

**STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
JUNE 30, 2016**

**Harshwal & Company LLP
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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, 2016

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
Nicole Cardenas	Administrative Assistant

FINANCIAL SECTION

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 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 of Questa Independent School District, (the District), as of and for the year ended June 30, 2016, 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, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2016, and the respective changes in financial position thereof, and the respective budgetary comparisons for the general fund 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, 2016, 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 - 20, Schedule of the Proportionate Share of the Net Pension Liability on page 150, the Schedule of Contributions on page 151 and the notes to the required supplementary information on page 152 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 schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the other schedules required by section 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of federal awards 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2016, 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, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

This Management Discussion and Analysis of the fiscal performance of the Questa Independent School District (District) for the period ending June 30, 2016, 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, 2016. Fund financial statements are reported on a modified accrual basis of accounting. Rather than looking at specific areas of performance, this discussion and analysis focus 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 with Internal Control (Governmental Accounting Standards), The Independent Auditor's Report on Compliance with Requirements Applicable in each Major Program (*Uniform Guidance*) 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, 2016

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, 2016

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 \$(11,727,068) was recorded. This includes current year depreciation of \$(830,121) and prior year accumulated depreciation of \$(10,896,947).

The overall adjusted Fund Balance increased from \$3,376,535 for the year ending June 30, 2015, to \$3,578,756 for the year ending June 30, 2016. This represents an increase in the fund balance of \$202,221.

Deferred outflows of resources of \$1,174,851 related to pension and employer contributions subsequent to the measurement date and deferred inflows of resources of \$2,592,610 related to a pension plan are reported in the Statement of Net Position at June 30, 2016. 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 increased from \$7,266,313 in the year ending June 30, 2015, to \$7,880,559 in the year ending June 30, 2016. This is an increase of \$614,246 reflecting an overall revenue increase of 8%. The most significant reason for this is a decline in student's enrollment.

Total expenditures increased from \$7,547,780 for the year ending June 30, 2015, to \$7,678,338 for the year ending June 30, 2016. This is an increase in expenditures of \$130,558.

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, 2016**

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 \$19,909,753. The District has \$3,154,675 of cash and cash equivalents on hand as of June 30, 2016, compared to \$542,384 current liabilities. Net Position totaling \$3,471,682 are "restricted" for debt service, special revenue funds, and capital projects. Net Position totaling \$(7,808,528) are "unrestricted".

	<u>June 30, 2016</u>
ASSETS	
Cash assets	\$ 3,154,675
Current and other assets	679,874
Capital assets	26,627,421
Less: Accumulated depreciation	(11,727,068)
Deferred outflows related to pension	<u>1,174,851</u>
Total assets and deferred outflows related to pension	<u>19,909,753</u>
LIABILITIES	
Other current liabilities	542,384
Long term liabilities	12,086,252
Deferred inflows related to pension	<u>2,592,610</u>
Total liabilities and Deferred inflows related to pension	<u>15,221,246</u>
NET POSITION	
Net investment in capital assets	9,025,353
Restricted	3,471,682
Unrestricted	<u>(7,808,528)</u>
Total net position	<u>\$ 4,688,507</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 \$(9,912,294). 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, 2016**

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 complements the Statement of Net Position by showing the overall change in the District's net position for the fiscal year ending June 30, 2016. As of June 30, 2016, the District had a net position of \$4,688,507. The Adjusted beginning year total net asset is \$3,982,536 reflecting an increase in a total net asset of \$705,971 for the year ending June 30, 2016.

	<u>June 30, 2016</u>
Expenses for governmental activities	\$ (7,174,589)
Less charges for services	109,677
Less operating grants and contributions	1,983,010
Less Capital Grants and Contributions	<u>383,054</u>
Net (Expenses) revenues and changes in net position	<u>(4,698,848)</u>
General revenues:	
Taxes - general, debt service, capital projects	1,029,011
Federal and state aid not restricted to specific purpose	3,779,948
Interest and investment earnings	1,395
Miscellaneous	<u>594,465</u>
Subtotal, general revenues	<u>5,404,819</u>
Changes in net position	705,971
Net position - beginning	4,967,189
Restatement	(984,653)
Net position - restated	<u>3,982,536</u>
Net position - ending	<u>\$ 4,688,507</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 in the fund balance. Total revenues from state, local and Federal sources were \$7,880,559. Total expenditures for the District were \$7,678,338. The total ending fund balance was \$3,578,756; an increase of \$202,221 from the prior year.

**STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

MULTI-YEAR DISTRICT REVENUES AND EXPENDITURES

A multi-year view of overall District revenues and expenditures indicates significant decreases in both areas. **The decrease in both revenues and expenditures are commensurate with the 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)%
2015/2016	7,880,559	8.45 %	7,678,338	1.73 %

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

THE BUDGET

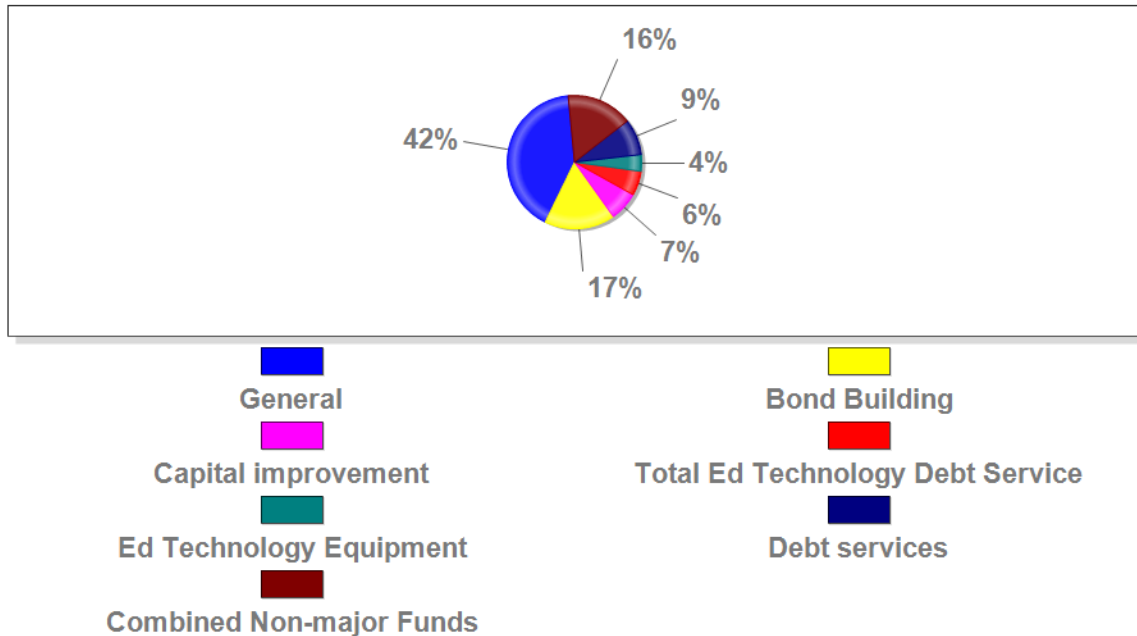
District budgets reflect the same decrease as seen in the revenue and expenditures of the District. The State of New Mexico school budget process is defined under state law and regulation. To enhance the process of developing a budget at the school district level, the District utilizes goals and objectives defined by the District's Board, community input meetings, the 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, 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, 2016**

Budgetary Comparison



The reader will note that the General Fund represents 42% 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, 2016. 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, 2016

MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE

<u>Fund Type</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 4,928,739	\$ 4,814,638	\$ 114,100
Bond building	1,979,864	380,494	1,599,370
Total Ed technology debt service	424,513	208,442	216,071
Ed technology Equipment	642,410	129,550	512,860
Debt Services	1,045,796	121	1,045,675
Capital improvements	759,216	299,824	459,392

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 \$4,996,454 of the total \$7,880,559 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 \$4,669,381 and had a final budget of \$4,758,765.

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.

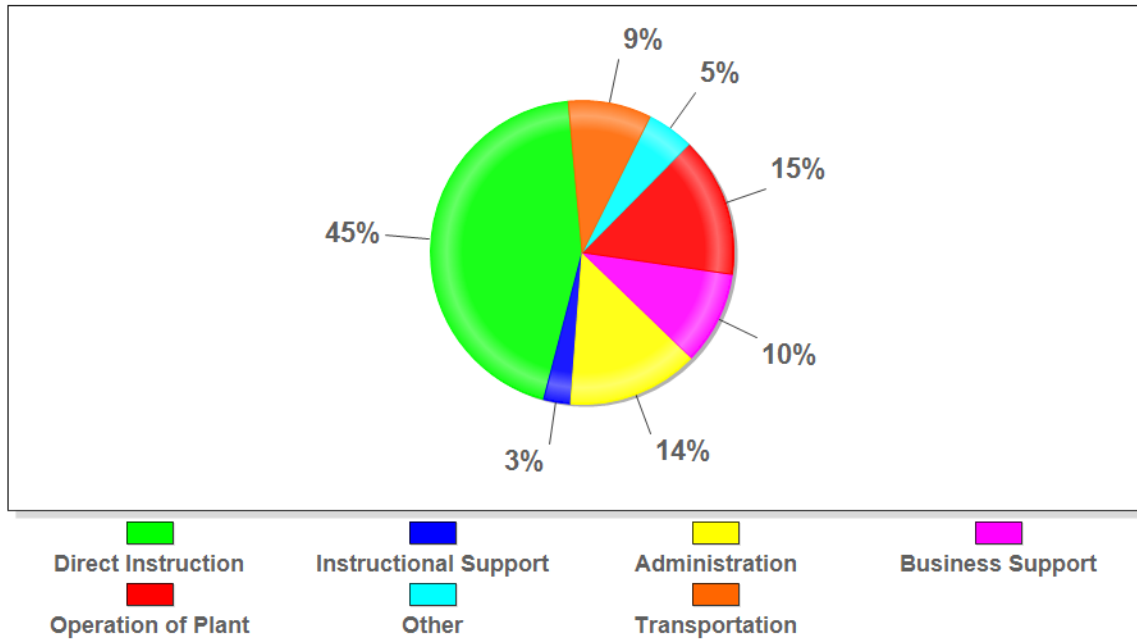
<u>Year</u>	<u>Revenues</u>	<u>Increase %</u>
2007-2008	\$ 5,191,310	0 %
2008-2009	5,205,438	0 %
2009-2010	4,746,742	(9)%
2010-2011	4,917,244	4 %
2011-2012	4,652,325	(5)%
2012-2013	4,601,539	(1)%
2013-2014	4,448,257	(3)%
2014-2015	4,581,154	3 %
2015-2016	4,996,454	9 %

Because the General Fund is the main fund whose expenditures are significantly related to the educational process, \$4,814,640 was expended in the year ending June 30, 2016. The most significant inter-fund expenditure was for the function noted as "Direct Instruction". This expenditure was \$2,148,623 and represents 45% 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, 2016**

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, 2016, for the General Fund. Direct Instruction represents 45% 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 accounts 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 38% of the total General Fund. The operation of the plant accounts for 15% of the General Fund expenditures. Included in the Operation of the Plant expenditures are salaries and benefits for maintenance staff, school custodians, fixed utility costs, maintenance and repairs, maintenance supplies and school custodial supplies. Additional support for maintenance supplies and projects comes from the voter-approved SB9 Fund. The General Fund also supports expenditures for athletics and transportation.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016

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, 2015</u>	<u>Balance June 30, 2016</u>
Land	\$ 17,411	\$ 17,411
Building & improvements	25,191,155	25,513,457
Furniture, fixtures & equipment	<u>817,717</u>	<u>1,096,553</u>
Total capital assets	<u>26,026,283</u>	<u>26,627,421</u>
Less Accumulated depreciation	<u>(9,912,294)</u>	<u>(11,727,068)</u>
Capital assets-Net	<u>\$ 16,113,989</u>	<u>\$ 14,900,353</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, 2016.

<u>Year Ended June 30</u>	<u>Principle</u>	<u>Interest</u>	<u>Totals</u>
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	240,000	209,296	449,296
2022-2026	1,375,000	893,181	2,268,181
2027-2029	<u>2,990,000</u>	<u>117,641</u>	<u>3,107,641</u>
Total	<u>\$ 5,875,000</u>	<u>\$ 2,135,726</u>	<u>\$ 8,010,726</u>

**STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

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 \$70,846 as of June 30, 2016, 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, 2016

	Governmental Activities	Roots & Wings Charter School
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,154,675	\$ 108,254
Investment	277	
Property tax receivable	234,362	
Receivable	1,179	7
Due from grantor	134,056	17,160
Total current assets	3,524,549	125,421
Noncurrent assets:		
Restricted cash	310,000	-
Capital assets	26,627,421	119,895
Less: accumulated depreciation	(11,727,068)	(83,916)
Total noncurrent assets	15,210,353	35,979
Total assets	18,734,902	161,400
DEFERRED OUTFLOWS OF RESOURCES		
Changes of assumptions	227,466	18,871
Changes in proportion	559,301	-
Employer contributions subsequent to the measurement date	388,084	43,327
Total deferred outflows of resources	1,174,851	62,198
LIABILITIES		
Current liabilities:		
Accounts payable		6,508
Accrued payroll		33,905
Accrued interest	128,496	
Compensated absences	8,888	
Current amount due for bonds	405,000	
Other liabilities		930
Total current liabilities	542,384	41,343
Noncurrent liabilities:		
Compensated absences	2,963	
Bonds and notes	5,470,000	
Net pension liability	6,613,289	548,624
Total noncurrent liabilities	12,086,252	548,624
Total liabilities	12,628,636	589,967

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, 2016

DEFERRED INFLOWS OF RESOURCES

Unearned revenue	255,793	0
Difference between expected and actual	122,604	10,171
Net difference between projected and actual earnings on pension plan investments	29,768	2,470
Change in proportion	0	25,309
Change in proportion after reallocation of inactive employers	<u>2,184,445</u>	<u>16,609</u>
Total deferred inflows of resources	<u>2,592,610</u>	<u>54,559</u>

NET POSITION

Net investment in capital assets	9,025,353	35,979
Restricted for:		
Special revenue funds	279,762	
Capital projects	2,189,764	96,138
Debt services	1,002,156	
Unrestricted	<u>(7,808,528)</u>	<u>(553,045)</u>
Total net position	<u>\$ 4,688,507</u>	<u>\$ (420,928)</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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in net position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit's
Governmental activities						
Instruction	\$ 3,431,462	\$ 95,062	\$ 975,596	\$	\$ (2,360,804)	\$
Support services-students	506,918		18,899		(488,019)	
Support services-instruction	156,056		35,337		(120,719)	
General administration	337,857				(337,857)	
School administration	637,260		239,242		(398,018)	
Central services	289,783				(289,783)	
Operation & maintenance of plant	987,472	8,460	33,368	383,054	(562,590)	
Student transportation	412,402		409,598		(2,804)	
Other	1,337				(1,337)	
Food services operations	276,132	6,155	270,970		993	
Interest on long-term obligations	137,910				(137,910)	
Total governmental activities	<u>7,174,589</u>	<u>109,677</u>	<u>1,983,010</u>	<u>383,054</u>	<u>(4,698,848)</u>	<u>0</u>
Component units						
Roots & Wings charter	<u>558,421</u>		<u>65,928</u>			<u>(492,493)</u>
Total component units	<u>\$ 558,421</u>	<u>\$ 0</u>	<u>\$ 65,928</u>	<u>\$ 0</u>	<u>0</u>	<u>(492,493)</u>
General revenues						
Taxes:						
Property taxes, levied for general purposes					82,276	
Property taxes, levied for capital projects					385,798	
Property taxes, levied for debt service					560,937	
Federal and state aid not restricted to specific purpose:						
General					3,779,948	444,636
Interest and investment earnings					1,395	66
Miscellaneous					<u>594,465</u>	<u>22,217</u>
Subtotal, general revenues					<u>5,404,819</u>	<u>466,919</u>
Change in net position					<u>705,971</u>	<u>(25,574)</u>
Net position - beginning					4,967,189	(395,354)
Restatement					<u>(984,653)</u>	<u>0</u>
Net position - beginning, restated					<u>3,982,536</u>	<u>(395,354)</u>
Net position - ending					<u>\$ 4,688,507</u>	<u>\$ (420,928)</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, 2016

