

**STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
JUNE 30, 2015**

**Harshwal & Company LLP
Certified Public Accountants
6739 Academy Road NE, Suite 130
Albuquerque NM 87109
(505) 814-1201**

INTRODUCTORY SECTION

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 QUESTA INDEPENDENT SCHOOL DISTRICT
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STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
OFFICIAL ROSTER
JUNE 30, 2015

BOARD OF EDUCATION

Jose Lovato	Board President
Joel Flory	Board Vice President
Rosaline Ortega	Board Secretary
Bernie Torres	Board Member
Daryl Ortega	Board Member

SCHOOL OFFICIALS

Valerie Trujillo	Superintendent
Susie Martinez	Business Manager
Linda Sanchez	Payroll Clerk
Vanessa Garcia	Accounts Payable Clerk

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information and the budgetary comparisons for the general fund and major special revenue funds of Questa Independent School District, (the District), as of and for the year ended June 30, 2015, 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, 2015, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2015, 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, 2015, 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 10 to 20 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 10, 2015 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

Harshwal & Company LLP

Albuquerque, New Mexico
November 10, 2015

MANAGEMENT DISCUSSION AND ANALYSIS

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

This Management Discussion and Analysis of the fiscal performance of the Questa Independent School District (District) for the period ending June 30, 2015 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, 2015. 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, 2015

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, 2015

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 \$(9,912,294) was recorded. This includes current year depreciation of \$(830,333) and prior year accumulated depreciation of \$(9,081,961).

The overall adjusted Fund Balance decreased from \$3,658,002 for the year ending June 30, 2014 to \$3,376,535 for the year ending June 30, 2015. This represents a decrease in the fund balance of \$281,467.

Deferred outflows of resources of \$856,802 related to pension and employer contributions subsequent to the measurement date and deferred inflows of resources of \$126,246 related to a pension plan are reported in the Statement of Net Position at June 30, 2015. These items are the result of the implementation of GASB 68 as it relates to the District's proportionate share of the NM Educational Retirement Board Pension Plan, a multiple employer cost sharing defined benefit pension plan.

Total revenues decreased from \$9,530,836 in the year ending June 30, 2014 to \$7,266,313 in the year ending June 30, 2015. This is an decrease of \$2,264,523 reflecting an overall revenue decrease of 24%. The most significant reason for this is decline in student enrollment.

Total expenditures decreased from \$9,965,643 for the year ending June 30, 2014 to \$7,547,780 for the year ending June 30, 2015. This is a decrease in expenditures of \$2,417,863.

The District implemented GASB 68 which required the District to recognize its proportionate share of the NM Educational Retirement Board Pension Plan. Additional information regarding the impact of this change is reflected in Note 5 of the financial statements.

**STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

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 \$20,808,995. The District has \$3,127,976 of cash and cash equivalents on hand as of June 30, 2015 compared to \$593,383 current liabilities. Net Position totaling \$3,331,199 are "restricted" for debt service, special revenue funds and capital projects. Net Position totaling \$(8,212,999) are "unrestricted".

	<u>June 30, 2015</u>
ASSETS	
Cash assets	\$ 3,127,976
Current and other assets	306,807
Capital assets	26,026,283
Less: Accumulated depreciation	(9,912,294)
Deferred outflows related to pension	<u>1,260,223</u>
Total assets and deferred outflows related to pension	<u>20,808,995</u>
LIABILITIES	
Other current liabilities	593,383
Long term liabilities	14,351,771
Deferred inflows related to pension	<u>896,652</u>
Total liabilities and Deferred inflows related to pension	<u>15,841,806</u>
NET POSITION	
Net investment in capital assets	9,848,989
Restricted	3,331,199
Unrestricted	<u>(8,212,999)</u>
Total net position	<u>\$ 4,967,189</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 \$(9,081,961). 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, 2015**

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, 2015. As of June 30, 2015 the District had net position of \$4,967,189. The Adjusted beginning year total net asset is \$5,736,265 reflecting a increase in total net asset of \$(769,076) for the year ending June 30, 2015.

	<u>June 30, 2015</u>
Expenses for governmental activities	\$ (8,035,388)
Less charges for services	205,132
Less operating grants and contributions	<u>1,959,091</u>
Net (Expenses) revenues and changes in net position	<u>(5,871,165)</u>
General revenues:	
Taxes - general, debt service, capital projects	1,164,036
Federal and state aid not restricted to specific purpose	3,922,812
Miscellaneous	<u>15,241</u>
Subtotal, general revenues	<u>5,102,089</u>
Changes in net position	(769,076)
Net position - beginning	<u>13,366,602</u>
Restatement for GASB 68	(7,630,337)
Net position - ending	<u>\$ 4,967,189</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 \$7,266,313. Total expenditures for the District were \$7,547,780. The total ending fund balance was \$3,376,535; a decrease of \$281,467 from the prior year.

**STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

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	\$ 6,887,858		\$ 7,025,218	
2008/2009	6,749,236	(2.01)%	6,704,017	(4.57)%
2009/2010	6,732,307	(0.25)%	9,873,985	47.28 %
2010/2011	9,352,723	38.92 %	9,346,361	(5.34)%
2011/2012	8,607,600	(7.97)%	9,215,166	(1.40)%
2012/2013	7,974,221	(7.36)%	9,259,935	0.49 %
2013/2014	9,530,836	19.52 %	9,965,643	7.62 %
2014/2015	7,266,313	(23.76)%	7,547,780	(24.26)%

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

THE BUDGET

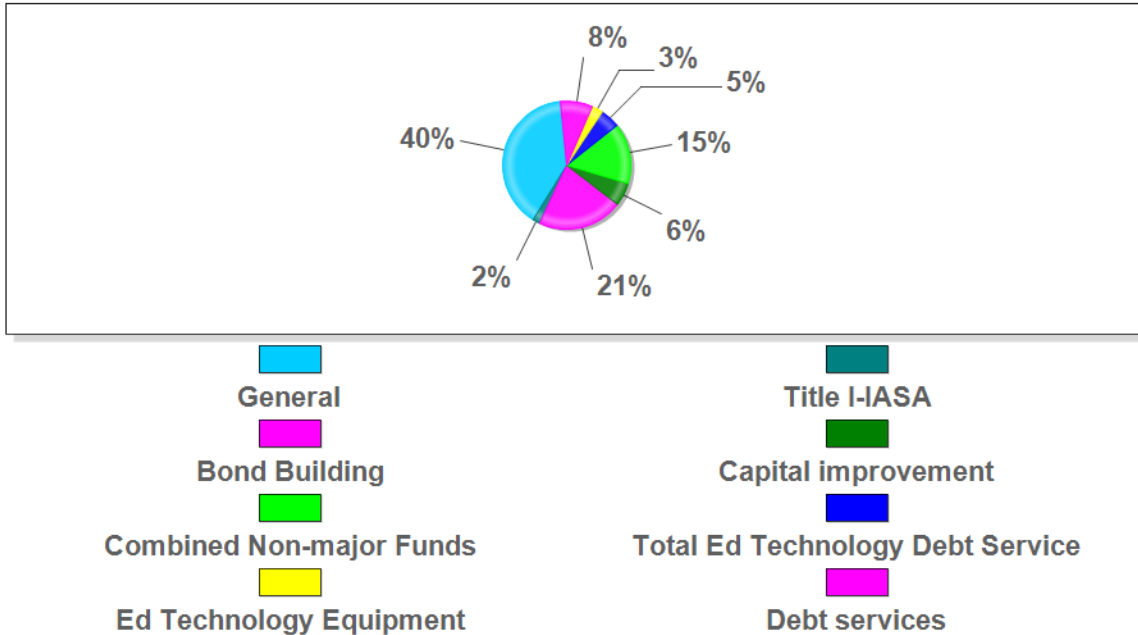
District budgets reflect the same decrease as seen in the revenue and expenditures of the District. The State of New Mexico school budget process is defined under state law and regulation. To enhance the process of developing a budget at the school district level, the District utilizes goals and objectives 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, Land of Enchantment Top Grant, Bond Building, Capital Improvements, Ed Technology Equipment, Debt services and Total Education Technology Debt Services. 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, 2015**

Budgetary Comparison



The reader will note that the General Fund represents 40% 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, 2015. 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, 2015

MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE

<u>Fund Type</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 4,937,685	\$ 4,851,730	\$ 85,955
Title I-IASA	202,445	105,021	97,424
Bond building	2,514,055	352,721	2,161,334
Total Ed technology debt service	404,507	207,556	196,951
Ed technology Equipment	617,493	94,686	522,807
Debt Services	983,213	484,989	498,224
Capital improvements	781,532	327,623	453,909

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 \$4,581,154 of the total \$7,266,313 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 \$4,519,510 and had a final budget of \$4,598,236.

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.

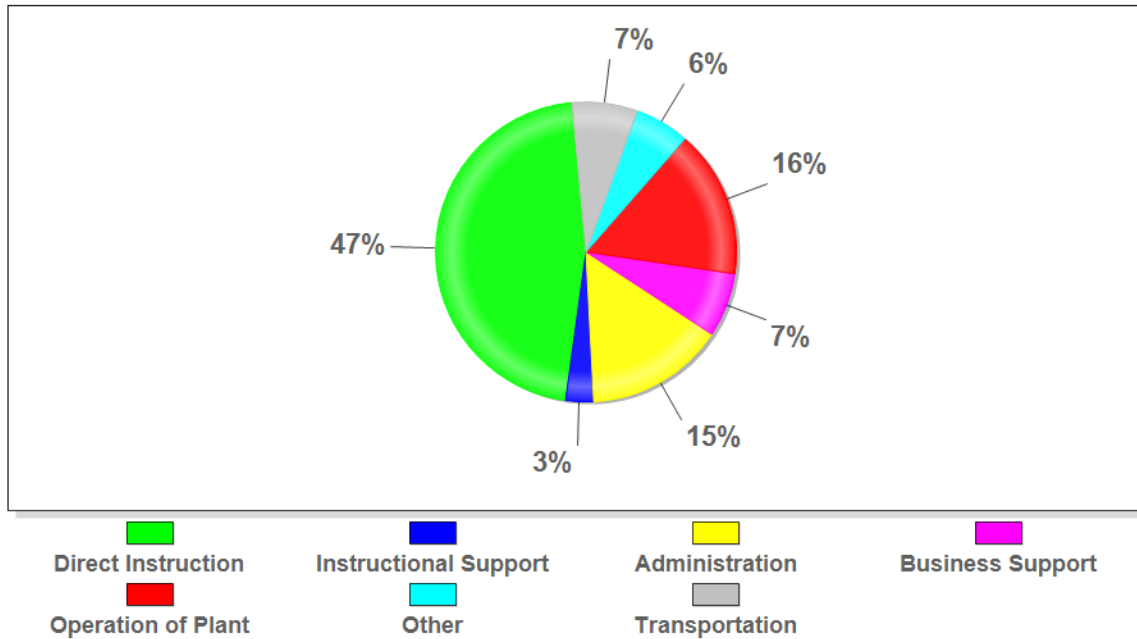
<u>Year</u>	<u>Revenues</u>	<u>Increase %</u>
2007-2008	\$ 5,191,310	0 %
2008-2009	5,205,438	0 %
2009-2010	4,746,742	(9)%
2010-2011	4,917,244	4 %
2011-2012	4,652,325	(5)%
2012-2013	4,601,539	(1)%
2013-2014	4,448,257	(3)%
2014-2015	4,581,154	3 %

Because the General Fund is the main fund whose expenditures are significantly related to the educational process, \$4,851,729 was expended in the year ending June 30, 2015. The most significant inter-fund expenditure was for the function noted as "Direct Instruction". This expenditure was \$2,264,827 and represents 47% 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, 2015**

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, 2015 for the General Fund. Direct Instruction represents 47% 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 35% of the total General Fund. Operation of the Plant account for 16% 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, 2015

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, 2014</u>	<u>Balance June 30, 2015</u>
Land & improvements	\$ 17,411	\$ 17,411
Furniture, fixtures & equipment	<u>25,574,526</u>	<u>26,008,872</u>
Total capital assets	<u>25,591,937</u>	<u>26,026,283</u>
Less Accumulated depreciation	<u>(9,081,961)</u>	<u>(9,912,294)</u>
Capital assets-Net	<u>\$ 16,509,976</u>	<u>\$ 16,113,989</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, 2015.

<u>Year Ended June 30</u>	<u>Principle</u>	<u>Interest</u>	<u>Totals</u>
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	230,000	217,234	447,234
2021-2025	1,315,000	946,381	2,261,381
2026-2029	<u>3,290,000</u>	<u>273,737</u>	<u>3,563,737</u>
Total	<u>\$ 6,265,000</u>	<u>\$ 2,385,043</u>	<u>\$ 8,650,043</u>

**STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

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 \$76,939 as of June 30, 2015 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 2017. 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, 2015

	<u>Governmental Activities</u>	<u>Roots & Wings Charter School</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,127,976	\$ 136,426
Investment	277	
Due from grantor	141,868	1,313
Inventory	5,836	
Other current assets	<u>3,826</u>	
Total current assets	<u>3,279,783</u>	<u>137,739</u>
Noncurrent assets:		
Restricted cash	155,000	-
Capital assets	26,026,283	110,970
Less: accumulated depreciation	<u>(9,912,294)</u>	<u>(77,171)</u>
Total noncurrent assets	<u>16,268,989</u>	<u>33,799</u>
Total assets	<u>19,548,772</u>	<u>171,538</u>
DEFERRED OUTFLOWS OF RESOURCES		
Change in proportion	856,802	0
Employer contributions subsequent to the measurement date	<u>403,421</u>	<u>33,539</u>
Total deferred outflows of resources	<u>1,260,223</u>	<u>33,539</u>
LIABILITIES		
Current liabilities:		
Accrued expenses	2,185	
Accounts payable		4,512
Accrued payroll		112
Accrued interest	138,960	
Compensated absences	6,175	
Current amount due for bonds	390,000	
Other liabilities		580
Unearned revenue	<u>56,063</u>	
Total current liabilities	<u>593,383</u>	<u>5,204</u>
Noncurrent liabilities:		
Compensated absences	2,058	
Bonds and notes	5,875,000	
Net pension liability	<u>8,474,713</u>	<u>503,237</u>
Total noncurrent liabilities	<u>14,351,771</u>	<u>503,237</u>
Total liabilities	<u>14,945,154</u>	<u>508,441</u>

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

DEFERRED INFLOWS OF RESOURCES

Actuarial experience	126,246	7,493
Investment experience	770,406	45,726
Change in proportion	<u>0</u>	<u>38,771</u>
Total deferred inflows of resources	<u>896,652</u>	<u>91,990</u>

NET POSITION

Net investment in capital assets	9,848,989	33,799
Restricted for:		
Special revenue funds	262,997	1,358
Capital projects	2,203,845	96,454
Debt services	864,357	
Unrestricted	<u>(8,212,999)</u>	<u>(526,965)</u>
Total net position	<u>\$ 4,967,189</u>	<u>\$ (395,354)</u>

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in net position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Governmental Activities</u>	<u>Component Unit's</u>
Governmental activities					
Instruction	\$ 3,968,193	\$ 165,837	\$ 502,169	\$ (3,300,187)	\$
Support services-students	345,980	32,504	51,500	(261,976)	
Support services-instruction	148,815		42,806	(106,009)	
General administration	381,037			(381,037)	
School administration	936,498		560,392	(376,106)	
Central services	288,006			(288,006)	
Operation & maintenance of plant	1,195,342		208,465	(986,877)	
Student transportation	349,629		334,238	(15,391)	
Other	7,702			(7,702)	
Food services operations	269,148	6,791	259,521	(2,836)	
Interest on long-term obligations	145,038			(145,038)	
Total governmental activities	<u>8,035,388</u>	<u>205,132</u>	<u>1,959,091</u>	<u>(5,871,165)</u>	<u>0</u>
Component units					
Roots & wings charter	<u>560,120</u>		<u>57,893</u>		<u>(502,227)</u>
Total component units	<u>\$ 560,120</u>	<u>\$ 0</u>	<u>\$ 57,893</u>	<u>0</u>	<u>(502,227)</u>
General revenues					
Taxes:					
Property taxes, levied for general purposes				79,858	
Property taxes, levied for capital projects				371,862	
Property taxes, levied for debt service				712,316	
Federal and state aid not restricted to specific purpose:					
General				3,922,812	419,368
Interest and investment earnings				15,241	59
Miscellaneous					<u>22,437</u>
Subtotal, general revenues				<u>5,102,089</u>	<u>441,864</u>
Change in net position				<u>(769,076)</u>	<u>(60,363)</u>
Net position - beginning				13,366,602	238,875
Restatement for GASB 68				<u>(7,630,337)</u>	<u>(573,866)</u>
Net position - beginning, restated				<u>5,736,265</u>	<u>(334,991)</u>
Net position - ending				<u>\$ 4,967,189</u>	<u>\$ (395,354)</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, 2015

	General funds			
	Operational 11000	Teacherage 12000	Pupil Transportation 13000	Instructional Materials 14000
ASSETS				
Cash and cash equivalents	\$ 123,990	\$ 19,350	\$ 192	\$ 4,353
Investment				
Receivables:				
Due from grantor				
Interfund receivable	35,997			
Inventory				
Other current assets				
Total assets	159,987	19,350	192	4,353
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Interfund payable				
Accrued expenses	2,183			
Unearned revenue				
Total liabilities	2,183	0	0	0
FUND BALANCES				
Nonspendable-inventory				
Restricted-reported in:				
Special revenue funds				
Capital improvements funds				
Debt service funds				
Unassigned - reported in:				
General funds	157,804	19,350	192	4,353
Special revenue funds				
Total fund balance	157,804	19,350	192	4,353
Total liabilities and fund balance	\$ 159,987	\$ 19,350	\$ 192	\$ 4,353

