inventory | | | 5,836 | 5,836 |
| Restricted-reported in: | | | | |
| Special revenue funds | | | 249,847 | 249,847 |
| Capital improvements funds | | | | 2,397,096 |
| Debt service funds | 631,407 | 57,922 | | 689,329 |
| Unassigned - reported in: | | | | |
| General funds | | | | 404,645 |
| Special revenue funds | | | <u>(88,751)</u> | <u>(88,751)</u> |
| Total fund balance | <u>631,407</u> | <u>57,922</u> | <u>166,932</u> | <u>3,658,002</u> |
| Total liabilities and fund balance | <u>\$ 631,407</u> | <u>\$ 218,347</u> | <u>\$ 375,969</u> | <u>\$ 4,203,323</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
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

| | | |
|--|--------------------|---------------------|
| Total fund balance - governmental funds | | \$ 3,658,002 |
| Amounts reported for governmental activities in the statement of net position 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 | 25,591,937 | |
| Accumulated depreciation | <u>(9,081,961)</u> | 16,509,976 |
| 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 | (6,640,000) | |
| Accrued interest on bonds | (149,343) | |
| Compensated absences | <u>(12,033)</u> | <u>(6,801,376)</u> |
| Total net position - Governmental activities | | <u>\$13,366,602</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, 2014

| | General funds | | | |
|---|-------------------|------------------|-------------------------|--------------------|
| | Operational | Teacherage | Pupil | Instructional |
| | 11000 | 12000 | Transportation 13000 | Materials 14000 |
| REVENUES | | | | |
| Property taxes | \$ 78,445 | \$ | \$ | \$ |
| Investment income | 410 | 15 | | |
| Fees | 61,126 | 5,055 | | |
| State & local grants | 3,769,046 | | 360,043 | 24,394 |
| Federal grants | 137,559 | | | |
| Miscellaneous | 12,164 | | | |
| Total revenues | <u>4,058,750</u> | <u>5,070</u> | <u>360,043</u> | <u>24,394</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 2,148,252 | | | 37,120 |
| Support services-students | 337,419 | | | |
| Support services-instruction | 120,029 | | | |
| Support services-general administration | 286,517 | | | |
| Support services-school administration | 502,928 | | | |
| Central services | 203,105 | | | |
| Operation & maintenance of plant | 716,620 | 11,378 | | |
| Student transportation | | | 359,672 | |
| Other support services | 5,975 | | | |
| Food services operations | | | | |
| Capital outlay | | | | |
| Debt service: | | | | |
| Principal | | | | |
| Interest | | | | |
| Total expenditures | <u>4,320,845</u> | <u>11,378</u> | <u>359,672</u> | <u>37,120</u> |
| Excess (deficiency) of revenues over expenditures | <u>(262,095)</u> | <u>(6,308)</u> | <u>371</u> | <u>(12,726)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer In/Out | 47,629 | | | |
| Total other financing sources (uses) | <u>47,629</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net changes in fund balance | (214,466) | (6,308) | 371 | (12,726) |
| Fund balances at beginning of year | <u>590,800</u> | <u>29,811</u> | <u>13</u> | <u>17,150</u> |
| Fund balances end of year | <u>\$ 376,334</u> | <u>\$ 23,503</u> | <u>\$ 384</u> | <u>\$ 4,424</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, 2014

| | Special Revenue fund Land of Enhancement Top Grant 25175 | Capital Project Funds | | |
|---|---|---------------------------------------|--|-------------------|
| | Bond Building 31100 | Capital Improvements SB-9 31700 | Ed. Technology Equipment Act 31900 | |
| REVENUES | | | | |
| Property taxes | \$ | \$ | \$ 366,021 | \$ |
| Investment income | | | 910 | 444 |
| Fees | | | | |
| State & local grants | | 721,815 | 11,662 | |
| Federal grants | 2,371,086 | | | |
| Miscellaneous | | | | 21,133 |
| | <u>2,371,086</u> | <u>721,815</u> | <u>378,593</u> | <u>21,577</u> |
| Total revenues | <u>2,371,086</u> | <u>721,815</u> | <u>378,593</u> | <u>21,577</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 755,073 | | | |
| Support services-students | | | | |
| Support services-instruction | | | | |
| Support services-general administration | 97,346 | | 3,660 | |
| Support services-school administration | 1,508,616 | | | |
| Central services | | 6,548 | | |
| Operation & maintenance of plant | 10,051 | | 424,455 | 359,769 |
| Student transportation | | | | |
| Other support services | | | | |
| Food services operations | | | | |
| Capital outlay | | 293,628 | 194,603 | 117,739 |
| Debt service: | | | | |
| Principal | | | | |
| Interest | | | | |
| | <u>2,371,086</u> | <u>300,176</u> | <u>622,718</u> | <u>477,508</u> |
| Excess (deficiency) of revenues over expenditures | <u>0</u> | <u>421,639</u> | <u>(244,125)</u> | <u>(455,931)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer In/Out | | | | |
| | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net changes in fund balance | 0 | 421,639 | (244,125) | (455,931) |
| Fund balances at beginning of year | <u>0</u> | <u>885,627</u> | <u>697,480</u> | <u>1,092,406</u> |
| Fund balances end of year | <u>\$ 0</u> | <u>\$ 1,307,266</u> | <u>\$ 453,355</u> | <u>\$ 636,475</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, 2014

| | Debt service funds | | | |
|---|--------------------|--|--------------------------------|--------------------------------|
| | Debt Services | Total Ed. Tech. Debt Service Sub Fund - 43000 | Other Governmental Funds | Total Governmental Funds |
| | 41000 | Fund - 43000 | Funds | Funds |
| REVENUES | | | | |
| Property taxes | \$ 489,822 | \$ 205,769 | \$ | \$ 1,140,057 |
| Investment income | 209 | | 177 | 2,165 |
| Fees | | | 25,860 | 92,041 |
| State & local grants | | | 150,906 | 5,037,866 |
| Federal grants | | | 593,045 | 3,101,690 |
| Miscellaneous | | | 123,720 | 157,017 |
| | 490,031 | 205,769 | 893,708 | 9,530,836 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | | | 533,701 | 3,474,146 |
| Support services-students | | | 35,368 | 372,787 |
| Support services-instruction | | | 15,360 | 135,389 |
| Support services-general administration | 174,898 | 2,058 | 15,274 | 579,753 |
| Support services-school administration | | | 66,069 | 2,077,613 |
| Central services | | | 10,110 | 219,763 |
| Operation & maintenance of plant | | | | 1,522,273 |
| Student transportation | | | 2,349 | 362,021 |
| Other support services | | | | 5,975 |
| Food services operations | | | 257,652 | 257,652 |
| Capital outlay | | | | 605,970 |
| Debt service: | | | | |
| Principal | | 190,000 | | 190,000 |
| Interest | 150,130 | 12,171 | | 162,301 |
| | 325,028 | 204,229 | 935,883 | 9,965,643 |
| Excess (deficiency) of revenues over expenditures | 165,003 | 1,540 | (42,175) | (434,807) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer In/Out | | | (47,629) | |
| | 0 | 0 | (47,629) | 0 |
| Net changes in fund balance | 165,003 | 1,540 | (89,804) | (434,807) |
| Fund balances at beginning of year | 466,404 | 56,382 | 256,736 | 4,092,809 |
| Fund balances end of year | \$ 631,407 | \$ 57,922 | \$ 166,932 | \$ 3,658,002 |

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, 2014

| | | |
|---|------------------|----------------------------|
| Net changes in fund balance | | \$ (434,807) |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> | | |
| <p>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 position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities</p> | | |
| Depreciation expense | (722,102) | |
| Capital outlays | 605,970 | |
| Gain / (Loss) on disposal of assets | <u>(510,747)</u> | (626,879) |
| <p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position</p> | | |
| | | 190,000 |
| <p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.</p> | | |
| Accrued interest, June 30, 2013 | 49,377 | |
| Accrued interest, June 30, 2014 | <u>(149,343)</u> | (99,966) |
| <p>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.</p> | | |
| Compensated absences June 30, 2013 | 12,674 | |
| Compensated absences June 30, 2014 | <u>(12,033)</u> | <u>641</u> |
| Changes in net position of governmental activities | | \$ <u><u>(971,011)</u></u> |

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
CASH BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS)
AND ACTUAL**

**STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND - OPERATIONAL-11000

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|------------------------------------|------------------|------------|--------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 76,924 | \$ 76,924 | \$ 78,445 | \$ 1,521 |
| Investment income | 400 | 400 | 410 | 10 |
| Fees | 54,485 | 54,485 | 58,003 | 3,518 |
| State & local grants | 3,783,919 | 3,769,720 | 3,769,046 | (674) |
| Federal grants | 134,301 | 160,868 | 137,559 | (23,309) |
| Miscellaneous | | | 12,164 | 12,164 |
| Total revenues | 4,050,029 | 4,062,397 | 4,055,627 | (6,770) |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Personnel services | 1,457,681 | 1,451,329 | 1,420,579 | 30,750 |
| Employee benefits | 552,906 | 520,607 | 510,976 | 9,631 |
| Professional & tech services | 43,325 | 49,984 | 48,113 | 1,871 |
| Other purchased services | 79,739 | 107,499 | 104,666 | 2,833 |
| Supplies | 35,197 | 49,297 | 45,459 | 3,838 |
| Supply assets | 16,705 | 19,205 | 18,460 | 745 |
| Total instruction | 2,185,553 | 2,197,921 | 2,148,253 | 49,668 |
| Support services-students: | | | | |
| Personnel services | 201,271 | 180,595 | 173,239 | 7,356 |
| Employee benefits | 74,615 | 74,692 | 63,629 | 11,063 |
| Professional & tech services | 105,291 | 129,846 | 97,073 | 32,773 |
| Other purchased services | 610 | 2,028 | 1,772 | 256 |
| Supplies | 3,300 | 3,300 | 1,331 | 1,969 |
| Supply assets | 520 | 520 | 375 | 145 |
| Total support services-students | 385,607 | 390,981 | 337,419 | 53,562 |
| Support services-instruction: | | | | |
| Personnel services | 77,171 | 77,171 | 77,171 | |
| Employee benefits | 37,457 | 37,457 | 36,333 | 1,124 |
| Professional & tech services | 500 | 500 | | 500 |
| Other purchased services | 1,140 | 1,140 | 269 | 871 |
| Purchased Property Services | 6,340 | 6,340 | 6,017 | 323 |
| Supplies | 950 | 950 | 239 | 711 |
| Total support services-instruction | \$ 123,558 | \$ 123,558 | \$ 120,029 | \$ 3,529 |

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 (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variances |
|--|-------------------------|-------------------|--------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | Positive (Negative) Final to Actual |
| Support services-general administration: | | | | |
| Personnel services | \$ 188,087 | \$ 164,731 | \$ 156,747 | \$ 7,984 |
| Employee benefits | 61,476 | 54,151 | 48,436 | 5,715 |
| Professional & tech services | 62,476 | 61,317 | 44,071 | 17,246 |
| Other purchased services | 23,325 | 32,362 | 29,861 | 2,501 |
| Supplies | 5,210 | 6,009 | 5,310 | 699 |
| Supply assets | <u>600</u> | <u>2,694</u> | <u>2,093</u> | <u>601</u> |
| Total support services-general administration | <u>341,174</u> | <u>321,264</u> | <u>286,518</u> | <u>34,746</u> |
| Support services-school administration: | | | | |
| Personnel services | 348,013 | 350,913 | 348,253 | 2,660 |
| Employee benefits | 150,505 | 146,691 | 143,538 | 3,153 |
| Professional & tech services | 800 | 1,300 | 970 | 330 |
| Other purchased services | 3,400 | 7,117 | 6,076 | 1,041 |
| Supplies | 3,710 | 4,134 | 3,231 | 903 |
| Supply assets | <u>270</u> | <u>860</u> | <u>860</u> | <u> </u> |
| Total support services-school administration | <u>506,698</u> | <u>511,015</u> | <u>502,928</u> | <u>8,087</u> |
| Central services: | | | | |
| Personnel services | 141,495 | 144,470 | 143,059 | 1,411 |
| Employee benefits | 50,434 | 43,371 | 41,528 | 1,843 |
| Professional & tech services | 8,135 | 12,360 | 11,373 | 987 |
| Other purchased services | 1,800 | 2,147 | 1,863 | 284 |
| Supplies | 5,650 | 5,650 | 5,282 | 368 |
| Supply assets | <u>885</u> | <u>885</u> | <u> </u> | <u>885</u> |
| Total central services | <u>208,399</u> | <u>208,883</u> | <u>203,105</u> | <u>5,778</u> |
| Operation & maintenance of plant: | | | | |
| Personnel services | 197,710 | 218,327 | 212,605 | 5,722 |
| Employee benefits | 72,423 | 77,519 | 74,959 | 2,560 |
| Professional & tech services | 1,350 | 1,850 | 1,061 | 789 |
| Purchased property services | 332,555 | 339,182 | 291,264 | 47,918 |
| Other purchased services | 132,504 | 135,583 | 135,420 | 163 |
| Supplies | <u> </u> | <u>1,678</u> | <u>1,312</u> | <u>366</u> |
| Total operation & maintenance of plant | <u>\$ 736,542</u> | <u>\$ 774,139</u> | <u>\$ 716,621</u> | <u>\$ 57,518</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 (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|---|------------------|----------------|--------------------------------|--|
| | Original | Final | | |
| Others: | | | | |
| Other support services | \$ 15,812 | \$ 16,262 | \$ 5,975 | \$ 10,287 |
| Total other | 15,812 | 16,262 | 5,975 | 10,287 |
| Total expenditures | 4,503,343 | 4,544,023 | 4,320,848 | 223,175 |
| Excess (deficiency) of revenues over expenditures | (453,314) | (481,626) | (265,221) | 216,405 |
| <i>OTHER FINANCING SOURCES (USES)</i> | | | | |
| Transfers In/(Out) | 0 | 0 | 0 | 0 |
| Total other sources (uses) | 0 | 0 | 0 | 0 |
| Net change in fund balance | (453,314) | (481,626) | (265,221) | 216,405 |
| Cash balance beginning of year | (217,889) | (790,475) | 591,531 | 1,382,006 |
| Cash balance end of year | \$ (671,203) | \$ (1,272,101) | 326,310 | \$ 1,598,411 |
| <i>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</i> | | | | |
| Net changes in fund balance -cash basis | | | (265,221) | |
| Net change in accounts receivable | | | 50,752 | |
| Net change in accounts payable | | | 3 | |
| Net changes in fund balance -GAAP basis | | | \$ (214,466) | |

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 (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|---------------------------|---------------------------|--------------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Investment income | \$ 15 | \$ 15 | \$ 15 | \$ |
| Fees | <u>6,000</u> | <u>6,000</u> | <u>5,055</u> | <u>(945)</u> |
| Total revenues | <u>6,015</u> | <u>6,015</u> | <u>5,070</u> | <u>(945)</u> |
| EXPENDITURES | | | | |
| Operation & maintenance of plant: | | | | |
| Other purchased services | 1,500 | 1,500 | 75 | 1,425 |
| Purchased property services | 21,069 | 21,069 | 10,762 | 10,307 |
| Supplies | 2,500 | 2,500 | 541 | 1,959 |
| Supply assets | <u>10,000</u> | <u>10,000</u> | <u> </u> | <u>10,000</u> |
| Total operation & maintenance of plant | <u>35,069</u> | <u>35,069</u> | <u>11,378</u> | <u>23,691</u> |
| Total expenditures | <u>35,069</u> | <u>35,069</u> | <u>11,378</u> | <u>23,691</u> |
| Excess (deficiency) of revenues over expenditures | (29,054) | (29,054) | (6,308) | 22,746 |
| Cash balance beginning of year | <u>(44,015)</u> | <u>(44,015)</u> | <u>29,811</u> | <u>73,826</u> |
| Cash balance end of year | <u><u>\$ (73,069)</u></u> | <u><u>\$ (73,069)</u></u> | <u><u>23,503</u></u> | <u><u>\$ 96,572</u></u> |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (6,308) | |
| Net change in accounts receivable | | | 0 | |
| Net change in accounts payable | | | <u>0</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u><u>\$ (6,308)</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 (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | Actual | Variances |
|--|-------------------------|----------------|----------------------|---|
| | <u>Original</u> | <u>Final</u> | (Budgetary Basis) | Positive (Negative) Final to Actual |
| REVENUES | | | | |
| State and local grants | \$ 365,352 | \$ 360,043 | \$ 360,043 | \$ _____ |
| Total revenues | <u>365,352</u> | <u>360,043</u> | <u>360,043</u> | <u>0</u> |
| EXPENDITURES | | | | |
| Student transportation: | | | | |
| Personnel services | 47,441 | 7,983 | 7,982 | 1 |
| Employee benefits | 42,343 | 6,176 | 6,145 | 31 |
| Professional and technical services | 41,372 | 746 | 410 | 336 |
| Purchased property services | 38,814 | 38,815 | 38,814 | 1 |
| Other purchased services | 189,382 | 284,551 | 284,549 | 2 |
| Supplies | 500 | 13,158 | 13,158 | |
| Supply assets | <u>5,500</u> | <u>8,614</u> | <u>8,613</u> | <u>1</u> |
| Total student transportation | <u>365,352</u> | <u>360,043</u> | <u>359,671</u> | <u>372</u> |
| Total expenditures | <u>365,352</u> | <u>360,043</u> | <u>359,671</u> | <u>372</u> |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | 372 | 372 |
| Cash balance beginning of year | <u>5,199</u> | <u>0</u> | <u>13</u> | <u>13</u> |
| Cash balance end of year | <u>\$ 5,199</u> | <u>\$ 0</u> | <u>385</u> | <u>\$ 385</u> |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 372 | |
| Net change in accounts receivable | | | 0 | |
| Net change in accounts payable | | | <u>(1)</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u>\$ 371</u> | |