	General funds			
	Operational 11000	Teacherage 12000	Pupil Transportation 13000	Instructional Materials 14000
ASSETS				
Cash and cash equivalents	\$ 296,482	\$ 14,323	\$ 225	\$ 18,488
Investment				
Receivables:				
Property taxes	24,220			
Due from grantor				
Interfund receivable	33,812			
Other receivable				
Total assets	<u>354,514</u>	<u>14,323</u>	<u>225</u>	<u>18,488</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE				
LIABILITIES				
Interfund payable	<u>2,804</u>			
Total liabilities	<u>2,804</u>			
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	<u>21,233</u>			
Total deferred inflows of resources	<u>21,233</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES				
Restricted-reported in:				
Special revenue funds				
Capital improvements funds				
Debt service funds				
Unassigned - reported in:				
General funds	330,477	14,323	225	18,488
Special revenue funds				
Debt service funds				
Total fund balance	<u>330,477</u>	<u>14,323</u>	<u>225</u>	<u>18,488</u>
Total liabilities and fund balance	<u>\$ 354,514</u>	<u>\$ 14,323</u>	<u>\$ 225</u>	<u>\$ 18,488</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, 2016

	Capital Project Funds		
	Bond Building 31100	Capital Improvements SB-9 31700	Ed. Technology Equipment Act 31900
ASSETS			
Cash and cash equivalents	\$ 939,580	\$ 575,442	\$ 484,151
Investment	277		
Receivables:			
Property taxes		75,537	
Due from grantor			
Interfund receivable	168,870	7,398	125
Other receivable			
Total assets	<u>1,108,727</u>	<u>658,377</u>	<u>484,276</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE			
LIABILITIES			
Interfund payable			
Total liabilities			
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue		61,616	
Total deferred inflows of resources	<u>0</u>	<u>61,616</u>	<u>0</u>
FUND BALANCES			
Restricted-reported in:			
Special revenue funds			
Capital improvements funds	1,108,727	596,761	484,276
Debt service funds			
Unassigned - reported in:			
General funds			
Special revenue funds			
Debt service funds			
Total fund balance	<u>1,108,727</u>	<u>596,761</u>	<u>484,276</u>
Total liabilities and fund balance	<u>\$ 1,108,727</u>	<u>\$ 658,377</u>	<u>\$ 484,276</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, 2016

	Debt Service Funds			
	Debt Services 41000	Total Ed. Tech. Debt Service Sub Fund - 43000	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 978,690	\$ 37,470	\$ 119,824	\$ 3,464,675
Investment				277
Receivables:				
Property taxes	108,359	26,246		234,362
Due from grantor			134,056	134,056
Interfund receivable	5,020		128,355	343,580
Other receivable			1,179	1,179
	<u>1,092,069</u>	<u>63,716</u>	<u>383,414</u>	<u>4,178,129</u>
Total assets				
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE				
LIABILITIES				
Interfund payable		160,424	180,352	343,580
Total liabilities		160,424	180,352	343,580
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	89,913	23,903	59,128	255,793
Total deferred inflows of resources	89,913	23,903	59,128	255,793
FUND BALANCES				
Restricted-reported in:				
Special revenue funds			279,762	279,762
Capital improvements funds				2,189,764
Debt service funds	1,002,156			1,002,156
Unassigned - reported in:				
General funds				363,513
Special revenue funds			(135,828)	(135,828)
Debt service funds		(120,611)		(120,611)
Total fund balance	<u>1,002,156</u>	<u>(120,611)</u>	<u>143,934</u>	<u>3,578,756</u>
Total liabilities and fund balance	<u>\$ 1,092,069</u>	<u>\$ 63,716</u>	<u>\$ 383,414</u>	<u>\$ 4,178,129</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, 2016

Total fund balance - governmental funds		\$ 3,578,756
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	26,627,421	
Accumulated depreciation	<u>(11,727,068)</u>	14,900,353
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	(5,875,000)	
Accrued interest on bonds	(128,496)	
Compensated absences	<u>(11,851)</u>	(6,015,347)
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	1,174,851	
Deferred inflows of resources related to pension	<u>(2,336,817)</u>	(1,161,966)
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>(6,613,289)</u>	<u>(6,613,289)</u>
Total net position - Governmental activities		\$ <u>4,688,507</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, 2016

	General Funds			
	Operational 11000	Teacherage 12000	Pupil Transportation 13000	Instructional Materials 14000
REVENUES				
Property taxes	\$ 82,276	\$	\$	\$
Investment income	245			
Fees	71,561	8,460		
State & local grants	3,779,948		409,598	25,091
Federal grants	50,641			
Miscellaneous	568,073		561	
Total revenues	<u>4,552,744</u>	<u>8,460</u>	<u>410,159</u>	<u>25,091</u>
EXPENDITURES				
Current:				
Instruction	2,137,667			10,956
Support services-students	471,816			
Support services-instruction	121,781			
Support services-general administration	279,860			
Support services-school administration	381,289			
Central services	260,416			
Operation & maintenance of plant	725,905	13,487		
Student transportation			410,126	
Other support services	1,337			
Food services operations				
Capital outlay				
Debt service:				
Principal				
Interest				
Total expenditures	<u>4,380,071</u>	<u>13,487</u>	<u>410,126</u>	<u>10,956</u>
Excess (deficiency) of revenues over expenditures	<u>172,673</u>	<u>(5,027)</u>	<u>33</u>	<u>14,135</u>
OTHER FINANCING SOURCES (USES)				
Transfer In				
Transfer (Out)				
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net changes in fund balance	172,673	(5,027)	33	14,135
Fund balances at beginning of year	<u>157,804</u>	<u>19,350</u>	<u>192</u>	<u>4,353</u>
Fund balances end of year	<u>\$ 330,477</u>	<u>\$ 14,323</u>	<u>\$ 225</u>	<u>\$ 18,488</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, 2016**

	Capital Project Funds		
	Bond Building 31100	Capital Improvements SB-9 31700	Ed. Technology Equipment Act 31900
REVENUES			
Property taxes	\$	\$ 385,798	\$
Investment income	28	828	245
Fees			
State & local grants	371,505	11,549	
Federal grants			
Miscellaneous			25,831
Total revenues	371,533	398,175	26,076
EXPENDITURES			
Current:			
Instruction			
Support services-students			
Support services-instruction			
Support services-general administration			
Support services-school administration			
Central services			
Operation & maintenance of plant	238,377		
Student transportation			
Other support services			
Food services operations			
Capital outlay	142,115	296,105	129,550
Debt service:			
Principal			
Interest			
Total expenditures	380,492	299,823	129,550
Excess (deficiency) of revenues over expenditures	(8,959)	98,352	(103,474)
OTHER FINANCING SOURCES (USES)			
Transfer In			
Transfer (Out)			
Total other financing sources (uses)	0	0	0
Net changes in fund balance	(8,959)	98,352	(103,474)
Fund balances at beginning of year	1,117,686	498,409	587,750
Fund balances end of year	\$ 1,108,727	\$ 596,761	\$ 484,276

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, 2016

	<u>Debt Service Funds</u>			
	Debt Services 41000	Total Ed. Tech. Debt Service Sub Fund - 43000	Other Governmental Funds	
REVENUES				
Property taxes	\$ 536,449	\$ 24,488	\$	\$ 1,029,011
Investment income		24	25	1,395
Fees			29,656	109,677
State & local grants			664,175	5,261,866
Federal grants			833,504	884,145
Miscellaneous				594,465
Total revenues	<u>536,449</u>	<u>24,512</u>	<u>1,527,360</u>	<u>7,880,559</u>
EXPENDITURES				
Current:				
Instruction			830,590	2,979,213
Support services-students			35,102	506,918
Support services-instruction			20,000	141,781
Support services-general administration	5,179	220	30,061	319,038
Support services-school administration			255,971	637,260
Central services			29,367	289,783
Operation & maintenance of plant			453	978,222
Student transportation			2,276	412,402
Other support services				1,337
Food services operations			272,872	272,872
Capital outlay			33,368	601,138
Debt service:				
Principal	190,000	200,000		390,000
Interest	140,153	8,221		148,374
Total expenditures	<u>335,332</u>	<u>208,441</u>	<u>1,510,060</u>	<u>7,678,338</u>
Excess (deficiency) of revenues over expenditures	<u>201,117</u>	<u>(183,929)</u>	<u>17,300</u>	<u>202,221</u>
OTHER FINANCING SOURCES (USES)				
Transfer In				
Transfer (Out)				
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net changes in fund balance	201,117	(183,929)	17,300	202,221
Fund balances at beginning of year	<u>801,039</u>	<u>63,318</u>	<u>126,634</u>	<u>3,376,535</u>
Fund balances end of year	<u>\$ 1,002,156</u>	<u>\$ (120,611)</u>	<u>\$ 143,934</u>	<u>\$ 3,578,756</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, 2016

Net changes in fund balance		\$ 202,221
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	\$ (830,121)	
Capital outlays	<u>601,138</u>	(228,983)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position		
		390,000
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, 2015	138,960	
Accrued interest, June 30, 2016	<u>(128,496)</u>	10,464
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, 2015	8,233	
Compensated absences June 30, 2016	<u>(11,851)</u>	(3,618)
Governmental funds report the 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 contributions		<u>388,084</u>
Pension expense as per actuarial report	(52,203)	
Add: Difference between prior year deferred outflows associated with 2015 actual employer contributions and the schedule of employer allocations 2015 actual employer contributions	1	
Less: Rounding off difference	<u>5</u>	
Net adjusted pension expenditure		<u>(52,197)</u>
Changes in net position of governmental activities		<u>\$ 705,971</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, 2016

	<u>Budgeted Amounts</u>		Actual	Variances
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	Positive (Negative) Final to Actual
REVENUES				
Property taxes	\$ 80,879	\$ 80,879	\$ 79,290	\$ (1,589)
Investment income	300	300	245	(55)
Fees	66,074	66,074	71,561	5,487
State & local grants	3,809,170	3,781,432	3,779,948	(1,484)
Federal grants	24,000	49,719	50,641	922
Miscellaneous	<u>335,197</u>	<u>335,441</u>	<u>568,073</u>	<u>232,632</u>
Total revenues	<u>4,315,620</u>	<u>4,313,845</u>	<u>4,549,758</u>	<u>235,913</u>
EXPENDITURES				
Instruction:				
Personnel services	1,464,907	1,446,598	1,431,886	14,712
Employee benefits	566,394	533,131	529,482	3,649
Professional & tech services	44,000	50,635	44,644	5,991
Other purchased services	96,000	100,317	97,568	2,749
Supplies	26,000	35,070	34,086	984
Total instruction	<u>2,197,301</u>	<u>2,165,751</u>	<u>2,137,666</u>	<u>28,085</u>
Support services-students:				
Personnel services	181,289	204,527	204,440	87
Employee benefits	74,842	95,239	95,189	50
Professional & tech services	148,500	169,684	169,683	1
Other purchased services	500	554	553	1
Supplies	<u>2,500</u>	<u>1,951</u>	<u>1,950</u>	<u>1</u>
Total support services-students	<u>407,631</u>	<u>471,955</u>	<u>471,815</u>	<u>140</u>
Support services-instruction:				
Personnel services	79,489	79,489	79,489	
Employee benefits	39,800	38,722	38,624	98
Other purchased services		64	63	1
Supplies	<u>5,500</u>	<u>4,595</u>	<u>3,605</u>	<u>990</u>
Total support services-instruction	<u>\$ 124,789</u>	<u>\$ 122,870</u>	<u>\$ 121,781</u>	<u>\$ 1,089</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, 2016

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Final to Actual</u>
Support services-general administration:				
Personnel services	\$ 142,810	\$ 141,542	\$ 140,886	\$ 656
Employee benefits	57,457	53,315	51,675	1,640
Professional & tech services	80,783	79,448	74,945	4,503
Other purchased services	7,500	11,768	11,293	475
Supplies	<u>1,650</u>	<u>1,418</u>	<u>1,062</u>	<u>356</u>
Total support services-general administration	<u>290,200</u>	<u>287,491</u>	<u>279,861</u>	<u>7,630</u>
Support services-school administration:				
Personnel services	285,852	251,122	251,121	1
Employee benefits	132,158	125,245	123,603	1,642
Professional & tech services	500	1,579	1,579	
Other purchased services	2,000	2,644	2,643	1
Supplies	<u>1,000</u>	<u>2,343</u>	<u>2,342</u>	<u>1</u>
Total support services-school administration	<u>421,510</u>	<u>382,933</u>	<u>381,288</u>	<u>1,645</u>
Central services:				
Personnel services	185,085	185,591	185,586	5
Employee benefits	68,008	71,709	66,703	5,006
Professional & tech services	1,500	3,164	3,164	
Other purchased services	1,500	3,458	3,458	
Supplies	<u>500</u>	<u>1,505</u>	<u>1,505</u>	
Total central services	<u>256,593</u>	<u>265,427</u>	<u>260,416</u>	<u>5,011</u>
Operation & maintenance of plant:				
Personnel services	234,499	230,974	230,652	322
Employee benefits	86,240	88,095	86,024	2,071
Professional & tech services	500	1,534	1,533	1
Purchased property services	276,286	275,428	256,304	19,124
Other purchased services	150,704	151,184	150,556	628
Supplies	<u>836</u>	<u>836</u>	<u>835</u>	<u>1</u>
Total operation & maintenance of plant	<u>\$ 748,229</u>	<u>\$ 748,051</u>	<u>\$ 725,904</u>	<u>\$ 22,147</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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Others:				
Other support services	15,675	15,675	1,337	14,338
Total other	15,675	15,675	1,337	14,338
Total expenditures	4,461,928	4,460,153	4,380,068	80,085
Excess (deficiency) of revenues over expenditures	(146,308)	(146,308)	169,690	315,998
<i>OTHER FINANCING SOURCES (USES)</i>				
Transfers In/(Out)				
Total other sources (uses)	0	0	0	0
Net change in fund balance	(146,308)	(146,308)	169,690	315,998
Cash balance beginning of year	(982,459)	(1,583,357)	60,150	1,643,507
Cash balance end of year	\$ (1,128,767)	\$ (1,729,665)	229,840	\$ 1,959,505
 <i>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</i>				
Net changes in fund balance -cash basis			169,690	
Net change in accounts receivable			2,986	
Net change in accounts payable			(3)	
Net changes in fund balance -GAAP basis			\$ 172,673	

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, 2016**

	<u>Budgeted Amounts</u>		Actual	Variances
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	Positive (Negative) Final to Actual
REVENUES				
Investment income	\$ 10	\$ 10	\$	\$ (10)
Fees	<u>9,660</u>	<u>9,660</u>	<u>8,460</u>	<u>(1,200)</u>
Total revenues	<u>9,670</u>	<u>9,670</u>	<u>8,460</u>	<u>(1,210)</u>
EXPENDITURES				
Operation & maintenance of plant:				
Purchased property services	25,423	25,423	13,408	12,015
Supplies	<u>3,560</u>	<u>3,560</u>	<u>79</u>	<u>3,481</u>
Total operation & maintenance of plant	<u>28,983</u>	<u>28,983</u>	<u>13,487</u>	<u>15,496</u>
Total expenditures	<u>28,983</u>	<u>28,983</u>	<u>13,487</u>	<u>15,496</u>
Excess (deficiency) of revenues over expenditures	(19,313)	(19,313)	(5,027)	14,286
Cash balance beginning of year	<u>(102,646)</u>	<u>(102,646)</u>	<u>12,350</u>	<u>114,996</u>
Cash balance end of year	<u><u>\$ (121,959)</u></u>	<u><u>\$ (121,959)</u></u>	<u>7,323</u>	<u><u>\$ 129,282</u></u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			(5,027)	
Net change in accounts receivable			0	
Net change in accounts payable			<u>0</u>	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u><u>\$ (5,027)</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, 2016

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>		
REVENUES				
State and local grants	324,860	409,598	409,598	
Miscellaneous		561	561	
Total revenues	324,860	410,159	410,159	0
EXPENDITURES				
Student transportation:				
Personnel services	3,000	7,000	7,000	
Employee benefits	707	1,676	1,648	28
Professional and technical services	1,000	1,993	1,993	
Purchased property services	58,620	58,620	58,620	
Other purchased services	261,533	303,692	303,689	3
Supplies		22,118	22,118	
Supply assets		15,060	15,059	1
Total student transportation	324,860	410,159	410,127	32
Total expenditures	324,860	410,159	410,127	32
Excess (deficiency) of revenues over expenditures	0	0	32	32
Cash balance beginning of year	11,199	5,808	7,193	1,385
Cash balance end of year	\$ 11,199	\$ 5,808	7,225	\$ 1,417
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			32	
Net change in accounts receivable			0	
Net change in accounts payable			1	
Excess (deficiency) of revenues over expenditures-GAAP basis			\$ 33	

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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
State & local grants	\$ 19,231	\$ 25,091	\$ 25,091	\$ _____
Total revenues	19,231	25,091	25,091	\$ 0
EXPENDITURES				
Instruction:				
Supplies	19,231	29,444	10,956	18,488
Total instruction	19,231	29,444	10,956	18,488
Total expenditures	19,231	29,444	10,956	18,488
Excess (deficiency) of revenues over expenditures	0	(4,353)	14,135	18,488
Cash balance beginning of year	(26,665)	(72,096)	4,353	76,449
Cash balance end of year	(26,665)	(76,449)	18,488	\$ 94,937
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			14,135	
Net change in accounts receivable			0	
Net Change in accounts payables			0	
Excess (deficiency) of revenues over expenditures-GAAP basis			\$ 14,135	

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, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>70,846</u>
Total assets	<u>70,846</u>
LIABILITIES	
Deposits held for others	<u>70,846</u>
Total liabilities	\$ <u><u>70,846</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, 2016

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.