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, 2015

Special Revenue fund

	Title I -IASA 24101	State Directed Activities 27200
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$	\$
Investment		
Receivables:		
Due from grantor		
Interfund receivable	54,459	
Inventory		
Other current assets	<u> </u>	<u> </u>
Total assets	<u>54,459</u>	<u>0</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Interfund payable		47,038
Accrued expenses		
Unearned revenue	<u>54,459</u>	<u> </u>
Total liabilities	<u>54,459</u>	<u>47,038</u>
FUND BALANCES		
Nonspendable-inventory		
Restricted-reported in:		
Special revenue funds		
Capital improvements funds		
Debt service funds		
Unassigned - reported in:		
General funds		
Special revenue funds	<u> </u>	<u>(47,038)</u>
Total fund balance	<u>0</u>	<u>(47,038)</u>
Total liabilities and fund balance	<u>\$ 54,459</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
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

	Capital Project Funds		
	Bond Building 31100	Capital Improvements SB-9 31700	Ed. Technology Equipment Act 31900
ASSETS			
Cash and cash equivalents	\$ 1,115,190	\$ 491,012	\$ 587,626
Investment	277		
Receivables:			
Due from grantor			
Interfund receivable	2,219	7,397	124
Inventory			
Other current assets			
Total assets	1,117,686	498,409	587,750
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Interfund payable			
Accrued expenses			
Unearned revenue			
Total liabilities	0	0	0
FUND BALANCES			
Nonspendable-inventory			
Restricted-reported in:			
Special revenue funds			
Capital improvements funds	1,117,686	498,409	587,750
Debt service funds			
Unassigned - reported in:			
General funds			
Special revenue funds			
Total fund balance	1,117,686	498,409	587,750
Total liabilities and fund balance	\$ 1,117,686	\$ 498,409	\$ 587,750

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, 2015

	<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	\$ 620,045	\$ 223,743	\$ 97,475	\$ 3,282,976
Investment				277
Receivables:				
Due from grantor			141,868	141,868
Interfund receivable	180,994		56,472	337,662
Inventory			5,836	5,836
Other current assets			<u>3,826</u>	<u>3,826</u>
Total assets	<u>801,039</u>	<u>223,743</u>	<u>305,477</u>	<u>3,772,445</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Interfund payable		160,425	130,199	337,662
Accrued expenses			2	2,185
Unearned revenue			<u>1,604</u>	<u>56,063</u>
Total liabilities	<u>0</u>	<u>160,425</u>	<u>131,805</u>	<u>395,910</u>
FUND BALANCES				
Nonspendable-inventory			5,836	5,836
Restricted-reported in:				
Special revenue funds			262,997	262,997
Capital improvements funds				2,203,845
Debt service funds	801,039	63,318		864,357
Unassigned - reported in:				
General funds				181,699
Special revenue funds			<u>(95,161)</u>	<u>(142,199)</u>
Total fund balance	<u>801,039</u>	<u>63,318</u>	<u>173,672</u>	<u>3,376,535</u>
Total liabilities and fund balance	<u>\$ 801,039</u>	<u>\$ 223,743</u>	<u>\$ 305,477</u>	<u>\$ 3,772,445</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, 2015

Total fund balance - governmental funds		\$ 3,376,535
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	26,026,283	
Accumulated depreciation	<u>(9,912,294)</u>	16,113,989
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	(6,265,000)	
Accrued interest on bonds	(138,960)	
Compensated absences	<u>(8,233)</u>	(6,412,193)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds:		
Deferred outflows of resources related to pension	1,260,223	
Deferred inflows of resources related to pension	<u>(896,652)</u>	363,571
Certain liabilities, including net pension liability are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability	<u>(8,474,713)</u>	<u>(8,474,713)</u>
Total net position - Governmental activities		\$ <u>4,967,189</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, 2015

	General funds			
	Operational	Teacherage	Pupil	Instructional
	11000	12000	Transportation 13000	Materials 14000
REVENUES				
Property taxes	\$ 79,858	\$	\$	\$
Investment income	279	10		
Fees	64,468	7,000		
State & local grants	3,913,864		334,238	24,830
Federal grants	53,680			
Miscellaneous	102,927			
Total revenues	<u>4,215,076</u>	<u>7,010</u>	<u>334,238</u>	<u>24,830</u>
EXPENDITURES				
Current:				
Instruction	2,239,926			24,901
Support services-students	324,568			
Support services-instruction	123,968			
Support services-general administration	321,710			
Support services-school administration	404,980			
Central services	278,493			
Operation & maintenance of plant	743,182	11,163		
Student transportation			334,430	
Other support services	7,702			
Food services operations				
Capital outlay	36,706			
Debt service:				
Principal				
Interest				
Total expenditures	<u>4,481,235</u>	<u>11,163</u>	<u>334,430</u>	<u>24,901</u>
Excess (deficiency) of revenues over expenditures	<u>(266,159)</u>	<u>(4,153)</u>	<u>(192)</u>	<u>(71)</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	47,629	19,501		
Transfer (Out)		(19,501)		
Total other financing sources (uses)	<u>47,629</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net changes in fund balance	(218,530)	(4,153)	(192)	(71)
Fund balances at beginning of year	<u>376,334</u>	<u>23,503</u>	<u>384</u>	<u>4,424</u>
Fund balances end of year	<u>\$ 157,804</u>	<u>\$ 19,350</u>	<u>\$ 192</u>	<u>\$ 4,353</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, 2015

	Special Revenue fund	
	Title I -IASA 24101	State Directed Activities 27200
	<u> </u>	<u> </u>
REVENUES		
Property taxes	\$	\$
Investment income		
Fees		
State & local grants		
Federal grants	105,022	
Miscellaneous		
	<u> </u>	<u> </u>
Total revenues	<u>105,022</u>	<u>0</u>
EXPENDITURES		
Current:		
Instruction	75,088	
Support services-students		
Support services-instruction		
Support services-general administration	3,874	
Support services-school administration	20,636	
Central services		
Operation & maintenance of plant		
Student transportation	5,424	
Other support services		
Food services operations		
Capital outlay		
Debt service:		
Principal		
Interest		
	<u> </u>	<u> </u>
Total expenditures	<u>105,022</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)		
Transfer In		
Transfer (Out)		(47,038)
	<u> </u>	<u> </u>
Total other financing sources (uses)	<u>0</u>	<u>(47,038)</u>
Net changes in fund balance	0	(47,038)
Fund balances at beginning of year	<u>0</u>	<u>0</u>
Fund balances end of year	<u>\$ 0</u>	<u>\$ (47,038)</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, 2015

	Capital Project Funds		
	Bond Building 31100	Capital Improvements SB-9 31700	Ed. Technology Equipment Act 31900
REVENUES			
Property taxes	\$	\$ 371,862	\$
Investment income		816	359
Fees			
State & local grants	162,863		
Federal grants			
Miscellaneous			45,602
	<u>162,863</u>	<u>372,678</u>	<u>45,961</u>
Total revenues			
EXPENDITURES			
Current:			
Instruction			
Support services-students			
Support services-instruction			
Support services-general administration		3,719	
Support services-school administration			
Central services			
Operation & maintenance of plant	61,134	288,106	76,369
Student transportation			
Other support services			
Food services operations			
Capital outlay	291,309	35,799	18,317
Debt service:			
Principal			
Interest			
	<u>352,443</u>	<u>327,624</u>	<u>94,686</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(189,580)</u>	<u>45,054</u>	<u>(48,725)</u>
OTHER FINANCING SOURCES (USES)			
Transfer In			
Transfer (Out)			
	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)			
Net changes in fund balance	(189,580)	45,054	(48,725)
Fund balances at beginning of year	<u>1,307,266</u>	<u>453,355</u>	<u>636,475</u>
Fund balances end of year	<u>\$ 1,117,686</u>	<u>\$ 498,409</u>	<u>\$ 587,750</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, 2015

	Debt service funds			
	Debt	Total Ed.	Other	Total
	Services	Tech. Debt	Governmental	Governmental
	41000	Service Sub	Funds	Funds
	Fund - 43000	Fund - 43000	Funds	Funds
REVENUES				
Property taxes	\$ 499,364	\$ 212,952	\$	\$ 1,164,036
Investment income	256		22	1,742
Fees			39,295	110,763
State & local grants			282,015	4,717,810
Federal grants			951,231	1,109,933
Miscellaneous			13,500	162,029
	<u>499,620</u>	<u>212,952</u>	<u>1,286,063</u>	<u>7,266,313</u>
EXPENDITURES				
Current:				
Instruction			366,557	2,706,472
Support services-students			21,412	345,980
Support services-instruction			10,568	134,536
Support services-general administration	4,993	2,130	25,787	362,213
Support services-school administration			510,882	936,498
Central services			9,513	288,006
Operation & maintenance of plant			6,136	1,186,090
Student transportation			9,775	349,629
Other support services				7,702
Food services operations			265,887	265,887
Capital outlay			52,215	434,346
Debt service:				
Principal	180,000	195,000		375,000
Interest	144,995	10,426		155,421
	<u>329,988</u>	<u>207,556</u>	<u>1,278,732</u>	<u>7,547,780</u>
Excess (deficiency) of revenues over expenditures	<u>169,632</u>	<u>5,396</u>	<u>7,331</u>	<u>(281,467)</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	641,020			708,150
Transfer (Out)	(641,020)		(591)	(708,150)
	<u>0</u>	<u>0</u>	<u>(591)</u>	<u>0</u>
Net changes in fund balance	169,632	5,396	6,740	(281,467)
Fund balances at beginning of year	<u>631,407</u>	<u>57,922</u>	<u>166,932</u>	<u>3,658,002</u>
Fund balances end of year	<u>\$ 801,039</u>	<u>\$ 63,318</u>	<u>\$ 173,672</u>	<u>\$ 3,376,535</u>

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Net changes in fund balance		\$ (281,467)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities		
Depreciation expense	(830,333)	
Capital outlays	<u>434,346</u>	(395,987)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position		
		375,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
Accrued interest, June 30, 2014	149,343	
Accrued interest, June 30, 2015	<u>(138,960)</u>	10,383
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences June 30, 2014	12,033	
Compensated absences June 30, 2015	<u>(8,233)</u>	3,800
Governmental funds report district's pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense		
Pension expense	(884,226)	
Pension contributions	<u>403,421</u>	<u>(480,805)</u>
Changes in net position of governmental activities		\$ <u><u>(769,076)</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, 2015

	<u>Budgeted Amounts</u>		Actual	Variances
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	Positive (Negative) Final to Actual
REVENUES				
Property taxes	\$ 78,753	\$ 78,753	\$ 79,858	\$ 1,105
Investment income	400	400	279	(121)
Fees	58,422	58,422	64,468	6,046
State & local grants	3,920,828	3,914,896	3,913,864	(1,032)
Federal grants	79,734	82,276	53,680	(28,596)
Miscellaneous	<u> </u>	<u>100,000</u>	<u>102,927</u>	<u>2,927</u>
Total revenues	<u>4,138,137</u>	<u>4,234,747</u>	<u>4,215,076</u>	<u>(19,671)</u>
EXPENDITURES				
Instruction:				
Personnel services	1,457,263	1,434,745	1,434,345	400
Employee benefits	547,236	532,113	528,768	3,345
Professional & tech services	38,500	53,747	53,355	392
Other purchased services	90,400	113,123	111,921	1,202
Supplies	36,000	48,913	51,964	(3,051)
Supply assets	<u>10,000</u>	<u>59,300</u>	<u>59,235</u>	<u>65</u>
Total instruction	<u>2,179,399</u>	<u>2,241,941</u>	<u>2,239,588</u>	<u>2,353</u>
Support services-students:				
Personnel services	222,958	128,714	128,373	341
Employee benefits	71,263	56,414	51,014	5,400
Professional & tech services	104,300	161,707	140,151	21,556
Other purchased services	1,000	1,000	512	488
Supplies	1,500	4,027	4,026	1
Supply assets	<u>1,000</u>	<u>973</u>	<u>492</u>	<u>481</u>
Total support services-students	<u>402,021</u>	<u>352,835</u>	<u>324,568</u>	<u>28,267</u>
Support services-instruction:				
Personnel services	79,486	79,487	79,487	
Employee benefits	38,992	37,975	37,815	160
Other purchased services	150	150	13	137
Supply assets		220	220	
Supplies	<u>5,338</u>	<u>7,813</u>	<u>6,433</u>	<u>1,380</u>
Total support services-instruction	<u>\$ 123,966</u>	<u>\$ 125,645</u>	<u>\$ 123,968</u>	<u>\$ 1,677</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, 2015

	<u>Budgeted Amounts</u>		Actual	Variances
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	Positive (Negative) Final to Actual
Support services-general administration:				
Personnel services	\$ 165,117	\$ 158,363	\$ 157,014	\$ 1,349
Employee benefits	53,904	58,185	57,846	339
Professional & tech services	44,988	86,919	83,836	3,083
Other purchased services	23,000	18,633	17,403	1,230
Supplies	4,050	5,614	5,612	2
Supply assets	<u>2,000</u>	<u> </u>	<u> </u>	<u> </u>
Total support services-general administration	<u>293,059</u>	<u>327,714</u>	<u>321,711</u>	<u>6,003</u>
Support services-school administration:				
Personnel services	357,988	278,480	275,755	2,725
Employee benefits	153,670	130,110	123,783	6,327
Professional & tech services	600	1,100	775	325
Other purchased services	5,000	3,500	2,425	1,075
Supplies	3,000	2,736	1,325	1,411
Supply assets	<u>1,000</u>	<u>1,000</u>	<u>918</u>	<u>82</u>
Total support services-school administration	<u>521,258</u>	<u>416,926</u>	<u>404,981</u>	<u>11,945</u>
Central services:				
Personnel services	148,233	205,264	205,261	3
Employee benefits	45,022	66,456	66,427	29
Professional & tech services	1,700	4,403	3,109	1,294
Other purchased services	1,500	2,300	2,138	162
Supplies	4,500	2,955	1,448	1,507
Supply assets	<u> </u>	<u>110</u>	<u>110</u>	<u> </u>
Total central services	<u>200,955</u>	<u>281,488</u>	<u>278,493</u>	<u>2,995</u>
Operation & maintenance of plant:				
Personnel services	213,351	236,770	234,572	2,198
Employee benefits	81,648	83,562	82,299	1,263
Professional & tech services	1,050	1,639	1,639	
Purchased property services	284,504	285,652	283,108	2,544
Other purchased services	134,959	135,938	135,937	1
Supplies	<u> </u>	<u>2,670</u>	<u>2,670</u>	<u> </u>
Total operation & maintenance of plant	<u>\$ 715,512</u>	<u>\$ 746,231</u>	<u>\$ 740,225</u>	<u>\$ 6,006</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Capital outlay:				
Purchased property services	\$ _____	\$ 40,000	\$ 40,000	\$ _____
Total capital outlay	0	40,000	40,000	0
Others:				
Other support services	13,223	13,223	7,702	5,521
Total other	13,223	13,223	7,702	5,521
Total expenditures	4,449,393	4,546,003	4,481,236	64,767
Excess (deficiency) of revenues over expenditures	(311,256)	(311,256)	(266,160)	45,096
<i>OTHER FINANCING SOURCES (USES)</i>				
Transfers In/(Out)	_____	_____	_____	_____
Total other sources (uses)	0	0	0	0
Net change in fund balance	(311,256)	(311,256)	(266,160)	45,096
Cash balance beginning of year	(671,203)	(1,272,101)	326,310	1,598,411
Cash balance end of year	\$ (982,459)	\$ (1,583,357)	60,150	\$ 1,643,507
<i>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</i>				
Net changes in fund balance -cash basis			(266,160)	
Net change in accounts receivable			47,629	
Net change in accounts payable			1	
Net changes in fund balance -GAAP basis			\$ (218,530)	

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> (Budgetary Basis)	<u>Variances</u> Positive (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ <u>17</u>	\$ <u>17</u>	\$ <u>10</u>	\$ <u>(7)</u>
Total revenues	<u>17</u>	<u>17</u>	<u>10</u>	<u>(7)</u>
EXPENDITURES				
Operation & maintenance of plant:				
Other purchased services	1,500	1,500	400	1,100
Purchased property services	27,894	27,894	10,607	17,287
Supplies	<u>200</u>	<u>200</u>	<u>156</u>	<u>44</u>
Total operation & maintenance of plant	<u>29,594</u>	<u>29,594</u>	<u>11,163</u>	<u>18,431</u>
Total expenditures	<u>29,594</u>	<u>29,594</u>	<u>11,163</u>	<u>18,431</u>
Excess (deficiency) of revenues over expenditures	(29,577)	(29,577)	(11,153)	18,424
Cash balance beginning of year	<u>(73,069)</u>	<u>(73,069)</u>	<u>23,503</u>	<u>96,572</u>
Cash balance end of year	<u><u>\$ (102,646)</u></u>	<u><u>\$ (102,646)</u></u>	<u>12,350</u>	<u><u>\$ 114,996</u></u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			(11,153)	
Net change in accounts receivable			7,000	
Net change in accounts payable			<u>0</u>	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u><u>\$ (4,153)</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, 2015

