

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2010
(WITH AUDITOR'S REPORT THEREON)

RICE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
AUDIT REPORT
For The Year Ended June 30, 2010
(with Auditor's Report Thereon)

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
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STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
Official Roster
Year Ended June 30, 2010

Board of Education

<u>Name</u>	<u>Title</u>
Mr. Lorenzo Montoya	President
Ms. Andrea Naranjo	Vice President
Ms. Janae Vandiver	Secretary
Mr. Deano Arellano	Member
Mr. Bill Birdwell	Member

School Officials

Mr. Jack Wiley	Superintendent
Mrs. Terri Trujillo	Business Manager

Rice and Associates, C.P.A.

AUDITING
BOOKKEEPING
(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
11805 Menaul NE
Albuquerque, NM 87112

TAX PLANNING
TAX PREPARATION
FAX (505) 294-8904

INDEPENDENT AUDITOR'S REPORT

Mr. Hector H. Balderas
New Mexico State Auditor
and
Board of Education
Clayton Municipal Schools
Clayton, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparison for the General, Title I, PL 94-142 Entitlement, Improving Teacher Quality and Saturday Child Funds of Clayton Municipal Schools, as of and for the year ended June 30, 2010, which collectively comprise the School's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Schools' non-major governmental and fiduciary funds and the budgetary comparisons for the major capital project funds and debt service fund and all non-major funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010 as listed in the table of contents. These financial statements are the responsibility of Clayton Municipal Schools management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Clayton Municipal Schools internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Clayton Municipal Schools, as of June 30, 2010, and the respective changes in financial position, thereof, and the respective budgetary comparisons for the General,

Title I, PL 94-142 Entitlement, Improving Teacher Quality and Saturday Child Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental and fiduciary funds of Clayton Municipal Schools, as of June 30, 2010, and the respective changes in financial position, thereof and the respective budgetary comparisons for the House Bill 33, Capital Improvements SB-9 and Debt Service Funds and the non-major governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2010 on our consideration of Clayton Municipal Schools internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The District has not presented the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements and the combining and individual fund financial statements and the budgetary comparisons of Clayton Municipal Schools. The accompanying financial information listed as Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the Schedule of Changes in Assets and Liabilities-All Agency Funds, the Schedule of Budgetary Basis to GAAP Basis Reconciliation and the Schedule of Cash Receipts and Disbursements is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic, combining and individual fund financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements of each of the respective individual funds taken as a whole.



October 22, 2010

FINANCIAL STATEMENTS

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Statement of Net Assets
 June 30, 2010

Statement 1

	Governmental Activities
ASSETS	
Current assets	
Cash	\$ 2,671,422
Taxes receivable	10,277
Due from grantor	270,619
Inventory	7,391
Total current assets	2,959,709
Non-current assets	
Land (non-depreciable)	470,380
Capital assets (depreciable)	9,816,557
Less accumulated depreciation	(4,459,286)
Total non-current assets	5,827,651
Total assets	8,787,360
LIABILITIES	
Current liabilities	
Cash overdraft	270,619
Deferred revenue	83,791
Total current liabilities	354,410
Long-term obligations	
Compensated absences payable	52,009
Total long-term obligations	52,009
Total liabilities	406,419
NET ASSETS	
Invested in capital assets, net of related debt	5,827,651
Restricted for	
Special revenue inventory	7,391
Capital projects	1,535,862
Unrestricted	1,010,037
Total net assets	\$ 8,380,941

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Statement of Activities
 Year Ended June 30, 2010