New Government Accounting Standards - For the fiscal year ended June 30, 2016, District implemented the following GASB statements.

GASB Statement 72, Fair Value Measurement and Application:

This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement 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):

The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter period equity, and creating additional transparency. Implementation of this standard did not have a significant impact on the District.

GASB Statement 79, Certain External Investment Pools and Pool Participants:

This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. Implementation of this standard did not have a significant impact on the District's financial.

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 on 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, 2016

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, 2016

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.

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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

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 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.

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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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.

Money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less, and are held by governments other than external investment pools should be measured at amortized cost as provided in paragraph 9 of GASB No. 72.

The District's demand deposits and short-term investments with original maturities of three months or less from the date of acquisition are reported at amortized cost per GASB statement No. 72.

Investments

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

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- (b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.
- (c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

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 the 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 the 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, 2016

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 received prior to June 15, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value. 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, 2016.

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, 2016

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 is 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, 2016

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 in 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 the 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. The 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, 2016

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 \$3,471,682 of restricted net position of which \$2,189,764 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.

Committed - Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

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 \$1,029,011 in tax revenues during the year ended June 30, 2016. 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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

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.

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 a public school within the school district. The District received \$409,598 in transportation distributions during the year ended June 30, 2016.

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, 2016, totaled \$25,091.

SB-9 State match - The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act.

The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary. The District received \$11,549 in state SB-9 matching during the year ended June 30, 2016.

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 an 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, 2016

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 do not accrue. 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, the 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, 2016

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 into 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, 2016

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, 2016.

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, 2016

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 6/30/2016</u>	<u>People's Bank Balance 6/30/2016</u>	<u>Bank of Albuquerque</u>	<u>Reconciled Balance</u>	<u>Type</u>
Payroll clearing	\$ 324,193	\$	\$	\$	Checking
Account payable clearing	105,831				Checking
Cafeteria	97,162			96,739	Checking
General operational	382,167			312,391	Checking
Ed technology	521,621			521,621	Checking
Federal project	552,625			536,719	Checking
Capital project	1,681,644			1,681,395	Checking
Debt Service			310,000	310,000	Savings
Questa Ind. Schools	10,000				Savings
Questa Ind. Schools	10,000				Savings
Athletic Fund Account		3,227		3,162	Checking
Activity Fund Account		50,072		70,846	Checking
TOTAL deposited	<u>3,685,243</u>	<u>53,299</u>	<u>\$ 310,000</u>	<u>\$ 3,532,873</u>	
Less: FDIC coverage	<u>250,000</u>	<u>\$ 53,299</u>	<u>\$ 250,000</u>		
Uninsured amount	3,435,243		60,000		
50% collateral					
requirement	1,717,622		30,000		
Pledged securities	<u>1,815,469</u>		<u>60,000</u>		
Over (under) requirement	<u>\$ 97,847</u>		<u>\$ 30,000</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 \$310,000. 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, 2016

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

A. Deposits and Investments - (Cont'd)

The following securities are pledged at Centinel Bank:

<u>Description</u>	<u>CUSIP#</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Name of Custodian</u>
FHLB	313379DT3	\$ 1,790,469	2/1/2019	TIB
Taos SD ED Tech	87601UAH6	25,000	10/1/2016	TIB

<u>Bank of Albuquerque</u>	<u>Credit Limit</u>
Bank of Albuquerque pooled governmental securities for trust accounts	\$ <u>60,000</u>

Custodial Credit Risk-Deposits

<u>Depository account</u>	<u>Bank Balance</u>
Account Balance	\$ 4,048,542
FDIC Insured	553,299
Collateralized:	
Collateral held by the pledging bank in District's name	1,875,469
Uninsured and uncollateralized	<u>1,619,774</u>
Total deposits	<u>\$ 4,048,542</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, 2016, \$1,619,774 of the District's bank balance of \$4,048,542 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	\$ 3,464,675
Cash and cash equivalents - Statement of Fiduciary Net Position	70,846
Add: outstanding checks and other reconciling items	515,669
Less: Petty cash	<u>(2,648)</u>
Bank Balance of deposits	<u>\$ 4,048,542</u>

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 6/30/2016</u>	<u>Reconciled Balance</u>	<u>Type</u>
QISD LGIP - POOL 4101 (7760-5138)	\$ 102	\$ 102	Investment
QISD LGIP - POOL 4102 (7439-1338)	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 the 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, 2016

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, 2016, 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 6/30/2016</u>	<u>Bank of Albuquerque 6/30/2016</u>	<u>Reconciled Balanced</u>	<u>Type</u>
Operating	\$ 16,951	\$	\$ 11,791	Checking
Ed Grt	<u> </u>	<u>96,464</u>	<u>96,454</u>	Checking
Total deposited	<u>16,951</u>	<u>96,464</u>	<u>\$ 108,245</u>	
Less: FDIC coverage	<u>(16,951)</u>	<u>(96,464)</u>		
Uninsured amount	<u>\$ 0</u>	<u>\$ 0</u>		

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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	\$ 113,415
FDIC Insured	113,415
Collateralized:	
Collateral held by the pledging bank in School's name	0
Uninsured and uncollateralized	0
Total deposits	\$ 113,415

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2016, none of the School's bank balance of \$113,415 was exposed to custodial credit risk.

B. Receivables

Following is a schedule of receivables as of June 30, 2016:

	General Fund 11000	Capital Improvements SB-9 31700	Debt Services 41000	Total Ed. Tech. Debt Service Sub Fund - 43000	Other Governmental	Total Governmental Funds
Property taxes:	\$ 24,220	\$ 75,537	\$ 108,359	\$ 26,246	\$	\$ 234,362
Due from grantors:						
Federal agencies	\$ _____	\$ _____	\$ _____	\$ _____	\$ 134,056	\$ 134,056
Total	\$ 24,220	\$ 75,537	\$ 108,359	\$ 26,246	\$ 134,056	\$ 368,418

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

C. Interfund Receivables, and Payables

Interfund balances during the year ending June 30, 2016, were as follows:

Due from other funds	Amount	Due to other funds	Amount
Major Governmental Funds:		Major Governmental Funds:	
Operational	\$ 33,812	Operational	2,804
Bond Building	168,870	Total Ed. Technology Equipment Act.	160,424
Capital Improvements Sb-9	7,398		
Ed. Technology Equipment Act	125		
Debt Services	5,020		
Total Major Governmental Funds	215,225	Total Major Governmental Funds	163,228
Total nonmajor governmental funds	128,355	Total Nonmajor governmental funds	180,352
Grand total	\$ 343,580	Grand total	\$ 343,580

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, 2016

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

D. Capital Assets

Capital Assets Balances and Activity for the Year Ended June 30, 2016, is as follows:

	<u>Balance</u> <u>6/30/2015</u>	<u>Prior Period</u> <u>Adjustments</u>	<u>Transfer</u>	<u>Additions</u>	<u>Balance</u> <u>6/30/2016</u>
Capital assets not being depreciated:					
Land	\$ 17,411	\$	\$	\$	\$ 17,411
Total capital assets, not being depreciated	<u>17,411</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,411</u>
Capital assets being depreciated:					
Buildings & improvements	25,191,155		(72,328)	394,630	25,513,457
Equipment and vehicles information technology equipment, software & library books	<u>817,717</u>		<u>72,328</u>	<u>206,508</u>	<u>1,096,553</u>
Total capital assets being depreciated:	<u>26,008,872</u>	<u>0</u>	<u>0</u>	<u>601,138</u>	<u>26,610,010</u>
Total capital assets	<u>26,026,283</u>	<u>0</u>	<u>0</u>	<u>601,138</u>	<u>26,627,421</u>
Less: accumulated depreciation for:					
Building & improvements	(9,592,487)	(698,053)		(758,769)	(11,049,309)
Equipment and vehicles information technology equipment, software & library books	<u>(319,807)</u>	<u>(286,600)</u>		<u>(71,352)</u>	<u>(677,759)</u>
Total accumulated depreciation:	<u>(9,912,294)</u>	<u>(984,653)</u>	<u>0</u>	<u>(830,121)</u>	<u>(11,727,068)</u>
Capital assets, net	<u>\$ 16,113,989</u>	<u>\$ (984,653)</u>	<u>\$ 0</u>	<u>\$ (228,983)</u>	<u>\$ 14,900,353</u>

Depreciation expense was charged to Governmental activities as follows:

Instruction	\$ 784,517
Support instruction	14,275
General administration	18,819
Operation of plant	9,250
Food services	<u>3,260</u>
Total depreciation expenses	<u>\$ 830,121</u>

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016 is as follows:

	<u>Balance</u> <u>6/30/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2016</u>
Capital assets being depreciated:				
Buildings & improvements	\$ 54,292	\$	\$	\$ 54,292
Equipment and vehicles information technology equipment, software & library books	<u>56,678</u>	<u>8,925</u>	<u></u>	<u>65,603</u>
Total capital assets being depreciated:	<u>110,970</u>	<u>8,925</u>	<u>0</u>	<u>119,895</u>
Total capital assets	<u>110,970</u>	<u>8,925</u>	<u>0</u>	<u>119,895</u>
Less: accumulated depreciation for:				
Building & improvements	(28,422)	(2,862)		(31,284)
Equipment and vehicles information technology equipment, software & library books	<u>(48,749)</u>	<u>(3,883)</u>	<u></u>	<u>(52,632)</u>
Total accumulated depreciation:	<u>(77,171)</u>	<u>(6,745)</u>	<u>0</u>	<u>(83,916)</u>
Capital assets, net	<u>\$ 33,799</u>	<u>\$ 2,180</u>	<u>\$ 0</u>	<u>\$ 35,979</u>

Depreciation expense was charged to Governmental activities as follows:

Instruction	\$ 3,883
Operation & maintenance of plant	<u>2,862</u>
Total depreciation expenses	<u>\$ 6,745</u>

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

E. Unearned Revenue

Unearned Revenue represents advances on grants which have not been earned at June 30, 2016:

	Other Governmental
Federal grants	\$ 255,793
Total unearned revenue	\$ 255,793

F. Long-Term Debt

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

	Balance 6/30/2015	Additions	Reductions	Balance 6/30/2016	Amount Due Within One Year
Governmental activities:					
Education technology					
Notes	\$ 6,265,000	\$ _____	\$ 390,000	\$ 5,875,000	\$ 405,000
Total Notes	6,265,000	0	390,000	5,875,000	405,000
Other liabilities					
Compensated absences	8,233	26,444	22,826	11,851	8,888
Total other liabilities	8,233	26,444	22,826	11,851	8,888
Long-term liabilities	\$ 6,273,233	\$ 26,444	\$ 412,826	\$ 5,886,851	\$ 413,888

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, 2016

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%	\$ 3,460,000
2010	9/1/2026	2,000,000	0.00%	2,000,000
2012	7/1/2017	1,000,000	2.00%	<u>415,000</u>
				<u>\$ 5,875,000</u>

The annual requirements to amortize the general obligation bonds as of June 30, 2016, 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>
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	240,000	100,296	340,296
2022-2026	1,375,000	348,181	1,723,181
2027-2029	<u>990,000</u>	<u>63,141</u>	<u>1,053,141</u>
Total	<u>\$ 3,460,000</u>	<u>\$ 983,840</u>	<u>\$ 4,443,840</u>

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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, 2016

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>
2017		109,000	109,000
2018		109,000	109,000
2019		109,000	109,000
2020		109,000	109,000
2021		109,000	109,000
2022-2026		545,000	545,000
2027	<u>2,000,000</u>	<u>54,500</u>	<u>2,054,500</u>
Total	<u>\$ 2,000,000</u>	<u>\$ 1,144,500</u>	<u>\$ 3,144,500</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>
2017	205,000	5,443	210,443
2018	<u>210,000</u>	<u>1,943</u>	<u>211,943</u>
Total	<u>\$ 415,000</u>	<u>\$ 7,386</u>	<u>\$ 422,386</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 post-employment health care 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 health care 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, 2016

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 post-employment health care 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, 2016

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, 2016, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2016, 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, 2016, 2015 and 2014 were \$55,840, \$58,046 and \$81,871 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, 2016

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, 2016.

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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4: OTHER INFORMATION - (Cont'd)

H. Joint Powers Agreements

The District is part of the Northwest Regional Educational 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.

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

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

The following are the deficit fund balances of individual funds:

<u>Fund Names</u>	<u>Amounts</u>
Title IV-A Safe & Drug Free Schools (24157)	\$ 540
PreK Initiative (27107)	\$ 15,087
NM Reads to Lead (27114)	\$ 7,041
Technology For Education (27117)	\$ 51
Pre K Initiative (27149)	\$ 22,908
Breakfast for Elem Students (27155)	\$ 1,326
Kindergarten - Three Plus (27166)	\$ 24,583
After School Enrichment (27168)	\$ 16,829
NM Grown FFV (27183)	\$ 425
State Directed Activities (27200)	\$ 47,038
Total Education. Tech. Debt Service (43000)	\$ 120,611

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4: OTHER INFORMATION - (Cont'd)

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>.

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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the Cola would equal the change in the CPI, but never less than zero.

As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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 the fiscal year ended June 30, 2016, 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 \$388,084 for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015. At June 30, 2016, the District reported a liability of \$6,613,289 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2015. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the District's proportion was 0.10210% percent, which was a decrease of 0.04643 from its proportion measured as of June 30, 2014. For the year ended June 30, 2016, the District recognized pension expense of \$52,203. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 0	\$ 122,604
Changes of assumptions	227,466	0
Net difference between projected and actual earnings on pension plan investments	0	29,768
Changes in proportion and differences between District contributions and proportionate share of contributions	559,301	0
Change in proportion after reallocation of inactive employers	0	2,184,445
District contributions subsequent to the measurement date	<u>388,084</u>	<u>0</u>
Total	<u>\$ 1,174,851</u>	<u>\$ 2,336,817</u>

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

\$388,084 reported as deferred outflows/inflows of resources related to pensions resulting from District contributions subsequent to the measurement date June 30, 2015, 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>
2017	\$ 465,951
2018	498,036
2019	677,897
2020	(91,852)
Rounding off	<u>18</u>
Total	<u>\$ 1,550,050</u>

Actuarial assumptions. As described above, the total ERB pension liability and net pension liability is based on an actuarial valuation performed as of June 30, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2016. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.10% during the fiscal year ending June 30, 2015, 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 June 12, 2015 in conjunction with the six-year experience study period ending June 30, 2014.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

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)

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

<u>Asset Class</u>	<u>2015 Long-Term Expected Real Rate of Return</u>	<u>2014 Long-Term Expected Real Rate of Return</u>
Cash	3.25%	1.50%
Treasuries	3.50	2.00
IG Corp Credit	4.75	3.50
MBS	3.75	2.25
Core Bonds	3.98	2.53
TIPS	4.00	2.50
High Yield Bonds	5.75	4.50
Bank Loans	6.00	5.00
Global Bonds (Unhedged)	2.25	1.25
Global Bonds (Hedged)	2.41	1.38
EMD External	6.00	5.00
EMD Local Currency	6.75	5.75
Large Cap Equities	7.50	6.25
Small/Mid Cap	7.75	6.25
International Equities (Unhedged)	8.00	7.25
International Equities (Hedged)	8.47	7.50
Emerging International Equities	9.25	9.50
Private Equity	9.50	8.75
Private Debt	8.00	8.00
Private Real Assets	7.75	7.75
Real Estate	6.50	6.25
Commodities	5.75	5.00
Hedge Funds Low Vol	6.75	5.50
Hedge Funds Mod Vol	6.75	5.50

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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

ERB Fund Division (A)	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ <u>8,898,622</u>	\$ <u>6,613,289</u>	\$ <u>4,693,371</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, 2016, and 2015 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, 2016.