	<u>Budgeted Amounts</u>		Actual	Variances
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	Positive (Negative) Final to Actual
REVENUES				
Fees	\$ 6,000	\$ 6,000	\$ 7,000	\$ 1,000
State and local grants	<u>357,396</u>	<u>334,238</u>	<u>334,238</u>	<u> </u>
Total revenues	<u>363,396</u>	<u>340,238</u>	<u>341,238</u>	<u>1,000</u>
EXPENDITURES				
Student transportation:				
Professional and technical services	37,979	1,066	1,066	
Purchased property services	38,814	58,620	58,620	
Other purchased services	270,103	269,146	269,146	
Supplies	5,000	3,098	3,098	
Supply assets	<u>5,500</u>	<u>2,500</u>	<u>2,500</u>	<u> </u>
Total student transportation	<u>357,396</u>	<u>334,430</u>	<u>334,430</u>	<u>0</u>
Total expenditures	<u>357,396</u>	<u>334,430</u>	<u>334,430</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	6,000	5,808	6,808	1,000
Cash balance beginning of year	<u>5,199</u>	<u>0</u>	<u>385</u>	<u>385</u>
Cash balance end of year	<u>\$ 11,199</u>	<u>\$ 5,808</u>	<u>7,193</u>	<u>\$ 1,385</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			6,808	
Net change in accounts receivable			(7,000)	
Net change in accounts payable			<u>0</u>	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u>\$ (192)</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
State & local grants	\$ 17,960	\$ 23,234	\$ 24,830	\$ 1,596
Total revenues	17,960	23,234	24,830	\$ 1,596
EXPENDITURES				
Instruction:				
Supplies	17,960	27,658	24,901	2,757
Total instruction	17,960	27,658	24,901	2,757
Total expenditures	17,960	27,658	24,901	2,757
Excess (deficiency) of revenues over expenditures	0	(4,424)	(71)	4,353
Cash balance beginning of year	(26,665)	(67,672)	4,424	72,096
Cash balance end of year	\$ (26,665)	\$ (72,096)	4,353	\$ 76,449
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			(71)	
Net change in accounts receivable			0	
Net Change in accounts payables			0	
Excess (deficiency) of revenues over expenditures-GAAP basis			\$ (71)	

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, 2015

	<u>Budgeted Amounts</u>		Actual	Variances
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	Positive (Negative) Final to Actual
REVENUES				
Federal grants	\$ 155,411	\$ 202,445	\$ 130,554	\$ (71,891)
Total revenues	<u>155,411</u>	<u>202,445</u>	<u>130,554</u>	<u>(71,891)</u>
EXPENDITURES				
Instruction:				
Personnel services	72,374	86,322	45,915	40,407
Employee benefits	25,355	28,519	14,488	14,031
Professional & tech services	17,293	17,210	2,551	14,659
Other purchased services	2,000	2,082	418	1,664
Supplies	<u>7,950</u>	<u>30,370</u>	<u>11,716</u>	<u>18,654</u>
Total instruction	<u>124,972</u>	<u>164,503</u>	<u>75,088</u>	<u>89,415</u>
Support services-general administration:				
Purchased professional & tech services	<u>7,273</u>	<u>7,753</u>	<u>3,874</u>	<u>3,879</u>
Total support services-general administration	<u>7,273</u>	<u>7,753</u>	<u>3,874</u>	<u>3,879</u>
Support services-school administration:				
Personnel services	15,450	15,450	15,450	
Employee benefits	4,786	5,309	5,186	123
Professional & tech services		1,000		1,000
Other purchased services	930	430		430
Supplies	<u>2,000</u>	<u>2,576</u>	<u> </u>	<u>2,576</u>
Total support services-school administration	<u>23,166</u>	<u>24,765</u>	<u>20,636</u>	<u>4,129</u>
Student transportation				
Other purchased services	<u> </u>	<u>5,424</u>	<u>5,423</u>	<u>1</u>
Total student transportation	<u> </u>	<u>5,424</u>	<u>5,423</u>	<u>1</u>
Total expenditures	<u>155,411</u>	<u>202,445</u>	<u>105,021</u>	<u>97,424</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, 2015

	<u>Budgeted Amounts</u>		Actual	Variances
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	Positive (Negative) <u>Final to Actual</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ 25,533	\$ 25,533
Cash balance beginning of year	<u>1</u>	<u>1</u>	<u>28,926</u>	<u>28,925</u>
Cash balance end of year	<u>\$ 1</u>	<u>\$ 1</u>	<u>54,459</u>	<u>\$ 54,458</u>

RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

Excess (deficiency) of revenues over expenditures-cash basis	25,533
Net change in accounts receivable	(25,532)
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 - 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, 2015**

	<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>(47,038)</u>	<u>(47,038)</u>
Total Other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(47,038)</u>	<u>(47,038)</u>
Net changes in fund balance	0	0	(47,038)	(47,038)
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>(47,038)</u></u>	<u><u>\$ (47,038)</u></u>
<i>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</i>				
Net Change in fund balance-cash basis			<u>(47,038)</u>	
Net Change in fund balance-GAAP basis			<u><u>\$ (47,038)</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, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>76,939</u>
Total assets	<u>76,939</u>
LIABILITIES	
Deposits held for others	<u>76,939</u>
Total liabilities	<u>\$ <u>76,939</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, 2015

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.

During the year ended June 30, 2015, the District adopted GASB Statements No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 (“GASB 68”), and No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68 (“GASB 71”). These two Statements are required to be implemented at the same time. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governments through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit plan, plan assets are also legally protected from creditors of the plan members.

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of the implementation of GASB 68, the government recognized a net pension liability (“NPL”) measured as of a date no later than the end of its prior fiscal year. If the government employer makes a contribution to the pension plan subsequent to the measurement date but prior to the end of the current fiscal year, GASB 68 requires the government to recognize that contribution as a deferred outflow of resources.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

In addition, GASB 68 requires the recognition of deferred outflows of resources and deferred inflows of resources for changes in the NPL that arise from other types of events, but does not require the government to recognize beginning deferred outflows of resources or deferred inflows of resources if the amounts are not practical to estimate. At transition to Statement 68, Statement 71 requires the employer or nonemployer contributing entity to recognize a beginning deferred outflow of resources for its pension contributions made subsequent to the measurement date of the beginning net pension liability but before the start of the government's fiscal year, thus avoiding possible understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation. This pronouncement has materially impacted the financial statements and additional disclosures are included in the notes to the financial statements to highlight the effects.

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, 2015

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, 2015

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, 2015

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

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.

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.

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, 2015

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, 2015

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, 2015

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, 2015.

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, 2015

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 net 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, 2015

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, no 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, 2015

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 \$3,331,199 of restricted net position of which \$2,203,845 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 \$1,164,036 in tax revenues during the year ended June 30, 2015. 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, 2015

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 \$334,238 in transportation distributions during the year ended June 30, 2015.

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, 2015 totaled \$24,830.

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.

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, 2015

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.

Pensions

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015

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

A. Basis of Budgeting - (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, 2015.

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, 2015

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.

<u>Name of account</u>	<u>Centinel Bank Balance 6/30/2015</u>	<u>People's Bank Balance 6/30/2015</u>	<u>Bank of Albuquerque</u>	<u>Reconciled Balance</u>	<u>Type</u>
Payroll clearing	\$ 312,271	\$	\$	\$	Checking
Account payable clearing	261,160				Checking
Cafeteria	82,452			82,423	Checking
General operational	133,075			128,535	Checking
Ed technology	811,368			811,368	Checking
Federal project	488,502			492,891	Checking
Capital project	1,606,202			1,606,203	Checking
Debt Service			155,000	155,000	Savings
Questa Ind. Schools	10,000			10,000	Savings
Questa Ind. Schools	10,000			10,000	Savings
Athletic Fund Account		6,729		6,555	Checking
Activity Fund Account		57,191		56,940	Checking
TOTAL deposited	<u>3,715,030</u>	<u>63,920</u>	<u>\$ 155,000</u>	<u>\$ 3,359,915</u>	
Less: FDIC coverage	<u>250,000</u>	<u>\$ 63,920</u>	<u>\$ 155,000</u>		
Uninsured amount 50% collateral requirement	3,465,030				
	1,732,515				
Pledged securities	<u>2,008,980</u>				
Over (under) requirement	<u>\$ 276,465</u>				

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

Restricted Cash

The District has a reserve account held with Bank of Albuquerque in the amount of \$155,000. The account is a required reserve to be maintained until the maturity of series 2010 Revenue Bonds. The interest earned on the account is used to pay interest on the revenue bonds.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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	\$ 2,008,980	6/8/2018	TIB

Custodial Credit Risk-Deposits

<u>Depository account</u>	<u>Bank Balance</u>
Account Balance	\$ 3,933,950
FDIC Insured	468,920
Collateralized:	
Collateral held by the pledging bank in District's name	2,008,980
Uninsured and uncollateralized	<u>1,456,050</u>
Total deposits	<u>\$ 3,933,950</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, 2015 \$1,456,050 of the District's bank balance of \$3,778,950 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	\$ 3,282,976
Cash and cash equivalents - Statement of Fiduciary Net Position	76,939
Add: outstanding checks and other reconciling items	<u>574,035</u>
Bank Balance of deposits	<u>\$ 3,933,950</u>

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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.

New Mexico State Treasurer

<u>Name of Account</u>	<u>Balance 6/30/2015</u>	<u>Reconciled Balance</u>	<u>Type</u>
QISD LGIP - POOL 4101	\$ 102	\$ 102	Investment
QISD LGIP - POOL 4102	175	175	Investment
Total deposited	<u>\$ 277</u>	<u>\$ 277</u>	

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

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

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

A. Deposits and Investments - (Cont'd)

3. GASB Statement No. 40 defines interest rate risk as the risk that interest rate variations may adversely affect the fair value of an investment. According to GASB Statement No. 40, an acceptable method for reporting interest rate risk is weighted average maturity (“WAM”). The State Treasurer’s Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer’s Office website at www.saonm.org. As of June 30, 2015, the LGIP WAM was 60 days.
4. Finally, with respect to foreign currency risk, all investments in the LGIP are in U.S. dollar denominated assets. Therefore, the LGIP has no foreign currency risk.

Component Unit:-

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>People's Bank Balance 6/30/2015</u>	<u>Bank of Albuquerque 6/30/2015</u>	<u>Reconciled Balanced</u>	<u>Type</u>
Operating	\$ 93,285	\$	\$ 39,972	Checking
Ed Grt	<u> </u>	<u>96,454</u>	<u>96,454</u>	Checking
Total deposited	<u>93,285</u>	<u>96,454</u>	<u>\$ 136,426</u>	
Less: FDIC coverage	<u>(93,285)</u>	<u>(96,454)</u>		
Uninsured amount	<u>\$ <u>0</u></u>	<u>\$ <u>0</u></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, 2015

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	\$ 189,739
FDIC Insured	189,739
Collateralized:	
Collateral held by the pledging bank in School's name	0
Uninsured and uncollateralized	0
Total deposits	\$ 189,739

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, 2015 none of the School's bank balance of \$189,739 was exposed to custodial credit risk.

B. Receivables

Following is a schedule of receivables as of June 30, 2015:

	General Fund 11000	Land of Enchantment Top Grant 25175	Other Governmental	Total Governmental Funds
Due from grantors:				
Federal agencies	\$ _____	\$ _____	\$ 141,868	\$ 141,868
Total	\$ _____	\$ _____	\$ 141,868	\$ 141,868

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

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

C. Interfund Receivables, Payables and Transfers

Interfund balances during the year ending June 30, 2015 were as follows:

Due from other funds	Amount	Due to other funds	Amount
Major governmental funds:		Major governmental funds:	
Operational	\$ 35,997	State Directed Activities	\$ 47,038
Title I -IASA	54,459	Total ed. technology equipment act.	160,425
Bond building	2,219		
Capital improvements SB-9	7,397		
Ed. technology equipment act	124		
Debt services	180,994		
Total major governmental funds	281,190	Total major governmental funds	207,463
Total nonmajor governmental funds	56,472	Total Nonmajor governmental funds	130,199
Grand total	\$ 337,662	Grand total	\$ 337,662

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, 2015

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

D. Capital Assets

Capital Assets Balances and Activity for the Year Ended June 30, 2015 is as follows:

	<u>Balance</u> <u>6/30/2014</u>	<u>Transfer In /</u> <u>Adjustment</u>	<u>Transfer Out /</u> <u>Adjustment</u>	<u>Additions</u>	<u>Balance</u> <u>6/30/2015</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	24,758,735	102,571	(93,660)	423,509	25,191,155
Equipment and vehicles information technology equipment, software & library books	<u>815,791</u>	<u>93,660</u>	<u>(102,571)</u>	<u>10,837</u>	<u>817,717</u>
Total capital assets being depreciated:	<u>25,574,526</u>	<u>196,231</u>	<u>(196,231)</u>	<u>434,346</u>	<u>26,008,872</u>
Total capital assets	<u>25,591,937</u>	<u>196,231</u>	<u>(196,231)</u>	<u>434,346</u>	<u>26,026,283</u>
Less: accumulated depreciation for:					
Building & improvements	(8,731,714)	(77,572)	15,352	(798,553)	(9,592,487)
Equipment and vehicles information technology equipment, software & library books	<u>(350,247)</u>	<u>(15,352)</u>	<u>77,572</u>	<u>(31,780)</u>	<u>(319,807)</u>
Total accumulated depreciation:	<u>(9,081,961)</u>	<u>(92,924)</u>	<u>92,924</u>	<u>(830,333)</u>	<u>(9,912,294)</u>
Capital assets, net	<u>\$ 16,509,976</u>	<u>\$ 103,307</u>	<u>\$ (103,307)</u>	<u>\$ (395,987)</u>	<u>\$ 16,113,989</u>

Depreciation expense was charged to Governmental activities as follows:

Instruction	\$ 784,717
Support instruction	14,279
General administration	18,824
Operation of plant	9,252
Food services	<u>3,261</u>
Total depreciation expenses	<u>\$ 830,333</u>

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015 is as follows:

	<u>Balance</u> <u>6/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2015</u>
Capital assets being depreciated:				
Buildings & improvements	\$ 54,292	\$	\$	\$ 54,292
Equipment and vehicles information technology equipment, software & library books	<u>47,678</u>	<u>9,000</u>	<u></u>	<u>56,678</u>
Total capital assets being depreciated:	<u>101,970</u>	<u>9,000</u>	<u>0</u>	<u>110,970</u>
Total capital assets	<u>101,970</u>	<u>9,000</u>	<u>0</u>	<u>110,970</u>
Less: accumulated depreciation for:				
Building & improvements	(25,560)	(2,862)		(28,422)
Equipment and vehicles information technology equipment, software & library books	<u>(46,651)</u>	<u>(2,098)</u>	<u></u>	<u>(48,749)</u>
Total accumulated depreciation:	<u>(72,211)</u>	<u>(4,960)</u>	<u>0</u>	<u>(77,171)</u>
Capital assets, net	<u>\$ 29,759</u>	<u>\$ 4,040</u>	<u>\$ 0</u>	<u>\$ 33,799</u>

Depreciation expense was charged to Governmental activities as follows:

Instruction	\$ 2,098
Operation & maintenance of plant	<u>2,862</u>
Total depreciation expenses	<u>\$ 4,960</u>

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015:

	<u>Other Governmental</u>
Federal grants	\$ <u>56,063</u>
Total unearned revenue	\$ <u><u>56,063</u></u>

F. Long-Term Debt

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

	<u>Balance 6/30/2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2015</u>	<u>Amount Due Within One Year</u>
Governmental activities:					
Education technology					
Notes	\$ <u>6,640,000</u>	\$ _____	\$ <u>375,000</u>	\$ <u>6,265,000</u>	\$ <u>390,000</u>
Total Notes	<u>6,640,000</u>	<u>0</u>	<u>375,000</u>	<u>6,265,000</u>	<u>390,000</u>
Other liabilities					
Compensated absences	<u>12,033</u>	<u>22,988</u>	<u>26,788</u>	<u>8,233</u>	<u>6,175</u>
Total other liabilities	<u>12,033</u>	<u>22,988</u>	<u>26,788</u>	<u>8,233</u>	<u>6,175</u>
Long-term liabilities	<u><u>\$ 6,652,033</u></u>	<u><u>\$ 22,988</u></u>	<u><u>\$ 401,788</u></u>	<u><u>\$ 6,273,233</u></u>	<u><u>\$ 396,175</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, 2015

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%	\$ 3,650,000
2010	9/1/2026	2,000,000	0.00%	2,000,000
2012	7/1/2017	1,000,000	2.00%	<u>615,000</u>
				<u>\$ 6,265,000</u>

The annual requirements to amortize the general obligation bonds as of June 30, 2015 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>
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	230,000	108,234	338,234
2021-2025	1,315,000	401,381	1,716,381
2026-2029	<u>1,290,000</u>	<u>110,237</u>	<u>1,400,237</u>
Total	<u>\$ 3,650,000</u>	<u>\$ 1,115,936</u>	<u>\$ 4,765,936</u>

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

F. Long-Term Debt - Cont'd

The District issued a “General Obligation School Bond” in the amount of \$2,000,000 for the purpose of erecting, remodeling, making additions to and furnishing school buildings, purchasing or improving school grounds, purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act, or any combination of these purposes. The Board has determined to designate the Bonds "Qualified School Construction Bonds" as defined in Section 54F of the Internal Revenue Code of 1986, as amended ("Code") bearing taxable interest and to elect under Section 6431, of the Code to receive tax credits as a direct payment from the United States of America. Further, the District irrevocably elects to receive the direct interest subsidy payment (i.e. the Direct Payment) from the Internal Revenue Service (the "IRS") with respect to each interest payment as provided by Section 6431 of the Internal Revenue Code, equal to 35% of the interest payable on the Bonds on each Interest Payment Date. Additionally, the District was required to fund a sinking fund beginning September 1, 2014. The fund will have a yield of 5.30% and must be funded as follows:

<u>Funding of Sinking Fund</u>	
<u>September 1</u>	<u>Mandatory Sinking Fund Balance</u>
2014	\$ 155,000
2015	310,000
2016	465,000
2017	620,000
2018	775,000
2019	930,000
2020	1,085,000
2021	1,240,000
2022	1,395,000
2023	1,550,000
2024	1,700,000
2025	1,850,000
2026	2,000,000

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

F. Long-Term Debt - Cont'd

The future requirements for the loan are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u>
2016		109,000	109,000
2017		109,000	109,000
2018		109,000	109,000
2019		109,000	109,000
2020		109,000	109,000
2021-2025		545,000	545,000
2026-2027	<u>2,000,000</u>	<u>163,500</u>	<u>2,163,500</u>
Total	<u>\$ 2,000,000</u>	<u>\$ 1,253,500</u>	<u>\$ 3,253,500</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>
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>\$ 615,000</u>	<u>\$ 15,607</u>	<u>\$ 630,607</u>

NOTE 4. OTHER INFORMATION

A. 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, 2015

NOTE 4: OTHER INFORMATION - (Cont'd)

A. 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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4: OTHER INFORMATION - (Cont'd)

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, 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, 2015, 2014 and 2013 were \$58,046, \$81,871, and \$71,115 respectively, which equal the required contributions for each year.