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 (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|------------------|-------------|--------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| State & local grants | \$ 20,078 | \$ 20,078 | \$ 24,394 | \$ 4,316 |
| Total revenues | 20,078 | 20,078 | 24,394 | \$ 4,316 |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Supplies | 20,078 | 37,228 | 37,120 | 108 |
| Total instruction | 20,078 | 37,228 | 37,120 | 108 |
| Total expenditures | 20,078 | 37,228 | 37,120 | 108 |
| Excess (deficiency) of revenues over expenditures | 0 | (17,150) | (12,726) | 4,424 |
| Cash balance beginning of year | (26,665) | (50,522) | 17,150 | 67,672 |
| Cash balance end of year | \$ (26,665) | \$ (67,672) | 4,424 | \$ 72,096 |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (12,726) | |
| Net change in accounts receivable | | | 0 | |
| Net Change in accounts payables | | | 0 | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | \$ (12,726) | |

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 (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variances positive (Negative) Final to Actual |
|--|-------------------------|---------------------|--------------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Federal grants | \$ <u>3,002,566</u> | \$ <u>3,002,566</u> | \$ <u>2,499,037</u> | \$ <u>(503,529)</u> |
| Total revenues | <u>3,002,566</u> | <u>3,002,566</u> | <u>2,499,037</u> | <u>(503,529)</u> |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Personnel services | 451,500 | 451,500 | 441,620 | 9,880 |
| Employee benefits | 252,137 | 220,372 | 155,606 | 64,766 |
| Professional & tech services | 190,000 | 193,000 | 128,011 | 64,989 |
| Other purchased services | 8,000 | 18,465 | 14,486 | 3,979 |
| Supplies | <u>8,000</u> | <u>26,300</u> | <u>15,351</u> | <u>10,949</u> |
| Total instruction | <u>909,637</u> | <u>909,637</u> | <u>755,074</u> | <u>154,563</u> |
| Support services-school administration: | | | | |
| Personnel services | 1,012,417 | 1,051,584 | 975,295 | 76,289 |
| Employee benefits | 403,203 | 345,085 | 321,857 | 23,228 |
| Professional & tech services | 170,500 | 181,451 | 119,784 | 61,667 |
| Other purchased services | 48,600 | 68,900 | 59,131 | 9,769 |
| Purchased property services | 16,288 | 30,288 | 18,214 | 12,074 |
| Supplies | 10,000 | 23,700 | 14,335 | 9,365 |
| Supply assets | <u>318,921</u> | <u>273,921</u> | <u> </u> | <u>273,921</u> |
| Total support services-school administration | <u>1,979,929</u> | <u>1,974,929</u> | <u>1,508,616</u> | <u>466,313</u> |
| Support services-general administration: | | | | |
| Professional & tech services | 101,500 | 101,500 | 95,720 | 5,780 |
| Other purchased services | <u>3,000</u> | <u>3,000</u> | <u>1,626</u> | <u>1,374</u> |
| Total support services-general administration | <u>104,500</u> | <u>104,500</u> | <u>97,346</u> | <u>7,154</u> |
| Operation and maintenance of plant: | | | | |
| Purchased property services | <u>8,500</u> | <u>13,500</u> | <u>10,050</u> | <u>3,450</u> |
| Total operation and maintenance of plant | <u>8,500</u> | <u>13,500</u> | <u>10,050</u> | <u>3,450</u> |
| Total expenditures | \$ <u>3,002,566</u> | \$ <u>3,002,566</u> | \$ <u>2,371,086</u> | \$ <u>631,480</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 (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances positive (Negative) Final to Actual |
|---|--------------------|--------------------|--------------------------------|--|
| | Original | Final | | |
| Excess (deficiency) of revenues over expenditures | \$ 0 | \$ 0 | \$ 127,951 | \$ 127,951 |
| Cash balance beginning of year | <u>0</u> | <u>0</u> | <u>44,456</u> | <u>44,456</u> |
| Cash balance end of year | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> | <u>172,407</u> | <u><u>\$ 172,407</u></u> |

RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

| | |
|--|--------------------|
| Excess (deficiency) of revenues over expenditures-cash basis | 127,951 |
| Net change in accounts receivable | (127,951) |
| Net change in accounts payable | <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
STATEMENT OF FIDUCIARY NET POSITION-AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Agency Funds</u> |
|---------------------------|-------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ <u>76,433</u> |
| Total assets | <u>76,433</u> |
| LIABILITIES | |
| Deposits held for others | <u>76,433</u> |
| Total liabilities | \$ <u><u>76,433</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, 2014

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) 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

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the District has a discretely presented component unit, Roots and Wings Charter School, Box 22, Questa, NM 87556 as defined by GASB Statement No. 61. 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 discrete component unit in the government wide financial statements.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

B. Government-wide and fund financial statements

The government-wide financial statements (GWFS) consist of the Statement of Net Position 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 Position 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 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. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Cont'd)

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

Governmental Funds

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

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

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

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

Capital projects fund - The Capital projects fund is used to account for all resources for the acquisition of capital facilities by the District

Fiduciary Fund Type

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

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Cont'd)

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 funds

The General Fund consists of four sub funds.

Operational Fund (11000) - The first is the operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds.

Teacherage Fund (12000) - The Teacherage Fund is to provide teachers affordable housing to entice them to teach there.

Transportation Fund (13000) - The Transportation fund includes a state grant to provide transportation for students in the District.

Instructional Materials Fund (14000) - 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.

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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Cont'd)

Major Debt service funds

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.

D. Assets, Liabilities and Net Position 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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

D. Assets, Liabilities and Net Position or Equity - (Cont'd)

- (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 Position 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.

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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

D. Assets, Liabilities and Net Position or Equity - (Cont'd)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government-wide statements. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures, and equipment in accordance with NMAC 2.20.1.9 C (5).

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Library books are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2014.

Property, plant, and equipment of the primary government are depreciated using the straight line method over 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, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

D. Assets, Liabilities and Net Position or Equity - (Cont'd)

Unearned Revenue

Accounting principles generally accepted in the United States of America require that the grant revenue be recognized at the time when the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as Unearned Revenues. Amounts receivable from the property taxes levied for the current year that is not considered to be “available” under the current financial resources measurement focus are reported as Unearned Revenues in the governmental fund financial statements. GASB 63 amended previous guidance on Unearned Revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net position by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of nets assets by the government that is applicable to a future reporting period.

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 Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond issuance costs are reflected as a current period expense per GASB 65.

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

Compensated Absences

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

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

D. Assets, Liabilities and Net Position or Equity - (Cont'd)

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.

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.

Net Position

Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. In the government-wide financial statements, net position is classified and displayed in three components:

Net Investment in Capital Assets: Consists of capital assets including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted: Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The restricted component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

D. Assets, Liabilities and Net Position or Equity - (Cont'd)

Unrestricted: All other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

The Government-wide Statement of Net Position reports \$3,336,272 of restricted net position of which \$2,397,096 is restricted by enabling legislation.

The District’s policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

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.

Tax revenues - The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered to be ‘measurable’ and ‘available’ on a modified accrual basis. The District recognized \$1,140,057 in tax revenues during the year ended June 30, 2014. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent 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. Rio Arriba County collects County, City, and School taxes and distributes them to each fund once per month except in June when the taxes are distributed twice to close out the fiscal year.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

D. Assets, Liabilities and Net Position or Equity - (Cont'd)

Transportation distribution - School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$360,043 in transportation distributions during the year ended June 30, 2014.

Instructional materials - The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while the other fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2014 totaled \$24,394.

SB-9 State match - The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary. The District received \$11,662 in state SB-9 Matching during the year ended June 30, 2014.

Federal grants - The District receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operated under its own budget, which has been approved by the Federal Department or the flow through agency (usually the New Mexico Department of Education). The various budgets are approved by the Local School Board and the New Mexico Public Education Department.

The District also receives revenues from Federal department which are unrestricted to expenditures for special purposes. These revenues are reported in the Operational fund.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

D. Assets, Liabilities and Net Position or Equity - (Cont'd)

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, 2014

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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - (Cont'd)

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.

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

State statutes authorize the investment of the District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2014.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3. DETAILED NOTES ON ALL FUNDS - (Cont'd)

A. Deposits and Investments - (Cont'd)

Deposits

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District School for a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

| Name of account | Centinel Bank Balance 6/30/2014 | People's Bank Balance 6/30/2014 | Reconciled Balance | Type |
|----------------------------|---------------------------------------|---------------------------------------|-----------------------|----------|
| Payroll clearing | \$ 418,394 | \$ | \$ | Checking |
| Account payable clearing | 165,432 | | (2,846) | Checking |
| Cafeteria | 112,621 | | 112,621 | Checking |
| Teacherage | 23,503 | | 23,503 | Checking |
| General operational | 296,893 | | 296,020 | Checking |
| Debt service | 626,388 | | 626,387 | Checking |
| Ed technology | 854,698 | | 854,698 | Checking |
| Federal project | 51,790 | | 50,447 | Checking |
| Capital project | 1,751,005 | | 1,751,005 | Checking |
| Questa Ind. Schools | 10,000 | | 10,000 | Savings |
| Questa Ind. Schools | 10,000 | | 10,000 | Savings |
| Athletic Fund Account | | 26 | 745 | Checking |
| Activity Fund Account | | 56,764 | 56,433 | Checking |
| TOTAL deposited | <u>4,320,724</u> | <u>56,790</u> | <u>\$ 3,789,013</u> | |
| Less: FDIC coverage | <u>250,000</u> | <u>\$ 56,790</u> | | |
| Uninsured amount | 4,070,724 | | | |
| 50% collateral requirement | 2,035,362 | | | |
| Pledged securities | <u>2,341,178</u> | | | |
| Over (under) requirement | <u>\$ 305,816</u> | | | |

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3. DETAILED NOTES ON ALL FUNDS - (Cont'd)

A. Deposits and Investments - (Cont'd)

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

| <u>Description</u> | <u>CUSIP#</u> | <u>Market Value</u> | <u>Maturity Date</u> | <u>Name of Custodian</u> |
|--------------------|---------------|---------------------|----------------------|--------------------------|
| FHLB | 313379DT3 | \$ 1,991,178 | 6/8/2018 | TIB |
| Hobbs Sch Dist | 433866EV8 | 200,000 | 7/15/2021 | TIB |
| West Las Vegas | 953769JW7 | <u>150,000</u> | 8/15/2018 | TIB |
| | | <u>\$ 2,341,178</u> | | |

Custodial Credit Risk-Deposits

| <u>Depository account</u> | <u>Bank Balance</u> |
|---|---------------------|
| Account Balance | \$ 4,377,514 |
| FDIC Insured | \$ 306,790 |
| Collateralized: | |
| Collateral held by the pledging bank in District's name | 2,341,178 |
| Uninsured and uncollateralized | <u>1,729,546</u> |
| Total deposits | <u>\$ 4,377,514</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, 2014 \$1,729,546 of the District's bank balance of \$4,377,514 was exposed to custodial credit risk.

The carrying amount of deposits shown above is included in the following captions in the financial's:

| | |
|---|---------------------|
| <u>Reconciliation of Cash and Temporary Investments</u> | |
| Cash and cash equivalents - Statement of Net Position | \$ 3,715,227 |
| Cash and cash equivalents - Statement of Fiduciary Net Position | 76,433 |
| Add: outstanding checks and other reconciling items | 588,501 |
| Less: Petty cash | <u>(2,647)</u> |
| Bank Balance of deposits | <u>\$ 4,377,514</u> |

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3. DETAILED NOTES ON ALL FUNDS - (Cont'd)

A. Deposits and Investments - (Cont'd)

Investment

Custodial Credit Risk- Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged to be delivered for the securities underlying an overnight repurchase agreement, or a joint safekeeping receipt to be issued to the District for at least one hundred two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution.

As of June 30, 2014, the District had no investments exposed to custodial credit risk.

Component Unit:-

A. Deposits and Investments

Deposits

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.

| <u>Name of Account</u> | <u>Centinel Bank Balance 6/30/2014</u> | <u>People's Bank Balance 6/30/2014</u> | <u>Reconciled Balanced</u> | <u>Type</u> |
|------------------------|--|--|--------------------------------|-------------|
| Operating | \$ 60,870 | \$ | \$ 31,382 | Checking |
| Ed Grt | <u> </u> | <u>181,527</u> | <u>180,461</u> | Checking |
| Total deposited | <u>60,870</u> | <u>181,527</u> | <u>\$ 211,843</u> | |
| Less: FDIC coverage | <u>(60,870)</u> | <u>(181,527)</u> | | |
| Uninsured amount | <u>\$ 0</u> | <u>\$ 0</u> | | |

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 3. DETAILED NOTES ON ALL FUNDS - (Cont'd)

A. Deposits and Investments - (Cont'd)

Custodial Credit Risk-Deposits

| Depository Account | Bank Balance |
|---|-----------------|
| Account Balance | \$ 242,397 |
| FDIC Insured | 242,397 |
| Collateralized: | |
| Collateral held by the pledging bank in School's name | 0 |
| Uninsured and uncollateralized | 0 |
| Total deposits | \$ 242,397 |

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, 2014 none of the School's bank balance of \$242,397 was exposed to custodial credit risk.

B. Receivables

Following is a schedule of receivables as of June 30, 2014:

| | General Fund 11000 | Other Governmental | Total Governmental Funds |
|--------------------|-----------------------|-----------------------|--------------------------------|
| Due from grantors: | | | |
| Federal agencies | \$ _____ | \$ 136,940 | \$ 136,940 |
| Total | \$ _____ | \$ 136,940 | \$ 136,940 |

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3. DETAILED NOTES ON ALL FUNDS - (Cont'd)

C. Interfund Receivables, Payables and Transfers

Interfund balances during the year ending June 30, 2014 were as follows:

| Due from other funds | Amount | Due to other funds | Amount |
|-----------------------------------|------------|-------------------------------------|------------|
| Major governmental funds: | | Major governmental funds: | |
| Operational | \$ 216,692 | Land of enchantment top grant | \$ 2,747 |
| Bond building | 2,219 | Total ed. technology equipment act. | 160,425 |
| Capital improvements SB-9 | 7,397 | | |
| Ed. technology equipment act | 124 | | |
| Debt services | 5,019 | | |
| Total major governmental funds | 231,451 | Total major governmental funds | 163,172 |
| Total nonmajor governmental funds | 110,045 | Total Nonmajor governmental funds | 178,324 |
| Grand total | \$ 341,496 | Grand total | \$ 341,496 |

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, 2014

NOTE 3. DETAILED NOTES ON ALL FUNDS - (Cont'd)

D. Capital Assets

Capital Assets Balances and Activity for the Year Ended June 30, 2014 is as follows:

| | <u>Balance</u> <u>6/30/2013</u> | <u>Adjustment</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>6/30/2014</u> |
|--|------------------------------------|-------------------|---------------------|-------------------|------------------------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ <u>17,411</u> | \$ _____ | \$ _____ | \$ _____ | \$ <u>17,411</u> |
| Total capital assets, not being depreciated | <u>17,411</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>17,411</u> |
| Capital assets being depreciated: | | | | | |
| Buildings & improvements | 23,968,498 | 203,638 | 586,599 | | 24,758,735 |
| Equipment and vehicles information technology equipment, software & library books | <u>2,118,440</u> | <u>(203,638)</u> | <u>19,371</u> | <u>1,118,382</u> | <u>815,791</u> |
| Total capital assets being depreciated: | <u>26,086,938</u> | <u>0</u> | <u>605,970</u> | <u>1,118,382</u> | <u>25,574,526</u> |
| Total capital assets | <u>26,104,349</u> | <u>0</u> | <u>605,970</u> | <u>1,118,382</u> | <u>25,591,937</u> |
| Less: accumulated depreciation for: | | | | | |
| Building & improvements | (7,938,683) | (76,898) | (716,133) | | (8,731,714) |
| Equipment and vehicles information technology equipment, software & library books | <u>(1,028,811)</u> | <u>76,898</u> | <u>(5,969)</u> | <u>(607,635)</u> | <u>(350,247)</u> |
| Total accumulated depreciation: | <u>(8,967,494)</u> | <u>0</u> | <u>(722,102)</u> | <u>(607,635)</u> | <u>(9,081,961)</u> |
| Capital assets, net | <u>\$ 17,136,855</u> | <u>\$ 0</u> | <u>\$ (116,132)</u> | <u>\$ 510,747</u> | <u>\$ 16,509,976</u> |