NOTE 6. RESTATEMENT OF NET ASSETS

During the year ended June 30, 2016, the District reconciled the capital asset inventory listing as a result of which a prior period adjustment was made in the amount of \$(984,653) to the Government-wide financial statements of the primary government. Accumulated depreciation was adjusted in the amount of \$(984,653) to restate the net positions correctly.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7. SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS

In June 2015, GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was issued. The provisions of this Statement are effective for postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In June 2015, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, was issued. The provisions of this Statement are effective for addressing accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In August 2015, GASB Statement No. 77, Tax Abatement Disclosures, was issued. The provisions of this Statement require governments that enter into tax abatement agreements to disclose relevant information about those agreements and is effective for fiscal years beginning after December 15, 2015. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In December 2015, GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, was issued. The provisions of this Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plans and is effective for fiscal years beginning after December 15, 2015. The District is still evaluating how this standard will affect the District.

In January 2016, GASB Statement No. 80, Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14, was issued. The provisions of this Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units and is effective for reporting periods beginning after June 15, 2016. The District is still evaluating how this standard will affect the District.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS (Cont.)

In March 2016, GASB Statement No. 81, Irrevocable Split-Interest Agreements, was issued. The provisions of this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period and are effective for reporting periods beginning after December 15, 2016. The District is still evaluating how this standard will affect the District.

In March 2016, GASB Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73, was issued. The provisions of this Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions and is effective for reporting periods after June 15, 2016. The District is still evaluating how this standard will affect the District. In February 2015, GASB Statement No. 72 Fair Value Measurement and Application, was issued. 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.

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

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 the creation of this fund is NMSA 22-13-13.

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

Title I (24101) - To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions

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

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

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

IDEA-B Results Plan (24132) – Funding for support activities included the Education Plan for Student Success for Elementary Schools.

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.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

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.

Project Lead the Way (26219) - The objectives of this grant is to provide transformative learning experiences for K-12 students and teachers.

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.

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

PARCC Readiness (27108) - is used to provide funding for infrastructure upgrades related to Partnership for Assessment of Readiness for College and Careers (PARCC) Readiness based upon supporting materials provided by the District to NMPED. To be used for the network mapping and performance assessments as submitted to NMPED by the District. The funding was made available through the state of New Mexico legislature, laws of 2014, HB55, Chapter 66, Section 47, Item no. 3 as a capital project.

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.

After School Enrichment (27168) – Grant to provide opportunities for students to attend quality after school and summer programs to include academic enrichment, physical activity, and nutrition education components.

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

NM Grown FFV (27183) – Funds under this award are to be used to purchase locally grown New Mexico fresh fruits and vegetables, to be made available at no charge to students.

Teachers "Hard to Staff" Stipend (27195) - To provide a stipend per year to qualified STEM (grades 7-12), Special Education (K–12), Bilingual (K–12), or other hard-to-staff teaching positions to serve in low performing (D/F), urban or rural schools **and** to provide funding to recruit hard-to-staff experts to teach in hard-to-staff schools or to attract and retain the teachers in low-performing schools.

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.

NM Highway Department (28120) - Accounts for funds received from the NM Department of Transportation to assist with surface needs such as paving school parking areas and bus areas. The fund was created by the authority of state grant provisions.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Food Services</u> <u>21000</u>	<u>Athletics</u> <u>22000</u>	<u>Title I -IASA</u> <u>24101</u>
ASSETS			
Cash and cash equivalents	\$ 97,162	\$ 4,244	\$
Receivables:			
Due from grantor	69,034		
Interfund receivable	35,299		46,836
Other receivable	<u>28</u>		
Total assets	<u><u>201,523</u></u>	<u><u>4,244</u></u>	<u><u>46,836</u></u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE			
LIABILITIES			
Interfund payable		<u>1,040</u>	
Total liabilities		<u><u>1,040</u></u>	
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue			<u>46,836</u>
Total deferred inflows of resources	<u>0</u>	<u>0</u>	<u><u>46,836</u></u>
FUND BALANCES			
Restricted-reported in:			
Special revenue funds	201,523	3,204	
Unassigned - reported in:			
Special revenue funds			
Total fund balance	<u>201,523</u>	<u>3,204</u>	<u>0</u>
Total liabilities and fund balance	<u><u>\$ 201,523</u></u>	<u><u>\$ 4,244</u></u>	<u><u>\$ 46,836</u></u>

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2016

	Entitlement IDEA-B- 24106	Preschool IDEA-B- 24109	Fresh Fruits & Vegetables 24118
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$	\$	\$
Receivables:			
Due from grantor	31,900	1,785	
Interfund receivable			247
Other receivable			
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>31,900</u>	<u>1,785</u>	<u>247</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE			
LIABILITIES			
Interfund payable	<u>31,373</u>	<u>1,785</u>	
Total liabilities	<u>31,373</u>	<u>1,785</u>	
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue			<u>247</u>
Total deferred inflows of resources	<u>0</u>	<u>0</u>	<u>247</u>
FUND BALANCES			
Restricted-reported in:			
Special revenue funds	527		
Unassigned - reported in:			
Special revenue funds			
	<u> </u>	<u> </u>	<u> </u>
Total fund balance	<u>527</u>	<u>0</u>	<u>0</u>
Total liabilities and fund balance	<u>\$ 31,900</u>	<u>\$ 1,785</u>	<u>\$ 247</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, 2016

	IDEA B Results Plan 24132	Improving Teacher Quality 24154	TITLE IV-A SAFE & DRUG FREE SCHOOLS- 24157
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$	\$	\$
Receivables:			
Due from grantor	5,658	29	
Interfund receivable			
Other receivable			
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>5,658</u>	<u>29</u>	<u>0</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE			
LIABILITIES			
Interfund payable	<u>5,658</u>	<u>29</u>	<u>540</u>
Total liabilities	<u>5,658</u>	<u>29</u>	<u>540</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue			
	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES			
Restricted-reported in:			
Special revenue funds			
Unassigned - reported in:			
Special revenue funds			<u>(540)</u>
Total fund balance	<u>0</u>	<u>0</u>	<u>(540)</u>
Total liabilities and fund balance	<u>\$ 5,658</u>	<u>\$ 29</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, 2016

	Title I School Improvement <u>24162</u>	NSLP School Equipment Grant <u>24183</u>	TITLE XIX Medicaid 3/21 Years <u>25153</u>
ASSETS			
Cash and cash equivalents	\$	\$	\$ 11,737
Receivables:			
Due from grantor			25,479
Interfund receivable	10,995		28,994
Other receivable			
Total assets	<u>10,995</u>	<u>0</u>	<u>66,210</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE			
LIABILITIES			
Interfund payable			
Total liabilities			
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	<u>10,995</u>		
Total deferred inflows of resources	<u>10,995</u>	<u>0</u>	<u>0</u>
FUND BALANCES			
Restricted-reported in:			
Special revenue funds			66,210
Unassigned - reported in:			
Special revenue funds			
Total fund balance	<u>0</u>	<u>0</u>	<u>66,210</u>
Total liabilities and fund balance	<u>\$ 10,995</u>	<u>\$ 0</u>	<u>\$ 66,210</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, 2016

	Land of Enchantment Top Grant 25175	Rural Education Achievement Program 25233	Project Lead the Way 26219
ASSETS			
Cash and cash equivalents	\$ 4,367	\$	\$ 2,314
Receivables:			
Due from grantor		171	
Interfund receivable			
Other receivable	<u>1,151</u>		
Total assets	<u><u>5,518</u></u>	<u><u>171</u></u>	<u><u>2,314</u></u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE			
LIABILITIES			
Interfund payable	<u>4,468</u>	<u>171</u>	
Total liabilities	<u><u>4,468</u></u>	<u><u>171</u></u>	
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	<u>1,050</u>		
Total deferred inflows of resources	<u><u>1,050</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
FUND BALANCES			
Restricted-reported in:			
Special revenue funds			2,314
Unassigned - reported in:			
Special revenue funds			
Total fund balance	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>2,314</u></u>
Total liabilities and fund balance	<u><u>\$ 5,518</u></u>	<u><u>\$ 171</u></u>	<u><u>\$ 2,314</u></u>

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NONMAJOR FUNDS
COMBINING BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2016

	Duel Credits <u>27103</u>	PreK Initiative <u>27107</u>	PARCC Readiness <u>27108</u>
ASSETS			
Cash and cash equivalents	\$	\$	\$
Receivables:			
Due from grantor			
Interfund receivable	5,984		
Other receivable			
Total assets	<u>5,984</u>	<u>0</u>	<u>0</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE			
LIABILITIES			
Interfund payable		15,087	
Total liabilities		<u>15,087</u>	
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue			
Total deferred inflows of resources	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES			
Restricted-reported in:			
Special revenue funds	5,984		
Unassigned - reported in:			
Special revenue funds		(15,087)	
Total fund balance	<u>5,984</u>	<u>(15,087)</u>	<u>0</u>
Total liabilities and fund balance	<u>\$ 5,984</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, 2016

	NM Reads to Lead 27114	Technology For Education 27117	Pre K Program Services 27149
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$	\$	\$
Receivables:			
Due from grantor			
Interfund receivable			
Other receivable			
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u> 0</u>	<u> 0</u>	<u> 0</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE			
LIABILITIES			
Interfund payable	<u> 7,041</u>	<u> 51</u>	<u> 22,908</u>
Total liabilities	<u> 7,041</u>	<u> 51</u>	<u> 22,908</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue			
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u> 0</u>	<u> 0</u>	<u> 0</u>
FUND BALANCES			
Restricted-reported in:			
Special revenue funds			
Unassigned - reported in:			
Special revenue funds	<u> (7,041)</u>	<u> (51)</u>	<u> (22,908)</u>
Total fund balance	<u> (7,041)</u>	<u> (51)</u>	<u> (22,908)</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, 2016

	Breakfast for Elem Students <u>27155</u>	Kindergarten - Three Plus <u>27166</u>	After School Enrichment <u>27168</u>
ASSETS			
Cash and cash equivalents	\$	\$	\$
Receivables:			
Due from grantor			
Interfund receivable			
Other receivable			
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u> 0</u>	<u> 0</u>	<u> 0</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE			
LIABILITIES			
Interfund payable	<u> 1,326</u>	<u> 24,583</u>	<u> 16,829</u>
Total liabilities	<u> 1,326</u>	<u> 24,583</u>	<u> 16,829</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue			
	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u> 0</u>	<u> 0</u>	<u> 0</u>
FUND BALANCES			
Restricted-reported in:			
Special revenue funds			
Unassigned - reported in:			
Special revenue funds	<u> (1,326)</u>	<u> (24,583)</u>	<u> (16,829)</u>
Total fund balance	<u> (1,326)</u>	<u> (24,583)</u>	<u> (16,829)</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, 2016

	NM Stem Teacher Initiative <u>27181</u>	NM Grown FFV <u>27183</u>	Teachers- Hard to Staff <u>27195</u>
ASSETS			
Cash and cash equivalents	\$	\$	\$
Receivables:			
Due from grantor			
Interfund receivable			
Other receivable			
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u> 0</u>	<u> 0</u>	<u> 0</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE			
LIABILITIES			
Interfund payable		<u> 425</u>	
		<u> 425</u>	
Total liabilities		<u> 425</u>	
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue			
	<u> 0</u>	<u> 0</u>	<u> 0</u>
Total deferred inflows of resources	<u> 0</u>	<u> 0</u>	<u> 0</u>
FUND BALANCES			
Restricted-reported in:			
Special revenue funds			
Unassigned - reported in:			
Special revenue funds		<u> (425)</u>	
	<u> 0</u>	<u> (425)</u>	<u> 0</u>
Total fund balance	<u> 0</u>	<u> (425)</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, 2016

	Staff Directed Activities 27200	NM Highway Dep 28120	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$	\$	\$ 119,824
Receivables:			
Due from grantor			134,056
Interfund receivable			128,355
Other receivable			<u>1,179</u>
Total assets	<u>0</u>	<u>0</u>	<u>383,414</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE			
LIABILITIES			
Interfund payable	<u>47,038</u>		<u>180,352</u>
Total liabilities	<u>47,038</u>		<u>180,352</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue			<u>59,128</u>
Total deferred inflows of resources	<u>0</u>	<u>0</u>	<u>59,128</u>
FUND BALANCES			
Restricted-reported in:			
Special revenue funds			279,762
Unassigned - reported in:			
Special revenue funds	<u>(47,038)</u>		<u>(135,828)</u>
Total fund balance	<u>(47,038)</u>	<u>0</u>	<u>143,934</u>
Total liabilities and fund balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 383,414</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, 2016

	Food Services 21000	Athletics 22000	Title I - IASA 24101
REVENUES			
Investment income	25		
Fees	6,155	23,501	
State & local grants			
Federal grants	259,897		210,861
Total revenues	266,077	23,501	210,861
EXPENDITURES			
Current:			
Instruction		26,894	175,660
Support services-students			
Support services-instruction			
Support services-general administration			9,648
Support services-school administration			25,553
Central services			
Operation & maintenance of plant			
Student transportation			
Food services operations	260,013		
Capital outlay			
Total expenditures	260,013	26,894	210,861
Excess (deficiency) of revenues over expenditures	6,064	(3,393)	0
OTHER FINANCING SOURCES (USES)			
Net change in fund balance	6,064	(3,393)	0
Fund balances at beginning of year	195,459	6,597	0
Fund balance end of year	\$ 201,523	\$ 3,204	\$ 0

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

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

NONMAJOR FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Entitlement IDEA-B- 24106</u>	<u>Preschool IDEA-B- 24109</u>	<u>Fresh Fruits & Vegetables 24118</u>
<i>REVENUES</i>			
Investment income			
Fees			
State & local grants			
Federal grants	<u>102,958</u>	<u>1,782</u>	<u>5,730</u>
Total revenues	<u>102,958</u>	<u>1,782</u>	<u>5,730</u>
<i>EXPENDITURES</i>			
Current:			
Instruction	52,614	1,653	
Support services-students	17,062	129	
Support services-instruction			
Support services-general administration	3,916		
Support services-school administration			
Central services	29,367		
Operation & maintenance of plant			
Student transportation			
Food services operations			5,730
Capital outlay			
Total expenditures	<u>102,959</u>	<u>1,782</u>	<u>5,730</u>
Excess (deficiency) of revenues over expenditures	<u>(1)</u>	<u>0</u>	<u>0</u>
<i>OTHER FINANCING SOURCES (USES)</i>			
Net change in fund balance	(1)	0	0
Fund balances at beginning of year	<u>528</u>	<u>0</u>	<u>0</u>
Fund balance end of year	<u>\$ 527</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, 2016

	<u>IDEA B Results Plan 24132</u>	<u>Improving Teacher Quality 24154</u>	<u>Title IV-A Safe & Drug Free Schools- 24157</u>
<i>REVENUES</i>			
Investment income			
Fees			
State & local grants			
Federal grants	6,555	25,129	
Total revenues	<u>6,555</u>	<u>25,129</u>	<u>0</u>
<i>EXPENDITURES</i>			
Current:			
Instruction	6,555	23,897	
Support services-students			
Support services-instruction			
Support services-general administration		1,232	
Support services-school administration			
Central services			
Operation & maintenance of plant			
Student transportation			
Food services operations			
Capital outlay			
Total expenditures	<u>6,555</u>	<u>25,129</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>	<u>0</u>
<i>OTHER FINANCING SOURCES (USES)</i>			
Net change in fund balance	0	0	0
Fund balances at beginning of year	<u>0</u>	<u>0</u>	<u>(540)</u>
Fund balance end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (540)</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, 2016