B. 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.

C. Contingent Liabilities

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4: OTHER INFORMATION - (Cont'd)

D. Reconciliation of budgetary basis to GAAP basis Statements

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

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

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are presented on each individual Statement of Revenues, Expenditures, and Changes in Fund balances and reconciliation are located at the bottom of each budget actual.

E. 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.

F. Construction Commitments

There are no construction commitments for the year ending June 30, 2015.

G. 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.

H. 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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 4: OTHER INFORMATION - (Cont'd)

H. Joint Powers Agreements - (Cont'd)

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.

I. Deficit fund balance of individual funds

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

Deficit fund balances of individual funds are the following:

<u>Fund Names</u>	<u>Amounts</u>
Title IV - A safe & Drug Free Schools (24157)	\$ 540
Duel Credits (27103)	\$ 1,488
PreK Initiative (27107)	\$ 4,705
NM Reads to Lead (27114)	\$ 13,620
Technology For Education (27117)	\$ 51
Pre K Initiative (27149)	\$ 35,769
Kindergarten - Three Plus (27166)	\$ 33,606
NM Stem Teacher Initiative (27181)	\$ 5,382
State Directed Activities (27200)	\$ 47,038

J. 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.

NOTE 5. PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (ERB)

General Information about the Pension Plan

Plan description. ERB was created by the state's Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates. ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://www.nmerb.org>.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5. PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (ERB) - (Cont'd)

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

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

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

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

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5. PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (ERB) - (Cont'd)

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

Contributions. The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$403,421 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the District reported a liability of \$8,474,713 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the District's proportion was 0.14853% percent, which was an increase of 0.01839 from its proportion measured as of June 30, 2013. For the year ended June 30, 2015, the District recognized pension expense of \$884,226. At the June 30, 2015, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5. PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (ERB) - (Cont'd)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 0	\$ 126,246
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	0	770,406
Changes in proportion and differences between District contributions and proportionate share of contributions	856,802	0
District contributions subsequent to the measurement date	<u>403,421</u>	<u>0</u>
Total	<u>\$ 1,260,223</u>	<u>\$ 896,652</u>

\$403,421 reported as deferred outflows/inflows of resources related to pensions resulting from District contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2016	\$ 61,068
2017	61,068
2018	30,628
2019	(192,614)
Total	<u>\$ (39,850)</u>

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5. PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (ERB) - (Cont'd)

Actuarial assumptions. As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. Specifically, the liabilities measured as of June 30, 2014 incorporate the following assumptions:

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

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

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5. PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (ERB) - (Cont'd)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2014 and 2013 for 30-year return assumptions are summarized in the following table:

<u>Asset Class</u>	<u>2014 Long-Term Expected Real Rate of Return</u>	<u>2013 Long-Term Expected Real Rate of Return</u>
Cash	1.50%	0.75%
Treasuries	2.00	1.00
IG Corp Credit	3.50	3.00
MBS	2.25	2.50
Core Bonds	2.53	2.04
TIPS	2.50	1.50
High Yield Bonds	4.50	5.00
Bank Loans	5.00	5.00
Global Bonds (Unhedged)	1.25	0.75
Global Bonds (Hedged)	1.38	0.93
EMD External	5.00	4.00
EMD Local Currency	5.75	5.00
Large Cap Equities	6.25	6.75
Small/Mid Cap	6.25	7.00
International Equities (Unhedged)	7.25	7.75
International Equities (Hedged)	7.50	8.00
Emerging International Equities	9.50	9.75
Private Equity	8.75	9.00
Private Debt	8.00	8.50
Private Real Assets	7.75	8.00
Real Estate	6.25	6.00
Commodities	5.00	5.00
Hedge Funds Low Vol	5.50	4.75
Hedge Funds Mod Vol	5.50	6.50

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5. PENSION PLAN - EDUCATIONAL RETIREMENT BOARD (ERB) - (Cont'd)

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2014 and June 30, 2013. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB's defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history. Sensitivity of the (name of employer)'s proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2014. In particular, the table presents the (employer's) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

<u>ERB Fund Division (A)</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ <u>11,530,827</u>	\$ <u>8,474,715</u>	\$ <u>5,922,146</u>

Pension plan fiduciary net position. Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2014 and 2013 which are publicly available at www.nmerb.org.

Payables to the pension plan. The District doesn't have any amount due to the plan as on June 30, 2015.

NOTE 6. NET POSITION RESTATEMENT

A prior period adjustment of \$7,630,337 has been reflected in the School district's financial statements to record the net pension asset/liability, deferred outflows/inflows, and adjusted pension expense and net position in accordance to GASB 68.

Beginning net position as previously reported at June 30, 2014	\$ 13,366,602
Prior period adjustment - Implementation GASB 68:	
Net pension liability (measurement date)	(8,168,712)
Deferred outflows - District's contributions made during fiscal year 2014	<u>538,375</u>
Total prior period adjustment	<u>(7,630,337)</u>
Net position as restated, July 1, 2014	<u>\$ 5,736,265</u>

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7. SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS

In February 2015, GASB Statement No. 72 Fair Value Measurement and Application, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The District will implement this standard during the fiscal year ended June 30, 2016. The District is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the District.

In June 2015, GASB Statement No. 74 Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not effect the District's financial statements.

In June 2015, GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The District is still evaluating how this pronouncement will affect the District.

In June 2015, GASB Statement No. 76 The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015. Earlier application is encouraged. The District will implement this standard during the fiscal year ended June 30, 2016. The District is still evaluating how this pronouncement will affect the District.

In August 2015, GASB Statement No. 77 Tax Abatement Disclosures, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The District will implement this standard during the fiscal year ended June 30, 2017. The District is still evaluating how this pronouncement will effect the financial statements.

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

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).

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.

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.

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.

NSLP School Equipment Grant (24183) - To account for Grant provided for purchase of kitchen equipment under USDA school equipment funded by NSLP.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

NONMAJOR FUNDS - (Cont'd)

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).

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.

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.

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

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

PreK Initiative (27107) - A public capital outlay allocation fund.

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).

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.

NM State Teacher Initiative (27181) - To account for revenues and expenditures from the state grant provided for providing stipends to new STEM teachers.

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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

NONMAJOR FUNDS - (Cont'd)

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

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, 2015

	Food Services 21000	Athletics 22000	Entitlement IDEA-B- 24106
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 82,422	\$ 6,555	\$
Receivables:			
Due from grantor	77,171		21,019
Interfund receivable	30,002	42	
Inventory	5,836		
Other current assets	<u>28</u>	<u> </u>	<u> </u>
Total assets	<u>195,459</u>	<u>6,597</u>	<u>21,019</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Interfund payable			20,491
Accrued expenses			
Unearned revenue	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>0</u>	<u>0</u>	<u>20,491</u>
FUND BALANCES			
Nonspendable-inventory	5,836		
Restricted-reported in:			
Special revenue funds	189,623	6,597	528
Unassigned - reported in:			
Special revenue funds	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>195,459</u>	<u>6,597</u>	<u>528</u>
Total liabilities and fund balance	<u>\$ 195,459</u>	<u>\$ 6,597</u>	<u>\$ 21,019</u>

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2015

	Preschool IDEA-B- 24109	Fresh Fruits & Vegetables 24118	Improving Teacher Quality 24154
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$	\$ 1,604	\$
Receivables:			
Due from grantor	187		569
Interfund receivable			
Inventory			
Other current assets			
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>187</u>	<u>1,604</u>	<u>569</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Interfund payable	187		569
Accrued expenses			
Unearned revenue		1,604	
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>187</u>	<u>1,604</u>	<u>569</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>\$ 187</u>	<u>\$ 1,604</u>	<u>\$ 569</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, 2015

	<u>TITLE IV-A</u>		
	SAFE & DRUG FREE SCHOOLS- 24157	Title I School Improvement 24162	NSLP School Equipment Grant 24183
ASSETS			
Cash and cash equivalents	\$	\$	\$
Receivables:			
Due from grantor			6,034
Interfund receivable			
Inventory			
Other current assets	<u> </u>	<u> </u>	<u> </u>
Total assets	<u> 0</u>	<u> 0</u>	<u> 6,034</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Interfund payable	540		6,034
Accrued expenses			
Unearned revenue	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u> 540</u>	<u> 0</u>	<u> 6,034</u>
FUND BALANCES			
Nonspendable-inventory			
Restricted-reported in:			
Special revenue funds			
Unassigned - reported in:			
Special revenue funds	<u> (540)</u>	<u> </u>	<u> </u>
Total fund balance	<u> (540)</u>	<u> 0</u>	<u> 0</u>
Total liabilities and fund balance	<u> 0</u>	<u> 0</u>	<u> 6,034</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, 2015

	TITLE XIX Medicaid 3/21 Years 25153	Land of Enchantment Top Grant 25175	Rural Education Achievement Program 25233
ASSETS			
Cash and cash equivalents	\$ 6,858	\$	\$
Receivables:			
Due from grantor	32,927	3,719	242
Interfund receivable	26,428		
Inventory			
Other current assets	<u> </u>	<u>3,798</u>	<u> </u>
Total assets	<u>66,213</u>	<u>7,517</u>	<u>242</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Interfund payable		7,515	242
Accrued expenses		2	
Unearned revenue	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>0</u>	<u>7,517</u>	<u>242</u>
FUND BALANCES			
Nonspendable-inventory			
Restricted-reported in:			
Special revenue funds	66,213		
Unassigned - reported in:			
Special revenue funds	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>66,213</u>	<u>0</u>	<u>0</u>
Total liabilities and fund balance	<u>\$ 66,213</u>	<u>\$ 7,517</u>	<u>\$ 242</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, 2015

	Duel Credits 27103	2010 GO Bonds Stu Library Fund 27106	PreK Initiative 27107
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$	\$	\$
Receivables:			
Due from grantor			
Interfund receivable			
Inventory			
Other current assets			
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u> 0</u>	<u> 0</u>	<u> 0</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Interfund payable	1,488		4,705
Accrued expenses			
Unearned revenue			
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u> 1,488</u>	<u> 0</u>	<u> 4,705</u>
FUND BALANCES			
Nonspendable-inventory			
Restricted-reported in:			
Special revenue funds			
Unassigned - reported in:			
Special revenue funds	<u> (1,488)</u>	<u> </u>	<u> (4,705)</u>
Total fund balance	<u> (1,488)</u>	<u> 0</u>	<u> (4,705)</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, 2015

	<u>NM Reads to Lead 27114</u>	<u>Technology For Education 27117</u>	<u>Pre K Program Services 27149</u>
ASSETS			
Cash and cash equivalents	\$	\$	\$
Receivables:			
Due from grantor			
Interfund receivable			
Inventory			
Other current assets			
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u> 0</u>	<u> 0</u>	<u> 0</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Interfund payable	13,620	51	35,769
Accrued expenses			
Unearned revenue			
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u> 13,620</u>	<u> 51</u>	<u> 35,769</u>
FUND BALANCES			
Nonspendable-inventory			
Restricted-reported in:			
Special revenue funds			
Unassigned - reported in:			
Special revenue funds	<u> (13,620)</u>	<u> (51)</u>	<u> (35,769)</u>
Total fund balance	<u> (13,620)</u>	<u> (51)</u>	<u> (35,769)</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, 2015

	<u>Breakfast for Elem Students 27155</u>	<u>Kindergarten - Three Plus 27166</u>	<u>Science Instructional Materials 27176</u>
ASSETS			
Cash and cash equivalents	\$ 36	\$	\$
Receivables:			
Due from grantor			
Interfund receivable			
Inventory			
Other current assets	<u> </u>	<u> </u>	<u> </u>
Total assets	<u> 36</u>	<u> 0</u>	<u> 0</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Interfund payable		33,606	
Accrued expenses			
Unearned revenue	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u> 0</u>	<u> 33,606</u>	<u> 0</u>
FUND BALANCES			
Nonspendable-inventory			
Restricted-reported in:			
Special revenue funds	36		
Unassigned - reported in:			
Special revenue funds	<u> </u>	<u> (33,606)</u>	<u> </u>
Total fund balance	<u> 36</u>	<u> (33,606)</u>	<u> 0</u>
Total liabilities and fund balance	<u>\$ 36</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, 2015

	<u>NM Stem Teacher Initiative 27181</u>	<u>PARCC 27185</u>	<u>Private Dir Grants (Categorical) 29102</u>
ASSETS			
Cash and cash equivalents	\$	\$	\$
Receivables:			
Due from grantor			
Interfund receivable			
Inventory			
Other current assets	<u> </u>	<u> </u>	<u> </u>
Total assets	<u> 0</u>	<u> 0</u>	<u> 0</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Interfund payable	5,382		
Accrued expenses			
Unearned revenue	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u> 5,382</u>	<u> 0</u>	<u> 0</u>
FUND BALANCES			
Nonspendable-inventory			
Restricted-reported in:			
Special revenue funds			
Unassigned - reported in:			
Special revenue funds	<u> (5,382)</u>	<u> </u>	<u> </u>
Total fund balance	<u> (5,382)</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, 2015

	<u>Special Capital Outlay State 31400</u>	<u>Total</u>
ASSETS		
Cash and cash equivalents	\$	\$ 97,475
Receivables:		
Due from grantor		141,868
Interfund receivable		56,472
Inventory		5,836
Other current assets		<u>3,826</u>
Total assets	<u>0</u>	<u>305,477</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Interfund payable		130,199
Accrued expenses		2
Unearned revenue		<u>1,604</u>
Total liabilities	<u>0</u>	<u>131,805</u>
FUND BALANCES		
Nonspendable-inventory		5,836
Restricted-reported in:		
Special revenue funds		262,997
Unassigned - reported in:		
Special revenue funds		<u>(95,161)</u>
Total fund balance	<u>0</u>	<u>173,672</u>
Total liabilities and fund balance	<u>\$ 0</u>	<u>\$ 305,477</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, 2015

	<u>Food Services</u> <u>21000</u>	<u>Athletics</u> <u>22000</u>	<u>Entitlement</u> <u>IDEA-B-</u> <u>24106</u>
REVENUES			
Investment income	\$ 22	\$	\$
Fees	6,791	32,504	
State & local grants			
Federal grants	253,106		116,944
Miscellaneous	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>259,919</u>	<u>32,504</u>	<u>116,944</u>
EXPENDITURES			
Current:			
Instruction		26,694	98,089
Support services-students			4,500
Support services-instruction			
Support services-general administration			4,314
Support services-school administration			
Central services			9,513
Operation & maintenance of plant			
Student transportation			
Food services operations	253,106		
Capital outlay	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>253,106</u>	<u>26,694</u>	<u>116,416</u>
Excess (deficiency) of revenues over expenditures	<u>6,813</u>	<u>5,810</u>	<u>528</u>
OTHER FINANCING SOURCES (USES)			
Transfer (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	6,813	5,810	528
Fund balances at beginning of year	<u>188,646</u>	<u>787</u>	<u>0</u>
Fund balance end of year	<u>\$ 195,459</u>	<u>\$ 6,597</u>	<u>\$ 528</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, 2015

	<u>Preschool IDEA-B- 24109</u>	<u>Fresh Fruits & Vegetables 24118</u>	<u>Improving Teacher Quality 24154</u>
REVENUES			
Investment income	\$	\$	\$
Fees			
State & local grants			
Federal grants	429	6,415	20,634
Miscellaneous	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>429</u>	<u>6,415</u>	<u>20,634</u>
EXPENDITURES			
Current:			
Instruction	429		19,873
Support services-students			
Support services-instruction			
Support services-general administration			761
Support services-school administration			
Central services			
Operation & maintenance of plant			
Student transportation			
Food services operations		6,415	
Capital outlay	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>429</u>	<u>6,415</u>	<u>20,634</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)			
Transfer (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>\$ 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 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