Statement 2

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
EXPENSES:					
Governmental activities:					
Direct instruction	\$ 3,736,594	\$ 56,573	\$ 622,082	\$ -	\$ (3,057,939)
Instructional support	3,395,018	-	824,575	-	(2,570,443)
Community services	33	-	33	-	-
Food services	256,940	57,576	216,592	-	17,228
Depreciation - unallocated	258,204	-	-	-	(258,204)
Total	<u>\$ 7,646,789</u>	<u>\$ 114,149</u>	<u>\$ 1,663,282</u>	<u>\$ -</u>	<u>(5,869,358)</u>
General revenues:					
Taxes					
Property taxes, levied for general purposes					49,364
Property taxes, levied for capital projects					220,815
Property taxes, levied for debt service					-
Oil and gas taxes, general purpose					11,301
Oil and gas taxes, capital projects					45,205
Oil and gas taxes, debt service					-
Federal, State and Local aid not restricted to specific purpose					
General-SEG					4,933,581
Federal-SEG					465,393
Interest and investment earnings					30,272
Miscellaneous (Indirect Costs)					<u>123,683</u>
Sub-total, general revenues					<u>5,879,614</u>
Change in net assets					10,256
Net assets - beginning of year					<u>8,370,685</u>
Net assets - end of year					<u>\$ 8,380,941</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Balance Sheet - All Governmental Funds
 June 30, 2010

Statement 3

	General	Title I	PL94-142 Entitlement	Improving Teacher Quality	Saturday School	House Bill 33	Capital Improvements SB-9	Debt Service	Other Governmental	Total
ASSETS										
Cash on deposit	\$ 929,231	\$ -	\$ -	\$ -	\$ 38,325	\$ 965,418	\$ 561,962	\$ 97,715	\$ 78,771	\$ 2,671,422
Accounts receivable, collectible	1,795	-	-	-	-	1,004	7,478	-	-	10,277
Inventory, at cost	-	-	-	-	-	-	-	-	7,391	7,391
Due from grantor	-	37,216	66,465	43,590	-	-	-	-	123,348	270,619
Total assets	\$ 931,026	\$ 37,216	\$ 66,465	\$ 43,590	\$ 38,325	\$ 966,422	\$ 569,440	\$ 97,715	\$ 209,510	\$ 2,959,709
LIABILITIES										
Cash overdraft	\$ -	\$ 37,216	\$ 66,465	\$ 43,590	\$ -	\$ -	\$ -	\$ -	\$ 123,348	\$ 270,619
Deferred revenues	-	-	-	-	38,325	-	-	-	45,466	83,791
Accounts payable	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	37,216	66,465	43,590	38,325	-	-	-	168,814	354,410
FUND BALANCE										
Reserved for inventory	-	-	-	-	-	-	-	-	7,391	7,391
Unreserved:										
Designated for subsequent years expenditures	-	-	-	-	-	966,422	-	-	-	966,422
Undesignated, reported in:										
General Fund	931,026	-	-	-	-	-	-	-	-	931,026
Special Revenue Funds	-	-	-	-	-	-	-	-	33,305	33,305
Capital Projects Fund	-	-	-	-	-	-	569,440	-	-	569,440
Debt Service Fund	-	-	-	-	-	-	-	97,715	-	97,715
Total fund balance	931,026	-	-	-	-	966,422	569,440	97,715	40,696	2,605,299
Total liabilities and fund balance	\$ 931,026	\$ 37,216	\$ 66,465	\$ 43,590	\$ 38,325	\$ 966,422	\$ 569,440	\$ 97,715	\$ 209,510	\$ 2,959,709

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
Reconciliation of the Balance Sheet - Government Funds
to the Statement of Net Assets
June 30, 2010

Statement 4

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

Total fund balances - governmental funds	\$ 2,605,299
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds

The cost of capital assets	10,286,937	
Accumulated depreciation	<u>(4,459,286)</u>	
Net capital assets		5,827,651

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:

Compensated absences	<u>(52,009)</u>
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Total net assets - governmental funds	<u><u>\$ 8,380,941</u></u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Statement of Revenues, Expenditures and Changes in
 Fund Balances - All Governmental Funds
 Year Ended June 30, 2010