	<u>Title I School Improvement 24162</u>	<u>NSLP School Equipment Grant 24183</u>	<u>TITLE XIX Medicaid 3/21 Years 25153</u>
REVENUES			
Investment income			
Fees			
State & local grants			
Federal grants			18,899
Total revenues	<u>0</u>	<u>0</u>	<u>18,899</u>
EXPENDITURES			
Current:			
Instruction			
Support services-students			17,911
Support services-instruction			
Support services-general administration			991
Support services-school administration			
Central services			
Operation & maintenance of plant			
Student transportation			
Food services operations			
Capital outlay			
Total expenditures	<u>0</u>	<u>0</u>	<u>18,902</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>	<u>(3)</u>
OTHER FINANCING SOURCES (USES)			
Net change in fund balance	0	0	(3)
Fund balances at beginning of year	<u>0</u>	<u>0</u>	<u>66,213</u>
Fund balance end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 66,210</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, 2016

	<u>Land of Enchantment Top Grant 25175</u>	<u>Rural Education Achievement Program 25233</u>	<u>Project Lead the Way 26219</u>
REVENUES			
Investment income			
Fees			
State & local grants			155,843
Federal grants	<u>190,243</u>	<u>11,450</u>	<u> </u>
Total revenues	<u>190,243</u>	<u>11,450</u>	<u>155,843</u>
EXPENDITURES			
Current:			
Instruction		10,926	153,529
Support services-students			
Support services-instruction			
Support services-general administration	8,610	524	
Support services-school administration	181,180		
Central services			
Operation & maintenance of plant	453		
Student transportation			
Food services operations			
Capital outlay			
Total expenditures	<u>190,243</u>	<u>11,450</u>	<u>153,529</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>	<u>2,314</u>
OTHER FINANCING SOURCES (USES)			
Net change in fund balance	0	0	2,314
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>\$ 2,314</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, 2016

	Duel Credits <u>27103</u>	PreK Initiative <u>27107</u>	PARCC Readiness <u>27108</u>
REVENUES			
Investment income			
Fees			
State & local grants	14,381	9,618	194,859
Federal grants			
Total revenues	<u>14,381</u>	<u>9,618</u>	<u>194,859</u>
EXPENDITURES			
Current:			
Instruction	6,909		194,859
Support services-students			
Support services-instruction		20,000	
Support services-general administration			
Support services-school administration			
Central services			
Operation & maintenance of plant			
Student transportation			
Food services operations			
Capital outlay			
Total expenditures	<u>6,909</u>	<u>20,000</u>	<u>194,859</u>
Excess (deficiency) of revenues over expenditures	<u>7,472</u>	<u>(10,382)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)			
Net change in fund balance	7,472	(10,382)	0
Fund balances at beginning of year	<u>(1,488)</u>	<u>(4,705)</u>	<u>0</u>
Fund balance end of year	<u>\$ 5,984</u>	<u>\$ (15,087)</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, 2016

	NM Reads to Lead 27114	Technology For Education 27117	Pre K Program Services 27149
REVENUES			
Investment income			
Fees			
State & local grants	48,999		106,990
Federal grants			
Total revenues	48,999	0	106,990
EXPENDITURES			
Current:			
Instruction			93,176
Support services-students			
Support services-instruction			
Support services-general administration			
Support services-school administration	42,420		
Central services			
Operation & maintenance of plant			
Student transportation			954
Food services operations			
Capital outlay			
Total expenditures	42,420	0	94,130
Excess (deficiency) of revenues over expenditures	6,579	0	12,860
OTHER FINANCING SOURCES (USES)			
Net change in fund balance	6,579	0	12,860
Fund balances at beginning of year	(13,620)	(51)	(35,768)
Fund balance end of year	\$ (7,041)	\$ (51)	\$ (22,908)

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, 2016

	<u>Breakfast for Elem Students 27155</u>	<u>Kindergarten - Three Plus 27166</u>	<u>After School Enrichment 27168</u>
REVENUES			
Investment income			
Fees			
State & local grants	5,342	54,975	10,117
Federal grants			
Total revenues	<u>5,342</u>	<u>54,975</u>	<u>10,117</u>
EXPENDITURES			
Current:			
Instruction		37,812	21,806
Support services-students			
Support services-instruction			
Support services-general administration			5,140
Support services-school administration		6,818	
Central services			
Operation & maintenance of plant			
Student transportation		1,322	
Food services operations	6,704		
Capital outlay			
Total expenditures	<u>6,704</u>	<u>45,952</u>	<u>26,946</u>
Excess (deficiency) of revenues over expenditures	<u>(1,362)</u>	<u>9,023</u>	<u>(16,829)</u>
OTHER FINANCING SOURCES (USES)			
Net change in fund balance	(1,362)	9,023	(16,829)
Fund balances at beginning of year	<u>36</u>	<u>(33,606)</u>	<u>0</u>
Fund balance end of year	<u>\$ (1,326)</u>	<u>\$ (24,583)</u>	<u>\$ (16,829)</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, 2016

	<u>NM Stem Teacher Initiative 27181</u>	<u>NM Grown FFV 27183</u>	<u>Teachers- Hard to Staff 27195</u>
REVENUES			
Investment income			
Fees			
State & local grants	17,533		12,150
Federal grants			
Total revenues	<u>17,533</u>	<u>0</u>	<u>12,150</u>
EXPENDITURES			
Current:			
Instruction	12,150		12,150
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		425	
Capital outlay			
Total expenditures	<u>12,150</u>	<u>425</u>	<u>12,150</u>
Excess (deficiency) of revenues over expenditures	<u>5,383</u>	<u>(425)</u>	<u>0</u>
OTHER FINANCING SOURCES (USES)			
Net change in fund balance	5,383	(425)	0
Fund balances at beginning of year	<u>(5,383)</u>	<u>0</u>	<u>0</u>
Fund balance end of year	<u>\$ 0</u>	<u>\$ (425)</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, 2016

	<u>State Directed Activities 27200</u>	<u>NM Highway Dep 28120</u>	<u>Total</u>
REVENUES			
Investment income			25
Fees			29,656
State & local grants		33,368	664,175
Federal grants			833,504
Total revenues	<u>0</u>	<u>33,368</u>	<u>1,527,360</u>
EXPENDITURES			
Current:			
Instruction			830,590
Support services-students			35,102
Support services-instruction			20,000
Support services-general administration			30,061
Support services-school administration			255,971
Central services			29,367
Operation & maintenance of plant			453
Student transportation			2,276
Food services operations			272,872
Capital outlay		33,368	33,368
Total expenditures	<u>0</u>	<u>33,368</u>	<u>1,510,060</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>0</u>	<u>17,300</u>
OTHER FINANCING SOURCES (USES)			
Net change in fund balance	0	0	17,300
Fund balances at beginning of year	<u>(47,038)</u>	<u>0</u>	<u>126,634</u>
Fund balance end of year	<u>\$ (47,038)</u>	<u>\$ 0</u>	<u>\$ 143,934</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, 2016

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment income	\$ 20	\$ 20	\$ 25	\$ 5
Fees	5,900	5,900	6,155	255
Federal grants	<u>210,000</u>	<u>210,000</u>	<u>268,034</u>	<u>58,034</u>
Total revenues	<u>215,920</u>	<u>215,920</u>	<u>274,214</u>	<u>58,294</u>
EXPENDITURES				
Food service operations:				
Personnel services	5,651	7,470	7,200	270
Employee benefits	6,426	6,818	6,817	1
Professional & tech services	245,000	250,996	244,171	6,825
Other purchased services	1,500	1,576	1,474	102
Supplies	7,010	5,357	236	5,121
Supply assets	<u>22,387</u>	<u>15,757</u>		<u>15,757</u>
Total food service operations	<u>287,974</u>	<u>287,974</u>	<u>259,898</u>	<u>28,076</u>
Total expenditures	<u>287,974</u>	<u>287,974</u>	<u>259,898</u>	<u>28,076</u>
Excess (deficiency) of revenues over expenditures	(72,054)	(72,054)	14,316	86,370
Cash balance beginning of year	<u>(628,805)</u>	<u>(375,234)</u>	<u>112,450</u>	<u>487,684</u>
Cash balance end of year	<u><u>\$ (700,859)</u></u>	<u><u>\$ (447,288)</u></u>	<u>126,766</u>	<u><u>\$ 574,054</u></u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			14,316	
Net change in due from grantor			69,034	
Net change in accounts receivable			(77,171)	
Net change in accounts payable			<u>(115)</u>	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u><u>\$ 6,064</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, 2016

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances positive (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fees	\$ 24,000	\$ 24,000	\$ 23,501	\$ (499)
Total revenues	<u>24,000</u>	<u>24,000</u>	<u>23,501</u>	<u>(499)</u>
EXPENDITURES				
Instruction:				
Other purchased services	13,000	11,943	11,663	280
Professional & tech services	12,650	14,067	13,726	341
Supplies	<u>2,096</u>	<u>1,736</u>	<u>1,505</u>	<u>231</u>
Total instruction	<u>27,746</u>	<u>27,746</u>	<u>26,894</u>	<u>852</u>
Total expenditures	<u>27,746</u>	<u>27,746</u>	<u>26,894</u>	<u>852</u>
Excess (deficiency) of revenues over expenditures	(3,746)	(3,746)	(3,393)	353
Cash balance beginning of year	<u>(4,475)</u>	<u>(13,692)</u>	<u>6,595</u>	<u>20,287</u>
Cash balance end of year	<u><u>\$ (8,221)</u></u>	<u><u>\$ (17,438)</u></u>	<u>3,202</u>	<u><u>\$ 20,640</u></u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			(3,393)	
Net change in accounts receivable			<u>0</u>	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u><u>\$ (3,393)</u></u>	

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SPECIAL REVENUE FUND - TITLE I-IASA-24101
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
REVENUES				
Federal grants	\$ 155,410	\$ 296,621	\$ 203,238	\$ (93,383)
Total revenues	<u>155,410</u>	<u>296,621</u>	<u>203,238</u>	<u>(93,383)</u>
EXPENDITURES				
Instruction:				
Personnel services	66,615	84,163	56,403	27,760
Employee benefits	20,529	20,889	16,527	4,362
Professional & tech services	10,000	12,953	753	12,200
Other purchased services	3,839	875		875
Supplies	<u>23,493</u>	<u>134,363</u>	<u>101,977</u>	<u>32,386</u>
Total instruction	<u>124,476</u>	<u>253,243</u>	<u>175,660</u>	<u>77,583</u>
Support services-general administration:				
Professional & tech services	<u>7,460</u>	<u>14,238</u>	<u>9,648</u>	<u>4,590</u>
Total support services-general administration	<u>7,460</u>	<u>14,238</u>	<u>9,648</u>	<u>4,590</u>
Support services-school administration:				
Personnel services	15,451	19,991	18,950	1,041
Employee benefits	5,523	6,649	6,603	46
Other purchased services	1,000	1,000		1,000
Supplies	<u>1,500</u>	<u>1,500</u>		<u>1,500</u>
Total support services-school administration	<u>23,474</u>	<u>29,140</u>	<u>25,553</u>	<u>3,587</u>
Student transportation				
Total expenditures	<u>155,410</u>	<u>296,621</u>	<u>210,861</u>	<u>85,760</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>(Negative)</u>
			<u>Basis)</u>	<u>Final to Actual</u>
Excess (deficiency) of revenues over expenditures	\$ 0	\$ 0	\$ (7,623)	\$ (7,623)
Cash balance beginning of year	<u>1</u>	<u>1</u>	<u>54,459</u>	<u>54,458</u>
Cash balance end of year	<u>\$ 1</u>	<u>\$ 1</u>	<u>46,836</u>	<u>\$ 46,835</u>

RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

Excess (deficiency) of revenues over expenditures-cash basis	(7,623)
Net change in accounts receivable	<u>7,623</u>
Excess (deficiency) of revenues over expenditures-GAAP basis	<u>\$ 0</u>

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

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

SPECIAL REVENUE FUND - ENTITLEMENT IDEA-B-24106
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances positive (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>		
REVENUES				
Federal grants	\$ 91,407	\$ 130,515	\$ 92,076	\$ (38,439)
Total revenues	<u>91,407</u>	<u>130,515</u>	<u>92,076</u>	<u>(38,439)</u>
EXPENDITURES				
Instruction:				
Personnel services	35,461	38,786	36,532	2,254
Employee benefits	<u>24,924</u>	<u>21,512</u>	<u>16,081</u>	<u>5,431</u>
Total instruction	<u>60,385</u>	<u>60,298</u>	<u>52,613</u>	<u>7,685</u>
Support services-general administration:				
Professional & tech services	<u> </u>	<u>3,917</u>	<u>3,916</u>	<u>1</u>
Total support services-general administration	<u>0</u>	<u>3,917</u>	<u>3,916</u>	<u>1</u>
Support services-student:				
Professional and technical services	<u> </u>	<u>33,769</u>	<u>17,061</u>	<u>16,708</u>
Total support services-student	<u>0</u>	<u>33,769</u>	<u>17,061</u>	<u>16,708</u>
Central services:				
Other purchased services	<u>31,022</u>	<u>32,531</u>	<u>29,367</u>	<u>3,164</u>
Total central services	<u>31,022</u>	<u>32,531</u>	<u>29,367</u>	<u>3,164</u>
Total expenditures	<u>91,407</u>	<u>130,515</u>	<u>102,957</u>	<u>27,558</u>
Excess (deficiency) of revenues over expenditures	0	0	(10,881)	(10,881)
Cash balance beginning of year	<u>0</u>	<u>8,195</u>	<u>(12,843)</u>	<u>(21,038)</u>
Cash balance end of year	<u>\$ 0</u>	<u>\$ 8,195</u>	<u>(23,724)</u>	<u>\$ (31,919)</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash Basis			(10,881)	
Net change in due from grantor			31,900	
Net change in accounts receivable			(21,018)	
Net change in accounts Payable			<u>(2)</u>	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u>\$ (1)</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 - 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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Federal grants	\$ 2,798	\$ 5,596	\$ 185	\$ (5,411)
Total revenues	2,798	5,596	185	(5,411)
EXPENDITURES				
Instruction:				
Supplies	1,000	3,548	1,653	1,895
Total instruction	1,000	3,548	1,653	1,895
Support services-students				
Professional & tech services		250	129	121
Supplies	1,798	1,798		1,798
Total support services-students	1,798	2,048	129	1,919
Total expenditures	2,798	5,596	1,782	3,814
Excess (deficiency) of revenues over expenditures	0	0	(1,597)	(1,597)
Cash balance beginning of year	0	0	(187)	(187)
Cash balance end of year	\$ 0	\$ 0	(1,784)	\$ (1,784)
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			(1,597)	
Net change in due from grantor			1,785	
Net change in accounts receivable			(188)	
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 - 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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Federal grants	\$ _____	\$ 5,730	\$ 4,373	\$ (1,357)
Total revenues	0	5,730	4,373	(1,357)
EXPENDITURES				
Food services operations:				
Supplies	_____	5,730	5,730	_____
Total food services operations	0	5,730	5,730	0
Total expenditures	0	5,730	5,730	0
Excess (deficiency) of revenues over expenditures	0	0	(1,357)	(1,357)
Cash balance beginning of year	0	0	1,604	1,604
Cash balance end of year	0	0	247	247
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			(1,357)	
Net change in due from grantor			1,357	
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 - IDEA B- RESULTS PLAN -24132
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variances positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Federal grants	\$ 20,000	\$ 20,000	\$ 897	\$ (19,103)
Total revenues	20,000	20,000	897	(19,103)
EXPENDITURES				
Instruction:				
Personnel services	8,116	8,116	2,170	5,946
Employee benefits	1,884	1,884	511	1,373
Professional & tech services	5,000	5,000		5,000
Supplies	5,000	5,000	3,874	1,126
Total instruction	20,000	20,000	6,555	13,445
Support services-general administration:				
Total expenditures	20,000	20,000	6,555	13,445
Excess (deficiency) of revenues over expenditures	0	0	(5,658)	(5,658)
Cash balance beginning of year		0		
Cash balance end of year	\$ 0	\$ 0	(5,658)	\$ (5,658)
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			(5,658)	
Net change in due from grantor			29	
Net change in accounts receivable			5,629	
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 - 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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variances positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Federal grants	\$ 25,520	\$ 51,754	\$ 25,669	\$ (26,085)
Total revenues	25,520	51,754	25,669	(26,085)
EXPENDITURES				
Instruction:				
Personnel services	17,192	23,304	16,219	7,085
Employee benefits	4,062	5,372	3,627	1,745
Professional & tech services	4,266	14,266	1,774	12,492
Other purchased services		7,511	2,236	5,275
Supplies		41	41	
Total instruction	25,520	50,494	23,897	26,597
Support services-general administration:				
Professional & tech services		1,260	1,232	28
Total support services-general administration	0	1,260	1,232	28
Total expenditures	25,520	51,754	25,129	26,625
Excess (deficiency) of revenues over expenditures	0	0	540	540
Cash balance beginning of year	32,660	0	(570)	(570)
Cash balance end of year	\$ 32,660	\$ 0	(30)	\$ (30)
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			540	
Net change in due from grantor			29	
Net change in accounts receivable			(569)	
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 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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>(Budgetary</u>	<u>Variances</u> <u>positive</u>
	<u>Original</u>	<u>Final</u>	<u>Basis)</u>	<u>(Negative)</u> <u>Final to Actual</u>
<i>REVENUES</i>				
Federal grants	\$ _____	\$ <u>36,681</u>	\$ <u>10,995</u>	\$ <u>(25,686)</u>
Total revenues	<u>0</u>	<u>36,681</u>	<u>10,995</u>	<u>(25,686)</u>
<i>EXPENDITURES</i>				
Personnel services		6,686		6,686
Employee benefits		1,198		1,198
Supplies		<u>28,797</u>		<u>28,797</u>
Total instruction	<u>0</u>	<u>36,681</u>	<u>0</u>	<u>36,681</u>
Total expenditures	<u>0</u>	<u>36,681</u>	<u>0</u>	<u>36,681</u>
Excess (deficiency) of revenues over expenditures	0	0	10,995	10,995
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>10,995</u>	<u><u>10,995</u></u>
<i>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</i>				
Excess (deficiency) of revenues over expenditures-cash basis			10,995	
Net change in due from grantor			0	
Net change in accounts receivable			(10,995)	
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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variances positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Federal grants	\$ _____	\$ _____	\$ 6,034	\$ 6,034
Total revenues	0	0	6,034	6,034
EXPENDITURES				
Capital outlay:	_____	_____	_____	_____
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	6,034	6,034
Cash balance beginning of year	0	0	(6,034)	(6,034)
Cash balance end of year	0	0	0	0
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			6,034	
Net change in due from grantor			0	
Net change in accounts receivable			(6,034)	
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, 2016