	TITLE IV-A SAFE & DRUG FREE SCHOOLS- 24157	Title I School Improvement 24162	NSLP School Equipment Grant 24183
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Investment income	\$	\$	\$
Fees			
State & local grants			
Federal grants			6,034
Miscellaneous	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u> 0</u>	<u> 0</u>	<u> 6,034</u>
EXPENDITURES			
Current:			
Instruction			
Support services-students			
Support services-instruction			
Support services-general administration			
Support services-school administration			
Central services			
Operation & maintenance of plant			
Student transportation			
Food services operations			
Capital outlay	<u> </u>	<u> </u>	<u> 6,034</u>
Total expenditures	<u> 0</u>	<u> 0</u>	<u> 6,034</u>
Excess (deficiency) of revenues over expenditures	<u> 0</u>	<u> 0</u>	<u> 0</u>
OTHER FINANCING SOURCES (USES)			
Transfer (Out)	<u> (540)</u>	<u> </u>	<u> </u>
Total other financing sources (uses)	<u> (540)</u>	<u> 0</u>	<u> 0</u>
Net Change in fund balance	(540)	0	0
Fund balances at beginning of year	<u> 0</u>	<u> 0</u>	<u> 0</u>
Fund balance end of year	<u> (540)</u>	<u> 0</u>	<u> 0</u>

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT

NONMAJOR FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

	<u>TITLE XIX Medicaid 3/21 Years 25153</u>	<u>Land of Enchantment Top Grant 25175</u>	<u>Rural Education Achievement Program 25233</u>
REVENUES			
Investment income	\$	\$	\$
Fees			
State & local grants			
Federal grants	17,559	514,211	15,899
Miscellaneous	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>17,559</u>	<u>514,211</u>	<u>15,899</u>
EXPENDITURES			
Current:			
Instruction		46,883	15,313
Support services-students	16,912		
Support services-instruction			
Support services-general administration	648	19,478	586
Support services-school administration		441,714	
Central services			
Operation & maintenance of plant		6,136	
Student transportation			
Food services operations			
Capital outlay	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>17,560</u>	<u>514,211</u>	<u>15,899</u>
Excess (deficiency) of revenues over expenditures	<u>(1)</u>	<u>0</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)			
Transfer (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	(1)	0	0
Fund balances at beginning of year	<u>66,214</u>	<u>0</u>	<u>0</u>
Fund balance end of year	<u>\$ 66,213</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT

NONMAJOR FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Duel Credits</u> <u>27103</u>	<u>2010 GO</u> <u>Student</u> <u>Library Fund</u> <u>27106</u>	<u>PreK Initiative</u> <u>27107</u>
REVENUES			
Investment income	\$	\$	\$
Fees			
State & local grants	5,378	6,971	5,863
Federal grants			
Miscellaneous	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>5,378</u>	<u>6,971</u>	<u>5,863</u>
EXPENDITURES			
Current:			
Instruction	4,853		
Support services-students			
Support services-instruction			10,568
Support services-general administration			
Support services-school administration			
Central services			
Operation & maintenance of plant			
Student transportation			
Food services operations			
Capital outlay	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>4,853</u>	<u>0</u>	<u>10,568</u>
Excess (deficiency) of revenues over expenditures	<u>525</u>	<u>6,971</u>	<u>(4,705)</u>
OTHER FINANCING SOURCES (USES)			
Transfer (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	525	6,971	(4,705)
Fund balances at beginning of year	<u>(2,013)</u>	<u>(6,971)</u>	<u>0</u>
Fund balance end of year	<u>\$ (1,488)</u>	<u>\$ 0</u>	<u>\$ (4,705)</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, 2015

	NM Reads to Lead 27114	Technology For Education 27117	Pre K Program Services 27149
REVENUES			
Investment income	\$	\$	\$
Fees			
State & local grants	53,051		65,015
Federal grants			
Miscellaneous	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>53,051</u>	<u>0</u>	<u>65,015</u>
EXPENDITURES			
Current:			
Instruction			75,459
Support services-students			
Support services-instruction			
Support services-general administration			
Support services-school administration	50,000		
Central services			
Operation & maintenance of plant			
Student transportation			
Food services operations			
Capital outlay	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>50,000</u>	<u>0</u>	<u>75,459</u>
Excess (deficiency) of revenues over expenditures	<u>3,051</u>	<u>0</u>	<u>(10,444)</u>
OTHER FINANCING SOURCES (USES)			
Transfer (Out)	<u> </u>	<u>(51)</u>	<u> </u>
Total other financing sources (uses)	<u>0</u>	<u>(51)</u>	<u>0</u>
Net Change in fund balance	3,051	(51)	(10,444)
Fund balances at beginning of year	<u>(16,671)</u>	<u>0</u>	<u>(25,325)</u>
Fund balance end of year	<u>\$ (13,620)</u>	<u>\$ (51)</u>	<u>\$ (35,769)</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, 2015

	<u>Breakfast for Elem Students 27155</u>	<u>Kindergarten - Three Plus 27166</u>	<u>Science Instructional Materials 27176</u>
REVENUES			
Investment income	\$	\$	\$
Fees			
State & local grants	6,366	49,334	
Federal grants			
Miscellaneous	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>6,366</u>	<u>49,334</u>	<u>0</u>
EXPENDITURES			
Current:			
Instruction		41,549	
Support services-students			
Support services-instruction			
Support services-general administration			
Support services-school administration		19,168	
Central services			
Operation & maintenance of plant			
Student transportation		9,775	
Food services operations	6,366		
Capital outlay	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>6,366</u>	<u>70,492</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>(21,158)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)			
Transfer (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	(21,158)	0
Fund balances at beginning of year	<u>36</u>	<u>(12,448)</u>	<u>0</u>
Fund balance end of year	<u>\$ 36</u>	<u>\$ (33,606)</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT

NONMAJOR FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

	<u>NM Stem Teacher Initiative 27181</u>	<u>PARCC 27185</u>	<u>Private Dir Grants (Categorical) 29102</u>
REVENUES			
Investment income	\$	\$	\$
Fees			
State & local grants	33,533	10,323	
Federal grants			
Miscellaneous	<u> </u>	<u> </u>	<u>13,500</u>
Total revenues	<u>33,533</u>	<u>10,323</u>	<u>13,500</u>
EXPENDITURES			
Current:			
Instruction	23,915		13,500
Support services-students			
Support services-instruction			
Support services-general administration			
Support services-school administration			
Central services			
Operation & maintenance of plant			
Student transportation			
Food services operations			
Capital outlay	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>23,915</u>	<u>0</u>	<u>13,500</u>
Excess (deficiency) of revenues over expenditures	<u>9,618</u>	<u>10,323</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)			
Transfer (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	9,618	10,323	0
Fund balances at beginning of year	<u>(15,000)</u>	<u>(10,323)</u>	<u>0</u>
Fund balance end of year	<u>\$ (5,382)</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT

NONMAJOR FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Special Capital Outlay State 31400</u>	<u>Total</u>
<i>REVENUES</i>		
Investment income	\$	\$ 22
Fees		39,295
State & local grants	46,181	282,015
Federal grants		951,231
Miscellaneous		<u>13,500</u>
Total revenues	<u>46,181</u>	<u>1,286,063</u>
<i>EXPENDITURES</i>		
Current:		
Instruction		366,557
Support services-students		21,412
Support services-instruction		10,568
Support services-general administration		25,787
Support services-school administration		510,882
Central services		9,513
Operation & maintenance of plant		6,136
Student transportation		9,775
Food services operations		265,887
Capital outlay	<u>46,181</u>	<u>52,215</u>
Total expenditures	<u>46,181</u>	<u>1,278,732</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>7,331</u>
<i>OTHER FINANCING SOURCES (USES)</i>		
Transfer (Out)		<u>(591)</u>
Total other financing sources (uses)	<u>0</u>	<u>(591)</u>
Net Change in fund balance	0	6,740
Fund balances at beginning of year	<u>0</u>	<u>166,932</u>
Fund balance end of year	<u>\$ 0</u>	<u>\$ 173,672</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, 2015

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
REVENUES				
Investment income	\$ 200	\$ 200	\$ 22	\$ (178)
Fees	6,500	6,500	6,791	291
Federal grants	<u>212,350</u>	<u>212,350</u>	<u>216,124</u>	<u>3,774</u>
Total revenues	<u>219,050</u>	<u>219,050</u>	<u>222,937</u>	<u>3,887</u>
EXPENDITURES				
Food service operations:				
Personnel services	10,000			
Employee benefits	5,525	5,525	4,740	785
Professional & tech services	225,603	265,603	241,625	23,978
Other purchased services	2,500	2,500	1,264	1,236
Supplies	26,285	21,285	4,295	16,990
Supply assets	<u>30,330</u>	<u>5,330</u>	<u>1,182</u>	<u>4,148</u>
Total food service operations	<u>300,243</u>	<u>300,243</u>	<u>253,106</u>	<u>47,137</u>
Total expenditures	<u>300,243</u>	<u>300,243</u>	<u>253,106</u>	<u>47,137</u>
Excess (deficiency) of revenues over expenditures	(81,193)	(81,193)	(30,169)	51,024
Cash balance beginning of year	<u>(547,612)</u>	<u>(294,041)</u>	<u>142,619</u>	<u>436,660</u>
Cash balance end of year	<u><u>\$ (628,805)</u></u>	<u><u>\$ (375,234)</u></u>	<u>112,450</u>	<u><u>\$ 487,684</u></u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			(30,169)	
Net change in due from grantor			77,171	
Net change in accounts receivable			<u>(40,189)</u>	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u><u>\$ 6,813</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, 2015

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances positive (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fees	\$ <u>18,000</u>	\$ <u>18,000</u>	\$ <u>32,503</u>	\$ <u>14,503</u>
Total revenues	<u>18,000</u>	<u>18,000</u>	<u>32,503</u>	<u>14,503</u>
EXPENDITURES				
Instruction:				
Other purchased services	10,000	9,284	8,920	364
Professional & tech services	6,500	15,747	15,559	188
Supplies	<u>1,500</u>	<u>2,216</u>	<u>2,215</u>	<u>1</u>
Total instruction	<u>18,000</u>	<u>27,247</u>	<u>26,694</u>	<u>553</u>
Total expenditures	<u>18,000</u>	<u>27,247</u>	<u>26,694</u>	<u>553</u>
Excess (deficiency) of revenues over expenditures	0	(9,247)	5,809	15,056
Cash balance beginning of year	<u>(4,475)</u>	<u>(4,445)</u>	<u>786</u>	<u>5,231</u>
Cash balance end of year	<u><u>(4,475)</u></u>	<u><u>(13,692)</u></u>	<u>6,595</u>	<u><u>20,287</u></u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			5,809	
Net change in accounts receivable			1	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u><u>5,810</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 - 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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Federal grants	\$ _____	\$ 143,999	\$ 133,960	\$ (10,039)
Total revenues	0	143,999	133,960	(10,039)
EXPENDITURES				
Instruction:				
Personnel services		61,534	54,820	6,714
Employee benefits		30,830	30,651	179
Other purchased services		12,618	12,618	
Supplies		4,042		4,042
Total instruction	0	109,024	98,089	10,935
Support services-general administration:				
Professional & tech services		5,124	4,314	810
Total support services-general administration	0	5,124	4,314	810
Support services-student:				
Professional and technical services		18,500	5,027	13,473
Total support services-student	0	18,500	5,027	13,473
Central services:				
Other purchased services		11,351	9,513	1,838
Total central services	0	11,351	9,513	1,838
Total expenditures	0	143,999	116,943	27,056
Excess (deficiency) of revenues over expenditures	0	0	17,017	17,017
Cash balance beginning of year	0	8,195	(29,860)	(38,055)
Cash balance end of year	0	8,195	(12,843)	(21,038)
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash Basis			17,017	
Net change in due from grantor			21,019	
Net change in accounts receivable			(38,035)	
Net change in accounts Payable			527	
Excess (deficiency) of revenues over expenditures-GAAP basis			\$ 528	

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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Federal grants	\$ _____	\$ <u>4,909</u>	\$ <u>2,110</u>	\$ <u>(2,799)</u>
Total revenues	<u>0</u>	<u>4,909</u>	<u>2,110</u>	<u>(2,799)</u>
EXPENDITURES				
Instruction:				
Supplies	_____	<u>3,909</u>	<u>429</u>	<u>3,480</u>
Total instruction	_____	<u>3,909</u>	<u>429</u>	<u>3,480</u>
Support services-students				
Professional & tech services	_____	<u>1,000</u>	_____	<u>1,000</u>
Total support services-students	<u>0</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total expenditures	<u>0</u>	<u>4,909</u>	<u>429</u>	<u>4,480</u>
Excess (deficiency) of revenues over expenditures	0	0	1,681	1,681
Cash balance beginning of year	<u>0</u>	<u>0</u>	<u>(1,868)</u>	<u>(1,868)</u>
Cash balance end of year	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>(187)</u></u>	<u><u>(187)</u></u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			1,681	
Net change in due from grantor			187	
Net change in accounts receivable			(1,868)	
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 - 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, 2015**

	<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>				
Federal grants	\$ _____	\$ <u>6,415</u>	\$ <u>6,415</u>	\$ _____
Total revenues	<u>0</u>	<u>6,415</u>	<u>6,415</u>	<u>0</u>
<i>EXPENDITURES</i>				
Food services operations:				
Supplies	_____	<u>6,415</u>	<u>6,415</u>	_____
Total food services operations	<u>0</u>	<u>6,415</u>	<u>6,415</u>	<u>0</u>
Total expenditures	<u>0</u>	<u>6,415</u>	<u>6,415</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	0	0	0	0
Cash balance beginning of year	<u>0</u>	<u>0</u>	<u>1,604</u>	<u>1,604</u>
Cash balance end of year	<u><u>0</u></u>	<u><u>0</u></u>	<u>1,604</u>	<u><u>1,604</u></u>
<i>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</i>				
Excess (deficiency) of revenues over expenditures-cash basis			0	
Net change in due from grantor			0	
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-IDEA B RISK POOL-24120
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Federal Grants	\$ _____	\$ _____ 92	\$ _____	\$ _____ (92)
Total revenues	_____ 0	_____ 92	_____ 0	\$ _____ (92)
EXPENDITURES				
Instruction:				
Supplies	_____	_____ 92	_____	_____ 92
Total instruction	_____ 0	_____ 92	_____ 0	_____ 92
Total expenditures	_____ 0	_____ 92	_____ 0	_____ 92
Excess (deficiency) of revenues over expenditures	0	0	0	0
Cash balance beginning of year	_____ 0	_____ 0	_____ 0	_____ 0
Cash balance end of year	\$ _____ 0	\$ _____ 0	_____ 0	\$ _____ 0
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			0	
Net change in accounts receivable			0	
Net Change in accounts payables			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 - 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, 2015**

	<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	\$ 25,894	\$ 42,049	\$ 41,951	\$ (98)
Total revenues	<u>25,894</u>	<u>42,049</u>	<u>41,951</u>	<u>(98)</u>
EXPENDITURES				
Instruction:				
Personnel services	17,192	17,192	13,000	4,192
Employee benefits		4,277	3,062	1,215
Professional & tech services	5,702	17,132	2,516	14,616
Other purchased services	<u>1,788</u>	<u>1,838</u>	<u>1,295</u>	<u>543</u>
Total instruction	<u>24,682</u>	<u>40,439</u>	<u>19,873</u>	<u>20,566</u>
Support services-general administration:				
Professional & tech services	<u>1,212</u>	<u>1,610</u>	<u>761</u>	<u>849</u>
Total support services-general administration	<u>1,212</u>	<u>1,610</u>	<u>761</u>	<u>849</u>
Total expenditures	<u>25,894</u>	<u>42,049</u>	<u>20,634</u>	<u>21,415</u>
Excess (deficiency) of revenues over expenditures	0	0	21,317	21,317
Cash balance beginning of year	<u>32,660</u>	<u>0</u>	<u>(21,887)</u>	<u>(21,887)</u>
Cash balance end of year	<u>\$ 32,660</u>	<u>\$ 0</u>	<u>(570)</u>	<u>\$ (570)</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			21,317	
Net change in due from grantor			569	
Net change in accounts receivable			(21,886)	
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, 2015