Depreciation expense was charged to Governmental activities as follows:

| | |
|-----------------------------|-------------------|
| Instruction | \$ 682,432 |
| Support instruction | 12,418 |
| General administration | 16,370 |
| Operation of plant | 8,046 |
| Food services | <u>2,836</u> |
| Total depreciation expenses | <u>\$ 722,102</u> |

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3. DETAILED NOTES ON ALL FUNDS - (Cont'd)

Component Unit:-

D. Capital Assets - (Cont'd)

Roots & Wings Charter School

Capital Assets Balances and Activity for the Year Ended June 30, 2014 is as follows:

| | <u>Balance</u> <u>6/30/2013</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>6/30/2014</u> |
|--|------------------------------------|-------------------|-------------------|------------------------------------|
| Capital assets being depreciated: | | | | |
| Buildings & improvements | \$ 48,106 | \$ 6,186 | \$ | \$ 54,292 |
| Equipment and vehicles information technology equipment, software & library books | <u>47,678</u> | <u> </u> | <u> </u> | <u>47,678</u> |
| Total capital assets being depreciated: | <u>95,784</u> | <u>6,186</u> | <u>0</u> | <u>101,970</u> |
| Total capital assets | <u>95,784</u> | <u>6,186</u> | <u>0</u> | <u>101,970</u> |
| Less: accumulated depreciation for: | | | | |
| Building & improvements | (22,698) | (2,862) | | (25,560) |
| Equipment and vehicles information technology equipment, software & library books | <u>(46,186)</u> | <u>(465)</u> | <u> </u> | <u>(46,651)</u> |
| Total accumulated depreciation: | <u>(68,884)</u> | <u>(3,327)</u> | <u>0</u> | <u>(72,211)</u> |
| Capital assets, net | <u>\$ 26,900</u> | <u>\$ 2,859</u> | <u>\$ 0</u> | <u>\$ 29,759</u> |

Depreciation expense was charged to Governmental activities as follows:

| | |
|----------------------------------|-----------------|
| Instruction | \$ 465 |
| Operation & maintenance of plant | <u>2,862</u> |
| Total depreciation expenses | <u>\$ 3,327</u> |

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3. DETAILED NOTES ON ALL FUNDS - (Cont'd)

E. Unearned Revenue

Revenues are deferred in accordance with the modified accrual basis of accounting for the fund financial statements. The following unearned revenues are measurable but do not represent available expendable resources for the fund financial statements for the fiscal year ended June 30, 2014:

| | <u>Other Governmental</u> |
|------------------------|-------------------------------|
| Federal grants | \$ <u>203,119</u> |
| Total unearned revenue | \$ <u><u>203,119</u></u> |

F. Long-Term Debt

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

| | <u>Balance 6/30/2013</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance 6/30/2014</u> | <u>Amount Due Within One Year</u> |
|--------------------------|------------------------------|-------------------------|--------------------------|------------------------------|---|
| Governmental activities: | | | | | |
| Education technology | | | | | |
| Notes | \$ <u>6,830,000</u> | \$ _____ | \$ <u>190,000</u> | \$ <u>6,640,000</u> | \$ <u>375,000</u> |
| Total Notes | <u>6,830,000</u> | <u>0</u> | <u>190,000</u> | <u>6,640,000</u> | <u>375,000</u> |
| Other liabilities | | | | | |
| Compensated absences | <u>12,674</u> | <u>31,629</u> | <u>32,270</u> | <u>12,033</u> | <u>9,025</u> |
| Total other liabilities | <u>12,674</u> | <u>31,629</u> | <u>32,270</u> | <u>12,033</u> | <u>9,025</u> |
| Long-term liabilities | <u><u>\$ 6,842,674</u></u> | <u><u>\$ 31,629</u></u> | <u><u>\$ 222,270</u></u> | <u><u>\$ 6,652,033</u></u> | <u><u>\$ 384,025</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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3. DETAILED NOTES ON ALL FUNDS - (Cont'd)

F. Long-Term Debt - Cont'd

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> | <u>Original Amount</u> | <u>Interest Rate</u> | <u>Balance</u> |
|---------------|----------------------|----------------------------|----------------------|---------------------|
| 2009 | 3/3/2029 | 4,000,000 | 4.80% | \$ 3,830,000 |
| 2010 | 9/1/2026 | 2,000,000 | 0.00% | 2,000,000 |
| 2012 | 7/1/2017 | 1,000,000 | 2.00% | <u>810,000</u> |
| | | | | <u>\$ 6,640,000</u> |

The annual requirements to amortize the general obligation bonds as of June 30, 2014 including interest payments are as follows:

On May, 2009 School obtained a loan in the amount of \$4,000,000 with an interest rate of 4.80% and matured on March, 2029. The future requirements for the loan are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total Debt</u> |
|-----------|---------------------|---------------------|---------------------|
| 2015 | \$ 180,000 | \$ 136,721 | \$ 316,721 |
| 2016 | 190,000 | 132,096 | 322,096 |
| 2017 | 200,000 | 127,221 | 327,221 |
| 2018 | 210,000 | 121,571 | 331,571 |
| 2019 | 215,000 | 115,196 | 330,196 |
| 2020-2024 | 1,255,000 | 450,719 | 1,705,719 |
| 2025-2029 | <u>1,580,000</u> | <u>169,133</u> | <u>1,749,133</u> |
| Total | <u>\$ 3,830,000</u> | <u>\$ 1,252,657</u> | <u>\$ 5,082,657</u> |

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 3. DETAILED NOTES ON ALL FUNDS - (Cont'd)

F. Long-Term Debt - Cont'd

On December, 2010 School obtained a loan in the amount of \$2,000,000 with an interest rate of 00% and matured on September, 2026. The future requirements for the loan are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total Debt</u> |
|-----------|---------------------|---------------------|---------------------|
| 2015 | \$ | \$ 109,000 | \$ 109,000 |
| 2016 | | 109,000 | 109,000 |
| 2017 | | 109,000 | 109,000 |
| 2018 | | 109,000 | 109,000 |
| 2019 | | 109,000 | 109,000 |
| 2020-2024 | | 545,000 | 545,000 |
| 2025-2027 | <u>2,000,000</u> | <u>272,500</u> | <u>2,272,500</u> |
| Total | <u>\$ 2,000,000</u> | <u>\$ 1,362,500</u> | <u>\$ 3,362,500</u> |

On July, 2012 School obtained a loan in the amount of \$1,000,000 with an interest rate of 2.00% and matured on July, 2017. The future requirements for the loan are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total Debt</u> |
|-------|-------------------|------------------|-------------------|
| 2015 | \$ 195,000 | \$ 10,426 | \$ 205,426 |
| 2016 | 200,000 | 8,221 | 208,221 |
| 2017 | 205,000 | 5,443 | 210,443 |
| 2018 | <u>210,000</u> | <u>1,943</u> | <u>211,943</u> |
| Total | <u>\$ 810,000</u> | <u>\$ 26,033</u> | <u>\$ 836,033</u> |

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4. OTHER INFORMATION

A. Pension Plan- Educational Retirement Board

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

Funding Policy

Member Contributions. Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 10.10% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

Employer Contributions. District contributed 13.15% of gross covered salary in fiscal year 2014. In fiscal year 2015 District will contribute 13.9% of gross covered salary.

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, 2014, 2013, and 2012, were \$529,275, \$389,845 and \$817,660 respectively, which equal the amount of the required contributions for each fiscal year.

B. Post-Employment Benefits- State Retiree Healthcare Plan

Plan Description - 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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4: OTHER INFORMATION - (Cont'd)

B. Post-Employment Benefits- State Retiree Healthcare Plan - (Cont'd)

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 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.

Funding Policy

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plans 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4: OTHER INFORMATION - (Cont'd)

B. Post-Employment Benefits- State Retiree Healthcare Plan - (Cont'd)

For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$81,871, \$71,115, and \$111,282 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.

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).

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4: OTHER INFORMATION - (Cont'd)

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 reconciliation 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, 2014.

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.

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.

I. Joint Powers Agreements

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. Deficit fund balance of individual funds

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4: OTHER INFORMATION - (Cont'd)

a. Deficit fund balances of individual funds are the following:

| <u>Fund Names</u> | <u>Amounts</u> |
|--------------------------------------|----------------|
| Duel Credits (27103) | \$ 2,013 |
| 2010 GO Student Library Fund (27106) | \$ 6,971 |
| NM Reads to Lead (27114) | \$ 16,671 |
| Pre K Initiative (27149) | \$ 25,325 |
| Kindergarten - Three Plus (27166) | \$ 12,448 |
| NM Stem Teacher Initiative (27181) | \$ 15,000 |
| PARCC (27185) | \$ 10,323 |

b. Excess of expenditures over appropriations by fund and function. The following funds exceeded approved budgetary authority for the year ended June 30, 2014.

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Over Budget</u> |
|---|------------------------|---------------------|-----------------|--------------------|
| <u>Debt Service Fund-41000</u> | | | | |
| Support Services - General Administration | \$ <u>4,201</u> | \$ <u>4,701</u> | \$ <u>4,898</u> | \$ <u>(197)</u> |

K. Lawsuit

The District is a defendant in a lawsuit. Although the outcome of this lawsuit is not presently determinable, in the opinion of the District's counsel, the resolution of this matter will not have a material adverse effect on the financial condition of the District.

L. Restatement of Net Position

GASB 65 requires a restatement of bond issuance costs and related amortization to Net Position as it has been determined that such costs should be expensed in the year of acquisition.

| | |
|----------------------------------|----------------------|
| Beginning Net Position | \$ 14,438,383 |
| Restatement for GASB 65 | <u>(100,770)</u> |
| Beginning Net Position, restated | <u>\$ 14,337,613</u> |

NOTE 5. SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS

In June 2012, Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statements No. 27*, which is effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The standard will be implemented during fiscal year June 30, 2016.

In January 2013, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*, which is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Earlier application is encouraged. The provisions of this Statement generally are required to be applied prospectively.

**SUPPLEMENTARY INFORMATION RELATED TO NON MAJOR
GOVERNMENTAL FUNDS**

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

NON MAJOR 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 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.

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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

NONMAJOR FUNDS - (Cont'd)

Title I School Improvement (24162) - To account for federal funds to provide family-center education projects to help parents become full partners in the education of their children and to assist children in reaching their full potential as leaders.

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.

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

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

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.

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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

NONMAJOR FUNDS - (Cont'd)

GO Student Library Fund (27106) - To provide funding for the purchase of library books. The fund was created by the authority of state grant provision.

NM Reads to Lead (27114) - K-3 Reading Initiative legislative funded.

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.

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.

Kindergarten - Three Plus (27166) - The purpose of this program is to account for revenues and expenditures used for a pilot program for kindergarten through third grade students. Funds can be used for teachers, education assistants, nurses, an academic coach and PEcoach.

Science Instructional Materials (27176) -

NM State Teacher Initiative (27181) -

PARCC (27185) - To Funding technology to remediate deficiencies in computer devices compliant with the Partnership for Assessment of Readiness for College and Careers assessment requirements.

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.

Private Direct Grants (29102) - To account for various private direct grants allocated to the school district.

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
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

NONMAJOR FUNDS - (Cont'd)

Special Capital outlay-State (31400). To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of upgrading buildings.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Food Services</u> <u>21000</u> | <u>Athletics</u> <u>22000</u> | <u>Title I -IASA</u> <u>24101</u> |
|-------------------------------------|--------------------------------------|----------------------------------|--------------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 112,591 | \$ 745 | \$ |
| Receivables: | | | |
| Due from grantor | 40,189 | | |
| Interfund receivable | 30,002 | 42 | 53,573 |
| Other receivable | 28 | | |
| Inventory | <u>5,836</u> | <u> </u> | <u> </u> |
| Total assets | <u>188,646</u> | <u>787</u> | <u>53,573</u> |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES | | | |
| Interfund payable | | | 24,646 |
| Unearned revenue | | | <u>28,927</u> |
| Total liabilities | <u>0</u> | <u>0</u> | <u>53,573</u> |
| FUND BALANCES | | | |
| Nonspendable-inventory | 5,836 | | |
| Restricted-reported in: | | | |
| Special revenue funds | 182,810 | 787 | |
| Unassigned - reported in: | | | |
| Special revenue funds | <u> </u> | <u> </u> | <u> </u> |
| Total fund balance | <u>188,646</u> | <u>787</u> | <u>0</u> |
| Total liabilities and fund balance | <u>\$ 188,646</u> | <u>\$ 787</u> | <u>\$ 53,573</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, 2014

| | Entitlement IDEA-B- 24106 | Preschool IDEA-B- 24109 | Fresh Fruits & Vegetables 24118 |
|-------------------------------------|---------------------------------|-------------------------------|---------------------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | |
| Cash and cash equivalents | \$ | \$ | \$ 1,604 |
| Receivables: | | | |
| Due from grantor | 38,036 | 1,868 | |
| Interfund receivable | | | |
| Other receivable | | | |
| Inventory | | | |
| Total assets | <u>38,036</u> | <u>1,868</u> | <u>1,604</u> |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES | | | |
| Interfund payable | 38,036 | 1,868 | |
| Unearned revenue | | | <u>1,604</u> |
| Total liabilities | <u>38,036</u> | <u>1,868</u> | <u>1,604</u> |
| FUND BALANCES | | | |
| Nonspendable-inventory | | | |
| Restricted-reported in: | | | |
| Special revenue funds | | | |
| Unassigned - reported in: | | | |
| Special revenue funds | | | |
| Total fund balance | <u>0</u> | <u>0</u> | <u>0</u> |
| Total liabilities and fund balance | <u>\$ 38,036</u> | <u>\$ 1,868</u> | <u>\$ 1,604</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, 2014

| | Improving Teacher Quality 24154 | TITLE IV-A SAFE & DRUG FREE SCHOOLS- 24157 | Title I School Improvement 24162 |
|-------------------------------------|---------------------------------------|--|--|
| ASSETS | | | |
| Cash and cash equivalents | \$ | \$ | \$ |
| Receivables: | | | |
| Due from grantor | 21,886 | | 3,137 |
| Interfund receivable | | | |
| Other receivable | | | |
| Inventory | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>21,886</u> | <u>0</u> | <u>3,137</u> |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES | | | |
| Interfund payable | 21,886 | | 3,137 |
| Unearned revenue | | | |
| Total liabilities | <u>21,886</u> | <u>0</u> | <u>3,137</u> |
| FUND BALANCES | | | |
| Nonspendable-inventory | | | |
| Restricted-reported in: | | | |
| Special revenue funds | | | |
| Unassigned - reported in: | | | |
| Special revenue funds | <u> </u> | <u> </u> | <u> </u> |
| Total fund balance | <u>0</u> | <u>0</u> | <u>0</u> |
| Total liabilities and fund balance | <u>\$ 21,886</u> | <u>\$ 0</u> | <u>\$ 3,137</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, 2014

| | TITLE XIX Medicaid 3/21 Years 25153 | Rural Education Achievement Program 25233 | Duel Credits 27103 |
|-------------------------------------|---|---|-----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 7,962 | \$ 182 | \$ |
| Receivables: | | | |
| Due from grantor | 31,824 | | |
| Interfund receivable | 26,428 | | |
| Other receivable | | | |
| Inventory | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>66,214</u> | <u>182</u> | <u>0</u> |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES | | | |
| Interfund payable | | | 2,013 |
| Unearned revenue | <u> </u> | <u>182</u> | <u> </u> |
| Total liabilities | <u>0</u> | <u>182</u> | <u>2,013</u> |
| FUND BALANCES | | | |
| Nonspendable-inventory | | | |
| Restricted-reported in: | | | |
| Special revenue funds | 66,214 | | |
| Unassigned - reported in: | | | |
| Special revenue funds | <u> </u> | <u> </u> | <u>(2,013)</u> |
| Total fund balance | <u>66,214</u> | <u>0</u> | <u>(2,013)</u> |
| Total liabilities and fund balance | <u>\$ 66,214</u> | <u>\$ 182</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, 2014