Statement 5

	General	Title I	PL 94-142 Entitlement	Improving Teacher Quality	Saturday School	House Bill 33	Capital Improvements SB-9	Debt Service	Other Governmental	Total
REVENUES										
Taxes	\$ 60,665	\$ -	\$ -	\$ -	\$ -	\$ 14,687	\$ 251,333	\$ -	\$ -	\$ 326,685
Charges for services	22,185	-	-	-	-	-	-	-	91,964	114,149
Local sources	31,445	-	-	-	4,421	-	-	-	939	36,805
State sources	5,660,988	-	-	-	-	-	-	-	41,968	5,702,956
Federal sources	123,683	143,092	160,962	48,835	-	-	-	-	969,606	1,446,178
Earnings from investments	19,693	-	-	-	-	1,225	7,808	1,399	147	30,272
Total revenues	5,918,659	143,092	160,962	48,835	4,421	15,912	259,141	1,399	1,104,624	7,657,045
EXPENDITURES										
Current:										
Direct instruction	3,144,116	136,109	101,238	48,835	3,522	-	-	-	317,968	3,751,788
Instructional support	2,631,075	6,983	59,724	-	899	97	181,174	-	515,066	3,395,018
Community services	-	-	-	-	-	-	-	-	33	33
Food services	-	-	-	-	-	-	-	-	279,119	279,119
Capital outlay	91,786	-	-	-	-	58,640	160,684	-	-	311,110
Total expenditures	5,866,977	143,092	160,962	48,835	4,421	58,737	341,858	-	1,112,186	7,737,068
Excess (deficiency) revenue over expenditures	51,682	-	-	-	-	(42,825)	(82,717)	1,399	(7,562)	(80,023)
OTHER FINANCING SOURCES (USES)										
Transfer in	-	-	-	-	-	-	-	-	20,000	20,000
Transfer out	(20,000)	-	-	-	-	-	-	-	-	(20,000)
Total other financing sources (uses)	(20,000)	-	-	-	-	-	-	-	20,000	-
Net change in fund balances	31,682	-	-	-	-	(42,825)	(82,717)	1,399	12,438	(80,023)
Fund balance beginning of year	899,344	-	-	-	-	1,009,247	652,157	96,316	28,258	2,685,322
Fund balance end of year	<u>\$ 931,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 966,422</u>	<u>\$ 569,440</u>	<u>\$ 97,715</u>	<u>\$ 40,696</u>	<u>\$ 2,605,299</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances - Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2010

Statement 6

Total net change in fund balances - governmental funds \$ (80,023)

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

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

Capital outlays	333,289	
Depreciation expense	(258,204)	75,085

Excess of depreciaton expense over capital outlays 75,085

In the Statement of Activities, certain operating
 expenses - compensated absences are
 measured by the amount incurred during the year.
 In the fund financial statements, however, expenditures are
 measured by the amount of financial resources used
 (essentially the amounts actually paid). The (increases)
 decreases in the liabilities for the year were:

Compensated absences		15,194
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Change in net assets of governmental activities \$ 10,256

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 General Fund
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 53,943	\$ 53,943	\$ 59,840	\$ 5,897
Charges for services	20,000	20,000	22,185	2,185
Local sources	-	-	31,445	31,445
State sources	5,764,192	5,558,173	5,660,988	102,815
Federal sources	2,500	121,241	123,683	2,442
Earnings from investments	10,500	10,500	19,693	9,193
Total revenues	<u>\$ 5,851,135</u>	<u>\$ 5,763,857</u>	<u>\$ 5,917,834</u>	<u>\$ 153,977</u>
EXPENDITURES				
Direct instruction	\$ 3,520,130	\$ 3,474,756	\$ 3,144,116	\$ 330,640
Instructional support	3,122,487	3,034,110	2,631,075	403,035
Food services	-	-	-	-
Capital outlay	90,000	116,473	91,786	24,687
Total expenditures	<u>\$ 6,732,617</u>	<u>\$ 6,625,339</u>	<u>\$ 5,866,977</u>	<u>\$ 758,362</u>
OTHER FINANCING (USES)				
Transfer out	\$ -	\$ (20,000)	\$ (20,000)	\$ -
Total other financing (uses)	<u>\$ -</u>	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 881,482</u>	<u>\$ 881,482</u>		