	<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>12,000</u>	\$ <u>18,858</u>	\$ <u>26,348</u>	\$ <u>7,490</u>
Total revenues	<u>12,000</u>	<u>18,858</u>	<u>26,348</u>	<u>7,490</u>
<i>EXPENDITURES</i>				
Support services-students:				
Professional & tech services	17,242	35,763	27,106	8,657
Supplies		2,500	406	2,094
Supply assets		<u>4,000</u>		<u>4,000</u>
Total support services-students	<u>17,242</u>	<u>42,263</u>	<u>27,512</u>	<u>14,751</u>
Support services-general administration:				
Total expenditures	<u>17,242</u>	<u>42,263</u>	<u>27,512</u>	<u>14,751</u>
Excess (deficiency) of revenues over expenditures	(5,242)	(23,405)	(1,164)	22,241
Cash balance beginning of year	<u>(98,370)</u>	<u>(121,341)</u>	<u>33,285</u>	<u>154,626</u>
Cash balance end of year	<u><u>\$ (103,612)</u></u>	<u><u>\$ (144,746)</u></u>	<u><u>32,121</u></u>	<u><u>\$ 176,867</u></u>
<i>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</i>				
Excess (deficiency) of revenues over expenditures-cash basis			(1,164)	
Net change in due from grantor			25,479	
Net change in accounts receivable			(32,928)	
Net change in accounts payable			<u>8,610</u>	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u><u>\$ (3)</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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variances positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Federal grants	\$ <u>136,845</u>	\$ <u>136,845</u>	\$ <u>195,012</u>	\$ <u>58,167</u>
Total revenues	<u>136,845</u>	<u>136,845</u>	<u>195,012</u>	<u>58,167</u>
EXPENDITURES				
Instruction:				
Support services-school administration:				
Personnel services	18,741	18,179	18,178	1
Employee benefits	27,020	27,145	26,876	269
Professional & tech services	69,184	58,649	58,647	2
Other purchased services	5,000	2,187	2,186	1
Purchased property services	1,458			
Supplies	10,000	43,847	42,940	907
Supply assets		<u>32,353</u>	<u>32,352</u>	<u>1</u>
Total support services-school administration	<u>131,403</u>	<u>182,360</u>	<u>181,179</u>	<u>1,181</u>
Support services-general administration:				
Operation and maintenance of plant:				
Purchased property services	<u>200</u>	<u>577</u>	<u>453</u>	<u>124</u>
Total operation and maintenance of plant	<u>200</u>	<u>577</u>	<u>453</u>	<u>124</u>
Total expenditures	\$ <u>131,603</u>	\$ <u>182,937</u>	\$ <u>181,632</u>	\$ <u>1,305</u>
Excess (deficiency) of revenues over expenditures	\$ 5,242	\$ (46,092)	\$ 13,380	\$ 59,472
Cash balance beginning of year	<u>0</u>	<u>0</u>	<u>(176,124)</u>	<u>(176,124)</u>
Cash balance end of year	<u><u>5,242</u></u>	<u><u>(46,092)</u></u>	<u><u>(162,744)</u></u>	<u><u>(116,652)</u></u>

RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS

Excess (deficiency) of revenues over expenditures-cash basis	13,380
Net change in accounts receivable	(4,769)
Net change in accounts payable	<u>(8,611)</u>
Excess (deficiency) of revenues over expenditures-GAAP basis	\$ <u><u>0</u></u>

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT

SPECIAL REVENUE FUND - RURAL EDUCATION ACHIEVEMENT PROGRAM-25233
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual (Budgetary BASIS)	Variances Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Federal grants	\$	24,929	\$ 11,522	\$ (13,407)
Total revenues	0	24,929	11,522	(13,407)
EXPENDITURES				
Instruction:				
Personnel services		6,846	6,846	
Employee benefits		8,579	3,480	5,099
Professional & tech services		45	45	
Supplies		8,262	555	7,707
Total instruction	0	23,732	10,926	12,806
Support services- general administration:				
Professional & tech services		1,197	524	673
Total support services- general administration	0	1,197	524	673
Total expenditures	0	24,929	11,450	13,479
Excess (deficiency) of revenues over expenditures	0	0	72	72
Cash balance beginning of year	(16,502)	(16,502)	(244)	16,258
Cash balance end of year	\$ (16,502)	\$ (16,502)	(172)	\$ 16,330
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			72	
Net change in due from grantor			171	
Net change in accounts receivable			(243)	
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 - PROJECT LEAD THE WAY -26219
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variances positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Federal grants	\$ _____	\$ <u>155,843</u>	\$ <u>155,843</u>	\$ _____
Total revenues	<u>0</u>	<u>155,843</u>	<u>155,843</u>	<u>0</u>
EXPENDITURES				
Instruction:				
Personnel services		12,000	11,200	800
Employee benefits		2,829	2,525	304
Professional & tech services		24,620	24,620	
Other purchased services		8,500	7,739	761
Supplies		25,192	24,744	448
Supply assets		<u>82,702</u>	<u>82,701</u>	<u>1</u>
Total instruction	<u>0</u>	<u>155,843</u>	<u>153,529</u>	<u>2,314</u>
Support services-general administration:				
Total expenditures	<u>0</u>	<u>155,843</u>	<u>153,529</u>	<u>2,314</u>
Excess (deficiency) of revenues over expenditures	0	0	2,314	2,314
Cash balance beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash balance end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>2,314</u>	<u>\$ 2,314</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			2,314	
Net change in accounts payable			<u>0</u>	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u>\$ 2,314</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 - 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, 2016

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>		
REVENUES				
State & local grants	\$	6,909	\$ 14,381	\$ 7,472
Total revenues	<u>0</u>	<u>6,909</u>	<u>14,381</u>	<u>7,472</u>
EXPENDITURES				
Instruction:				
Supplies		6,909	6,909	
Total instruction	<u>0</u>	<u>6,909</u>	<u>6,909</u>	<u>0</u>
Total expenditures	<u>0</u>	<u>6,909</u>	<u>6,909</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	0	0	7,472	7,472
Cash balance beginning of year	<u>0</u>	<u>0</u>	<u>(1,488)</u>	<u>(1,488)</u>
Cash balance end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>5,984</u>	<u>\$ 5,984</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			7,472	
Net change in accounts receivable			0	
Net change in accounts payable			<u>0</u>	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u>\$ 7,472</u>	

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, 2016

	<u>Budgeted Amounts</u>		Actual	Variances
	<u>Original</u>	<u>Final</u>	(Budgetary	Positive
			Basis)	(Negative)
				<u>Final to Actual</u>
REVENUES				
Federal Grants	\$ 6,300	\$ 6,300	\$	\$ (6,300)
State & local grants	<u>15,948</u>	<u>15,948</u>	<u>9,618</u>	<u>(6,330)</u>
Total revenues	<u>22,248</u>	<u>22,248</u>	<u>9,618</u>	<u>(12,630)</u>
EXPENDITURES				
Support services-instruction:				
Supplies	<u>17,248</u>	<u>20,000</u>	<u>20,000</u>	<u></u>
Total support services-instruction	<u>22,248</u>	<u>22,248</u>	<u>20,000</u>	<u>2,248</u>
Total expenditures	<u>22,248</u>	<u>22,248</u>	<u>20,000</u>	<u>2,248</u>
Excess (deficiency) of revenues over expenditures	0	0	(10,382)	(10,382)
Cash balance beginning of year	<u>0</u>	<u>0</u>	<u>(4,705)</u>	<u>(4,705)</u>
Cash balance end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>(15,087)</u>	<u>\$ (15,087)</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			(10,382)	
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>\$ (10,382)</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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
State & local grants	\$ _____	\$ 275,760	\$ 194,859	\$ (80,901)
Total revenues	0	275,760	194,859	(80,901)
EXPENDITURES				
Instruction				
Professional & tech services		25,035		25,035
Supplies		20,015		20,015
Supply assets		230,710	194,859	35,851
Total instruction	0	275,760	194,859	80,901
Total expenditures	0	275,760	194,859	80,901
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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
State & local grants	\$ 50,000	\$ 50,000	\$ 48,999	\$ (1,001)
Total revenues	50,000	50,000	48,999	(1,001)
EXPENDITURES				
Support services-school administration:				
Personnel services	32,835	32,835	30,901	1,934
Employee benefits	11,037	11,978	11,454	524
Other purchased services	1,050	109	66	43
Supplies	5,078	5,078		5,078
Total support services-school administration	50,000	50,000	42,421	7,579
Total expenditures	50,000	50,000	42,421	7,579
Excess (deficiency) of revenues over expenditures	0	0	6,578	6,578
Cash balance beginning of year	0	0	(13,621)	(13,621)
Cash balance end of year	\$ 0	\$ 0	(7,043)	\$ (7,043)
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			6,578	
Net change in accounts receivable			0	
Net Change in accounts payable			1	
Excess (deficiency) of revenues over expenditures-GAAP basis			\$ 6,579	

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, 2016

	<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	\$ 0	\$ 0	\$ 0	\$ 0
<i>EXPENDITURES</i>				
Total expenditures	0	0	0	0
Excess (deficiency) of revenues over expenditures	0	0	0	0
<i>OTHER FINANCING SOURCES (USES)</i>				
Transfers In/(Out)	0	0	0	0
Total Other financing sources (uses)	0	0	0	0
Net changes in fund balance	0	0	0	0
Cash balance beginning of year	0	0	(51)	(51)
Cash balance end of year	<u>0</u>	<u>0</u>	<u>(51)</u>	<u>(51)</u>
<i>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS</i>				
Net Change in fund balance-cash basis			0	
Net change in accounts receivable			0	
Net change in accounts payable			<u>0</u>	
Net Change in fund balance-GAAP basis			<u>0</u>	

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

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

SPECIAL REVENUE FUND - 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, 2016

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances positive (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>		
REVENUES				
State & local grants	\$ <u>98,979</u>	\$ <u>98,979</u>	\$ <u>106,991</u>	\$ <u>8,012</u>
Total revenues	<u>98,979</u>	<u>98,979</u>	<u>106,991</u>	<u>8,012</u>
EXPENDITURES				
Instruction:				
Personnel services	70,866	64,533		64,533
Employee benefits	20,964	28,105	963	27,142
Supplies	<u>1,149</u>	<u>341</u>		<u>341</u>
Total instruction	<u>92,979</u>	<u>92,979</u>	<u>963</u>	<u>92,016</u>
Other purchased services	<u>6,000</u>	<u>6,000</u>	<u>954</u>	<u>5,046</u>
Total student transportation	<u>6,000</u>	<u>6,000</u>	<u>954</u>	<u>5,046</u>
Total expenditures	<u>98,979</u>	<u>98,979</u>	<u>1,917</u>	<u>97,062</u>
Excess (deficiency) of revenues over expenditures	0	0	105,074	105,074
Cash balance beginning of year	<u>0</u>	<u>0</u>	<u>(35,770)</u>	<u>(35,770)</u>
Cash balance end of year	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>69,304</u></u>	<u><u>69,304</u></u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			105,074	
Net change in accounts receivable			(1)	
Net change in accounts payable			<u>(92,213)</u>	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u><u>12,860</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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
State & local grants	\$ _____	\$ 6,882	\$ 5,342	\$ (1,540)
Total revenues	0	6,882	5,342	(1,540)
EXPENDITURES				
Food services operations:				
Supplies	_____	6,882	6,704	178
Total food services operations	0	6,882	6,704	178
Total expenditures	0	6,882	6,704	178
Excess (deficiency) of revenues over expenditures	0	0	(1,362)	(1,362)
Cash balance beginning of year	36	36	36	0
Cash balance end of year	\$ 36	\$ 36	(1,326)	\$ (1,362)
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			(1,362)	
Net change in accounts receivable			0	
Net Change in accounts payable			0	
Excess (deficiency) of revenues over expenditures-GAAP basis			\$ (1,362)	

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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variances positive (Negative) Final to Actual
	Original	Final		
REVENUES				
State & local grants	\$ 28,132	\$ 53,074	\$ 54,975	\$ 1,901
Total revenues	28,132	53,074	54,975	1,901
EXPENDITURES				
Instruction:				
Personnel services	15,063	32,586	27,016	5,570
Employee benefits	3,577	7,199	6,310	889
Supplies		4,486	4,486	
Total instruction	18,640	44,271	37,812	6,459
Student transportation:				
Other purchased services		1,322	1,322	
Total student transportation	0	1,322	1,322	0
Professional & tech services		2,000		2,000
Total support services-general administration	0	2,000	0	2,000
Support services-school administration:				
Personnel services	7,680	5,799	5,506	293
Employee benefits	1,812	1,666	1,297	369
Other purchased services		16	15	1
Total support services-school administration	9,492	7,481	6,818	663
Total expenditures	28,132	55,074	45,952	9,122
Excess (deficiency) of revenues over expenditures	0	(2,000)	9,023	11,023
Cash balance beginning of year	0	0	(33,606)	(33,606)
Cash balance end of year	\$ 0	\$ (2,000)	(24,583)	\$ (22,583)
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			9,023	
Net change in accounts receivable			0	
Net change in accounts payable			0	
Excess (deficiency) of revenues over expenditures-GAAP basis			\$ 9,023	

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

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

**SPECIAL REVENUE FUND - AFTER SCHOOL ENRICHMENT- 27168
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	<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		37,000	10,117	(26,883)
Total revenues	<u>0</u>	<u>37,000</u>	<u>10,117</u>	<u>(26,883)</u>
EXPENDITURES				
Instruction:				
Personnel services		17,634	12,296	5,338
Employee benefits		4,383	2,896	1,487
Other purchased services		4,872	4,872	
Supplies		1,961	1,743	218
Total instruction	<u>0</u>	<u>28,850</u>	<u>21,807</u>	<u>7,043</u>
Support services-general administration:				
Employee Benefits		1,150	980	170
Personnel Services		5,000	4,160	840
Total support services-general administration	<u>0</u>	<u>6,150</u>	<u>5,140</u>	<u>1,010</u>
Total expenditures	<u>0</u>	<u>35,000</u>	<u>26,947</u>	<u>8,053</u>
Excess (deficiency) of revenues over expenditures	0	2,000	(16,830)	(18,830)
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>\$ 2,000</u>	<u>(16,830)</u>	<u>\$ (18,830)</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			(16,830)	
Net change in due from grantor			29	
Net change in accounts receivable			(29)	
Net change in accounts payable			<u>1</u>	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u>\$ (16,829)</u>	