| | <u>2010 GO</u> <u>Bonds Stu</u> <u>Library Fund</u> <u>27106</u> | <u>NM Reads to</u> <u>Lead 27114</u> | <u>Technology</u> <u>For Education</u> <u>27117</u> |
|-------------------------------------|---|---|---|
| ASSETS | | | |
| Cash and cash equivalents | \$ | \$ | \$ |
| Receivables: | | | |
| Due from grantor | | | |
| Interfund receivable | | | |
| Other receivable | | | |
| Inventory | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u> 0</u> | <u> 0</u> | <u> 0</u> |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES | | | |
| Interfund payable | 6,971 | 16,671 | |
| Unearned revenue | | | |
| Total liabilities | <u> 6,971</u> | <u> 16,671</u> | <u> 0</u> |
| FUND BALANCES | | | |
| Nonspendable-inventory | | | |
| Restricted-reported in: | | | |
| Special revenue funds | | | |
| Unassigned - reported in: | | | |
| Special revenue funds | <u> (6,971)</u> | <u> (16,671)</u> | <u> </u> |
| Total fund balance | <u> (6,971)</u> | <u> (16,671)</u> | <u> 0</u> |
| Total liabilities and fund balance | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Pre K Program Services 27149</u> | <u>Breakfast for Elem Students 27155</u> | <u>Kindergarten - Three Plus 27166</u> |
|-------------------------------------|---|--|--|
| ASSETS | | | |
| Cash and cash equivalents | \$ | \$ 36 | \$ |
| Receivables: | | | |
| Due from grantor | | | |
| Interfund receivable | | | |
| Other receivable | | | |
| Inventory | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u> 0</u> | <u> 36</u> | <u> 0</u> |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES | | | |
| Interfund payable | 25,325 | | 12,448 |
| Unearned revenue | | | |
| Total liabilities | <u>25,325</u> | <u> 0</u> | <u>12,448</u> |
| FUND BALANCES | | | |
| Nonspendable-inventory | | | |
| Restricted-reported in: | | | |
| Special revenue funds | | 36 | |
| Unassigned - reported in: | | | |
| Special revenue funds | <u>(25,325)</u> | <u> </u> | <u>(12,448)</u> |
| Total fund balance | <u>(25,325)</u> | <u> 36</u> | <u>(12,448)</u> |
| Total liabilities and fund balance | <u>\$ 0</u> | <u>\$ 36</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, 2014

| | <u>Science Instructional Materials 27176</u> | <u>NM Stem Teacher Initiative 27181</u> | <u>PARCC 27185</u> |
|-------------------------------------|--|---|------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ | \$ | \$ |
| Receivables: | | | |
| Due from grantor | | | |
| Interfund receivable | | | |
| Other receivable | | | |
| Inventory | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u> 0</u> | <u> 0</u> | <u> 0</u> |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES | | | |
| Interfund payable | | 15,000 | 10,323 |
| Unearned revenue | | | |
| Total liabilities | <u> 0</u> | <u> 15,000</u> | <u> 10,323</u> |
| FUND BALANCES | | | |
| Nonspendable-inventory | | | |
| Restricted-reported in: | | | |
| Special revenue funds | | | |
| Unassigned - reported in: | | | |
| Special revenue funds | <u> </u> | <u> (15,000)</u> | <u> (10,323)</u> |
| Total fund balance | <u> 0</u> | <u> (15,000)</u> | <u> (10,323)</u> |
| Total liabilities and fund balance | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>State Directed Activities 27200</u> | <u>Gear Up 28178</u> | <u>Private Dir Grants (Categorical) 29102</u> |
|-------------------------------------|--|--------------------------|---|
| ASSETS | | | |
| Cash and cash equivalents | \$ | \$ | \$ |
| Receivables: | | | |
| Due from grantor | | | |
| Interfund receivable | | | |
| Other receivable | | | |
| Inventory | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u> 0</u> | <u> 0</u> | <u> 0</u> |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES | | | |
| Interfund payable | | | |
| Unearned revenue | | | |
| Total liabilities | <u> 0</u> | <u> 0</u> | <u> 0</u> |
| FUND BALANCES | | | |
| Nonspendable-inventory | | | |
| Restricted-reported in: | | | |
| Special revenue funds | | | |
| Unassigned - reported in: | | | |
| Special revenue funds | <u> </u> | <u> </u> | <u> </u> |
| Total fund balance | <u> 0</u> | <u> 0</u> | <u> 0</u> |
| Total liabilities and fund balance | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 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, 2014

| | <u>Special Capital Outlay State 31400</u> | <u>Total</u> | |
|-------------------------------------|---|--------------|-----------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ | \$ | 123,120 |
| Receivables: | | | |
| Due from grantor | | | 136,940 |
| Interfund receivable | | | 110,045 |
| Other receivable | | | 28 |
| Inventory | | | <u>5,836</u> |
| Total assets | <u>0</u> | | <u>375,969</u> |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES | | | |
| Interfund payable | | | 178,324 |
| Unearned revenue | | | <u>30,713</u> |
| Total liabilities | <u>0</u> | | <u>209,037</u> |
| FUND BALANCES | | | |
| Nonspendable-inventory | | | 5,836 |
| Restricted-reported in: | | | |
| Special revenue funds | | | 249,847 |
| Unassigned - reported in: | | | |
| Special revenue funds | | | <u>(88,751)</u> |
| Total fund balance | <u>0</u> | | <u>166,932</u> |
| Total liabilities and fund balance | <u>\$ 0</u> | <u>\$</u> | <u>375,969</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, 2014

| | Food Services 21000 | Athletics 22000 | Title I - IASA 24101 |
|---|------------------------|--------------------|-------------------------|
| REVENUES | | | |
| Investment income | \$ 177 | \$ | \$ |
| Fees | 7,491 | 18,369 | |
| State & local grants | | | |
| Federal grants | 238,080 | | 141,880 |
| Miscellaneous | _____ | 720 | _____ |
| Total revenues | 245,748 | 19,089 | 141,880 |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction | | 18,457 | 116,005 |
| Support services-students | | | |
| Support services-instruction | | | |
| Support services-general administration | | | 6,317 |
| Support services-school administration | | | 19,558 |
| Central services | | | |
| Student transportation | | | |
| Food services operations | 245,747 | _____ | _____ |
| Total expenditures | 245,747 | 18,457 | 141,880 |
| Excess (deficiency) of revenues over expenditures | 1 | 632 | 0 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer In/Out | _____ | _____ | _____ |
| Total other financing sources (uses) | 0 | 0 | 0 |
| Net Change in fund balance | 1 | 632 | 0 |
| Fund balances at beginning of year | 188,645 | 155 | 0 |
| Fund balance end of year | \$ 188,646 | \$ 787 | \$ 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, 2014

| | Entitlement IDEA-B- 24106 | Preschool IDEA-B- 24109 | Fresh Fruits & Vegetables 24118 |
|---|---------------------------------|-------------------------------|---------------------------------------|
| REVENUES | | | |
| Investment income | \$ | \$ | \$ |
| Fees | | | |
| State & local grants | | | |
| Federal grants | 106,048 | 3,675 | 11,000 |
| Miscellaneous | <u> </u> | <u> </u> | <u> </u> |
| Total revenues | <u>106,048</u> | <u>3,675</u> | <u>11,000</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction | 83,727 | 3,675 | |
| Support services-students | 9,529 | | |
| Support services-instruction | | | |
| Support services-general administration | 4,616 | | |
| Support services-school administration | | | |
| Central services | 8,176 | | |
| Student transportation | | | |
| Food services operations | <u> </u> | <u> </u> | <u>11,000</u> |
| Total expenditures | <u>106,048</u> | <u>3,675</u> | <u>11,000</u> |
| Excess (deficiency) of revenues over expenditures | <u> 0</u> | <u> 0</u> | <u> 0</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer In/Out | <u> </u> | <u> </u> | <u> </u> |
| Total other financing sources (uses) | <u> 0</u> | <u> 0</u> | <u> 0</u> |
| Net Change in fund balance | 0 | 0 | 0 |
| Fund balances at beginning of year | <u> 0</u> | <u> 0</u> | <u> 0</u> |
| Fund balance end of year | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> | <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

NONMAJOR FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Improving Teacher Quality 24154</u> | <u>TITLE IV-A SAFE & DRUG FREE SCHOOLS- 24157</u> | <u>Title I School Improvement 24162</u> |
|---|--|---|---|
| REVENUES | | | |
| Investment income | \$ | \$ | \$ |
| Fees | | | |
| State & local grants | | | |
| Federal grants | 37,575 | 540 | 3,137 |
| Miscellaneous | <u> </u> | <u> </u> | <u> </u> |
| Total revenues | <u>37,575</u> | <u>540</u> | <u>3,137</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction | 35,895 | | 3,137 |
| Support services-students | | | |
| Support services-instruction | | | |
| Support services-general administration | 1,680 | | |
| Support services-school administration | | | |
| Central services | | | |
| Student transportation | | | |
| Food services operations | <u> </u> | <u> </u> | <u> </u> |
| Total expenditures | <u>37,575</u> | <u>0</u> | <u>3,137</u> |
| Excess (deficiency) of revenues over expenditures | <u>0</u> | <u>540</u> | <u>0</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer In/Out | <u> </u> | <u>(540)</u> | <u> </u> |
| Total other financing sources (uses) | <u>0</u> | <u>(540)</u> | <u>0</u> |
| Net Change in fund balance | 0 | 0 | 0 |
| Fund balances at beginning of year | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund balance end of year | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> | <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

NONMAJOR FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>TITLE XIX Medicaid 3/21 Years 25153</u> | <u>Rural Education Achievement Program 25233</u> | <u>Duel Credits 27103</u> |
|---|--|--|-------------------------------|
| <i>REVENUES</i> | | | |
| Investment income | \$ | \$ | \$ |
| Fees | | | |
| State & local grants | | | 3,314 |
| Federal grants | 27,048 | 24,062 | |
| Miscellaneous | <u> </u> | <u> </u> | <u> </u> |
| Total revenues | <u>27,048</u> | <u>24,062</u> | <u>3,314</u> |
| <i>EXPENDITURES</i> | | | |
| Current: | | | |
| Instruction | | 22,985 | 5,327 |
| Support services-students | 25,839 | | |
| Support services-instruction | | | |
| Support services-general administration | 1,209 | 1,077 | |
| Support services-school administration | | | |
| Central services | | | |
| Student transportation | | | |
| Food services operations | <u> </u> | <u> </u> | <u> </u> |
| Total expenditures | <u>27,048</u> | <u>24,062</u> | <u>5,327</u> |
| Excess (deficiency) of revenues over expenditures | <u> 0</u> | <u> 0</u> | <u> (2,013)</u> |
| <i>OTHER FINANCING SOURCES (USES)</i> | | | |
| Transfer In/Out | <u> </u> | <u> </u> | <u> </u> |
| Total other financing sources (uses) | <u> 0</u> | <u> 0</u> | <u> 0</u> |
| Net Change in fund balance | 0 | 0 | (2,013) |
| Fund balances at beginning of year | <u>66,214</u> | <u> 0</u> | <u> 0</u> |
| Fund balance end of year | <u><u>\$ 66,214</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ (2,013)</u></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, 2014

| | <u>2010 GO Student Library Fund 27106</u> | <u>NM Reads to Lead 27114</u> | <u>Technology For Education 27117</u> |
|---|---|-----------------------------------|---|
| REVENUES | | | |
| Investment income | \$ | \$ | \$ |
| Fees | | | |
| State & local grants | 3,394 | 29,738 | |
| Federal grants | | | |
| Miscellaneous | <u> </u> | <u> </u> | <u> </u> |
| Total revenues | <u>3,394</u> | <u>29,738</u> | <u>0</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction | | 3,729 | |
| Support services-students | | | |
| Support services-instruction | 6,971 | | |
| Support services-general administration | | | |
| Support services-school administration | | 42,680 | |
| Central services | | | |
| Student transportation | | | |
| Food services operations | <u> </u> | <u> </u> | <u> </u> |
| Total expenditures | <u>6,971</u> | <u>46,409</u> | <u>0</u> |
| Excess (deficiency) of revenues over expenditures | <u>(3,577)</u> | <u>(16,671)</u> | <u>0</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer In/Out | <u> </u> | <u> </u> | <u>(51)</u> |
| Total other financing sources (uses) | <u>0</u> | <u>0</u> | <u>(51)</u> |
| Net Change in fund balance | (3,577) | (16,671) | (51) |
| Fund balances at beginning of year | <u>(3,394)</u> | <u>0</u> | <u>51</u> |
| Fund balance end of year | <u><u>\$ (6,971)</u></u> | <u><u>\$ (16,671)</u></u> | <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

NONMAJOR FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Pre K Program Services 27149</u> | <u>Breakfast for Elem Students 27155</u> | <u>Kindergarten - Three Plus 27166</u> |
|---|---|--|--|
| REVENUES | | | |
| Investment income | \$ | \$ | \$ |
| Fees | | | |
| State & local grants | 55,651 | 1,169 | |
| Federal grants | | | |
| Miscellaneous | <u> </u> | <u> </u> | <u> </u> |
| Total revenues | <u>55,651</u> | <u>1,169</u> | <u>0</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction | 80,976 | | 6,268 |
| Support services-students | | | |
| Support services-instruction | | | |
| Support services-general administration | | | |
| Support services-school administration | | | 3,831 |
| Central services | | | |
| Student transportation | | | 2,349 |
| Food services operations | <u> </u> | <u>905</u> | <u> </u> |
| Total expenditures | <u>80,976</u> | <u>905</u> | <u>12,448</u> |
| Excess (deficiency) of revenues over expenditures | <u>(25,325)</u> | <u>264</u> | <u>(12,448)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer In/Out | <u> </u> | <u> </u> | <u> </u> |
| Total other financing sources (uses) | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change in fund balance | (25,325) | 264 | (12,448) |
| Fund balances at beginning of year | <u>0</u> | <u>(228)</u> | <u>0</u> |
| Fund balance end of year | <u><u>\$ (25,325)</u></u> | <u><u>\$ 36</u></u> | <u><u>\$ (12,448)</u></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, 2014

| | <u>Science Instructional Materials 27176</u> | <u>NM Stem Teacher Initiative 27181</u> | <u>PARCC 27185</u> |
|---|--|---|------------------------|
| REVENUES | | | |
| Investment income | \$ | \$ | \$ |
| Fees | | | |
| State & local grants | 5,602 | 5,000 | |
| Federal grants | | | |
| Miscellaneous | <u> </u> | <u> </u> | <u> </u> |
| Total revenues | <u>5,602</u> | <u>5,000</u> | <u>0</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction | | 20,000 | |
| Support services-students | | | |
| Support services-instruction | | | 8,389 |
| Support services-general administration | | | |
| Support services-school administration | | | |
| Central services | | | 1,934 |
| Student transportation | | | |
| Food services operations | <u> </u> | <u> </u> | <u> </u> |
| Total expenditures | <u>0</u> | <u>20,000</u> | <u>10,323</u> |
| Excess (deficiency) of revenues over expenditures | <u>5,602</u> | <u>(15,000)</u> | <u>(10,323)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer In/Out | <u> </u> | <u> </u> | <u> </u> |
| Total other financing sources (uses) | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change in fund balance | 5,602 | (15,000) | (10,323) |
| Fund balances at beginning of year | <u>(5,602)</u> | <u>0</u> | <u>0</u> |
| Fund balance end of year | <u>\$ 0</u> | <u>\$ (15,000)</u> | <u>\$ (10,323)</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, 2014

| | <u>State Directed Activities 27200</u> | <u>Gear Up 28178</u> | <u>Private Dir Grants (Categorical) 29102</u> |
|---|--|--------------------------|---|
| REVENUES | | | |
| Investment income | \$ | \$ | \$ |
| Fees | | | |
| State & local grants | 47,038 | | |
| Federal grants | | | |
| Miscellaneous | <u> </u> | <u> </u> | <u>123,000</u> |
| Total revenues | <u>47,038</u> | <u>0</u> | <u>123,000</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction | | 9,638 | 123,882 |
| Support services-students | | | |
| Support services-instruction | | | |
| Support services-general administration | | 375 | |
| Support services-school administration | | | |
| Central services | | | |
| Student transportation | | | |
| Food services operations | <u> </u> | <u> </u> | <u> </u> |
| Total expenditures | <u>0</u> | <u>10,013</u> | <u>123,882</u> |
| Excess (deficiency) of revenues over expenditures | <u>47,038</u> | <u>(10,013)</u> | <u>(882)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer In/Out | <u>(47,038)</u> | <u> </u> | <u> </u> |
| Total other financing sources (uses) | <u>(47,038)</u> | <u>0</u> | <u>0</u> |
| Net Change in fund balance | 0 | (10,013) | (882) |
| Fund balances at beginning of year | <u>0</u> | <u>10,013</u> | <u>882</u> |
| Fund balance end of year | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> | <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