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Title I
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 169,482	\$ 180,770	\$ 174,037	\$ (6,733)
Total revenues	<u>\$ 169,482</u>	<u>\$ 180,770</u>	<u>\$ 174,037</u>	<u>\$ (6,733)</u>
EXPENDITURES				
Direct instruction	\$ 158,162	\$ 169,450	\$ 136,109	\$ 33,341
Instructional support	<u>11,320</u>	<u>11,320</u>	<u>6,983</u>	<u>4,337</u>
Total expenditures	<u>\$ 169,482</u>	<u>\$ 180,770</u>	<u>\$ 143,092</u>	<u>\$ 37,678</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 PL 94-142 Entitlement
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 158,274	\$ 173,979	\$ 131,197	\$ (42,782)
Total revenues	<u>\$ 158,274</u>	<u>\$ 173,979</u>	<u>\$ 131,197</u>	<u>\$ (42,782)</u>
EXPENDITURES				
Direct instruction	\$ 100,915	\$ 110,435	\$ 101,238	\$ 9,197
Instructional support	57,359	63,544	59,724	3,820
Total expenditures	<u>\$ 158,274</u>	<u>\$ 173,979</u>	<u>\$ 160,962</u>	<u>\$ 13,017</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Improving Teacher Quality
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 42,872	\$ 91,918	\$ 20,390	\$ (71,528)
Total revenues	<u>\$ 42,872</u>	<u>\$ 91,918</u>	<u>\$ 20,390</u>	<u>\$ (71,528)</u>
EXPENDITURES				
Direct instruction	\$ 42,872	\$ 91,918	\$ 48,835	\$ 43,083
Total expenditures	<u>\$ 42,872</u>	<u>\$ 91,918</u>	<u>\$ 48,835</u>	<u>\$ 43,083</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Saturday School
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	\$ -	\$ 35,246	\$ 39,500	\$ 4,254
Total revenues	<u>\$ -</u>	<u>\$ 35,246</u>	<u>\$ 39,500</u>	<u>\$ 4,254</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 33,946	\$ 3,522	\$ 30,424
Instructional support	-	1,300	899	401
Total expenditures	<u>\$ -</u>	<u>\$ 35,246</u>	<u>\$ 4,421</u>	<u>\$ 30,825</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
Statement of Fiduciary
Assets and Liabilities - Agency Funds
June 30, 2010

	<u>Agency Funds</u>
ASSETS	
Cash on deposit	\$ 126,352
Total assets	<u>\$ 126,352</u>
LIABILITIES	
Deposits held for others	\$ 126,352
Total liabilities	<u>\$ 126,352</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
Notes to Financial Statements
Year Ended June 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Clayton Municipal Schools (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard 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. The more significant of the District's accounting policies are described below.

In June 1999, the GASB unanimously approved Statement #34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. In June 2001, the GASB approved Statement No. 37, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*. Statement 37 clarifies and modifies Statement No. 34 and should be implemented simultaneously with Statement No. 34. Statement No. 38 modifies, establishes and rescinds certain financial statement disclosure requirements.

The District implemented the provisions of GASB #'s 34, 37 and 38 effective July 1, 2002. As part of Statement No. 34, there is a new reporting requirement regarding the local government's infrastructure (roads, bridges, etc.). The District does not own any infrastructure assets and therefore is unaffected by this requirement.

A. Reporting Entity

The District provides kindergarten, elementary, middle and secondary educational services to school age residents of the District. The Clayton Municipal Schools School Board was created under the provision of Chapter 22, Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District. The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the State Board of Education and the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years.

Notes to Financial Statements (continued)

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a primary government, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. This District also has no other legally separate organizations for which the elected School Board members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship. The District has no component units, as defined by GASB Statement No. 14.

The accounting policies of the School District as reflected in the accompanying financial statements, conform to generally accepted accounting principles for local governmental units. The following is a summary of the more significant policies:

B. Basis of Presentation

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

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types.

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 general fixed assets, and the servicing of general long-term debt.