	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>(540)</u>	<u>(540)</u>
Total Other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(540)</u>	<u>(540)</u>
Net changes in fund balance	0	0	(540)	(540)
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>(540)</u>	<u>\$ (540)</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Net changes in fund balance -cash basis			(540)	
Net change in accounts receivable			0	
Net change in accounts payable			<u>0</u>	
Net changes in fund balance -GAAP basis			<u>\$ (540)</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u> (Budgetary Basis)	<u>Variances</u> positive (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>		
<i>REVENUES</i>				
Federal grants	\$ _____	\$ _____	\$ 3,137	\$ 3,137
Total revenues	<u>0</u>	<u>0</u>	<u>3,137</u>	<u>3,137</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	3,137	3,137
Cash balance beginning of year	<u>0</u>	<u>0</u>	<u>(3,137)</u>	<u>(3,137)</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			3,137	
Net change in due from grantor			0	
Net change in accounts receivable			(3,137)	
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 - NSLP SCHOOL EQUIPMENT GRANT-24183
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Federal grants	\$ _____	\$ 7,144	\$ _____	\$ (7,144)
Total revenues	0	7,144	0	(7,144)
EXPENDITURES				
Capital outlay:				
Supply assets	_____	7,144	6,034	1,110
Total instruction	0	7,144	6,034	1,110
Total expenditures	0	7,144	6,034	1,110
Excess (deficiency) of revenues over expenditures	0	0	(6,034)	(6,034)
Cash balance beginning of year	0	0	0	0
Cash balance end of year	0	0	(6,034)	(6,034)
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			(6,034)	
Net change in due from grantor			6,034	
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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Federal grants	\$ <u>13,000</u>	\$ <u>13,000</u>	\$ <u>16,455</u>	\$ <u>3,455</u>
Total revenues	<u>13,000</u>	<u>13,000</u>	<u>16,455</u>	<u>3,455</u>
EXPENDITURES				
Support services-students:				
Personnel services	5,600			
Employee benefits	622	8		8
Professional & tech services	<u>7,676</u>	<u>19,431</u>	<u>16,912</u>	<u>2,519</u>
Total support services-students	<u>13,898</u>	<u>19,439</u>	<u>16,912</u>	<u>2,527</u>
Support services-general administration:				
Professional & tech services	<u>682</u>	<u>682</u>	<u>648</u>	<u>34</u>
Total support services-general administration	<u>682</u>	<u>682</u>	<u>648</u>	<u>34</u>
Total expenditures	<u>14,580</u>	<u>20,121</u>	<u>17,560</u>	<u>2,561</u>
Excess (deficiency) of revenues over expenditures	(1,580)	(7,121)	(1,105)	6,016
Cash balance beginning of year	<u>(96,790)</u>	<u>(114,220)</u>	<u>34,390</u>	<u>148,610</u>
Cash balance end of year	<u><u>\$ (98,370)</u></u>	<u><u>\$ (121,341)</u></u>	<u>33,285</u>	<u><u>\$ 154,626</u></u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			(1,105)	
Net change in due from grantor			32,927	
Net change in accounts receivable			(31,823)	
Net change in accounts payable			<u>0</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-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, 2015

	<u>Budgeted Amounts</u>		Actual	Variances
	<u>Original</u>	<u>Final</u>	(Budgetary	positive
			Basis)	(Negative)
				<u>Final to Actual</u>
REVENUES				
Federal grants	\$ 609,125	\$ 609,125	\$ 338,087	\$ (271,038)
Total revenues	<u>609,125</u>	<u>609,125</u>	<u>338,087</u>	<u>(271,038)</u>
EXPENDITURES				
Instruction:				
Professional & tech services	47,519	58,111	44,467	13,644
Other purchased services		2,317	2,317	
Supplies		<u>99</u>	<u>99</u>	
Total instruction	<u>47,519</u>	<u>60,527</u>	<u>46,883</u>	<u>13,644</u>
Support services-school administration:				
Personnel services	358,492	251,843	230,932	20,911
Employee benefits	114,714	94,181	79,787	14,394
Professional & tech services	18,000	92,938	61,860	31,078
Other purchased services	7,000	36,977	35,465	1,512
Purchased property services	18,000	19,454	19,454	
Supplies	<u>6,413</u>	<u>14,218</u>	<u>14,217</u>	<u>1</u>
Total support services-school administration	<u>522,619</u>	<u>509,611</u>	<u>441,715</u>	<u>67,896</u>
Support services-general administration:				
Professional & tech services	29,987	27,386	16,877	10,509
Other purchased services		<u>2,601</u>	<u>2,600</u>	<u>1</u>
Total support services-general administration	<u>29,987</u>	<u>29,987</u>	<u>19,477</u>	<u>10,510</u>
Operation and maintenance of plant:				
Purchased property services	<u>9,000</u>	<u>9,000</u>	<u>6,136</u>	<u>2,864</u>
Total operation and maintenance of plant	<u>9,000</u>	<u>9,000</u>	<u>6,136</u>	<u>2,864</u>
Total expenditures	<u>\$ 609,125</u>	<u>\$ 609,125</u>	<u>\$ 514,211</u>	<u>\$ 94,914</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances positive (Negative) Final to Actual
	Original	Final		
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ (176,124)	\$ (176,124)
Cash balance beginning of year	0	0	0	0
Cash balance end of year	\$ 0	\$ 0	(176,124)	\$ (176,124)

RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

Excess (deficiency) of revenues over expenditures-cash basis	(176,124)
Net change in accounts receivable	(338,087)
Net change in accounts payable	514,211
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, 2015

	Budgeted Amounts		Actual (Budgetary BASIS)	Variances Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Federal grants	\$ 13,543	\$ 28,132	\$ 15,474	\$ (12,658)
Total revenues	13,543	28,132	15,474	(12,658)
EXPENDITURES				
Instruction:				
Personnel services	6,501	11,766	11,765	1
Employee benefits	2,944	4,233	2,901	1,332
Professional & tech services	2,795	2,794	168	2,626
Other purchased services		2,500		2,500
Supplies	670	5,523	479	5,044
Total instruction	12,910	26,816	15,313	11,503
Support services- general administration:				
Professional & tech services	633	1,316	586	730
Total support services- general administration	633	1,316	586	730
Total expenditures	13,543	28,132	15,899	12,233
Excess(deficiency) of revenues over expenditures	0	0	(425)	(425)
Cash balance beginning of year	(16,502)	(16,502)	181	16,683
Cash balance end of year	\$ (16,502)	\$ (16,502)	(244)	\$ 16,258
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			(425)	
Net change in due from grantor			242	
Net change in accounts receivable			183	
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, 2015

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>		
REVENUES				
State & local grants	\$ _____	\$ <u>4,853</u>	\$ <u>5,378</u>	\$ <u>525</u>
Total revenues	<u>0</u>	<u>4,853</u>	<u>5,378</u>	<u>525</u>
EXPENDITURES				
Instruction:				
Supplies	_____	<u>4,853</u>	<u>4,853</u>	_____
Total instruction	<u>0</u>	<u>4,853</u>	<u>4,853</u>	<u>0</u>
Total expenditures	<u>0</u>	<u>4,853</u>	<u>4,853</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	0	0	525	525
Cash balance beginning of year	<u>0</u>	<u>0</u>	<u>(2,013)</u>	<u>(2,013)</u>
Cash balance end of year	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>(1,488)</u></u>	<u><u>(1,488)</u></u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			525	
Net change in accounts receivable			0	
Net change in accounts payable			<u>0</u>	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u><u>525</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
State & local grants	\$ _____	\$ _____	\$ 6,971	\$ 6,971
Total revenues	0	0	6,971	6,971
EXPENDITURES				
Support services-instruction:				
Supplies	_____	_____	_____	_____
Total support services-instruction	0	0	0	0
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	6,971	6,971
Cash balance beginning of year	0	0	(6,971)	(6,971)
Cash balance end of year	0	0	0	0
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			6,971	
Net change in accounts receivable			0	
Net Change in accounts payable			0	
Excess (deficiency) of revenues over expenditures-GAAP basis			\$ 6,971	

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

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

PREK INITIATIVE FUND- 27107

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variances
	Original	Final	(Budgetary Basis)	Positive (Negative) Final to Actual
REVENUES				
Federal Grants	\$ 7,046	\$ 15,480	\$	\$ (15,480)
State & local grants	<u> </u>	<u> </u>	5,863	5,863
Total revenues	<u>7,046</u>	<u>15,480</u>	<u>5,863</u>	<u>(9,617)</u>
EXPENDITURES				
Support services-instruction:				
Supplies	<u>7,046</u>	<u>15,480</u>	<u>10,568</u>	<u>4,912</u>
Total support services-instruction	<u>7,046</u>	<u>15,480</u>	<u>10,568</u>	<u>4,912</u>
Total expenditures	<u>7,046</u>	<u>15,480</u>	<u>10,568</u>	<u>4,912</u>
Excess (deficiency) of revenues over expenditures	0	0	(4,705)	(4,705)
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>(4,705)</u>	<u>\$ (4,705)</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			(4,705)	
Net change in due from grantor			0	
Net Change in accounts receivable			0	
Net Change in accounts payable			<u>0</u>	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u>\$ (4,705)</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 READINESS-27108

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
State & local grants	\$ _____	\$ 275,760	\$ _____	\$ (275,760)
Total revenues	0	275,760	0	(275,760)
EXPENDITURES				
Instruction				
Professional & tech services		25,035		25,035
Supplies		20,015		20,015
Supply assets		230,710		230,710
Total instruction	0	275,760	0	275,760
Total expenditures	0	275,760	0	275,760
Excess (deficiency) of revenues over expenditures	0	0	0	0
Cash balance beginning of year	0	0	0	0
Cash balance end of year	\$ 0	\$ 0	0	\$ 0
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			0	
Net change in due from grantor			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 - 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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
State & local grants	\$ 50,000	\$ 50,000	\$ 53,051	\$ 3,051
Total revenues	50,000	50,000	53,051	3,051
EXPENDITURES				
Support services-school administration:				
Personnel services	30,900	32,835	32,835	
Employee benefits	12,444	10,918	10,918	
Other purchased services	500	205	205	
Supplies	6,156	6,042	6,042	
Total support services-school administration	50,000	50,000	50,000	0
Total expenditures	50,000	50,000	50,000	0
Excess (deficiency) of revenues over expenditures	0	0	3,051	3,051
Cash balance beginning of year	0	0	(16,672)	(16,672)
Cash balance end of year	\$ 0	\$ 0	(13,621)	\$ (13,621)
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			3,051	
Net change in accounts receivable			0	
Net Change in accounts payable			0	
Excess (deficiency) of revenues over expenditures-GAAP basis			\$ 3,051	

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, 2015

	<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>(51)</u>	<u>(51)</u>
Total Other financing sources (uses)	<u>0</u>	<u>0</u>	<u>(51)</u>	<u>(51)</u>
Net changes in fund balance	0	0	(51)	(51)
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>(51)</u>	<u><u>\$ (51)</u></u>
<i>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</i>				
Net Change in fund balance-cash basis			(51)	
Net change in accounts receivable			0	
Net change in accounts payable			<u>0</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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances positive (Negative) Final to Actual
	Original	Final		
REVENUES				
State & local grants	\$ <u>80,000</u>	\$ <u>80,000</u>	\$ <u>65,016</u>	\$ <u>(14,984)</u>
Total revenues	<u>80,000</u>	<u>80,000</u>	<u>65,016</u>	<u>(14,984)</u>
EXPENDITURES				
Instruction:				
Personnel services	53,286	55,087	55,087	
Employee benefits	25,961	20,163	20,163	
Supplies	<u>753</u>	<u>4,750</u>	<u>210</u>	<u>4,540</u>
Total instruction	<u>80,000</u>	<u>80,000</u>	<u>75,460</u>	<u>4,540</u>
Total expenditures	<u>80,000</u>	<u>80,000</u>	<u>75,460</u>	<u>4,540</u>
Excess (deficiency) of revenues over expenditures	0	0	(10,444)	(10,444)
Cash balance beginning of year	<u>0</u>	<u>0</u>	<u>(25,326)</u>	<u>(25,326)</u>
Cash balance end of year	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>(35,770)</u></u>	<u><u>(35,770)</u></u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			(10,444)	
Net change in accounts receivable			(1)	
Net change in accounts payable			<u>1</u>	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u><u>(10,444)</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 - 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, 2015**

	<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>7,873</u>	\$ <u>6,366</u>	\$ <u>(1,507)</u>
Total revenues	<u>0</u>	<u>7,873</u>	<u>6,366</u>	<u>(1,507)</u>
<i>EXPENDITURES</i>				
Food services operations:				
Supplies	_____	<u>7,873</u>	<u>6,366</u>	<u>1,507</u>
Total food services operations	<u>0</u>	<u>7,873</u>	<u>6,366</u>	<u>1,507</u>
Total expenditures	<u>0</u>	<u>7,873</u>	<u>6,366</u>	<u>1,507</u>
Excess (deficiency) of revenues over expenditures	0	0	0	0
Cash balance beginning of year	<u>36</u>	<u>36</u>	<u>36</u>	<u>0</u>
Cash balance end of year	<u>\$ 36</u>	<u>\$ 36</u>	<u>36</u>	<u>\$ 0</u>
<i>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</i>				
Excess (deficiency) of revenues over expenditures-cash basis			0	
Net change in accounts receivable			0	
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 - 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, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances positive (Negative) Final to Actual
	Original	Final		
REVENUES				
State & local grants	\$ 29,312	\$ 70,495	\$ 49,334	\$ (21,161)
Total revenues	29,312	70,495	49,334	(21,161)
EXPENDITURES				
Instruction:				
Personnel services	11,970	28,850	28,849	1
Employee benefits	2,820	6,810	6,808	2
Supplies	5,892	5,892	5,892	
Total instruction	14,790	41,552	41,549	3
Student transportation:				
Other purchased services	7,950	9,775	9,775	
Total student transportation	7,950	9,775	9,775	0
Support services-school administration:				
Personnel services	5,320	11,258	11,258	
Employee benefits	1,252	2,656	2,656	
Supplies	5,254	5,254	5,254	
Total support services-school administration	6,572	19,168	19,168	0
Total expenditures	29,312	70,495	70,492	3
Excess (deficiency) of revenues over expenditures	0	0	(21,158)	(21,158)
Cash balance beginning of year	0	0	(12,448)	(12,448)
Cash balance end of year	\$ 0	\$ 0	(33,606)	\$ (33,606)
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			(21,158)	
Net change in accounts receivable			0	
Net change in accounts payable			0	
Excess (deficiency) of revenues over expenditures-GAAP basis			\$ (21,158)	

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, 2015

	<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>24,300</u>	\$ <u>33,533</u>	\$ <u>9,233</u>
Total revenues	<u>0</u>	<u>24,300</u>	<u>33,533</u>	<u>9,233</u>
EXPENDITURES				
Instruction:				
Personal Services		20,000	20,000	
Employee benefits		<u>4,300</u>	<u>3,915</u>	<u>385</u>
Total instruction	<u>0</u>	<u>24,300</u>	<u>23,915</u>	<u>385</u>
Total expenditures	<u>0</u>	<u>24,300</u>	<u>23,915</u>	<u>385</u>
Excess (deficiency) of revenues over expenditures	0	0	9,618	9,618
Cash balance beginning of year	<u>0</u>	<u>0</u>	<u>(15,000)</u>	<u>(15,000)</u>
Cash balance end of year	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>(5,382)</u></u>	<u><u>(5,382)</u></u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			9,618	
Net change in accounts receivable			0	
Net Change in accounts payable			<u>0</u>	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u><u>9,618</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 FRESH FRUITS & VEG-27183
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Miscellaneous	\$ _____	\$ 3,000	\$ _____	\$ (3,000)
Total revenues	0	3,000	0	(3,000)
EXPENDITURES				
Food services operations:				
Supplies	_____	3,000	_____	3,000
Total food services operations	0	3,000	0	3,000
Total expenditures	0	3,000	0	3,000
Excess (deficiency) of revenues over expenditures	0	0	0	0
Cash balance beginning of year	0	0	0	_____
Cash balance end of year	0	0	0	0
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash Basis			0	
Net change in due from grantor			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 - PARCC-27185

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	<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>10,323</u>	\$ <u>10,323</u>
Total revenues	<u>0</u>	<u>0</u>	<u>10,323</u>	<u>10,323</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	10,323	10,323
Cash balance beginning of year	<u>0</u>	<u>(10,323)</u>	<u>(10,323)</u>	<u>0</u>
Cash balance end of year	<u><u>0</u></u>	<u><u>(10,323)</u></u>	<u>0</u>	<u><u>10,323</u></u>
<i>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</i>				
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><u>\$ 10,323</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 - 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, 2015

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variances Positive (Negative) Final to Actual</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ _____	\$ <u>13,500</u>	\$ <u>13,500</u>	\$ _____
Total revenues	<u>0</u>	<u>13,500</u>	<u>13,500</u>	<u>0</u>
EXPENDITURES				
Instruction:				
Supplies		3,500	3,500	
Supply assets		<u>10,000</u>	<u>10,000</u>	
Total instruction	<u>0</u>	<u>13,500</u>	<u>13,500</u>	<u>0</u>
Total expenditures	<u>0</u>	<u>13,500</u>	<u>13,500</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	0	0	0	0
Cash balance beginning of year	<u>15,422</u>	<u>(857)</u>	<u>1</u>	<u>858</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			0	
Net Change in accounts receivable			0	
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.