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

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

SPECIAL REVENUE FUND - NM STEM TEACHER INITIATIVE-27181
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>		
REVENUES				
State & local grants	\$	12,150	\$ 17,533	\$ 5,383
Total revenues	0	12,150	17,533	5,383
EXPENDITURES				
Instruction:				
Personal Services		10,000	10,000	
Employee benefits		2,150	2,150	
Total instruction	0	12,150	12,150	0
Total expenditures	0	12,150	12,150	0
Excess (deficiency) of revenues over expenditures	0	0	5,383	5,383
Cash balance beginning of year	0	0	(5,382)	(5,382)
Cash balance end of year	0	0	1	\$ 1
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			5,383	
Net change in accounts receivable			0	
Net Change in accounts payable			0	
Excess (deficiency) of revenues over expenditures-GAAP basis			\$ 5,383	

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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Miscellaneous	\$	425	\$	(425)
Total revenues	0	425	0	(425)
EXPENDITURES				
Food services operations:				
Supplies		425	425	
Total food services operations	0	425	425	0
Total expenditures	0	425	425	0
Excess (deficiency) of revenues over expenditures	0	0	(425)	(425)
Cash balance beginning of year	0	0	0	
Cash balance end of year	0	0	(425)	(425)
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash Basis			(425)	
Net change in due from grantor			0	
Net Change in accounts payable			0	
Excess (deficiency) of revenues over expenditures-GAAP basis			\$ (425)	

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT

SPECIAL REVENUE FUND - TEACHERS - HARD TO STAFF - 27195
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
 BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variances positive (Negative) Final to Actual
	Original	Final		
REVENUES				
State & local grants		12,150	12,150	
Total revenues	0	12,150	12,150	0
EXPENDITURES				
Instruction:				
Personnel services		10,000	10,000	
Employee benefits		2,150	2,150	
Total instruction	0	12,150	12,150	0
Support services-general administration:				
Total expenditures	0	12,150	12,150	0
Excess (deficiency) of revenues over expenditures	0	0	0	0
Cash balance beginning of year		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			29	
Net change in accounts receivable			(29)	
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 HIGHWAY DEP (ROAD) -28120
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
State & local grants	\$	36,998	\$ 33,368	\$ (3,630)
Total revenues	0	36,998	33,368	(3,630)
EXPENDITURES				
Capital outlay:				
Property		36,998	33,368	3,630
Total capital outlay	0	36,998	33,368	3,630
Total expenditures	0	36,998	33,368	3,630
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			(33,368)	
Net change in accounts payable			33,368	
Excess (deficiency) of revenues over expenditures-GAAP basis			0	

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, 2016

	<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>927,316</u>	\$ <u>927,316</u>	\$ <u>371,505</u>	\$ <u>(555,811)</u>
Total revenues	<u>927,316</u>	<u>927,316</u>	<u>371,505</u>	<u>(555,811)</u>
EXPENDITURES				
Capital outlay:				
Property	58,000	58,000	39,718	18,282
Purchased property services	1,521,864	1,521,864	258,451	1,263,413
Professional & tech services	150,000	150,000	78,683	71,317
Supply assets	<u>250,000</u>	<u>250,000</u>	<u>3,642</u>	<u>246,358</u>
Total capital outlay	<u>1,979,864</u>	<u>1,979,864</u>	<u>380,494</u>	<u>1,599,370</u>
Total expenditures	<u>1,979,864</u>	<u>1,979,864</u>	<u>380,494</u>	<u>1,599,370</u>
Excess (deficiency) of revenues over expenditures	(1,052,548)	(1,052,548)	(8,989)	1,043,559
Cash balance beginning of year	<u>(7,379,158)</u>	<u>(7,379,158)</u>	<u>1,117,407</u>	<u>8,496,565</u>
Cash balance end of year	<u><u>\$ (8,431,706)</u></u>	<u><u>\$ (8,431,706)</u></u>	<u>1,108,418</u>	<u><u>\$ 9,540,124</u></u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Net change in fund balance-cash basis			(8,989)	
Net change in accounts receivable			28	
Net change in accounts payable			<u>2</u>	
Net change in fund balance-GAAP basis			<u><u>\$ (8,959)</u></u>	

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

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT

CAPITAL PROJECTS FUND - SPECIAL CAPITAL OUTLAY-STATE-31700
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN CASH BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 376,422	\$ 376,422	\$ 371,877	\$ (4,545)
Investment income	850	850	828	(22)
State & local grants	<u> </u>	<u>12,102</u>	<u>11,549</u>	<u>(553)</u>
Total revenues	<u>377,272</u>	<u>389,374</u>	<u>384,254</u>	<u>(5,120)</u>
EXPENDITURES				
Support services-general administration:				
Professional & tech services	<u>3,764</u>	<u>3,764</u>	<u>3,719</u>	<u>45</u>
Total support services-general administration	<u>3,764</u>	<u>3,764</u>	<u>3,719</u>	<u>45</u>
Capital outlay:				
Purchased property services	345,500	360,812	161,571	199,241
Supplies	142,068	136,977	73,320	63,657
Property	30,000	31,881	22,376	9,505
Supply assets	<u>225,782</u>	<u>225,782</u>	<u>38,838</u>	<u>186,944</u>
Total capital outlay	<u>743,350</u>	<u>755,452</u>	<u>296,105</u>	<u>459,347</u>
Total expenditures	<u>747,114</u>	<u>759,216</u>	<u>299,824</u>	<u>459,392</u>
Excess (deficiency) of revenues over expenditures	(369,842)	(369,842)	84,430	454,272
Cash balance beginning of year	<u>1,748,452</u>	<u>1,821,952</u>	<u>502,070</u>	<u>2,324,022</u>
Cash balance end of year	<u>\$2,118,294</u>	<u>\$2,191,794</u>	<u>586,500</u>	<u>\$ 2,778,294</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			84,430	
Net change in accounts receivable			13,921	
Net change in accounts payable			<u>1</u>	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u>\$ 98,352</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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
REVENUES				
Investment income	\$ 200	\$ 200	\$ 245	\$ 45
Miscellaneous	<u>45,000</u>	<u>45,000</u>	<u>25,831</u>	<u>(19,169)</u>
Total revenues	<u>45,200</u>	<u>45,200</u>	<u>26,076</u>	<u>(19,124)</u>
EXPENDITURES				
Capital outlay:				
Professional & tech services	48,840	47,328	35,549	11,779
Supplies	90,000	91,316	33,578	57,738
Purchased property services	50,000	50,196	30,630	19,566
Supply assets	<u>453,570</u>	<u>453,570</u>	<u>29,793</u>	<u>423,777</u>
Total capital outlay	<u>642,410</u>	<u>642,410</u>	<u>129,550</u>	<u>512,860</u>
Total expenditures	<u>642,410</u>	<u>642,410</u>	<u>129,550</u>	<u>512,860</u>
Excess (deficiency) of revenues over expenditures	(597,210)	(597,210)	(103,474)	493,736
Cash balance beginning of year	<u>(2,501,362)</u>	<u>(2,501,362)</u>	<u>587,750</u>	<u>3,089,112</u>
Cash balance end of year	<u>\$ (3,098,572)</u>	<u>\$ (3,098,572)</u>	<u>484,276</u>	<u>\$ 3,582,848</u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			(103,474)	
Net change in accounts receivable			0	
Net change in accounts payable			<u>0</u>	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u>\$ (103,474)</u>	

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

DEBT SERVICE FUNDS

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

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, 2016

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 477,496	\$ 477,496	\$ 518,003	\$ 40,507
Investment income	<u>200</u>	<u>200</u>		<u>(200)</u>
Total revenues	<u>477,696</u>	<u>477,696</u>	<u>518,003</u>	<u>40,307</u>
EXPENDITURES				
Support services- general administration:				
Professional & tech services	<u>4,775</u>	<u>4,775</u>	<u>121</u>	<u>4,654</u>
Total support services- general administration	<u>4,775</u>	<u>4,775</u>	<u>121</u>	<u>4,654</u>
Debt service:				
Principal	908,525	900,868		900,868
Interest	<u>132,496</u>	<u>140,153</u>		<u>140,153</u>
Total debt service	<u>1,041,021</u>	<u>1,041,021</u>	<u>0</u>	<u>1,041,021</u>
Total expenditures	<u>1,045,796</u>	<u>1,045,796</u>	<u>121</u>	<u>1,045,675</u>
Excess (deficiency) of revenues over expenditures	(568,100)	(568,100)	517,882	1,085,982
Cash balance beginning of year	<u>(1,019,102)</u>	<u>(996,583)</u>	<u>646,038</u>	<u>1,642,621</u>
Cash balance end of year	<u><u>\$ (1,587,202)</u></u>	<u><u>\$ (1,564,683)</u></u>	<u>1,163,920</u>	<u><u>\$ 2,728,603</u></u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			517,882	
Net change in accounts receivable			18,446	
Net change in accounts payable			<u>(335,211)</u>	
Excess (deficiency) of revenues over expenditures-GAAP basis			<u><u>\$ 201,117</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, 2016

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 208,221	\$ 208,221	\$ 22,146	\$ (186,075)
Investment income			24	24
Total revenues	<u>208,221</u>	<u>208,221</u>	<u>22,170</u>	<u>(186,051)</u>
EXPENDITURES				
Support services-general administration:				
Professional & tech services	<u>2,082</u>	<u>2,082</u>	<u>221</u>	<u>1,861</u>
Total support services- general administration	<u>2,082</u>	<u>2,082</u>	<u>221</u>	<u>1,861</u>
Debt service:				
Principle	414,210	414,210	200,000	214,210
Interest	<u>8,221</u>	<u>8,221</u>	<u>8,221</u>	
Total debt service	<u>422,431</u>	<u>422,431</u>	<u>208,221</u>	<u>214,210</u>
Total expenditures	<u>424,513</u>	<u>424,513</u>	<u>208,442</u>	<u>216,071</u>
Excess (deficiency) of revenues over expenditures	(216,292)	(216,292)	(186,272)	30,020
Cash balance beginning of year	<u>(580,443)</u>	<u>(582,308)</u>	<u>223,742</u>	<u>806,050</u>
Cash balance end of year	<u><u>\$ (796,735)</u></u>	<u><u>\$ (798,600)</u></u>	<u>37,470</u>	<u><u>\$ 836,070</u></u>
RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS				
Excess (deficiency) of revenues over expenditures-cash basis			(186,272)	
Net change in accounts receivable			2,342	
Net change in accounts payable			<u>1</u>	
Excess (deficiency) of revenues over expenditures-GAAP Basis			<u><u>\$ (183,929)</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, 2016

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>6/30/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2016</u>
600 General Activity Fund	\$ 67	\$ 2,494	\$ 2,267	\$ 294
702 Scholarship Fund	1,134	700	1,200	634
703 HS Office Assistant	415	661	835	241
704 HS Pepsi Fund	91			91
709 JRHS Honor Society	1,524	540	656	1,408
710 HS Student Council	1,608	1,391	1,325	1,674
712 FHA Fund	208		684	(476)
714 Science Club Fund	173			173
715 Library Fund	1,680	356	1,028	1,008
716 HS Cheerleaders Fund	781	15,189	14,187	1,783
719 Music Fund	60			60
722 Ski Club Fund	2,350	12,857	13,829	1,378
724 Rio Costilla Elementary Fund	1,996	1,895	3,599	292
725 AV 7-8 Grade Fund	103			103
727 Interest on NOW Accounts	185			185
728 Interest on CD's	(82)	60	98	(120)
734 AV Yearbook Fund	3,343	200	1,260	2,283
736 FFA Fund	477			477
739 AV K-3	(94)	600	263	243
742 Spanish Club	91	1,080	1,171	
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	1,018	2,831	2,534	1,315
752 Athletic General Fund	81	250	150	181
754 HS Soccer Club	172	625	130	667
760 JR High Volleyball	(301)	3,468	3,523	(356)
761 Night School	23			23
762 Volleyball Fund	1,299	13,875	10,939	4,235
763 Rent & lease Deposit Fund	4,056			4,056
764 HS Football Fund	284	3,106	2,476	914
765 JR High Football	122			122
766 Av Library Fund	(240)	4,157	4,157	(240)
787 Class of 2004	727		727	
795 JR High Student Council Fund	1,206		326	880

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
AGENCY FUNDS ACTIVITY
SCHEDULE OF CHANGES IN ASSETS & LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016

<u>ASSETS</u>	<u>Balance</u> <u>6/30/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2016</u>
801 HS Yearbook	1,878	980		2,858
802 AV Office Fund	(241)	147	101	(195)
803 Travel Club Fund	20			20
804 Insurance Refunds	1,470	2,473	2,178	1,765
805 Alta Vista Music Program	2,150	1,100	2,623	627
808 Woodshop & Metals Fund	525		525	
810 Drama Club	854	644	426	1,072
811 NMRSC Pepsi Fund	508		353	155
812 AV Pepsi Fund	540			540
815 AV Student Council Fund	2,497	7,533	7,094	2,936
816 Science Fair Club Fund	729			729
819 Project 540 Fund	126			126
821 HS Boys Basketball Fund	339	51	210	180
822 HS Girls Basketball Fund	(1)	4,119	4,092	26
823 Class of 2008	2,239			2,239
827 Positive Incentive Program	3,828	8,699	10,543	1,984
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	(1,194)		500	(1,694)
834 Class of 2016	3,502	2,265	5,754	13
835 Class of 2017	8,726	2,109	5,651	5,184
837 Science Levinson Fund	1,475	768	1,217	1,026
838 AV PAC	917		405	512
839 Chevron Mining, Inc.		1,000		1,000
840 Chess Club	108			108
841 Ski Club-K MacDonald	539	725	1,264	
842 HS Track-Girls	212	2,239	2,293	158
843 Art Department Fees	4,546	590		5,136
845 Class of 2018	1,043	2,109	660	2,492
846 Class of 2019	2,311	453	810	1,954
847 Class of 2020	426	5,977	2,131	4,272
848 Class of 2021		350	270	80
849 Class of 2022	959			959
850 Future Educators of America	910		237	673
851 Athletic Field Dedication	674			674
852 Taos Soil and Water Conservation	640	302	640	302

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
AGENCY FUNDS ACTIVITY
SCHEDULE OF CHANGES IN ASSETS & LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016

<u>ASSETS</u>	<u>Balance 6/30/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2016</u>
854 JH Girls Basketball	(280)	513	508	(275)
855 ELEM Jaguar BB Team	9			9
857 End of year event	1,434	1,800	1,256	1,978
858 Class Of 2023 (K 2010-2011)	206			206
859 Culinary Arts Program	687	449	125	1,011
860 Envirothon Club	881		593	288
861 AVE Cheerleaders	1			1
862 Appleby Students in Need	524			524
863 SHAC	3,226			3,226
865 NM DCDT Transition award	251			251
Total assets	<u>76,939</u>	<u>113,730</u>	<u>119,823</u>	<u>70,846</u>
LIABILITIES				
Deposits held for others	<u>76,939</u>	<u>113,730</u>	<u>119,823</u>	<u>70,846</u>
Total liabilities	<u>\$ 76,939</u>	<u>\$ 113,730</u>	<u>\$ 119,823</u>	<u>\$ 70,846</u>

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
CASH RECONCILIATIONS - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

		Beginning Balance <u>6/30/2015</u>	Revenue	Expenditures	Prior Year Warrants Voided/Other Adjustments	Ending Cash Balance <u>6/30/2016</u>
Operational	11000	\$ 26,362	\$ 4,549,758	\$ 4,380,068	\$ 2,804	\$ 198,856
Teacherage	12000	12,350	8,460	13,487		7,323
Transportation	13000	7,191	410,159	410,127		7,223
Instructional materials	14000	4,354	25,091	10,956		18,489
Food services	21000	82,422	274,214	259,898	393	97,131
Athletics	22000	6,554	23,501	26,893	1,082	4,244
Federal flowthrough	24000	(24,251)	343,468	353,015	180	(33,618)
Federal direct	25000	1,848	232,882	220,595	1,720	15,855
Local grants	26000		155,843	153,529		2,314
State flowthrough	27000	(47,445)	474,964	462,645		(35,126)
State direct	28000		33,368	33,368		
Local or state	29000	(1)				(1)
Bond building	31100	1,115,189	371,505	380,494	28	1,106,228
Senate bill nine	31700	491,013	384,254	299,824		575,443
Ed tech	31900	587,624	26,076	129,550		484,150
Debt service	41000	796,021	518,003	490,333	155,000	978,691
Debt service-ed tech	43000	223,745	22,170	208,442		37,473
Agency funds		<u>76,939</u>	<u>113,730</u>	<u>119,823</u>		<u>70,846</u>
Total		<u>\$ 3,359,915</u>	<u>\$ 7,967,446</u>	<u>\$ 7,953,047</u>	<u>\$ 161,207</u>	<u>\$ 3,535,521</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, 2016