Notes to Financial Statements (continued)

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 include the following:

General Fund - The primary operating fund of the District accounts for all financial resources, except those required to be accounted for in other funds.

Special Revenue Fund - Title I ESEA Fund - The Title I project provides remedial instruction in language arts for educationally deprived students in low income areas. The project is funded by the Federal Government through the New Mexico State Department of Education, under the Elementary and Secondary Education Act of 1965, Title I, Chapter 1, Part A, 20 U.S.C. 2701 et seq.

Special Revenue Fund - PL 94-142 Entitlement - To account for grant funds to increase student academic achievement through strategies such as improving teacher and principal quality. Financing and authority is Elementary and Secondary Education Act of 1965 as amended, Title II, Part A, Public Law 107-110.

Special Revenue Fund - Improving Teacher Quality - To account for resources received to enable the District to become a community learning center to keep children safe in the after school hours. Resources are provided by New Mexico Legislation and the Federal Title IV Act. Funding and Authority is provided by the Elementary and Secondary Education Act of 1965, as amended, Title IV, Part B.

Special Revenue Fund - Saturday School - To account for a private grant used to provide Saturday tutoring services to students. The formation of this fund is provided by local city/county funding.

Capital Projects Fund - House Bill 33 - this fund is used to account for funds received from a 2 mill levy, restricted for erecting, remodeling, making additions to, providing equipment for, and furnishing school buildings, improving school grounds and maintenance of school buildings and grounds, exclusive of salary expenses. Authority for this fund is Section 22-26-1, NMSA 1978.

Debt Service Fund - General Obligation Bonds - To account for resources received for the purpose of paying general obligation bonds and interest coupons. Funds are received from property taxes levied against property located within the school district and levied specifically for this purpose.

Notes to Financial Statements (continued)

Fiduciary Funds

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 District also reports additional Government funds as non-major. They include:

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

Capital Project Funds - these funds are used to account for the acquisition of capital assets or construction of major capital projects.

C. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as *program revenues*. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Allocation of Indirect Expenses

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, except for that portion of depreciation that is identified as unallocated on the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements (FFS)

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the district-wide financial statements.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes (property taxes) are susceptible to full accrual on the government wide financial statements. Property tax revenues recognize revenues net of estimated refunds and uncollectible accounts in the period for which the taxes are levied. Total delinquent property taxes were not available from the County Treasurer for the current year.

Entitlements and shared revenues (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

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

Expenditures

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

Fiduciary Funds

Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

D. Budgets and Budgetary Accounting

All budgets, and any amendments or revision thereof, are approved by the State of New Mexico, Department of Finance and Administration, Department of Education. Budgets for the General, Special Revenue, Debt Service and Capital Projects Fund are adopted on a basis inconsistent with generally accepted accounting principles (GAAP) Encumbrance accounting is not used by the School District.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debts Service Fund and Capital Projects Fund.

Appropriations do not lapse at the end of the fiscal year and unexpended fund balances are budgeted in the succeeding fiscal year. The Board of Education is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the State of New Mexico, Department of Finance and Administration, Department of Education. Budgeted amounts in the accompanying financial statements include transfers and revisions to the original appropriations.

Notes to Financial Statements (continued)

Expenditures of the School District may not legally exceed appropriations at the level at which the budget is adopted, that is, expenditures in each category of line items may not exceed the budgeted appropriation for that category.

E. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances lapse at the fiscal year end and are therefore not included as a reservation of fund balance. Authorization for the eventual expenditure will be included in the following years budget appropriations.

F. Assets, Liabilities and Fund Equity

1. **Cash & 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.

2. **Accounts Receivable**

Accounts receivable are recorded in the various governmental funds. They consist of amounts receivable from local governments relating to various grant agreements and property taxes receivable. The information required to report property taxes at full accrual was not available during the year.