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, 2015

	<u>Budgeted Amounts</u>		Actual	Variances
	<u>Original</u>	<u>Final</u>	(Budgetary	Positive
			Basis)	(Negative)
				<u>Final to Actual</u>
REVENUES				
State & local grants	\$ <u>1,090,171</u>	\$ <u>1,090,171</u>	\$ <u>162,863</u>	\$ <u>(927,308)</u>
Total revenues	<u>1,090,171</u>	<u>1,090,171</u>	<u>162,863</u>	<u>(927,308)</u>
EXPENDITURES				
Capital outlay:				
Property	350,000	350,000	17,501	332,499
Purchased property services	<u>2,099,055</u>	<u>2,089,492</u>	<u>273,808</u>	<u>1,815,684</u>
Total capital outlay	<u>2,449,055</u>	<u>2,439,492</u>	<u>291,309</u>	<u>2,148,183</u>
Operation and maintenance of plant:				
Professional & tech services	65,000	74,563	61,412	13,151
Total operation and maintenance of plant	<u>65,000</u>	<u>74,563</u>	<u>61,412</u>	<u>13,151</u>
Total expenditures	<u>2,514,055</u>	<u>2,514,055</u>	<u>352,721</u>	<u>2,161,334</u>
Excess (deficiency) of revenues over expenditures	(1,423,884)	(1,423,884)	(189,858)	1,234,026
Cash balance beginning of year	<u>(5,955,274)</u>	<u>(5,955,274)</u>	<u>1,307,265</u>	<u>7,262,539</u>
Cash balance end of year	<u>\$ (7,379,158)</u>	<u>\$ (7,379,158)</u>	<u>1,117,407</u>	<u>\$ 8,496,565</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Net change in fund balance-cash basis			(189,858)	
Net change in accounts receivable			0	
Net change in accounts payable			<u>278</u>	
Net change in fund balance-GAAP basis			<u>\$ (189,580)</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, 2015**

	<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>46,181</u>	\$ <u>46,181</u>	\$ _____
Total revenues	<u>0</u>	<u>46,181</u>	<u>46,181</u>	<u>0</u>
<i>EXPENDITURES</i>				
Capital outlay:				
Property	_____	<u>46,181</u>	<u>46,181</u>	_____
Total capital outlay	<u>0</u>	<u>46,181</u>	<u>46,181</u>	<u>0</u>
Total expenditures	<u>0</u>	<u>46,181</u>	<u>46,181</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	0	0	0	0
Cash balance beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash balance end of year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>
<i>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</i>				
Excess (deficiency) of revenues over expenditures-cash basis			0	
Net change in accounts receivable			0	
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**

**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, 2015**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 366,619	\$ 366,619	\$ 371,862	\$ 5,243
Investment income	800	800	816	16
State & local grants	<u> </u>	<u>11,549</u>	<u> </u>	<u>(11,549)</u>
Total revenues	<u>367,419</u>	<u>378,968</u>	<u>372,678</u>	<u>(6,290)</u>
EXPENDITURES				
Support services-general administration:				
Professional & tech services	<u>3,667</u>	<u>5,167</u>	<u>3,719</u>	<u>1,448</u>
Total support services-general administration	<u>3,667</u>	<u>5,167</u>	<u>3,719</u>	<u>1,448</u>
Operation and maintenance of plant:				
Purchased property services	220,000	231,549	144,850	86,699
Supplies	46,042	82,741	78,580	4,161
Supply assets	<u>60,274</u>	<u>60,274</u>	<u>62,375</u>	<u>(2,101)</u>
Total operation and maintenance of plant	<u>326,316</u>	<u>374,564</u>	<u>285,805</u>	<u>88,759</u>
Capital outlay:				
Purchased property services	265,000	265,350	17,933	247,417
Supplies			450	(450)
Property	150,000	111,451	19,716	91,735
Supply assets	<u>25,000</u>	<u>25,000</u>	<u> </u>	<u>25,000</u>
Total capital outlay	<u>440,000</u>	<u>401,801</u>	<u>38,099</u>	<u>363,702</u>
Total expenditures	<u>769,983</u>	<u>781,532</u>	<u>327,623</u>	<u>453,909</u>
Excess (deficiency) of revenues over expenditures	(402,564)	(402,564)	45,055	447,619
Cash balance beginning of year	<u>1,345,888</u>	<u>1,419,388</u>	<u>457,015</u>	<u>1,876,403</u>
Cash balance end of year	<u>\$1,748,452</u>	<u>\$1,821,952</u>	<u>502,070</u>	<u>\$ 2,324,022</u>

RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

Excess (deficiency) of revenues over expenditures-cash basis	45,055
Net change in accounts receivable	0
Net change in accounts payable	<u>(1)</u>
Excess (deficiency) of revenues over expenditures-GAAP basis	<u>\$ 45,054</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, 2015**

	<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	\$ 400	\$ 400	\$ 359	\$ (41)
Miscellaneous	<u> </u>	<u> </u>	<u>45,602</u>	<u>45,602</u>
Total revenues	<u>400</u>	<u>400</u>	<u>45,961</u>	<u>45,561</u>
<i>EXPENDITURES</i>				
Capital outlay:				
Supplies	15,000	15,000	10,997	4,003
Purchased property services			7,320	(7,320)
Supply assets	<u>151,893</u>	<u>151,893</u>	<u> </u>	<u>151,893</u>
Total capital outlay	<u>166,893</u>	<u>166,893</u>	<u>18,317</u>	<u>148,576</u>
Operation and maintenance of plant:				
Professional & tech services	190,600	148,103	22,207	125,896
Purchased property services	20,000	36,108	18,528	17,580
Supplies	50,000	50,000	22,444	27,556
Supply assets	<u>190,000</u>	<u>216,389</u>	<u>13,190</u>	<u>203,199</u>
Total operation and maintenance of plant	<u>450,600</u>	<u>450,600</u>	<u>76,369</u>	<u>374,231</u>
Total expenditures	<u>617,493</u>	<u>617,493</u>	<u>94,686</u>	<u>522,807</u>
Excess (deficiency) of revenues over expenditures	(617,093)	(617,093)	(48,725)	568,368
Cash balance beginning of year	<u>(1,884,269)</u>	<u>(1,884,269)</u>	<u>636,475</u>	<u>2,520,744</u>
Cash balance end of year	<u>\$ (2,501,362)</u>	<u>\$ (2,501,362)</u>	<u>587,750</u>	<u>\$ 3,089,112</u>
<i>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</i>				
Excess (deficiency) of revenues over expenditures-cash basis			(48,725)	
Net change in accounts receivable			0	
Net change in accounts payable			<u>0</u>	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u>\$ (48,725)</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, 2015

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 425,722	\$ 425,722	\$ 499,364	\$ 73,642
Investment income	<u>180</u>	<u>180</u>	<u>256</u>	<u>76</u>
Total revenues	<u>425,902</u>	<u>425,902</u>	<u>499,620</u>	<u>73,718</u>
EXPENDITURES				
Support services- general administration:				
Professional & tech services	<u>4,256</u>	<u>5,756</u>	<u>4,994</u>	<u>762</u>
Total support services- general administration	<u>4,256</u>	<u>5,756</u>	<u>4,994</u>	<u>762</u>
Debt service:				
Principal	733,235	731,735	335,000	396,735
Interest	<u>245,722</u>	<u>245,722</u>	<u>144,995</u>	<u>100,727</u>
Total debt service	<u>978,957</u>	<u>977,457</u>	<u>479,995</u>	<u>497,462</u>
Total expenditures	<u>983,213</u>	<u>983,213</u>	<u>484,989</u>	<u>498,224</u>
Excess (deficiency) of revenues over expenditures	(557,311)	(557,311)	14,631	571,942
Cash balance beginning of year	<u>(461,791)</u>	<u>(439,272)</u>	<u>631,407</u>	<u>1,070,679</u>
Cash balance end of year	<u><u>\$ (1,019,102)</u></u>	<u><u>\$ (996,583)</u></u>	<u>646,038</u>	<u><u>\$ 1,642,621</u></u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			14,631	
Net change in accounts receivable			0	
Net change in accounts payable			<u>155,001</u>	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u><u>\$ 169,632</u></u>	

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT

DEBT SERVICE FUND-EDUCATION TECHNOLOGY BONDS-43000
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variances Positive (Negative) Final to Actual</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ <u>205,426</u>	\$ <u>205,426</u>	\$ <u>212,952</u>	\$ <u>7,526</u>
Total revenues	<u>205,426</u>	<u>205,426</u>	<u>212,952</u>	<u>7,526</u>
EXPENDITURES				
Support services-general administration:				
Professional & tech services	<u>2,055</u>	<u>3,555</u>	<u>2,130</u>	<u>1,425</u>
Total support services- general administration	<u>2,055</u>	<u>3,555</u>	<u>2,130</u>	<u>1,425</u>
Debt service:				
Principle	392,026	390,526	195,000	195,526
Interest	<u>10,426</u>	<u>10,426</u>	<u>10,426</u>	<u> </u>
Total debt service	<u>402,452</u>	<u>400,952</u>	<u>205,426</u>	<u>195,526</u>
Total expenditures	<u>404,507</u>	<u>404,507</u>	<u>207,556</u>	<u>196,951</u>
Excess (deficiency) of revenues over expenditures	(199,081)	(199,081)	5,396	204,477
Cash balance beginning of year	<u>(381,362)</u>	<u>(383,227)</u>	<u>218,346</u>	<u>601,573</u>
Cash balance end of year	<u><u>\$ (580,443)</u></u>	<u><u>\$ (582,308)</u></u>	<u>223,742</u>	<u><u>\$ 806,050</u></u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			5,396	
Net change in accounts receivable			0	
Net change in accounts payable			<u>0</u>	
Excess (deficiency) of revenues over expenditures-GAAP Basis			<u><u>\$ 5,396</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, 2015

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>6/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2015</u>
600 General Activity Fund	\$ 1,584	\$ 274	\$ 1,791	\$ 67
702 Scholarship Fund	734	1,400	1,000	1,134
703 HS Office Assistant	489	750	824	415
704 HS Pepsi Fund	91			91
709 JRHS Honor Society	976	1,443	895	1,524
710 HS Student Council	707	1,826	925	1,608
712 FHA Fund	208			208
714 Science Club Fund	173			173
715 Library Fund	1,833	491	644	1,680
716 HS Cheerleaders Fund	1,806	5,005	6,030	781
719 Music Fund	60			60
722 Ski Club Fund	944	8,670	7,264	2,350
724 Rio Costilla Elementary Fund	1,433	7,600	7,037	1,996
725 AV 7-8 Grade Fund	103			103
727 Interest on NOW Accounts	185			185
728 Interest on CD's	1,242	70	1,394	(82)
734 AV Yearbook Fund	2,553	790		3,343
736 FFA Fund	477			477
739 AV K-3	(94)			(94)
742 Spanish Club	91			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	1,511	1,671	2,164	1,018
752 Athletic General Fund	211	200	330	81
754 HS Soccer Club	1,152	112	1,092	172
760 JR High Volleyball	(287)	4,190	4,204	(301)
761 Night School	23			23
762 Volleyball Fund	3,428	5,522	7,651	1,299
763 Rent & lease Deposit Fund	4,306	250	500	4,056
764 HS Football Fund	70	4,549	4,335	284
765 JR High Football	122			122
766 Av Library Fund	68	3,031	3,339	(240)
787 Class of 2004	727			727
795 JR High Student Council Fund	670	536		1,206

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
AGENCY FUNDS ACTIVITY
SCHEDULE OF CHANGES IN ASSETS & LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2015

<u>ASSETS</u>	<u>Balance 6/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2015</u>
801 HS Yearbook	2,698	1,378	2,198	1,878
802 AV Office Fund	(185)	333	389	(241)
803 Travel Club Fund	20			20
804 Insurance Refunds	1,860	1,101	1,491	1,470
805 Alta Vista Music Program	3,410	663	1,923	2,150
808 Woodshop & Metals Fund	525			525
810 Drama Club	370	890	406	854
811 NMRSC Pepsi Fund	543		35	508
812 AV Pepsi Fund	540			540
815 AV Student Council Fund	1,455	11,924	10,882	2,497
816 Science Fair Club Fund	729			729
819 Project 540 Fund	126			126
821 HS Boys Basketball Fund	602		263	339
822 HS Girls Basketball Fund	341		342	(1)
823 Class of 2008	2,239			2,239
827 Positive Incentive Program	4,505	8,630	9,307	3,828
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	1,108			1,108
833 Class of 2015	209	2,881	4,284	(1,194)
834 Class of 2016	4,266	5,020	5,784	3,502
835 Class of 2017	4,186	4,784	244	8,726
837 Science Levinson Fund	1,325	300	150	1,475
838 AV PAC	917			917
840 Chess Club	48	304	244	108
841 Ski Club-K MacDonald	459	1,590	1,510	539
842 HS Track-Girls	225		13	212
843 Art Department Fees	4,281	265		4,546
845 Class of 2018	272	771		1,043
846 Class of 2019	875	2,018	582	2,311
847 Class of 2020		966	540	426
849 Class of 2022	959			959
850 Future Educators of America	1,026		116	910
851 Athletic Field Dedication	674			674
852 Taos Soil and Water Conservation	1,300		660	640
854 JH Girls Basketball	(206)	1,016	1,090	(280)
855 ELEM Jaguar BB Team	9			9

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
AGENCY FUNDS ACTIVITY
SCHEDULE OF CHANGES IN ASSETS & LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2015

<u>ASSETS</u>	<u>Balance 6/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2015</u>
857 End of year event	1,051	1,100	717	1,434
858 Class Of 2023 (K 2010-2011)	206			206
859 Culinary Arts Program	681	60	54	687
860 Envirothon Club	581	300		881
861 AVE Cheerleaders	1			1
862 Appleby Students in Need	700		176	524
863 SHAC	2,826	400		3,226
865 NM DCDT Transition award	<u> </u>	<u>251</u>	<u> </u>	<u>251</u>
Total assets	<u>76,433</u>	<u>95,325</u>	<u>94,819</u>	<u>76,939</u>
LIABILITIES				
Deposits held for others	<u>76,433</u>	<u>95,325</u>	<u>94,819</u>	<u>76,939</u>
Total liabilities	<u>\$ 76,433</u>	<u>\$ 95,325</u>	<u>\$ 94,819</u>	<u>\$ 76,939</u>

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
CASH RECONCILIATIONS - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

		Beginning Balance <u>6/30/2014</u>	Revenue	Expenditures	Prior Year Warrants Voided/Other Adjustments	Ending Cash Balance <u>6/30/2015</u>
Operational	11000	\$ 291,043	\$ 4,215,077	\$ 4,481,236	\$ 1,478	\$ 26,362
Teacherage	12000	23,503	10	11,163		12,350
Transportation	13000	384	341,238	334,431		7,191
Instructional materials	14000	4,424	24,830	24,900		4,354
Food services	21000	112,591	222,937	253,106		82,422
Athletics	22000	745	32,503	26,694		6,554
Federal flowthrough	24000	(87,429)	318,127	255,476	527	(24,251)
Federal direct	25000	179,501	370,017	547,670		1,848
State flowthrough	27000	(41,626)	235,835	241,654		(47,445)
Local or state	29000		13,500	13,501		(1)
Bond building	31100	1,305,047	162,863	352,721		1,115,189
Special capital outlay state	31400		46,181	46,181		
Senate bill nine	31700	445,958	372,678	327,623		491,013
Ed tech	31900	636,350	45,961	94,687		587,624
Debt service	41000	626,389	499,621	484,989	155,000	796,021
Debt service-ed tech	43000	218,347	212,953	207,555		223,745
Agency funds		<u>76,433</u>	<u>95,325</u>	<u>94,819</u>		<u>76,939</u>
Total		<u>\$ 3,791,660</u>	<u>\$ 7,209,656</u>	<u>\$ 7,798,406</u>	<u>\$ 157,005</u>	<u>\$ 3,359,915</u>

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)
 FOR THE YEAR ENDED JUNE 30, 2015

Prepared by Agency Staff Name: Susie Martinez Title: Business Manager Date: September 15, 2015

RFB #/ RFP #/ State-wide Price Agreement #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract
CES 2011-001C 910-703 NOR	Bleachers	Cooperative Ed Services	\$ 162,863	
NM PED State Approved	Food Management Co	Canteen of NM	268,676	
Exempt	School Transportation	Martinez Bus Service	126,046	
REC	Speech Therapy	NW Regional Ctr	85,462	
LOA-04-13	Paving Project	Northern Mountain Construction Co	83,398	
Exempt	School Transportation	Quintana, Gabriel	90,404	
Exempt	School Transportation	Rivera, Beverly	\$ 76,193	

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

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

**SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT)
FOR THE YEAR ENDED JUNE 30, 2015**

Prepared by Agency Staff Name: Susie Martinez Title: Business Manager Date: September 15, 2015

RFB #/ RFP #/ State-wide Price Agreement #	Name and Physical Address of All Vendor(s) that responded	In-state/ Out-of-state Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N)	Brief Description of the Scope of Work
CES 2011-001C 910-703 NOR	Cooperative Ed Services	In State	N	Bleachers
NM PED State Approved	Canteen of NM	In State	N	Food Services
Exempt	Martinez Bus Service	In State	N	School Transp
REC	NW Regional Center	In State	N	Ancillary Services
LOA-04-13	Northern Mountain Construction Co	In State	N	Paving Project
Exempt	Quintana, Gabriel	In State	N	School Transp
Exempt	Rivera, Beverly	In State	N	School Transp

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE QUESTA INDEPENDENT SCHOOL DISTRICT PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2015

<u>Educational Retirement Board (ERB) Plan</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.014853%
District's proportionate share of the net pension liability (asset)	\$ 8,474,713
District's covered-employee payroll	4,094,105
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	207.00%
Plan fiduciary net position as a percentage of the total pension liability	66.54%

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF QUESTA INDEPENDENT SCHOOL DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Educational Retirement Board (ERB) Pension Plan</u>	<u>2015</u>
Contractually required contribution	403,421
Contributions in relation to the contractually required contribution	403,421
Contribution deficiency (excess)	-
District's covered-employee payroll	4,094,105
Contributions as a percentage of covered-employee payroll	9.85%

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

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

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

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

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

COMPLIANCE SECTION

**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. Tim Keller
State Auditor of the State of New Mexico
The Office of Management and Budget
Board Members of the Questa Independent School District
Mr. Keller 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 discretely presented component unit, 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, 2015, 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 10, 2015.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items RWCS 2014-001 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2015-001, RWCS 2015-001, RWCS 2015-003 and RWCS 2015-004 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 items 2015-002 and RWCS 2015-002.