NONMAJOR FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Special Capital Outlay State 31400</u> | <u>Total</u> |
|---|---|-------------------|
| <i>REVENUES</i> | | |
| Investment income | \$ | \$ 177 |
| Fees | | 25,860 |
| State & local grants | | 150,906 |
| Federal grants | | 593,045 |
| Miscellaneous | | <u>123,720</u> |
| Total revenues | <u>0</u> | <u>893,708</u> |
| <i>EXPENDITURES</i> | | |
| Current: | | |
| Instruction | | 533,701 |
| Support services-students | | 35,368 |
| Support services-instruction | | 15,360 |
| Support services-general administration | | 15,274 |
| Support services-school administration | | 66,069 |
| Central services | | 10,110 |
| Student transportation | | 2,349 |
| Food services operations | | <u>257,652</u> |
| Total expenditures | <u>0</u> | <u>935,883</u> |
| Excess (deficiency) of revenues over expenditures | <u>0</u> | <u>(42,175)</u> |
| <i>OTHER FINANCING SOURCES (USES)</i> | | |
| Transfer In/Out | | <u>(47,629)</u> |
| Total other financing sources (uses) | <u>0</u> | <u>(47,629)</u> |
| Net Change in fund balance | 0 | (89,804) |
| Fund balances at beginning of year | <u>0</u> | <u>256,736</u> |
| Fund balance end of year | <u>\$ 0</u> | <u>\$ 166,932</u> |

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
CASH BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND
ACTUAL - FOR REMAINING GOVERNMENTAL FUNDS**

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND - FOOD SERVICE-21000
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variances |
|--|----------------------------|----------------------------|--------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | Positive (Negative) Final to Actual |
| REVENUES | | | | |
| Investment income | \$ 43 | \$ 43 | \$ 177 | \$ 134 |
| Fees | 7,765 | 7,765 | 7,491 | (274) |
| Federal grants | <u>212,350</u> | <u>212,350</u> | <u>226,310</u> | <u>13,960</u> |
| Total revenues | <u>220,158</u> | <u>220,158</u> | <u>233,978</u> | <u>13,820</u> |
| EXPENDITURES | | | | |
| Food service operations: | | | | |
| Personnel services | 102,669 | 2,828 | 2,828 | |
| Employee benefits | 39,280 | 3,884 | 2,381 | 1,503 |
| Professional & tech services | 5,000 | 254,174 | 229,490 | 24,684 |
| Other purchased services | 1,000 | 1,338 | 1,320 | 18 |
| Supplies | 143,000 | 28,725 | 9,729 | 18,996 |
| Supply assets | <u>5,000</u> | <u>5,000</u> | <u> </u> | <u>5,000</u> |
| Total food service operations | <u>295,949</u> | <u>295,949</u> | <u>245,748</u> | <u>50,201</u> |
| Total expenditures | <u>295,949</u> | <u>295,949</u> | <u>245,748</u> | <u>50,201</u> |
| Excess (deficiency) of revenues over expenditures | (75,791) | (75,791) | (11,770) | 64,021 |
| Cash balance beginning of year | <u>(471,821)</u> | <u>(218,250)</u> | <u>154,389</u> | <u>372,639</u> |
| Cash balance end of year | <u><u>\$ (547,612)</u></u> | <u><u>\$ (294,041)</u></u> | <u>142,619</u> | <u><u>\$ 436,660</u></u> |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (11,770) | |
| Net change in due from grantor | | | 40,189 | |
| Net change in accounts receivable | | | (28,419) | |
| Net change in accounts payable | | | <u>1</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u><u>\$ 1</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 (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variances positive (Negative) Final to Actual |
|--|--------------------------|--------------------------|--------------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Fees | \$ 20,000 | \$ 20,000 | \$ 18,369 | \$ (1,631) |
| Miscellaneous | | | 720 | 720 |
| Total revenues | <u>20,000</u> | <u>20,000</u> | <u>19,089</u> | <u>(911)</u> |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Other purchased services | 10,000 | 10,558 | 9,066 | 1,492 |
| Professional & tech services | 9,000 | 8,200 | 8,150 | 50 |
| Supplies | <u>1,000</u> | <u>1,242</u> | <u>1,242</u> | |
| Total instruction | <u>20,000</u> | <u>20,000</u> | <u>18,458</u> | <u>1,542</u> |
| Total expenditures | <u>20,000</u> | <u>20,000</u> | <u>18,458</u> | <u>1,542</u> |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | 631 | 631 |
| Cash balance beginning of year | <u>(4,475)</u> | <u>(4,445)</u> | <u>155</u> | <u>4,600</u> |
| Cash balance end of year | <u><u>\$ (4,475)</u></u> | <u><u>\$ (4,445)</u></u> | <u>786</u> | <u><u>\$ 5,231</u></u> |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 631 | |
| Net change in accounts receivable | | | 0 | |
| Net change in accounts payable | | | <u>1</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u><u>\$ 632</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 (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | Actual | Variances |
|--|-------------------------|-------------------|----------------------|---|
| | <u>Original</u> | <u>Final</u> | (Budgetary Basis) | Positive (Negative) Final to Actual |
| REVENUES | | | | |
| Federal grants | \$ <u>142,674</u> | \$ <u>188,914</u> | \$ <u>156,396</u> | \$ <u>(32,518)</u> |
| Total revenues | <u>142,674</u> | <u>188,914</u> | <u>156,396</u> | <u>(32,518)</u> |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Personnel services | 59,624 | 68,915 | 49,592 | 19,323 |
| Employee benefits | 19,477 | 25,417 | 19,390 | 6,027 |
| Professional & tech services | 13,000 | 24,500 | 13,309 | 11,191 |
| Other purchased services | 1,500 | 4,000 | 2,588 | 1,412 |
| Supplies | <u>18,380</u> | <u>33,224</u> | <u>31,125</u> | <u>2,099</u> |
| Total instruction | <u>111,981</u> | <u>156,056</u> | <u>116,004</u> | <u>40,052</u> |
| Support services-general administration: | | | | |
| Professional & tech services | <u>9,573</u> | <u>11,738</u> | <u>6,317</u> | <u>5,421</u> |
| Total support services-general administration | <u>9,573</u> | <u>11,738</u> | <u>6,317</u> | <u>5,421</u> |
| Support services-school administration: | | | | |
| Personnel services | 15,000 | 15,000 | 15,000 | |
| Employee benefits | 5,620 | 5,180 | 4,464 | 716 |
| Other purchased services | | 440 | 51 | 389 |
| Supplies | <u>500</u> | <u>500</u> | <u>43</u> | <u>457</u> |
| Total support services-school administration | <u>21,120</u> | <u>21,120</u> | <u>19,558</u> | <u>1,562</u> |
| Total expenditures | <u>142,674</u> | <u>188,914</u> | <u>141,879</u> | <u>47,035</u> |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | 14,517 | 14,517 |
| Cash balance beginning of year | <u>1</u> | <u>1</u> | <u>14,409</u> | <u>14,408</u> |
| Cash balance end of year | <u>\$ 1</u> | <u>\$ 1</u> | <u>28,926</u> | <u>\$ 28,925</u> |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 14,517 | |
| Net change in accounts receivable | | | (14,516) | |
| Net change in accounts payable | | | <u>(1)</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 - ENTITLEMENT IDEA-B-24106
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances positive (Negative) Final to Actual |
|--|------------------|------------|--------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Federal grants | \$ _____ | \$ 149,078 | \$ 93,842 | \$ (55,236) |
| Total revenues | 0 | 149,078 | 93,842 | (55,236) |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Personnel services | | 56,149 | 50,651 | 5,498 |
| Employee benefits | | 24,460 | 18,481 | 5,979 |
| Other purchased services | | 12,489 | 12,489 | |
| Supplies | | 4,519 | 2,106 | 2,413 |
| Supply assets | | 3,632 | | 3,632 |
| Total instruction | 0 | 101,249 | 83,727 | 17,522 |
| Support services-general administration: | | | | |
| Professional & tech services | | 9,005 | 4,616 | 4,389 |
| Total support services-general administration | 0 | 9,005 | 4,616 | 4,389 |
| Support services-student: | | | | |
| Professional and technical services | | 30,629 | 9,529 | 21,100 |
| Total support services-student | 0 | 30,629 | 9,529 | 21,100 |
| Central services: | | | | |
| Other purchased services | | 8,195 | 8,176 | 19 |
| Total central services | 0 | 0 | 0 | 19 |
| Total expenditures | 0 | 140,883 | 97,872 | 43,011 |
| Excess (deficiency) of revenues over expenditures | 0 | 8,195 | (4,030) | (12,225) |
| Cash balance beginning of year | 0 | 0 | (25,830) | (25,830) |
| Cash balance end of year | 0 | 8,195 | (29,860) | (38,055) |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash Basis | | | (4,030) | |
| Net change in due from grantor | | | 38,036 | |
| Net change in accounts receivable | | | (25,830) | |
| Net change in accounts Payable | | | (8,176) | |
| 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 - PRESCHOOL IDEA-B-24109
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|-------------------------|-----------------|--------------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Federal grants | \$ _____ | \$ <u>5,786</u> | \$ <u>3,642</u> | \$ <u>(2,144)</u> |
| Total revenues | <u>0</u> | <u>5,786</u> | <u>3,642</u> | <u>(2,144)</u> |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Supplies | | 3,786 | 2,190 | 1,596 |
| Supply assets | | <u>2,000</u> | <u>1,485</u> | <u>515</u> |
| Total instruction | | <u>5,786</u> | <u>3,675</u> | <u>2,111</u> |
| Total expenditures | | <u>0</u> | <u>3,675</u> | <u>2,111</u> |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | (33) | (33) |
| Cash balance beginning of year | <u>0</u> | <u>0</u> | <u>(1,835)</u> | <u>(1,835)</u> |
| Cash balance end of year | <u>\$ 0</u> | <u>\$ 0</u> | <u>(1,868)</u> | <u>\$ (1,868)</u> |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (33) | |
| Net change in due from grantor | | | 1,868 | |
| Net change in accounts receivable | | | (1,835) | |
| Net change in accounts payable | | | <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 - FRESH FRUITS & VEGETABLES-24118
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|------------------|------------------|--------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Federal grants | \$ _____ | \$ <u>11,000</u> | \$ <u>10,866</u> | \$ <u>(134)</u> |
| Total revenues | <u>0</u> | <u>11,000</u> | <u>10,866</u> | <u>(134)</u> |
| EXPENDITURES | | | | |
| Food services operations: | | | | |
| Supplies | _____ | <u>11,000</u> | <u>11,000</u> | _____ |
| Total food services operations | <u>0</u> | <u>11,000</u> | <u>11,000</u> | <u>0</u> |
| Total expenditures | <u>0</u> | <u>11,000</u> | <u>11,000</u> | <u>0</u> |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | (134) | (134) |
| Cash balance beginning of year | <u>0</u> | <u>0</u> | <u>1,738</u> | <u>1,738</u> |
| Cash balance end of year | <u><u>0</u></u> | <u><u>0</u></u> | <u><u>1,604</u></u> | <u><u>1,604</u></u> |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (134) | |
| Net change in due from grantor | | | 134 | |
| Net change in accounts payable | | | <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 - TEACHER/PRINCIPAL TRAINING & RECRUITING-24154
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

| | <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 | \$ 25,769 | \$ 51,236 | \$ 28,815 | \$ (22,421) |
| Total revenues | <u>25,769</u> | <u>51,236</u> | <u>28,815</u> | <u>(22,421)</u> |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Personnel services | 14,000 | 23,179 | 17,000 | 6,179 |
| Employee benefits | | 3,877 | 3,876 | 1 |
| Professional & tech services | 10,040 | 20,040 | 13,466 | 6,574 |
| Other purchased services | | <u>2,411</u> | <u>1,553</u> | <u>858</u> |
| Total instruction | <u>24,040</u> | <u>49,507</u> | <u>35,895</u> | <u>13,612</u> |
| Support services-general administration: | | | | |
| Professional & tech services | <u>1,729</u> | <u>1,729</u> | <u>1,680</u> | <u>49</u> |
| Total support services-general administration | <u>1,729</u> | <u>1,729</u> | <u>1,680</u> | <u>49</u> |
| Total expenditures | <u>25,769</u> | <u>51,236</u> | <u>37,575</u> | <u>13,661</u> |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | (8,760) | (8,760) |
| Cash balance beginning of year | <u>32,660</u> | <u>0</u> | <u>(13,127)</u> | <u>(13,127)</u> |
| Cash balance end of year | <u>\$ 32,660</u> | <u>\$ 0</u> | <u>(21,887)</u> | <u>\$ (21,887)</u> |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (8,760) | |
| Net change in due from grantor | | | 21,886 | |
| Net change in accounts receivable | | | (13,126) | |
| Net change in accounts payable | | | <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 - TITLE IV-A SAFE & DRUG FREE SCHOOLS-24157
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances positive (Negative) Final to Actual |
|--|-------------------|-------------------|--------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Total revenues | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> |
| EXPENDITURES | | | | |
| Total expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (deficiency) of revenues over expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In/(Out) | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Other financing sources (uses) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net changes in fund balance | 0 | 0 | 0 | 0 |
| Cash balance beginning of year | <u>1</u> | <u>1</u> | <u>540</u> | <u>539</u> |
| Cash balance end of year | <u><u>1</u></u> | <u><u>1</u></u> | <u><u>540</u></u> | <u><u>539</u></u> |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Net changes in fund balance -cash basis | | | 0 | |
| Net change in accounts receivable | | | 540 | |
| Net change in accounts payable | | | <u>(540)</u> | |
| Net changes in fund balance -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 SCHOOL IMPROVEMENT-24162
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances positive (Negative) Final to Actual |
|--|------------------|----------|--------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Federal grants | \$ _____ | \$ 4,000 | \$ _____ | \$ (4,000) |
| Total revenues | 0 | 4,000 | 0 | (4,000) |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Supplies | _____ | 4,000 | 3,137 | 863 |
| Total instruction | 0 | 4,000 | 3,137 | 863 |
| Total expenditures | 0 | 4,000 | 3,137 | 863 |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | (3,137) | (3,137) |
| Cash balance beginning of year | 0 | 0 | 0 | 0 |
| Cash balance end of year | 0 | 0 | (3,137) | (3,137) |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (3,137) | |
| Net change in due from grantor | | | 3,137 | |
| Net change in accounts receivable | | | 0 | |
| Net change in accounts payable | | | 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 - TITLE XIX MEDICAID 3/12 YEAR- 25153
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|------------------|--------------|--------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Federal grants | \$ 17,001 | \$ 17,001 | \$ 13,549 | \$ (3,452) |
| Total revenues | 17,001 | 17,001 | 13,549 | (3,452) |
| EXPENDITURES | | | | |
| Support services-students: | | | | |
| Personnel services | 8,000 | 3,600 | 3,600 | |
| Employee benefits | 1,219 | 664 | 282 | 382 |
| Professional & tech services | 19,720 | 22,784 | 21,012 | 1,772 |
| Supplies | | 1,891 | 945 | 946 |
| Supply assets | 750 | 750 | | 750 |
| Total support services-students | 29,689 | 29,689 | 25,839 | 3,850 |
| Support services-general administration: | | | | |
| Professional & tech services | 3,000 | 3,000 | 1,209 | 1,791 |
| Total support services-general administration | 3,000 | 3,000 | 1,209 | 1,791 |
| Total expenditures | 32,689 | 32,689 | 27,048 | 5,641 |
| Excess (deficiency) of revenues over expenditures | (15,688) | (15,688) | (13,499) | 2,189 |
| Cash balance beginning of year | (81,102) | (98,532) | 47,889 | 146,421 |
| Cash balance end of year | \$ (96,790) | \$ (114,220) | 34,390 | \$ 148,610 |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (13,499) | |
| Net change in due from grantor | | | 31,824 | |
| Net change in accounts receivable | | | (18,325) | |
| Net change in accounts payable | | | 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 - RURAL EDUCATION ACHIEVEMENT PROGRAM-25233
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual (Budgetary BASIS) | Variances Positive (Negative) Final to Actual |
|--|------------------|-------------|--------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Federal grants | \$ 18,091 | \$ 33,791 | \$ 24,064 | \$ (9,727) |
| Total revenues | 18,091 | 33,791 | 24,064 | (9,727) |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Personnel services | 6,852 | 6,852 | 6,062 | 790 |
| Employee benefits | 3,132 | 3,132 | 2,306 | 826 |
| Professional & tech services | | 10,084 | 3,959 | 6,125 |
| Supplies | 9,841 | 14,722 | 10,659 | 4,063 |
| Total instruction | 19,825 | 34,790 | 22,986 | 11,804 |
| Support services- general administration: | | | | |
| Professional & tech services | 1,426 | 2,161 | 1,076 | 1,085 |
| Total support services- general administration | 1,426 | 2,161 | 1,076 | 1,085 |
| Total expenditures | 21,251 | 36,951 | 24,062 | 12,889 |
| Excess(deficiency) of revenues over expenditures | (3,160) | (3,160) | 2 | 3,162 |
| Cash balance beginning of year | (13,342) | (13,342) | 179 | 13,521 |
| Cash balance end of year | \$ (16,502) | \$ (16,502) | 181 | \$ 16,683 |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 2 | |
| Net change in accounts receivable | | | (2) | |
| Net change in accounts payable | | | 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 (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> (Budgetary Basis) | <u>Variances</u> Positive (Negative) Final to Actual |
|--|-------------------------|--------------------|---------------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| State & local grants | \$ _____ | \$ <u>5,327</u> | \$ <u>3,314</u> | \$ <u>(2,013)</u> |
| Total revenues | <u>0</u> | <u>5,327</u> | <u>3,314</u> | <u>(2,013)</u> |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Supplies | _____ | <u>5,327</u> | <u>5,327</u> | _____ |
| Total instruction | <u>0</u> | <u>5,327</u> | <u>5,327</u> | <u>0</u> |
| Total expenditures | <u>0</u> | <u>5,327</u> | <u>5,327</u> | <u>0</u> |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | (2,013) | (2,013) |
| 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><u>(2,013)</u></u> | <u><u>\$ (2,013)</u></u> |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (2,013) | |
| Net change in accounts receivable | | | 0 | |
| Net change in accounts payable | | | <u>0</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u><u>\$ (2,013)</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 FUNDS - 2010 GO BONDS STU LIBRARY FUND-27106
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|-------------------|-------------------|--------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Federal Grants | \$ 4,722 | \$ 6,971 | \$ | \$ (6,971) |
| State & local grants | <u> </u> | <u> </u> | <u>3,394</u> | <u>3,394</u> |
| Total revenues | <u>4,722</u> | <u>6,971</u> | <u>3,394</u> | <u>(3,577)</u> |
| EXPENDITURES | | | | |
| Support services-instruction: | | | | |
| Supplies | <u>4,722</u> | <u>6,971</u> | <u>6,971</u> | <u> </u> |
| Total support services-instruction | <u>4,722</u> | <u>6,971</u> | <u>6,971</u> | <u>0</u> |
| Total expenditures | <u>4,722</u> | <u>6,971</u> | <u>6,971</u> | <u>0</u> |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | (3,577) | (3,577) |
| Cash balance beginning of year | <u>0</u> | <u>0</u> | <u>(3,394)</u> | <u>(3,394)</u> |
| Cash balance end of year | <u>\$ 0</u> | <u>\$ 0</u> | <u>(6,971)</u> | <u>\$ (6,971)</u> |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (3,577) | |
| Net change in accounts receivable | | | 0 | |
| Net Change in accounts payable | | | <u>0</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u>\$ (3,577)</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 - NM READS TO LEAD 27114
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|-------------------------|------------------|--------------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| State & local grants | \$ _____ | \$ <u>47,001</u> | \$ <u>29,738</u> | \$ <u>(17,263)</u> |
| Total revenues | <u>0</u> | <u>47,001</u> | <u>29,738</u> | <u>(17,263)</u> |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Supplies | _____ | <u>4,000</u> | <u>3,730</u> | <u>270</u> |
| Total instruction | <u>0</u> | <u>4,000</u> | <u>3,730</u> | <u>270</u> |
| Support services-school administration: | | | | |
| Personnel services | | 30,000 | 30,000 | |
| Employee benefits | | 9,048 | 8,954 | 94 |
| Other purchased services | | 51 | 51 | |
| Supplies | _____ | <u>3,902</u> | <u>3,675</u> | <u>227</u> |
| Total support services-school administration | <u>0</u> | <u>43,001</u> | <u>42,680</u> | <u>321</u> |
| Total expenditures | <u>0</u> | <u>47,001</u> | <u>46,410</u> | <u>591</u> |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | (16,672) | (16,672) |
| Cash balance beginning of year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Cash balance end of year | <u>\$ 0</u> | <u>\$ 0</u> | <u>(16,672)</u> | <u>\$ (16,672)</u> |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (16,672) | |
| Net change in accounts receivable | | | 0 | |
| Net Change in accounts payable | | | <u>1</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u>\$ (16,671)</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 (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual (Budgetary Basis)</u> | <u>Variances Positive (Negative) Final to Actual</u> |
|---|-------------------------|-------------------|---|--|
| | <u>Original</u> | <u>Final</u> | | |
| <i>REVENUES</i> | | | | |
| Total revenues | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> |
| <i>EXPENDITURES</i> | | | | |
| Total expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (deficiency) of revenues over expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>OTHER FINANCING SOURCES (USES)</i> | | | | |
| Transfers In/(Out) | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Other financing sources (uses) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net changes in fund balance | 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><u>51</u></u> | <u><u>51</u></u> |
| <i>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</i> | | | | |
| Net Change in fund balance-cash basis | | | 0 | |
| Net change in accounts receivable | | | 0 | |
| Net change in accounts payable | | | <u>(51)</u> | |
| Net Change in fund balance-GAAP basis | | | <u><u>(51)</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 - PRE K INITIATIVE 27149