Accounts receivable consist of the following:

	<u>General</u>	<u>Other Major</u>	<u>Other Governmental</u>	<u>Total</u>
Property taxes	\$ 1,795	\$ 8,482	\$ -	\$ 10,277

3. Inventories

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

4. Capital Assets

Capital assets are recorded at historical cost and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. This is an increase from the \$1,000 threshold reported in prior years. This is a change in accounting estimate. All previously reported Capital Assets that do not meet the updated amount will be depreciated currently and in future periods until they are fully depreciated. Donated capital assets are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The District does not capitalize interest in regards to its capital assets.

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

Land improvements	50 years
Buildings & building improvements	50 years
Furniture & equipment	10 years
Vehicles	10 years

GASB Statement #34 requires the recording and depreciation of infrastructure assets, which include roads, bridges, traffic signals, etc. The District did not own any infrastructure assets as of June 30.

Notes to Financial Statements (continued)

The District does not capitalize computer software or software developed for internal use (if applicable) unless they exceed the \$5,000 threshold. Also, the District does not capitalize library books unless they exceed the \$5,000 threshold.

5. Deferred Revenues

The District reports deferred revenues on its Statement of Net Assets and fund balance sheet. Deferred revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

6. Compensated Absences

During the June 30, 2006 fiscal year, the District's board elected to change the District's policy on compensated absences. In the past, District employees were not paid for unused sick leave upon their retirement. Beginning July 1, 2006 employees are eligible to receive payment upon their retirement of a portion of their unused sick leave. Employees with 1 to 10 years of employment can accumulate up to 45 days of sick leave. Employees with 11 to 20 years employment can accumulate up to 55 days and employees with 21 years or more of employment can accumulate up to 65 days of sick leave. Upon retirement an employee can collect \$50 per day for one half of their unused sick leave.

7. Long-Term Liabilities

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

For fund financial reporting issuance costs are recognized in the period the bonds are issued. Bond proceeds are reported as an other financing source.

8. Fund Balances of Fund Financial Statements

Reservations of fund balance represent amounts that are not appropriable for expenditures or legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The District designates the portion of the year-end fund balance,

not otherwise designated or reserved, for subsequent years' expenditures. These designations are established to earmark resources for specific future use and to indicate that the fund equity does not represent available spendable resources.

9. Restricted Net Assets

The governmental activities financial statements utilize a net assets presentation. Net assets are categorized as follows:

Investment in capital assets, net of related debt - This category reflects the portion of net assets that are associated with capital assets less outstanding capital asset related debt.

Restricted net assets - This category reflects the portion of net assets that have third party limitations on their use.

Unrestricted net assets - This category reflects net assets of the Village not restricted for any project or other purposes.

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

G. REVENUES

1. Property Tax Levies

Clayton Municipal Schools receives property taxes from the Union County Treasurer for operational, public school capital improvements and debt service purposes. Property taxes are assessed on January 1st of each year, except on livestock, and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year. Property taxes are collected by the County Treasurer and remitted to the School District in the month following collection.

Although there are no restrictions placed on property taxes collected for operation purposes, restrictions do exist on the amounts collected under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) and the amounts collected as a result of issuing general obligation bonds.

Under the provisions of the Public School Capital Improvements Act, any local school board may adopt a resolution to submit to the qualified electors of the school district the question of whether or not a property tax should be imposed on the net taxable value of property allocated to the school district for the purpose of capital improvements. The resolution shall:

Notes to Financial Statements (continued)

1. Identify the capital improvements;
2. Specify the rate of the proposed tax, which shall not exceed two dollars (\$2.00) on each \$1,000 of net taxable value of property;
3. Specify the date an election will be held;
4. Limit the imposition of the tax to no more than three property tax years.

If approved, any revenues produced by the tax and any state distribution resulting to the District under the Act shall be expended only for the capital improvements specified in the authorized resolution.

General obligation bonds may be issued for the purpose of erecting, remodeling, making additions to and the furnishing of school buildings, or purchasing or improving school grounds or any combination of these purposes. Such bonds shall be fully negotiable and constitute negotiable instruments.

The school board shall establish adequate budgetary provisions, approved by the School Management Division, to promptly pay, as it becomes due, all principal and interest on general obligation bonds issued by the school district.