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 10, 2015

FEDERAL FINANCIAL ASSISTANCE

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITORS REPORT

Mr. Timothy Keller,
State Auditor of the State of New Mexico
The Office of Management and Budget
Board Members of the Questa Independent School District
Mr. Keller and Members of the Board

Report on Compliance for Each Major Federal Program

We have audited the Questa Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular 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, 2015. 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, 2015.

Report on Internal Control over Compliance

Management of the 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.

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 10, 2015

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

<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>
<i><u>U. S. Department of Agriculture</u></i>			
Pass-Through Program from			
New Mexico Public Education Department:			
National School Lunch Program	10.555	21000	\$ 253,106
Fresh Fruits and Vegetables	10.582	24118	6,415
Child Nutrition Discretionary Grants Limited Availability	10.579	24183	<u>6,034</u>
Direct Program:			
Forest Reserve			<u>26,620</u>
Total U. S. Department of Agriculture			<u>292,175</u>
<i><u>U.S. Department of Education</u></i>			
Pass-Through Program from			
New Mexico Public Education Department:			
Title I	84.010A	24101	105,022
IDEA, Part B Entitlement	84.027A	24106	116,943
IDEA - B Pre School	84.173A	24109	429
Teacher/Principal Training & Recruiting	84.367A	24154	20,634
Land of Ench TQP Grant	84.405A	25175	514,211
Rural Education Achievement Program	84.358A	25233	<u>15,899</u>
Total U.S. Department of Education			<u>773,138</u>
<i><u>U.S. Dept. of Health and Human Services</u></i>			
Direct Program:			
Title XIX Medicaid 3 - 21 Years	93.778	25153	<u>17,559</u>
Total U.S. Dept. of Health and Human Services			<u>17,559</u>
<u>Roots and Wings Community School</u>			
<i><u>U.S. Department of Education</u></i>			
Pass-Through Program from			
New Mexico Public Education Department:			
IDEA, Part B	84.027	24106	<u>10,178</u>
Total U.S. Department of Education (RWCS)			<u>10,178</u>
Total Roots & Wings Community School			<u>10,178</u>
Total Questa Independent School District			<u>1,082,872</u>
Total Federal Assistance			<u>\$ 1,093,050</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, 2015

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total Federal Awards Expended Per Schedule of Expenditures of Federal Awards	\$ 1,082,872
Total Expenditures Funded by Other Sources	<u>6,464,908</u>
Total expenditures	<u><u>\$ 7,547,780</u></u>

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

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, 2015

SUMMARY OF AUDIT RESULTS

Financial Statements:

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
• Material weaknesses identified?	Yes
• Significant deficiencies identified	Yes
Noncompliance material to the financial statements noted?	No

Federal Awards:

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified	No
Type of auditors' report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No

IDENTIFICATION OF MAJOR PROGRAMS:

CFDA Numbers	Name of Federal Program of Cluster
10.555	National School Lunch Program
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, 2015

SECTION I	PRIOR YEAR AUDIT FINDINGS	STATUS
<u>Financial Statement Findings:</u>		
2014-001	Budget Violations-Compliance and Internal Control-Significant Deficiency	Resolved
<u>Federal Compliance Findings:</u>		
2013-003(FA 13-3)	Reporting regarding Performance Report (Non-Compliance & Significant Deficiency)	Resolved

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II - AUDIT FINDING IN RELATION TO FINANCIAL STATEMENTS

2015-001 Lack of performance Evaluation and Background check-Significant Deficiency

Condition

A sample of 20 personnel files revealed the following:

1 background check could not be located.

2 employees did not have a performance evaluation during the year.

Criteria

Performance appraisals shall be completed on at least an annual basis per New Mexico State Personnel Board Rules and Regulations, 1.7.9.9 B NMAC, by the employee's anniversary date. Good Internal hiring policies require employees to have a background check completed prior to employment with the District.

Cause

The performance appraisals were not completed due to oversight. The district is not maintaining adequate controls over employee hiring.

Effect

The District could be at risk of hiring someone with a questionable background. Without proper feedback, there is a possibility that employees could be performing their duties incorrectly, and without a documented evaluation it would be difficult for the District to correct this.

Recommendation

The District should not employ any individual without prior receipt of the cleared background check. We also recommend that the District should conduct and document performance evaluation for each employee.

Management Response

All employees will have a current background check completed and filed in their personnel file not to exceed a 5 year period. Each employee will also have an evaluation filed in their personnel file for each year employed. Based on recent events, Governor Martinez has ordered PED to review school district background check policies and ensure compliance. The purpose of this review is to confirm that all districts are following the law and district-adopted policies. A background check needs to be completed on all potential employees prior to employment.

Estimated Completion Date

We have complied with the attached PED timeline. We have sent PED our assurance verifying that the district is now in compliance with the background check policy. Please note that an individual that was hired into our district prior to 1998 will predate the background check law.

Responsible party

The responsible parties will be the Superintendent and Executive Secretary to the Superintendent.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II - AUDIT FINDING IN RELATION TO FINANCIAL STATEMENTS- (Cont'd)

2015-002 Late Audit Contract-Compliance and Other Matter

Condition

The District completed audit contract was not received by the Office of the State Auditor by the required due date of May 1, 2015. The completed audit contract was not mailed to the Office of the State Auditor until May 06, 2015. The audit contract was approved by the state auditor on June 1, 2015.

Criteria

The New Mexico Administrative Code (NMAC) 2.2.2.8 paragraph 6 of subsection G states that “the agency shall deliver the fully completed and signed IPA Recommendation Form for Audits and the completed audit contract to the State Auditor by the deadline.” For School District, Counties and Higher Education this deadline date is May 1.

Cause

The District did not submit their completed audit contract timely.

Effect

Audit contracts that is not received by the State Auditor is a violation of the New Mexico Administrative Code.

Recommendation

We recommend that the District ensure all reports are filed timely with the State Auditor to be in compliance with all New Mexico State Statutes.

Management Response

The IPA recommendation to the State Auditor’s Office was emailed to the State Auditor’s Office on May 1st. The fully completed contract was also sent to the IPA on the same date but not received by the State Auditor’s Office until May 6, 2015. The school district will in the future comply with the Audit Contract Compliance as per the Audit Rule and submit the IPA recommendation in a timelier manner.

Estimated Completion Date

The IPA recommendation will be sent to the State Auditor’s Office as per section 12-6-14 NMSA 1978, which serves as the official notification letter to procure auditing services for the fiscal year ending each year.

Responsible party

The responsible parties will be the Superintendent and Business Official.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

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

There are no findings and questioned costs related to federal awards.

**STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2015**

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	Resolved
2014-001	Internal Control over Cash Receipt (Significant deficiency)	Modified & Repeated

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II. AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS

RWCS 2014-001 Internal Controls over Receipts and Deposits (Material Weakness) - Repeated & Modified

Condition

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

- In 7 out of 25 items tested for a total of \$1,620, cash receipts did not agree to supporting documents.
- In 9 out of 25 items tested for a total of \$2,434, cash receipts did not agree to bank statements.
- In 10 out of 25 items tested for a total of \$2,545, cash receipts amount is not properly recorded and classified.
- In 11 out of 25 items tested for a total of \$3,045, the School does not timely deposit money received.
- In 5 out of 25 items tested for a total of \$3,264, the School did not issue a receipt upon the collection of cash or checks for revenue belonging to the School.

The School did not make progress in resolving this finding. However, The School's management is in the process for providing training to employees to ensure appropriate personnel are knowledgeable of applicable laws and regulations in regards to cash receipts to ensure this issue is resolved in subsequent years.

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.

Section 6.20.2.14C of the New Mexico Administrative Code states, "Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day."

Internal controls are established to safe guard the assets of the City. The use of pre-numbered receipts aids in ensuring the receipt of funds enters the accounting system and the entire population of receipts generated for a particular accounting period can be determined and verified if necessary. Once the funds are receipted into the accounting system the transaction becomes a part of the accounting system thus aiding in the safe guarding of assets.

Cause

The School did not maintain an organized and reliable general ledger electronically or manually. The School failed to deposit any monies recorded and deposit any monies received within twenty-four hours period.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II. AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS - CONT'D

RWCS 2014-001 Internal Controls over Receipts and Deposits (Material Weakness) - Repeated & Modified- Cont'd

Effect

The School is in violation of NMAC 6.20.2.11 and 6.20.2.14C. The School does not have a control structure in place to adequately document and monitor the competence of all cash receipts. By the School not depositing money within twenty-four hours of receipt, the money could be lost, stolen or misappropriated. Not issuing a receipt for each collection of public money at the time of the transaction could allow unintentional or intentional errors to occur, and not be detected and fully reconciled in a proper manner on a timely basis.

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.

We recommend the School staff review the accounting procedures concerning all money received and deposited. Furthermore, we recommend the School implement the necessary changes to their accounting procedures to ensure all money received and receipted shall be deposited in their checking accounts within twenty-four hours.

Management Response:

The Business Manager is in the process of providing training to employees to ensure appropriate personnel are knowledgeable of applicable laws and regulations in regards to cash receipts. The Business Manager will implement procedures regarding the receipt and deposit of cash receipts and ask the Principal to enforce these procedures at the school level. Business Manager is also working with the Principal to set up dates for internal audits of all records kept at the school.

Estimated Completion Date:

December 5, 2015.

Responsible party:

Business Manager, Principal, and Governing Council.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II. AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS - CONT'D

RWCS 2015-001 Journal Entry Review and Approval - (Significant Deficiency)

Condition

During the audit, it was noted that 15 out of 15 journal entries tested, were not reviewed and authorized by someone other than the preparer.

Criteria

To help prevent error or fraud, all journal entries should be reviewed by someone other than the preparer.

Cause

Policies and procedures are not properly followed to ensure the propriety or completeness of journal entries. Specifically, controls to ensure proper segregation of duties related to the preparation, approval, and posting of journal entries were not properly followed.

Effect

Financial accounts may be misstated and/or not properly supported. Failure to implement effective processes and procedures could increase the risks of fraud, violations of appropriate laws and mismanagement of funds.

Recommendation

Develop and implement procedures that will strengthen controls over journal entry review and approval process to ensure that journal entries are reviewed and approved by someone other than the preparer, and ensure that support for all journal entries is properly filed and maintained.

Management Response:

The Business Manager will implement procedures that will strengthen controls over entry, review, and approval process and will present all journal entries to Governing Council for review and approval. The Business Manager will maintain and file all journal entries.

Estimated Completion Date:

December 5, 2015

Responsible party:

Business Manager, Principal, and Governing Council.

**STATE OF NEW MEXICO
 QUESTA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2015**

SECTION II. AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS - CONT'D

RWCS 2015-002 Expenditure in Excess of Budget Amounts (Other)

Condition:

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

Fund & Function	Original Budget	Final Budget	Actual	Over Budget
<u>Public School Capital Outlay 31200</u> Operation & maintenance of plant	\$-	\$-	\$32,558	\$(32,558)
<u>GO Bond Act 27105</u> Support services- Instruction	\$-	\$-	\$108	\$(108)

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 School's, the expenditure function is the legal level of control.

Cause:

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

Effect:

As a result, the School 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 School should establish a policy of budgetary review at year-end, and make the necessary budget adjustments.

Management Response:

The school will establish a policy of budgetary review and review at each financial meeting in detail and present to the board for review. The necessary budgetary adjustments will be implemented to ensure funds are not over expended.

Estimated Completion Date:

12/5/15

Responsible party:

Business Manager, Principal, and Governing Council

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II. AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS - CONT'D

RWCS 2015-003 Internal Control over Disbursement (Significant Deficiency) -

Condition

The following were noted during our review of various disbursements at the School:

Travel Disbursement:

- In 4 instances totaling \$1,803, there was a lack of supporting documentation. Receipts could not be found to support the travel expenditures.

General Cash Disbursements:

- For 9 out of 60 disbursements totaling \$2,812 that did not have supporting documentation to review.

Personnel Files:

- 6 employees did not have a performance evaluation during the year.
- 1 employee did not have explanation of drug free policy in the file.
- 1 employee application documentation could not be located within the personnel file.
- 1 personnel files cannot be located.
- In 14 out of 14 personnel files, Timesheet document were not available.

Criteria

Maintenance of adequate supporting documentation for all disbursements, including purchase requisitions, purchase orders, travel authorizations, receiving reports, travel reports, and approval of disbursements are an integral part of a sound internal control system to safeguard the assets and accomplish timely preparation and submission of financial reports.

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. Immigration Reform & Control Act of 1986 requires all employees hired after November 6, 1986 to complete a Form I-9 within 3 days of hire. Guidance regarding Form I-9 also states that if photocopies of identification are kept for any single employee they must be kept for all employees. Photocopies of identification also do not relieve the obligation to fully complete Section 2 of the Form I-9 nor is it an acceptable substitute for proper completion of the Form I-9 in general.

Segregation of duties in payroll, the existence of an appropriate pay rate schedule, a review of employee timesheets, 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. Management should establish and implement sound internal control procedures to maintain personnel records on a periodic basis.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II. AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS - CONT'D

RWCS 2015-003 Internal Control over Disbursement (Significant Deficiency) - Repeated & Modified-Cont'd

Performance appraisals shall be completed on at least an annual basis per New Mexico State Personnel Board Rules and Regulations, 1.7.9.9 B NMAC, by the employee's anniversary date.

Cause

Management did not follow proper internal control procedures. The School staff failed to ensure that all of the required documentation that supports the expenditure was in place. The School's document retention and payroll policies were not adequately enforced. The performance appraisals were not completed due to oversight.

Effect

Without proper documentation, there are not adequate controls over expenditures which could result in over spending. Without proper feedback, there is a possibility that employees could be performing their duties incorrectly, and without a documented evaluation it would be difficult for the School to correct this. The School could be subject to penalties or possibly legal action.

Recommendation

The School should implement procedures to maintain proper supporting documentation, retain all documents related to travel, general disbursement, personnel and payroll and also train personnel to adhere to the policies and procedures. We also recommend that the School should conduct and document performance evaluation for each employee.

Management Response:

The Business Manager is in the process of providing training to employees to ensure appropriate personnel are knowledgeable of applicable laws and regulations in regards to maintain proper supporting documentation, retain all documents related to travel, general disbursement, personnel and payroll. The Business Manager will implement procedures regarding the maintenance of records at the school level. The Business Manager will ask the Principal to enforce these procedures at the school level. Business Manager is also working with the Principal to set up dates for internal audits of all records kept at the school.

Estimated Completion Date:

12/5/15

Responsible party:

Business Manager, Principal, and Governing Council

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II. AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS - CONT'D

RWCS 2015-004 Purchase Orders and Payment Authorization - (Significant Deficiency)

Condition

During our testwork of disbursements, we noted the following deficiencies:

In 9 out of 20 items totaling \$3,952 there were no purchase orders in the file.

In 9 out of 20 items totaling \$3,952, the invoices were not properly authorized.

Criteria

Good accounting and internal control practices require that all disbursements must originate with authorizing document and be supported by properly approved documents such as purchase orders, bill, petty cash reimbursement forms, payroll and time records, leases, contracts, or other supporting. In addition, according to NMSA 1978 Section 6-6-3, the School is expected to conform to the rules and regulations that they have adopted relating to internal controls.

Cause

Policies and procedures that the School has adopted for cash disbursement transactions are not being enforced. The purchase order process is not being enforced and purchase orders are not being prepared. Such documents should be completed prior to the purchase.

Effect

The lack of enforcing the School's policies and procedures may result in the non-authorized or incorrect calculations of invoices. Also, when purchases are made without proper authorization, items could be procured that are inappropriate and/or unallowed and the risk of misappropriation is increased.

Recommendation

The School must enforce policies and procedures that are set in place for the purchase of goods and/or services and ensure the vendor invoices are being checked for accuracy prior to payment and also recommend to train employees on the purchasing procedure.

Management Response:

The Business Manager is in the process of providing training to employees to ensure appropriate personnel are knowledgeable of applicable laws and regulations in regards to maintain proper supporting documentation, retain all documents related to travel, general disbursement, personnel and payroll. The Business Manager will implement procedures regarding the maintenance of records. The Business Manager will ask the Principal to enforce these procedures at the school level. Business Manager is also working with the Principal to set up dates for internal audits of all records kept at the school

Estimated Completion Date:

12/5/15

Responsible party:

Business Manager, Principal, and Governing Council

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
OTHER DISCLOSURES
JUNE 30, 2015

A. PREPARATION OF FINANCIAL STATEMENTS

The combining and individual fund financial statements and notes to the financial statements for the year ended June 30, 2015 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 11, 2015. The following individuals were in attendance:

Questa Independent School District New Mexico

Susie Martinez, Business Manager
Valerie Trujillo, Superintendent

Harshwal & Company LLP

Sanwar Harshwal, CPA, Managing Partner
Mariem Tall, Staff Auditor
Jolene Calderon, Staff Auditor