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances positive (Negative) Final to Actual |
|--|------------------|-----------|--------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| State & local grants | \$ 81,000 | \$ 81,000 | \$ 55,651 | \$ (25,349) |
| Total revenues | 81,000 | 81,000 | 55,651 | (25,349) |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Personnel services | 51,774 | 52,288 | 52,287 | 1 |
| Employee benefits | 26,734 | 22,469 | 22,447 | 22 |
| Other purchased services | | 20 | 20 | |
| Supplies | 2,492 | 5,583 | 5,583 | |
| Supply assets | | 640 | 640 | |
| Total instruction | 81,000 | 81,000 | 80,977 | 23 |
| Total expenditures | 81,000 | 81,000 | 80,977 | 23 |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | (25,326) | (25,326) |
| Cash balance beginning of year | 0 | 0 | 0 | 0 |
| Cash balance end of year | \$ 0 | \$ 0 | (25,326) | \$ (25,326) |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (25,326) | |
| Net change in accounts receivable | | | 0 | |
| Net change in accounts payable | | | 1 | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | \$ (25,325) | |

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 FOR ELEM STUDENTS 27155
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variances</u> |
|---|-------------------------|---------------------|----------------------|------------------------|
| | <u>Original</u> | <u>Final</u> | <u>(Budgetary</u> | <u>Positive</u> |
| | | | <u>Basis)</u> | <u>(Negative)</u> |
| | | | | <u>Final to Actual</u> |
| <i>REVENUES</i> | | | | |
| State & local grants | \$ _____ | \$ <u>1,730</u> | \$ <u>1,169</u> | \$ <u>(561)</u> |
| Total revenues | <u>0</u> | <u>1,730</u> | <u>1,169</u> | <u>(561)</u> |
| <i>EXPENDITURES</i> | | | | |
| Food services operations: | | | | |
| Supplies | _____ | <u>1,730</u> | <u>905</u> | <u>825</u> |
| Total food services operations | <u>0</u> | <u>1,730</u> | <u>905</u> | <u>825</u> |
| Total expenditures | <u>0</u> | <u>1,730</u> | <u>905</u> | <u>825</u> |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | 264 | 264 |
| Cash balance beginning of year | <u>36</u> | <u>36</u> | <u>(228)</u> | <u>(264)</u> |
| Cash balance end of year | <u><u>\$ 36</u></u> | <u><u>\$ 36</u></u> | <u>36</u> | <u><u>\$ 0</u></u> |
| <i>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</i> | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 264 | |
| Net change in accounts receivable | | | 0 | |
| Net Change in accounts payable | | | <u>0</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u><u>\$ 264</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 - KINDERGARTEN-THREE PLUS 27166
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

| | <u>Budgeted Amounts</u> | | <u>Actual (Budgetary Basis)</u> | <u>Variances positive (Negative) Final to Actual</u> |
|--|-------------------------|------------------|---|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| State & local grants | \$ _____ | \$ <u>17,400</u> | \$ _____ | \$ <u>(17,400)</u> |
| Total revenues | <u>0</u> | <u>17,400</u> | <u>0</u> | <u>(17,400)</u> |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Personnel services | | 4,778 | 4,778 | |
| Employee benefits | | 1,092 | 1,089 | 3 |
| Other purchased services | | 398 | 255 | 143 |
| Supplies | | <u>2,175</u> | <u>146</u> | <u>2,029</u> |
| Total instruction | <u>0</u> | <u>8,443</u> | <u>6,268</u> | <u>2,175</u> |
| Student transportation: | | | | |
| Other purchased services | | <u>5,123</u> | <u>2,349</u> | <u>2,774</u> |
| Total student transportation | <u>0</u> | <u>5,123</u> | <u>2,349</u> | <u>2,774</u> |
| Support services-school administration: | | | | |
| Personnel services | | 3,120 | 3,120 | |
| Employee benefits | | <u>714</u> | <u>711</u> | <u>3</u> |
| Total support services-school administration | <u>0</u> | <u>3,834</u> | <u>3,831</u> | <u>3</u> |
| Total expenditures | <u>0</u> | <u>17,400</u> | <u>12,448</u> | <u>4,952</u> |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | (12,448) | (12,448) |
| 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><u>(12,448)</u></u> | <u><u>(12,448)</u></u> |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (12,448) | |
| Net change in accounts receivable | | | 0 | |
| Net change in accounts payable | | | <u>0</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u><u>(12,448)</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 - SCIENCE INSTRUCTIONAL MATERIALS-27176
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual (Budgetary Basis)</u> | <u>Variances Positive (Negative) Final to Actual</u> |
|---|-------------------------|-----------------|---|--|
| | <u>Original</u> | <u>Final</u> | | |
| <i>REVENUES</i> | | | | |
| State & local grants | \$ _____ | \$ _____ | \$ <u>5,602</u> | \$ <u>5,602</u> |
| Total revenues | <u>0</u> | <u>0</u> | <u>5,602</u> | <u>5,602</u> |
| <i>EXPENDITURES</i> | | | | |
| Total expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | 5,602 | 5,602 |
| Cash balance beginning of year | <u>0</u> | <u>0</u> | <u>(5,602)</u> | <u>(5,602)</u> |
| Cash balance end of year | <u><u>0</u></u> | <u><u>0</u></u> | <u>0</u> | <u><u>0</u></u> |
| <i>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</i> | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 5,602 | |
| Net change in accounts receivable | | | 0 | |
| Net change in accounts payable | | | <u>0</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u><u>\$ 5,602</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 - NM STEM TEACHER INITIATIVE-27181
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual (Budgetary Basis)</u> | <u>Variances Positive (Negative) Final to Actual</u> |
|--|-------------------------|---------------|---|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| State & local grants | \$ _____ | \$ 20,000 | \$ 5,000 | \$ (15,000) |
| Total revenues | <u>0</u> | <u>20,000</u> | <u>5,000</u> | <u>(15,000)</u> |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Personal Services | | 16,287 | 16,287 | |
| Employee benefits | | 3,713 | 3,713 | |
| Total instruction | <u>0</u> | <u>20,000</u> | <u>20,000</u> | <u>0</u> |
| Total expenditures | <u>0</u> | <u>20,000</u> | <u>20,000</u> | <u>0</u> |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | (15,000) | (15,000) |
| Cash balance beginning of year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Cash balance end of year | <u>\$ 0</u> | <u>\$ 0</u> | <u>(15,000)</u> | <u>\$ (15,000)</u> |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (15,000) | |
| Net change in accounts receivable | | | 0 | |
| Net Change in accounts payable | | | <u>0</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u>\$ (15,000)</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 - PARCC-27185

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> (Budgetary Basis) | <u>Variances</u> Positive (Negative) Final to Actual |
|--|-------------------------|--------------------|---------------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Total revenues | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> |
| EXPENDITURES | | | | |
| Support services-instruction: | | | | |
| Supply assets | <u> </u> | <u>8,389</u> | <u>8,389</u> | <u> </u> |
| Total support services-instruction | <u>0</u> | <u>8,389</u> | <u>8,389</u> | <u>0</u> |
| Central services: | | | | |
| Other purchased services | <u> </u> | <u>1,934</u> | <u>1,934</u> | <u> </u> |
| Total central services | <u>0</u> | <u>1,934</u> | <u>1,934</u> | <u>0</u> |
| Total expenditures | <u>0</u> | <u>10,323</u> | <u>10,323</u> | <u>0</u> |
| Excess (deficiency) of revenues over expenditures | 0 | (10,323) | (10,323) | 0 |
| Cash balance beginning of year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Cash balance end of year | <u>\$ 0</u> | <u>\$ (10,323)</u> | <u>(10,323)</u> | <u>\$ 0</u> |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash Basis | | | (10,323) | |
| Net Change in accounts receivable | | | 0 | |
| Net Change in accounts payable | | | <u>0</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u>\$ (10,323)</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 - STATE DIRECTED ACTIVITIES 27200
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual (Budgetary Basis)</u> | <u>Variances Positive (Negative) Final to Actual</u> |
|--|-------------------------|--------------|---|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Total revenues | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| EXPENDITURES | | | | |
| Total expenditures | 0 | 0 | 0 | 0 |
| Excess (deficiency) of revenues over expenditures | 0 | 0 | 0 | 0 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In/(Out) | 0 | 0 | 0 | 0 |
| Total Other financing sources (uses) | 0 | 0 | 0 | 0 |
| Net changes in fund balance | 0 | 0 | 0 | 0 |
| Cash balance beginning of year | 16,279 | 0 | 47,038 | 47,038 |
| Cash balance end of year | <u>16,279</u> | <u>0</u> | <u>47,038</u> | <u>47,038</u> |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Net Change in fund balance-cash basis | | | 0 | |
| Net Change in accounts receivable | | | 47,038 | |
| Net Change in accounts payable | | | <u>(47,038)</u> | |
| Net Change in fund balance-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 - GEAR UP CHE-28178
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | Actual | Variances |
|--|-------------------------|--------------------|----------------------|---|
| | <u>Original</u> | <u>Final</u> | (Budgetary Basis) | Positive (Negative) Final to Actual |
| REVENUES | | | | |
| Total revenues | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Other purchased services | 5,210 | 9,585 | 9,584 | 1 |
| Supplies | <u>53</u> | <u>53</u> | <u>53</u> | <u>53</u> |
| Total instruction | <u>5,210</u> | <u>9,638</u> | <u>9,637</u> | <u>1</u> |
| Support services-general administration: | | | | |
| Professional & tech services | <u>375</u> | <u>375</u> | <u>375</u> | <u>0</u> |
| Total support services-general administration | <u>375</u> | <u>375</u> | <u>375</u> | <u>0</u> |
| Total expenditures | <u>5,585</u> | <u>10,013</u> | <u>10,012</u> | <u>1</u> |
| Excess (deficiency) of revenues over expenditures | (5,585) | (10,013) | (10,012) | 1 |
| Cash balance beginning of year | <u>(16,488)</u> | <u>(14,710)</u> | <u>10,013</u> | <u>24,723</u> |
| Cash balance end of year | <u>\$ (22,073)</u> | <u>\$ (24,723)</u> | <u>1</u> | <u>\$ 24,724</u> |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (10,012) | |
| Net change in accounts receivable | | | 0 | |
| Net Change in accounts payable | | | <u>(1)</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u>\$ (10,013)</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 - PRIVATE DIR GRANTS (CATEGORICAL) 29102
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|-------------------------|-------------------|--------------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Miscellaneous | \$ <u>123,000</u> | \$ <u>125,000</u> | \$ <u>123,000</u> | \$ <u>(2,000)</u> |
| Total revenues | <u>123,000</u> | <u>125,000</u> | <u>123,000</u> | <u>(2,000)</u> |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Professional & tech services | 1,293 | 2,493 | 2,125 | 368 |
| Supplies | 3,717 | 4,517 | 3,959 | 558 |
| Supply assets | <u>118,847</u> | <u>118,847</u> | <u>117,797</u> | <u>1,050</u> |
| Total instruction | <u>123,857</u> | <u>125,857</u> | <u>123,881</u> | <u>1,976</u> |
| Total expenditures | <u>123,857</u> | <u>125,857</u> | <u>123,881</u> | <u>1,976</u> |
| Excess (deficiency) of revenues over expenditures | (857) | (857) | (881) | (24) |
| Cash balance beginning of year | <u>16,279</u> | <u>0</u> | <u>882</u> | <u>882</u> |
| Cash balance end of year | <u>\$ 15,422</u> | <u>\$ (857)</u> | <u>1</u> | <u>\$ 858</u> |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (881) | |
| Net Change in accounts receivable | | | 0 | |
| Net change in accounts payable | | | <u>(1)</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u>\$ (882)</u> | |