The full faith and credit of a school district shall be pledged to the payment of the principal and interest on general obligation bonds issued by the school district.

The board of county commissioners shall levy and collect upon all taxable property within a school district in the county such tax as is necessary to pay the interest and principal on general obligation bonds issued by the school district as the interest and principal become due, without limitation as to rate or amount.

2. State Equalization Guarantee

Each school district in the State of New Mexico receives a "state equalization guarantee distribution" which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined" (in Chapter 22, Section 8-25, NMSA 1978) "is at least equal to the school district's program cost."

Notes to Financial Statements (continued)

A school district's program costs are determined through the use of various formulas using "program units" which take into consideration (1) early childhood education; (2) basic education; (3) special education; (4) bilingual-multi-cultural education; (5) size, etc. Payment is made from the public school fund under the authority of the chief (director of public school finance). The District received \$4,933,581 in state equalization guarantee distributions during the year.

3. Transportation Distribution

Money in the transportation distribution of the public school fund 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 the grades K through twelve attending public school within the school district. Except in unusual circumstances as determined by the local school board and confirmed by the state transportation director, midday bus routes for early childhood education students shall not be approved for funding in excess of twenty miles one way.

Money in the vocational education transportation distribution of the public school fund is used for the purpose of making payments to school districts for transportation of students to and from their regular attendance centers and the place where vocation education programs are being offered, pursuant to Section 22-16-4.1 (NMSA 1978) of the Act. The transportation distribution is allocated to each school district according to an objective formula developed by the state transportation director and the director of public school finance.

In the event the sum of the proposed transportation allocations to each school district exceeds the amounts in the transportation distribution, each school district to receive an allocation shares in a reduction in the proportion that each school district's forty-day average daily membership bears to the forty-day average daily membership of all school districts to receive allocations.

Local school boards shall negotiate school bus contracts in accordance with regulations promulgated by the state transportation director with the approval of the State Board of Education.

Local school boards, with the approval of the state transportation director, may provide additional transportation services pursuant to Section 22-16-2 NMSA 1978 to meet established program needs.

Notes to Financial Statements (continued)

The District received \$704,614 in transportation distribution during the year.

4. 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 \$0 in state SB-9 matching during the year.

5. Critical Capital Outlay

Under the provisions of Chapter 22, Article 24, a critical capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program, and the capital outlay expenditures are limited to the purchase, or construction of temporary or permanent classrooms.

The council shall approve an application for grant assistance from the fund when the council determines that:

1. A critical need exists requiring action;
2. The residents of the school district have provided all available resources to the district to meet its capital outlay requirements;
3. The school district has used its resources in a prudent manner.

Notes to Financial Statements (continued)

4. The district is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified by the property tax division; and
5. The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978.

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis.

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved.

During the year ended June 30, the District received \$0 in critical capital outlay funds and \$0 in special capital outlay funds.

6. Instructional Materials

The New Mexico State Department of Education (Department) received federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. Beginning with the fiscal year ended June 30, 2002, Districts received their total allocation at the beginning of the fiscal year, instead of being reimbursed for purchases as was done in prior years. During the year ended June 30, the District received \$22,793 in instructional materials allocation.

7. Federal Grants

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

The District also receives reimbursement under the National School Lunch and Breakfast Programs for its food service operations, and distributions of commodities through the New Mexico Human Services Department.

H. **Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

I. **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Notes to Financial Statements (continued)

2. DEPOSITORY COLLATERAL

The following is the Cash on Deposit at each financial institution.