Prepared by Agency Staff Name: Susie Martinez Title: Business Manager Date: October 07, 2016

Agency Number	Agency Name	Agency Type	RFB #/ RFP #/	Type of Procurement	Vendor Name	Did Vendor Win Contract?	\$ Amount of Awarded Contract	\$ Amount of Amended Contract
7069	Questa Independent Schools	Public School		Food Services	Canteen of Central New Mexico, Inc	Yes	\$ 251,952	
7069	Questa Independent Schools	Public School		Demolition	RSEV, LLC	Yes	122,64	-
7069	Questa Independent Schools	Public School		Computers	Dell Inc.	GSA Contract	99,58	-
7069	Questa Independent Schools	Public School		Ancillary Services	Payne, Druanne M.S.	Yes	\$ 81,714	
7069	Questa Independent Schools	Public School		All Areas	CES -	State Vendor	\$ 363,228	
7069	Questa Independent Schools	Public School		School Transportation	Martinez Bus Service, Inc.	School Transp.	\$ 164,996	
7069	Questa Independent Schools	Public School		School Transportation	Martinez, Charles A	Yes	\$ 99,771	
7069	Questa Independent Schools	Public School		School Transportation	Quintana, Gabriel D.	School Transp.	\$ 87,011	
7069	Questa Independent Schools	Public School		School Transportation	Rivera, Beverly C	School Transp.	\$ 80,740	

See accompanying independent auditor's report

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, 2016

Prepared by Agency Staff Name: Susie Martinez Title: Business Manager Date: October 07, 2016

Physical address of vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veterans' preference?	Brief Description of the Scope of Work	If the procurement is attributable to a Component Unit, Name of Component Unit
Albuquerque, NM			Food Services	
Albuquerque, NM	-		Demolition	
Round Rock, TX	-		Computers	
El Prado, NM			Ancillary Services	
Albuquerque, NM			All Areas	
Cerro, NM			School Transportation	
Cerro, NM			School Transportation	
Questa, NM			School Transportation	
Amalia, NM			School Transportation	

See accompanying independent auditor's report

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, 2016

Educational Retirement Board (ERB) Plan

	2015	2016
District's proportion of the net pension liability (asset)	0.14853%	0.10210%
District's proportionate share of the net pension liability (asset)	\$ 8,474,713	\$ 6,613,289
District's covered-employee payroll	4,094,105	2,787,657
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	207.00%	237.23%
Plan fiduciary net position as a percentage of the total pension liability	66.54%	63.97%

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, 2016

<u>Educational Retirement Board (ERB) Pension Plan</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	403,421	388,084
Contributions in relation to the contractually required contribution	403,421	388,084
Contribution deficiency (excess)	-	-
District's covered-employee payroll	4,094,105	2,791,968
Contributions as a percentage of covered-employee payroll	9.85%	13.90%

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, 2016

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 June 12, 2015, ERB implemented the following changes in assumptions for fiscal years 2015 and 2014.

1. Fiscal year 2015 and 2014 valuation assumptions that changed based on this study:
 - (a) Lower wage inflation from 4.25% to 3.75%.
 - (b) Minor changes to demographic assumptions.
 - (c) Population growth per year from .50% to zero (no impact on valuation results).
2. Assumptions that were not changed:
 - (a) Investment return will remain at 7.75%.
 - (b) Inflation will remain at 3.00%.
 - (c) Payroll growth will remain at 3.50%.

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. 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

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 of the Questa Independent School District (District) as of and for the year ended June 30, 2016, 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, 2016.

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 item 2016-003 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 2016-001, 2016-002, RWCS 2014-001, RWCS 2015-001, and RWCS 2015-003 to be significant deficiencies.

Compliance and Other Matters

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

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, 2016

FEDERAL FINANCIAL ASSISTANCE

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE
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 compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Questa Independent School District's major federal programs for the year ended June 30, 2016. Questa Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Questa Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Questa Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Questa Independent School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Questa Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Questa Independent School 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Questa Independent School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
November 10, 2016

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

<u>Federal Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>State ID Number</u>	<u>Federal Expenditures</u>
Special Education Cluster (IDEA)-Cluster			
 Department of Education			
Special Education_Grants to States			
Special Education_Grants to States	84.027	24106	\$ 102,958
Special Education_Grants to States	84.027	24132	<u>6,555</u>
Total Special Education_Grants to States			<u>109,513</u>
Special Education_Preschool Grants			
Special Education_Preschool Grants	84.173	24109	<u>1,782</u>
Total Special Education_Preschool Grants			<u>1,782</u>
Total Department of Education			<u>111,295</u>
Total Special Education Cluster (IDEA)-Cluster			<u>111,295</u>
Other Programs			
 Department of Education			
Title I Grants to Local Educational Agencies			
Title I Grants to Local Educational Agencies	84.010	24101	<u>210,861</u>
Total Title I Grants to Local Educational Agencies			<u>210,861</u>
Rural Education			
Rural Education	84.358	25233	<u>11,450</u>
Total Rural Education			<u>11,450</u>
Improving Teacher Quality State Grants			
Improving Teacher Quality State Grants	84.367	24154	<u>25,129</u>
Total Improving Teacher Quality State Grants			<u>25,129</u>
Teacher Quality Partnerships, Recovery Act			
ARRA - Teacher Quality Partnerships, Recovery Act	84.405A	25175	<u>190,243</u>
Total Teacher Quality Partnerships, Recovery Act			<u>190,243</u>
Total Department of Education			<u>437,683</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, 2016

<u>Federal Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>State ID Number</u>	<u>Federal Expenditures</u>
Department of Health and Human Services			
Medical Assitance Program			
Medical Assitance Program	93.778	25153	<u>18,901</u>
Total Medical Assitance Program			<u>18,901</u>
Total Department of Health and Human Services			<u>18,901</u>
United States Department of Agriculture			
National School Lunch Program			
National School Lunch Program	10.555	21000	<u>259,898</u>
Total National School Lunch Program			<u>259,898</u>
Fresh Fruit and Vegetable Program			
Fresh Fruit and Vegetable Program	10.582	24118	<u>5,730</u>
Total Fresh Fruit and Vegetable Program			<u>5,730</u>
Forest Reserve			
Forest Reserve	10.672	11000	<u>25,719</u>
Total Forest Reserve			<u>25,719</u>
Total United States Department of Agriculture			<u>291,347</u>
Total Other Programs			<u>747,931</u>
Total Expenditure of Federal Awards			\$ <u>859,226</u>
Roots and Wings Community School			
Depatrtnent of Education			
Special Education_Grants to States			
Special Education_Grants to States	84.027	24106	<u>15,771</u>
Total Special Education_Grants to States			<u>15,771</u>
Total Department of Education (RWCS)			<u>15,771</u>
Total Roots & Wings Community School			<u>15,771</u>
Total Questa Independent School District			<u>859,226</u>
Total Federal Assistance			\$ <u>874,997</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

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 modified 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 2. INSURANCE REQUIREMENTS

There are no insurance requirements for 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.

NOTE 4 INDIRECT COST RATE

The District uses the federal indirect cost rate, which is mandated by the New Mexico Public Education Department for the year ended June 30, 2016.

NOTE 5 SUB-RECIPIENTS

The District did not provide any federal awards to sub-recipients for the year ended 2016.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

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 Uniform Guidance 2 CFR 200.516(a)?	No

IDENTIFICATION OF MAJOR PROGRAMS:

CFDA Numbers	Name of Federal Program or Cluster
10.555	National School Lunch Program
84.010	Title I- Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
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, 2016

SECTION I	PRIOR YEAR AUDIT FINDINGS	STATUS
<u>Financial Statement Findings:</u>		
2015-001	Lack of Performance Evaluation and Background Check-Significant Deficiency	Resolved
2015-002	Late Audit Contract-Compliance and Other Matters	Resolved

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

SECTION II - AUDIT FINDING IN RELATION TO FINANCIAL STATEMENTS

2016-001 Internal Control over Cash Receipts-Significant Deficiency

Condition

During our internal control testwork over cash receipts, we noted that for 2 out of 30 samples totaling \$2,159, cash receipts were not deposited in the bank in a timely manner.

Criteria

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

Cause

Management has not performed a proper evaluation and risk assessment in order to ensure proper internal controls over cash receipts are in place.

Effect

Because the District is not depositing money in a timely manner, the money could be lost, stolen or misappropriated. Without adequate internal controls in key control processes, there is an increased risk of fraudulent activity, and also an increased risk of errors that may not be detected in a timely manner.

Recommendation

We recommend the District staff review the accounting procedures concerning all money received and deposited.

Management Response

The district has in place an Internal Control Procedures Manual which has been issued to all district staff which states "Monies collected at the school sites should never be kept in the classroom overnight. The building secretary shall turn money into the Central Office no later than the end of the business day so the funds can be deposited within the twenty-four (24) hour requirement". The business office staff will remind the school site staff who collect funds of this procedure in order to avoid untimely bank deposits. In addition, we will also track activity fund raising activities more closely and perform site visits.

Estimated Completion Date

This audit finding will be addressed immediately.

Responsible party

Business office staff with the assistance of the Superintendent and site Administrators.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

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

2016-002 Internal Control over Cash Disbursement-Significant Deficiency

Condition

During our testwork of cash disbursements, we noted that in 4 out of 50 samples totaling \$15,419, the dates on the purchase orders were subsequent to the invoice date.

Criteria

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

Cause

Policies and procedures that the District has adopted for cash disbursement transactions are not being enforced. The District staff failed to ensure all of the required documentation to support expenditures were in place prior to final disbursement of funds. The purchase order completed after the purchase has been made, defeats the purpose of the purchase order and requisition. Such documents should be completed prior to the purchase.

Effect

The lack of enforcing the District'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 District 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. In addition, we recommend giving training employees on the purchasing procedure.

Management Response

The district has in place an Internal Control Procedures Manual which has been issued to all district staff which outlines the purchasing procedures and specifically states "Purchases made without an approval will not be processed for payment and will be considered a donation by the individual making the purchase prior to an approved purchase order". The business office staff will remind the school site staff to follow this procedure and also review the Purchasing Flow Chart which is also included in the Internal Control Procedures Manual.

Estimated Completion Date

This audit finding will be addressed immediately.

Responsible party

Business office staff with the assistance of the Superintendent and site Administrators.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

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

2016-003 Deficiencies in Accounting for Capital Assets - (Material Weakness)

Condition

The District Inventory system (Visions) did not maintain an accurate calculation of the District's depreciation. An asset listing as of June 30, 2016, has been compiled resulting in a prior period adjustment relating to capital assets of \$984,653 in the Governmental activity.

Criteria

Section 2.20.1.15 of NMAC requires agencies to properly safeguard assets. All assets within an established materiality limit should be tagged with unique numbers and accounted for on the capital asset listing. Current year expenditures in capital projects accounts should be accounted for on the inventory listing. Assets that have been sold or are no longer serviceable should be deleted from inventory by Section 2.20.1.18 of NMAC.

Cause

Improper treatment due to inadequate procedures of fixed assets has caused inaccurate recording.

Effect

Inaccurate recording of capital assets will cause the net position to be either under or overstated.

Recommendation

Set policies and procedures on the record and the oversight of fixed asset schedule will help in keeping accurate records.

Management Response

Presently the school district has contracted out these services to United Technology Solutions. The District has maintained an accurate list of capital assets for the entire year and will review to see where the deficiencies have occurred and work closely with United Technology Solutions and the auditor on this finding.

In addition the District will adjust each record's depreciation value indicated with a variance, on the accounting system to bring depreciation values in line with the Auditors roll forward ending depreciation for 2016.

Estimated Completion Date

This audit finding will be addressed immediately.

Responsible party

Business office staff and United Technology Solutions with the assistance of the Superintendent.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

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, 2016

COMPONENT UNIT FINDINGS (ROOTS & WINGS COMMUNITY SCHOOL)

SECTION I. PRIOR YEAR AUDIT FINDINGS

<u>Prior Year Audit Findings</u>		<u>Status</u>
2014-001	Internal Control over Receipts and Deposits (Material Weakness)	Repeated & Modified
2015-001	Journal Entry Review and Approval - (Significant Deficiency)	Repeated & Modified
2015-002	Expenditure in Excess of Budget Amounts (Others)	Resolved
2015-003	Internal Control over Disbursement (Significant Deficiency)	Repeated & Modified
2015-004	Purchase Orders and Payment Authorization - (Significant Deficiency)	Resolved

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016

SECTION II. AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS

RWCS 2014-001 Internal Controls over Receipts and Deposits (Significant Deficiency) - Repeated & Modified

Condition

During our internal control test work over cash receipts, we noted that 5 out of 25 samples tested for a total of \$4,410, proper supporting documentations were not provided.

The School did make progress in resolving this finding. The amount and numbers of cash receipts related to exceptions have decreased from the prior year.

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 ensure proper accurate records. Good internal controls require that sufficient documentation are maintained to support the reasonableness, proper classification of, and the existence and occurrence of services or goods represented by receipts.

Cause

The School did not maintain an organized and reliable general ledger electronically or manually. The School staff failed to ensure that all of the required documentation that supports the receipts and deposits were in place.

Effect

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

Management Response:

The Business Manager is in the process of providing training to employees to ensure appropriate personnel is 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. The Business Manager is also working with the Principal to set up dates for internal audits of all records kept at the school. The Business Manager is working with the Finance Committee to strengthen controls, and insure that the school is implementing procedures.

Estimated Completion Date: December 31, 2016.

Responsible party: Business Manager, Principal, Finance Committee and Governing Council.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016

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

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

Condition

During our review of journal entries, we noted that in 10 of 10 journal entries tested, there was no supporting documentation to support the adjustment.

The School did not make any progress in resolving this finding. However, the School is working with appropriate personnel to ensure these issues are resolved in subsequent years.

Criteria

Good accounting procedures require that all manual journal entries should have proper supporting documentation and be reviewed by at least two individuals who should sign and date the journal entry. This should be performed in order to detect errors and to prevent improper movement of funds. This provides an internal deterrent to errors, fraud, and misappropriation of assets

Cause

The School did not provide documentation to support the need for the adjustment, and there are no signatures authorizing the adjustment.

Effect

The School has not followed good accounting procedures, and has opened itself up to the possibility of error and abnormal movement of funds.

Recommendation

We recommend that management record all journal entries properly, and ensure that all adjustments have proper documentation and are signed off by two separate individuals.

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. The Business Manager will ask the Principal and Board President to sign the Journal Entries. The Business Manager is working with the Finance Committee to strengthen controls and insure that the school is implementing procedures.

Estimated Completion Date: December 31, 2016.

Responsible party: Business Manager, Principal, Finance Committee and Governing Council.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016

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

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

Condition

During our review of various disbursements at the School, we noted that for 1 out of 45 disbursements totaling \$1,910 did not have supporting documentation to review.

The School is working on these issues to ensure these are resolved in subsequent years.

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.

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 policy was not adequately enforced.

Effect

Without proper documentation, there are not adequate controls over expenditures, which could result in overspending.

Recommendation

The School should implement procedures to maintain proper supporting documentation, and retain all documents related to general disbursements.

Management Response:

The Business Manager is in the process of providing training to employees to ensure appropriate personnel is knowledgeable of applicable laws and regulations in regards to maintain proper supporting documentation, retain all documents related to general cash disbursements. 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. The Business Manager is working with the Finance Committee to strengthen controls and insure that the school is implementing procedures.

Estimated Completion Date: December 31, 2016.

Responsible party: Business Manager, Principal, Finance Committee and Governing Council.

STATE OF NEW MEXICO
QUESTA INDEPENDENT SCHOOL DISTRICT
OTHER DISCLOSURES
JUNE 30, 2016

A. PREPARATION OF FINANCIAL STATEMENTS

The combining and individual fund financial statements and notes to the financial statements for the year ended June 30, 2016, 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 14, 2016. 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, Audit Manager

Albert Hwu, CPA, Senior Auditor