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

CAPITAL PROJECT FUNDS

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
CAPITAL PROJECT FUND - BOND BUILDING-31100
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | Actual | Variances |
|--|-----------------------------|-----------------------------|--------------------------|---|
| | <u>Original</u> | <u>Final</u> | (Budgetary Basis) | Positive (Negative) Final to Actual |
| REVENUES | | | | |
| State & local grants | \$ _____ | \$ <u>1,500,909</u> | \$ <u>721,815</u> | \$ <u>(779,094)</u> |
| Total revenues | \$ _____ | \$ <u>1,500,909</u> | \$ <u>721,815</u> | \$ <u>(779,094)</u> |
| EXPENDITURES | | | | |
| Capital outlay: | | | | |
| Purchased property services | <u>1,063,577</u> | <u>2,189,486</u> | <u>293,628</u> | <u>1,895,858</u> |
| Total capital outlay | <u>1,063,577</u> | <u>2,189,486</u> | <u>293,628</u> | <u>1,895,858</u> |
| Central services: | | | | |
| Professional & tech services | 50,000 | 50,000 | 5,642 | 44,358 |
| Property | <u>15,000</u> | <u>390,000</u> | <u>907</u> | <u>389,093</u> |
| Total central services | <u>65,000</u> | <u>440,000</u> | <u>6,549</u> | <u>433,451</u> |
| Total expenditures | <u>1,128,577</u> | <u>2,629,486</u> | <u>300,177</u> | <u>2,329,309</u> |
| Excess (deficiency) of revenues over expenditures | <u>(1,128,577)</u> | <u>(1,128,577)</u> | <u>421,638</u> | <u>1,550,215</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from Bonds | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total other financing sources (uses) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net change in fund balance | (1,128,577) | (1,128,577) | 421,638 | 1,550,215 |
| Cash balance beginning of year | <u>(4,826,697)</u> | <u>(4,826,697)</u> | <u>885,627</u> | <u>5,712,324</u> |
| Cash balance end of year | <u><u>\$(5,955,274)</u></u> | <u><u>\$(5,955,274)</u></u> | <u>1,307,265</u> | <u><u>\$ 7,262,539</u></u> |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Net change in fund balance-cash basis | | | 421,638 | |
| Net change in accounts receivable | | | 0 | |
| Net change in accounts payable | | | <u>1</u> | |
| Net change in fund balance-GAAP basis | | | <u><u>\$ 421,639</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 - SPECIAL CAPITAL OUTLAY-STATE-31400
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|---|------------------|------------------|--------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| State & local grants | \$ _____ | \$ <u>46,181</u> | \$ _____ | \$ <u>(46,181)</u> |
| Total revenues | <u>0</u> | <u>46,181</u> | <u>0</u> | <u>(46,181)</u> |
| EXPENDITURES | | | | |
| Capital outlay: | | | | |
| Property | _____ | <u>46,181</u> | _____ | <u>46,181</u> |
| Total capital outlay | <u>0</u> | <u>46,181</u> | <u>0</u> | <u>46,181</u> |
| Total expenditures | <u>0</u> | <u>46,181</u> | <u>0</u> | <u>46,181</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><u>0</u></u> | <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

CAPITAL PROJECT FUND - CAPITAL IMPROVEMENTS SB-9-31700
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|-----------------------------|-----------------------|--------------------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 360,235 | \$ 360,235 | \$ 366,021 | \$ 5,786 |
| Investment income | 700 | 700 | 910 | 210 |
| State & local grants | <u> </u> | <u>11,662</u> | <u>11,662</u> | <u> </u> |
| Total revenues | <u>360,935</u> | <u>372,597</u> | <u>378,593</u> | <u>5,996</u> |
| EXPENDITURES | | | | |
| Support services-general administration: | | | | |
| Professional & tech services | <u>3,603</u> | <u>4,103</u> | <u>3,660</u> | <u>443</u> |
| Total support services-general administration | <u>3,603</u> | <u>4,103</u> | <u>3,660</u> | <u>443</u> |
| Operation and maintenance of plant: | | | | |
| Purchased property services | 250,000 | 261,162 | 179,843 | 81,319 |
| Supplies | 30,000 | 57,014 | 44,223 | 12,791 |
| Supply assets | <u>27,293</u> | <u>77,293</u> | <u>71,815</u> | <u>5,478</u> |
| Total operation and maintenance of plant | <u>307,293</u> | <u>395,469</u> | <u>295,881</u> | <u>99,588</u> |
| Capital outlay: | | | | |
| Purchased property services | 570,000 | 483,000 | 227,917 | 255,083 |
| Property | 100,000 | 100,000 | 75,274 | 24,726 |
| Supply assets | <u>15,000</u> | <u>24,986</u> | <u>19,986</u> | <u>5,000</u> |
| Total capital outlay | <u>685,000</u> | <u>607,986</u> | <u>323,177</u> | <u>284,809</u> |
| Total expenditures | <u>992,293</u> | <u>1,003,455</u> | <u>619,058</u> | <u>384,397</u> |
| Excess (deficiency) of revenues over expenditures | (631,358) | (630,858) | (240,465) | 390,393 |
| Cash balance beginning of year | <u>(714,530)</u> | <u>(788,530)</u> | <u>697,480</u> | <u>1,486,010</u> |
| Cash balance end of year | <u>\$ (1,345,888)</u> | <u>\$ (1,419,388)</u> | <u>457,015</u> | <u>\$ 1,876,403</u> |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (240,465) | |
| Net change in accounts receivable | | | 0 | |
| Net change in accounts payable | | | <u>(3,660)</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u>\$ (244,125)</u> | |

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 (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

| | <u>Budgeted Amounts</u> | | <u>Actual (Budgetary Basis)</u> | <u>Variances Positive (Negative) Final to Actual</u> |
|---|-------------------------|-----------------------|---|--|
| | <u>Original</u> | <u>Final</u> | | |
| <i>REVENUES</i> | | | | |
| Investment income | \$ 500 | \$ 500 | \$ 444 | \$ (56) |
| Miscellaneous | <u>40,000</u> | <u>40,000</u> | <u>21,133</u> | <u>(18,867)</u> |
| Total revenues | <u>40,500</u> | <u>40,500</u> | <u>21,577</u> | <u>(18,923)</u> |
| <i>EXPENDITURES</i> | | | | |
| Capital outlay: | | | | |
| Supplies | 9,373 | 19,373 | 11,036 | 8,337 |
| Supply assets | <u>419,842</u> | <u>384,842</u> | <u>108,485</u> | <u>276,357</u> |
| Total capital outlay | <u>429,215</u> | <u>404,215</u> | <u>119,521</u> | <u>284,694</u> |
| Operation and maintenance of plant: | | | | |
| Professional & tech services | 150,917 | 175,917 | 153,949 | 21,968 |
| Purchased property services | 170,000 | 170,000 | 1,684 | 168,316 |
| Supplies | 65,729 | 65,729 | 27,277 | 38,452 |
| Supply assets | <u>307,758</u> | <u>307,758</u> | <u>175,077</u> | <u>132,681</u> |
| Total operation and maintenance of plant | <u>694,404</u> | <u>719,404</u> | <u>357,987</u> | <u>361,417</u> |
| Total expenditures | <u>1,123,619</u> | <u>1,123,619</u> | <u>477,508</u> | <u>646,111</u> |
| Excess (deficiency) of revenues over expenditures | (1,083,119) | (1,083,119) | (455,931) | 627,188 |
| Cash balance beginning of year | <u>(801,150)</u> | <u>(801,150)</u> | <u>1,092,406</u> | <u>1,893,556</u> |
| Cash balance end of year | <u>\$ (1,884,269)</u> | <u>\$ (1,884,269)</u> | <u>636,475</u> | <u>\$ 2,520,744</u> |
| <i>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</i> | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | (455,931) | |
| Net change in accounts receivable | | | 0 | |
| Net change in accounts payable | | | <u>0</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u>\$ (455,931)</u> | |

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

DEBT SERVICE FUNDS

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND - DEBT SERVICES-41000
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | Actual (Budgetary Basis) | Variances Positive (Negative) Final to Actual |
|--|-------------------------|---------------------|--------------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Property taxes | \$ 420,097 | \$ 420,097 | \$ 489,822 | \$ 69,725 |
| Investment income | <u>500</u> | <u>500</u> | <u>209</u> | <u>(291)</u> |
| Total revenues | <u>420,597</u> | <u>420,597</u> | <u>490,031</u> | <u>69,434</u> |
| EXPENDITURES | | | | |
| Support services- general administration: | | | | |
| Professional & tech services | <u>4,201</u> | <u>4,701</u> | <u>4,898</u> | <u>(197)</u> |
| Total support services- general administration | <u>4,201</u> | <u>4,701</u> | <u>4,898</u> | <u>(197)</u> |
| Debt service: | | | | |
| Principal | 350,275 | 349,775 | 170,000 | 179,775 |
| Interest | <u>250,097</u> | <u>250,097</u> | <u>150,130</u> | <u>99,967</u> |
| Total debt service | <u>600,372</u> | <u>599,872</u> | <u>320,130</u> | <u>279,742</u> |
| Total expenditures | <u>604,573</u> | <u>604,573</u> | <u>325,028</u> | <u>279,545</u> |
| Excess (deficiency) of revenues over expenditures | (183,976) | (183,976) | 165,003 | 348,979 |
| Cash balance beginning of year | <u>(277,815)</u> | <u>(255,296)</u> | <u>466,404</u> | <u>721,700</u> |
| Cash balance end of year | <u>\$ (461,791)</u> | <u>\$ (439,272)</u> | <u>631,407</u> | <u>\$ 1,070,679</u> |
| RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 165,003 | |
| Net change in accounts receivable | | | 0 | |
| Net change in accounts payable | | | <u>0</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP basis | | | <u>\$ 165,003</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 (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014**

| | <u>Budgeted Amounts</u> | | <u>Actual (Budgetary Basis)</u> | <u>Variances Positive (Negative) Final to Actual</u> |
|---|----------------------------|----------------------------|---|--|
| | <u>Original</u> | <u>Final</u> | | |
| <i>REVENUES</i> | | | | |
| Property taxes | \$ <u>204,193</u> | \$ <u>204,193</u> | \$ <u>205,769</u> | \$ <u>1,576</u> |
| Total revenues | <u>204,193</u> | <u>204,193</u> | <u>205,769</u> | <u>1,576</u> |
| <i>EXPENDITURES</i> | | | | |
| Support services-general administration: | | | | |
| Professional & tech services | <u>2,022</u> | <u>2,522</u> | <u>2,058</u> | <u>464</u> |
| Total support services- general administration | <u>2,022</u> | <u>2,522</u> | <u>2,058</u> | <u>464</u> |
| Debt service: | | | | |
| Principle | 362,851 | 362,351 | 190,000 | 172,351 |
| Interest | <u>12,171</u> | <u>12,171</u> | <u>12,171</u> | <u> </u> |
| Total debt service | <u>375,022</u> | <u>374,522</u> | <u>202,171</u> | <u>172,351</u> |
| Total expenditures | <u>377,044</u> | <u>377,044</u> | <u>204,229</u> | <u>172,815</u> |
| Excess (deficiency) of revenues over expenditures | (172,851) | (172,851) | 1,540 | 174,391 |
| Cash balance beginning of year | <u>(208,511)</u> | <u>(210,376)</u> | <u>216,806</u> | <u>427,182</u> |
| Cash balance end of year | <u><u>\$ (381,362)</u></u> | <u><u>\$ (383,227)</u></u> | <u>218,346</u> | <u><u>\$ 601,573</u></u> |
| <i>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</i> | | | | |
| Excess (deficiency) of revenues over expenditures-cash basis | | | 1,540 | |
| Net change in accounts receivable | | | 0 | |
| Net change in accounts payable | | | <u>0</u> | |
| Excess (deficiency) of revenues over expenditures-GAAP Basis | | | <u><u>\$ 1,540</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
AGENCY FUNDS ACTIVITY
SCHEDULE OF CHANGES IN ASSETS & LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014

FIDUCIARY FUND

Activity Trust Fund

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

| <u>ASSETS</u> | <u>Balance</u> <u>6/30/2013</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>6/30/2014</u> |
|----------------------------------|------------------------------------|------------------|------------------|------------------------------------|
| 600 General Activity Fund | \$ 3,646 | \$ 851 | \$ 2,913 | \$ 1,584 |
| 702 Scholarship Fund | 759 | 1,025 | 1,050 | 734 |
| 703 HS Office Assistant | 9 | 1,116 | 636 | 489 |
| 704 HS Pepsi Fund | 91 | | | 91 |
| 709 JRHS Honor Society | 1,055 | 402 | 481 | 976 |
| 710 HS Student Council | 2,293 | 1,544 | 3,130 | 707 |
| 712 FHA Fund | 208 | | | 208 |
| 714 Science Club Fund | 173 | | | 173 |
| 715 Library Fund | 2,959 | 577 | 1,703 | 1,833 |
| 716 HS Cheerleaders Fund | 741 | 11,815 | 10,750 | 1,806 |
| 719 Music Fund | 60 | | | 60 |
| 722 Ski Club Fund | 894 | 5,100 | 5,050 | 944 |
| 724 Rio Costilla Elementary Fund | 1,867 | 2,948 | 3,382 | 1,433 |
| 725 AV 7-8 Grade Fund | 103 | | | 103 |
| 727 Interest on NOW Accounts | 185 | | | 185 |
| 728 Interest on CD's | 1,763 | 70 | 591 | 1,242 |
| 734 AV Yearbook Fund | 2,496 | 2,694 | 2,637 | 2,553 |
| 736 FFA Fund | 477 | | | 477 |
| 739 AV K-3 | 1,055 | | 1,149 | (94) |
| 742 Spanish Club | 274 | | 183 | 91 |
| 743 AV Office Fund | 3 | | | 3 |
| 745 AV 4/5/6 Grades Fund | 95 | | | 95 |
| 749 AV 4/6 Office Fund | 240 | | | 240 |
| 751 AV Cheerleader Fund | 1,359 | 2,288 | 2,136 | 1,511 |
| 752 Athletic General Fund | 41 | 900 | 730 | 211 |
| 754 HS Soccer Club | 1,498 | 1,500 | 1,846 | 1,152 |
| 760 JR High Volleyball | (132) | 1,230 | 1,385 | (287) |
| 761 Night School | 23 | | | 23 |
| 762 Volleyball Fund | 3,247 | 8,150 | 7,969 | 3,428 |
| 763 Rent & lease Deposit Fund | 4,156 | 250 | 100 | 4,306 |
| 764 HS Football Fund | 673 | 800 | 1,403 | 70 |
| 765 JR High Football | 122 | | | 122 |
| 766 Av Library Fund | 295 | 2,677 | 2,904 | 68 |
| 787 Class of 2004 | 727 | | | 727 |
| 795 JR High Student Council Fund | 670 | | | 670 |

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
AGENCY FUNDS ACTIVITY
SCHEDULE OF CHANGES IN ASSETS & LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014

| <u>ASSETS</u> | <u>Balance</u> <u>6/30/2013</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>6/30/2014</u> |
|---|------------------------------------|------------------|------------------|------------------------------------|
| 801 HS Yearbook | 1,984 | 4,448 | 3,734 | 2,698 |
| 802 AV Office Fund | 569 | 508 | 1,262 | (185) |
| 803 Travel Club Fund | 20 | | | 20 |
| 804 Insurance Refunds | 1,967 | 3,326 | 3,433 | 1,860 |
| 805 Alta Vista Music Program | 2,014 | 1,396 | | 3,410 |
| 808 Woodshop & Metals Fund | 525 | | | 525 |
| 810 Drama Club | 782 | 380 | 792 | 370 |
| 811 NMRSC Pepsi Fund | 1,203 | | 660 | 543 |
| 812 AV Pepsi Fund | 540 | | | 540 |
| 815 AV Student Council Fund | (84) | 10,064 | 8,525 | 1,455 |
| 816 Science Fair Club Fund | 729 | | | 729 |
| 819 Project 540 Fund | 126 | | | 126 |
| 821 HS Boys Basketball Fund | 621 | | 19 | 602 |
| 822 HS Girls Basketball Fund | 602 | | 261 | 341 |
| 823 Class of 2008 | 2,239 | | | 2,239 |
| 827 Positive Incentive Program | 6,440 | 12,269 | 14,204 | 4,505 |
| 828 Class of 2010 | 363 | | | 363 |
| 829 Class of 2011 | 101 | | | 101 |
| 830 Class of 2012 | 277 | | | 277 |
| 831 Class of 2013 | 1 | | | 1 |
| 832 Class of 2014 | 3,123 | | 2,015 | 1,108 |
| 833 Class of 2015 | 3,335 | 2,015 | 5,141 | 209 |
| 863 Class of 2015 | 1,826 | | | 1,826 |
| 834 Class of 2016 | 1,283 | 4,312 | 1,329 | 4,266 |
| 835 Class of 2017 | 2,170 | 2,459 | 443 | 4,186 |
| 837 Science Levinson Fund | 1,585 | 123 | 383 | 1,325 |
| 838 AV PAC | 889 | 1,410 | 1,382 | 917 |
| 839 Chevron Mining, Inc. | 1,685 | | 1,685 | |
| 840 Chess Club | 26 | 267 | 245 | 48 |
| 841 Ski Club-K MacDonald | 290 | 708 | 539 | 459 |
| 842 HS Track-Girls | 225 | | | 225 |
| 843 Art Department Fees | 3,598 | 683 | | 4,281 |
| 845 Class of 2018 | 120 | 152 | | 272 |
| 846 Class of 2019 | 634 | 601 | 360 | 875 |
| 849 Class of 2022 | 959 | | | 959 |
| 850 Future Educators of America | 305 | 761 | 40 | 1,026 |
| 851 Athletic Field Dedication | 674 | | | 674 |
| 852 Taos Soil and Water Conservation | 1,000 | 300 | | 1,300 |
| 854 JH Girls Basketball | 134 | 1,426 | 1,766 | (206) |

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
AGENCY FUNDS ACTIVITY
SCHEDULE OF CHANGES IN ASSETS & LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014

| <u>ASSETS</u> | <u>Balance 6/30/2013</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 6/30/2014</u> |
|---------------------------------|------------------------------|------------------|-------------------|------------------------------|
| 855 ELEM Jaguar BB Team | 9 | | | 9 |
| 857 End of year event | | 1,850 | 799 | 1,051 |
| 858 Class Of 2023 (K 2010-2011) | 206 | | | 206 |
| 859 Culinary Arts Program | 171 | 510 | | 681 |
| 860 Envirothon Club | 581 | | | 581 |
| 861 AVE Cheerleaders | | 225 | 224 | 1 |
| 862 Appleby Students in Need | | 700 | | 700 |
| 863 SHAC | | <u>1,000</u> | | <u>1,000</u> |
| Total assets | <u>79,972</u> | <u>97,830</u> | <u>101,369</u> | <u>76,433</u> |
| LIABILITIES | | | | |
| Deposits held for others | <u>79,972</u> | <u>97,830</u> | <u>101,369</u> | <u>76,433</u> |
| Total liabilities | <u>\$ 79,972</u> | <u>\$ 97,830</u> | <u>\$ 101,369</u> | <u>\$ 76,433</u> |

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
CASH RECONCILIATIONS - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

| | | Beginning Balance <u>6/30/2013</u> | Revenue | Expenditures | Prior Year Warrants Voided/Other Adjustments | Ending Cash Balance <u>6/30/2014</u> |
|-------------------------|-------|--|---------------------|---------------------|---|--|
| Operational | 11000 | \$ 556,621 | \$ 4,055,627 | \$ 4,320,845 | \$ (360) | \$ 291,043 |
| Teacherage | 12000 | 29,811 | 5,070 | 11,378 | | 23,503 |
| Transportation | 13000 | 13 | 360,043 | 359,672 | | 384 |
| Instructional materials | 14000 | 17,149 | 24,394 | 37,119 | | 4,424 |
| Food services | 21000 | 124,361 | 233,978 | 245,748 | | 112,591 |
| Athletics | 22000 | 114 | 19,089 | 18,458 | | 745 |
| Federal flowthrough | 24000 | (77,677) | 293,561 | 303,313 | | (87,429) |
| Federal direct | 25000 | 64,948 | 2,536,650 | 2,422,195 | 98 | 179,501 |
| State flowthrough | 27000 | 37,864 | 103,869 | 183,359 | | (41,626) |
| State direct | 28000 | 10,013 | | 10,013 | | |
| Local or state | 29000 | 882 | 123,000 | 123,882 | | |
| Bond building | 31100 | 883,409 | 721,815 | 300,177 | | 1,305,047 |
| Senate bill nine | 31700 | 690,083 | 378,593 | 622,718 | | 445,958 |
| Ed tech | 31900 | 1,092,282 | 21,577 | 477,509 | | 636,350 |
| Debt service | 41000 | 461,386 | 490,031 | 325,028 | | 626,389 |
| Debt service-ed tech | 43000 | 216,806 | 205,769 | 204,228 | | 218,347 |
| Agency funds | | <u>79,972</u> | <u>97,830</u> | <u>101,369</u> | | <u>76,433</u> |
| Total | | <u>\$ 4,188,037</u> | <u>\$ 9,670,896</u> | <u>\$10,067,011</u> | <u>\$ (262)</u> | <u>\$ 3,791,660</u> |

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

COMPLIANCE

**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*
INDEPENDENT AUDITORS REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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 of the Questa Independent School District (District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued our report thereon dated November 03, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider as items 2014-001 and RWCS 2014-001 to be significant deficiencies.

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 item RWCS 2012-001(FS 12-01).

The District's Response to Findings

The District's responses to the findings identified in our audit as described in the accompanying schedule of findings and questioned cost. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
November 03, 2014

FEDERAL FINANCIAL ASSISTANCE

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

INDEPENDENT AUDITORS REPORT

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

Report on Compliance for Each Major Federal Program

We have audited Questa Independent School District's (the 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, 2014. 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.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2013-003(FA 13-3). Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-003(FA 13-3) that is consider to be significant deficiencies.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
November 03, 2014

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

| <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><i>U. S. Department of Agriculture</i></u> | | | |
| Pass-Through Program from | | | |
| New Mexico Public Education Department: | | | |
| National School Lunch Program | 10.555 | 21000 | \$ 245,747 |
| Fresh Fruits and Vegetables | 10.582 | 24118 | 11,000 |
| Direct Program: | | | |
| Forest Reserve | 10.670 | 11000 | <u>26,567</u> |
| Total U. S. Department of Agriculture | | | <u>283,314</u> |
| <u><i>U.S. Department of Education</i></u> | | | |
| Pass-Through Program from | | | |
| New Mexico Public Education Department: | | | |
| Title I | 84.010A | 24101 | 141,879 |
| IDEA, Part B Entitlement | 84.027A | 24106 | 106,048 |
| IDEA - B Pre School | 84.173A | 24109 | 3,675 |
| Teacher/Principal Training & Recruiting | 84.367A | 24154 | 37,575 |
| Title I School Improvement | 84.010A | 24162 | 3,137 |
| Land of Ench TQP Grant | 84.405A | 25175 | 2,371,086 |
| Rural Education Achievement Program | 84.358A | 25233 | <u>24,061</u> |
| Total U.S. Department of Education | | | <u>2,687,461</u> |
| <u><i>U.S. Dept. of Health and Human Services</i></u> | | | |
| Direct Program: | | | |
| Title XIX Medicaid 3 - 21 Years | 93.778 | 25153 | <u>27,048</u> |
| Total U.S. Dept. of Health and Human Services | | | <u>27,048</u> |
| <u>Roots and Wings Community School</u> | | | |
| <u><i>U.S. Department of Education</i></u> | | | |
| Pass-Through Program from | | | |
| New Mexico Public Education Department: | | | |
| IDEA, Part B | 84.027 | 24106 | <u>8,176</u> |
| Total U.S. Department of Education (RWCS) | | | <u>8,176</u> |
| Total Roots & Wings Community School | | | <u>8,176</u> |
| Total Questa Independent School District | | | <u>2,997,823</u> |
| Total Federal Assistance | | | <u>\$ 3,005,999</u> |

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

| <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>Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:</u> | | | |
| Total Federal Awards Expended Per Schedule of Expenditures of Federal Awards | | | \$ 2,997,823 |
| Total Expenditures Funded by Other Sources | | | <u>6,967,820</u> |
| Total expenditures | | | <u>\$ 9,965,643</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, 2014

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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SUMMARY OF AUDIT RESULTS

Financial Statements:

| | |
|---|------------|
| Type of auditors' report issued | Unmodified |
| 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 | Yes |
| Type of auditors' report issued on compliance for major programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | Yes |

IDENTIFICATION OF MAJOR PROGRAMS:

| <u>CFDA Numbers</u> | <u>Name of Federal Program of Cluster</u> |
|---------------------|--|
| 84.405A | 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, 2014

| SECTION I | PRIOR YEAR AUDIT FINDINGS | STATUS |
|--------------------------------------|--|---------------|
| <u>Financial Statement Findings:</u> | | |
| FS 12-1 | Internal Control Deficiencies Payroll - Compliance and Internal Control | Resolved |
| FS 12-4 | Segregation of Duties over Cash Receipts Process - Internal Control | Resolved |
| FS 12-5 | Internal Control Deficiencies over Agency Accounts - Internal Control | Resolved |
| (FS 13-1) | Capital Asset Addition - Internal Control | Resolved |
| (FS 13-2) | Violation of Open Meeting Act with regards to date of meeting | Resolved |
| <u>Federal Compliance Findings:</u> | | |
| FA 13-1 | Procurement and Suspension and Debarment (Significant Deficiency) | Resolved |
| FA 13-2 | Costs Allowable/Unallowable (Material Weakness) | Resolved |
| 2013-003(FA 13-3) | Reporting regarding Performance Report (Non-Compliance & Significant Deficiency) | Repeated |

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II. CURRENT YEAR AUDIT FINDINGS - FINANCIAL STATEMENT AUDIT

2014-001 Budget Violations-Compliance and Internal Control-Significant Deficiency

Condition

The district has maintained expenditures at the function level in which actual expenditures exceeded budgetary authority in the following funds:

| | Original Budget | Final Budget | Actual | Over Budget |
|---|--------------------|-----------------|-----------------|-----------------|
| <u>Debt Service Fund-41000</u> | | | | |
| Support Services - General Administration | \$ <u>4,201</u> | \$ <u>4,701</u> | \$ <u>4,898</u> | \$ <u>(197)</u> |

Criteria

Sound Financial management and state regulation 6.20.2.9 (A), NMAC and state statutes 22-8-5 through 22-8-12.2, NMSA 1978, require that budgets not be exceeded at the legal level of control. For Schools District's, the expenditure function is the legal level of control.

Cause

The District did not make the appropriate budgetary adjustments requests and transfers to the fund mentioned in the condition, which would alleviate over-expenditure within the function prior to the year end.

Effect

As a result, the District is in non compliance with New Mexico law, and the control established by the use of budgets has been compromised. Continued over-expenditure of budgeted balances may result in unnecessary usage of operating funds to absorb over-expenditures.

Recommendation

The District should establish a policy of budgetary review at year-end, and make the necessary budget adjustments.

Management Response

The district will establish budget authority estimating a greater amount to be requested for the 1% administrative fee expenditure deducted from the Taos County Treasurer revenue received monthly.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION III. AUDIT FINDINGS AND QUESTIONED COSTS IN RELATION TO FEDERAL AWARDS

2013-003(FA 13-3) Reporting regarding Performance Report (Non-Compliance & Significant Deficiency) - Repeated

Federal program information

| | |
|----------------------|--|
| Funding agency: | U.S. Department of Education |
| Title: | Land of Ench TQP Grant |
| CFDA number: | 84.367A |
| Pass-Through agency: | New Mexico Public Education Department |

Condition

The District did not submit the Annual Performance Report within due time. The details are as follows:

| Name of Program | Grant Number | Period | Due Date | Submitted Date |
|-----------------------------|--------------|----------------------|--------------|----------------|
| Teacher Quality Partnership | U405A1000040 | Ending on 06/30/2014 | May 15, 2014 | June 12, 2014 |

Criteria

Grantees are required to submit an annual program and performance reports on or about May 15th of each fiscal year so that the Department may determine whether substantial progress has been made and a continuation award is warranted.

Questioned Costs

None

Cause

The management did not submit the report in time. This is due to lack of oversight by the management.

Effect

The District is not in compliance with OMB Circular A-87 and with the grant requirement, which could result in the loss or delay of fund grant.

Auditors' Recommendations

The District should held one person accountable for submitting the reports within due time and also train personnel to adhere to the policies and procedures.

Management Response

The district will hold the administrator for the grant responsible for submitting the reports in a timely manner according to policies and procedures. The district will also emphasis the importance with regards to federal grant requirements and guidelines.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

COMPONENT UNIT FINDINGS (ROOTS & WINGS COMMUNITY SCHOOL)

| <u>SECTION I</u> | <u>PRIOR YEAR AUDIT FINDINGS</u> | <u>STATUS</u> |
|--------------------------------------|---|----------------------|
| <u>Financial Statement Findings:</u> | | |
| 2012-001(FS 12-01) | Personnel files - compliance and internal control | Modified & Repeated |

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II. CURRENT YEAR AUDIT FINDINGS - FINANCIAL STATEMENT AUDIT

RWCS 2012-001(FS 12-01) Personnel Files - Modified & Repeated (Compliance)

Condition

During our walkthrough and testwork of the payroll transaction cycle, we noted the following exceptions:

- 7 out of 10 employees did not have employment contract in their files.
- 1 out of 10 employee did not have I-9 form in their files
- 2 out of 10 employees did not have W-4 form in his file.
- 5 out of 10 employees did not have security investigation covering the last five years.
- For all employees did not have explanation of drug free policy in their files.

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.

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. The School 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

For the fiscal year 2014 management did not follow its own policies to ensure internal controls were in place and working properly.

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II. CURRENT YEAR AUDIT FINDINGS - FINANCIAL STATEMENT AUDIT - (Cont'd)

RWCS 2012-001(FS 12-01) Personnel Files - Modified & Repeated (Compliance) - Cont'd

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.

Management Response

- This is true for substitute teachers and substitute custodians; they are on-call for various schools in Taos County and therefore cannot be contracted. 2013-2014 was a year of high turnover for the school in non-instruction positions from January through May. It was the school's procedure to try out people for various positions to see if they would work out before they were issued a contract. Long-term positions will be issued a contract in the future.
- This is true; an employee was hired and worked for a short time and hadn't turned in all their paperwork into the business office before beginning work.
- This is true; two employees worked for a short time and hadn't turned in all their paperwork into the business office before beginning work. The withholding on their paycheck(s) was Single with 0 dependents (max tax) since one had not been received by the business office.
- This is true; employees were hired and began work without a background check in place. All employees are now required to have a background check covering the last five years in their file.
- This is true; however, staff is issued a Faculty and Staff Handbook with policy and procedures each year that has the drug free policy included in it. Since it is now required that a copy be in their file, both the employee and director will sign and date a copy of those pages which will then be included in each employee file annually.
- For all: The director and business manager will go over every 2014-2015 employee file to make sure the school is in compliance on all issues listed above.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II. CURRENT YEAR AUDIT FINDINGS - FINANCIAL STATEMENT AUDIT -
(Cont'd)

RWCS 2014-001 Internal Control over Cash Receipt (Significant deficiency)

Condition

During our internal control test work over cash receipts, we noted the following

- In 1 out of 20 items tested for a total of \$240, cash receipt did not agree to supporting documents and bank statements.
- In 1 out of 20 items tested for a total of \$240, cash receipt amount is not properly recorded and classified.

Criteria

Sound accounting policies require that a complete, balanced general ledger be maintained to record transactions and report financial information.

NMAC 6.20.2.11 states that an internal control structure shall be established to safe-guard assets and insure proper accurate records.

Cause

The School did not maintain an organized and reliable general ledger electronically or manually. Additionally, the School experienced have high turnover of personnel in the administrative/accounting section.

Effect

The School is in violation of NMAC 6.20.2.11. The School does not have a control structure in place to adequately document and monitor the competence of all cash receipts.

Recommendation

The School should follow its internal controls over receipts that are in place and perform periodic reviews of the proper documentation to ensure that they are operating effectively.

The School should implement procedures to ensure that all activity the School is responsible for is properly recorded in the general ledger

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

SECTION II. CURRENT YEAR AUDIT FINDINGS - FINANCIAL STATEMENT AUDIT - (Cont'd)

RWCS 2014-001 Internal Control over Cash Receipt (Significant deficiency) - (Cont'd)

Management Response

- While all cash received was deposited to the bank in a timely basis, backup detail for the deposit was not attached to the receipt by new staff. They are now trained and know that all supporting documentation must be given to the business manager on a timely basis. This includes a copy of receipted money, the log book on monies received, and the bank deposit slip.
- Not all cash received for trips was documented in detail indicating which parent/student the amounts received were for, nor the trip/event the amounts received were for. It is the school's intention to use all funds received for all trips/events and for all students regardless if a student/parent can assist in funding or not.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
OTHER DISCLOSURES
JUNE 30, 2014

A. PREPARATION OF FINANCIAL STATEMENTS

The combining and individual fund financial statements and notes to the financial statements for the year ended June 30, 2014 were prepared by Harshwal & Company LLP, CPA, based on management's chart of accounts and trial balances including any adjusting, correcting or closing entries approved by management. These services are allowable under SAS 115.

B. EXIT CONFERENCE

An exit conference was held on November 13, 2014. The following individuals were in attendance:

Questa Independent School District New Mexico

Susie Martinez- Business Manager
Rosaline Ortega- Board Member
Linda Sanchez- Payroll clerk
Vanessa LaCome- Accounts Payable Clerk.

Harshwal & Company LLP

Sanwar Harshwal, CPA, Managing Partner
Vaishali Shukla, Audit Manager