First National Bank	Savings	Investment	\$ 130,027
Farmers & Stockmens Bank	Checking	Operational	2,130,868
First National Bank	Checking	Activity	34,498
First National Bank	Certificate of Deposit		740,000
Farmers & Stockmens Bank	Certificate of Deposit	Activity	6,000
Farmers & Stockmens Bank	Checking	Junior High	<u>58,914</u>
			<u>\$3,100,307</u>
Total amount on deposit			\$3,100,307
Outstanding checks			(573,152)
Deposits in transit			<u>-</u>
Total per financial statements			<u>\$2,527,155</u>

Custodial Credit Risk - Deposits - Custodial Credit Risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk. As of June 30, 2010, \$2,429,781 of the School's bank balance of \$3,100,307 was exposed to custodial credit risk as follows:

A.	Uninsured and uncollateralized	\$ 748,213
B.	Uninsured and collateralized with securities held by the pledging banks trust department, not in the Schools name	<u>1,681,568</u>
	Total	<u>\$2,429,781</u>

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 cooperative for at least one half of the amount on deposit with the institution. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. The collateral pledged is shown as follows:

Notes to Financial Statements (continued)

<u>Federal Home Loan Bank of Dallas, TX</u>	<u>Maturity Date</u>	<u>Fair Market Value</u>
FHLB CUSIP #3133XDTA9	12/10/10	\$ 1,224,840
FFCB CUSIP #31331X2Q4	9/04/13	<u>110,720</u>
		<u>\$ 1,335,560</u>
<u>Vining Sparks Bank of Dallas, TX</u>	<u>Maturity Date</u>	<u>Value</u>
FHLB Cusip #850395CJ1	6/15/16	\$ 130,539
FHLB Cusip #953769JE7	10/01/14	111,788
FHLB Cusip #953769JB3	10/01/11	<u>103,681</u>
		<u>\$ 346,008</u>

The following schedule details the public money held by financial institutions and pledged collateral held by the District as follows:

	<u>Farmers & Stockmens Bank</u>	<u>First National Bank</u>
Cash on deposit at June 30	\$ 2,195,781	\$ 904,525
Less F.D.I.C.	<u>(256,000)</u>	<u>(414,525)</u>
Uninsured funds	1,939,781	490,000
50% Collateral requirement (as per section 6-10-17, NMSA, 1978)	969,890	245,000
Pledged collateral by pledging banks trust department or agent but not in the Schools name	<u>1,335,560</u>	<u>346,008</u>
Excess of pledged collateral	<u>\$ 365,670</u>	<u>\$ 101,008</u>

3. DUE FROM GRANTOR

The amount shown as due from grantor represents federal, state and local expenditures in excess of revenues. Most federal, state or local projects earn revenue as expenditures are incurred and are subsequently reimbursed by the grantor.

4. CASH OVERDRAFTS

The cash overdrafts shown in some federal, state and local projects in the special revenue fund represent expenditures made by the District which will be reimbursed by the grantor. Receivables from grantor are presented to off-set these overdrafts.

Notes to Financial Statements (continued)

5. DEFERRED REVENUE

Deferred revenue represents advances on cost-reimbursement type grants which have not yet been earned.

6. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

During the year ended June 30, 2010, the following changes occurred in the liabilities reported in the District-Wide Statement of Net Assets:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Compensated Absences	<u>\$ 67,203</u>	<u>\$ 18,776</u>	<u>\$ 33,970</u>	<u>\$ 52,009</u>

The compensated absences liability will ultimately be liquidated by several of the Districts governmental funds, with most being paid by the General Fund, Transportation Fund, Cafeteria Fund and Title I Fund.

B. Operating Lease

Clayton Municipal Schools leases copiers on a monthly long-term contract. The lease provides for monthly lease payments until March 31, 2014. The property may be purchased at the fair market value upon expiration of the lease. The following yearly payments will be due:

Fiscal year 2010	\$ 26,073
Fiscal year 2011	26,073
Fiscal year 2012	<u>19,554</u>
	<u>\$ 71,700</u>

C. Short-Term Liabilities

The District did not have any short-term liabilities during the fiscal year.

7. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and Workmens Compensation. For these risks of loss the School District belongs to a public entity risk pool currently operated as a common risk management and insurance program for 89 member school districts. (New Mexico Public School Insurance Authority). Amounts of settlement have not exceeded insurance coverage in the past three years.

Notes to Financial Statements (continued)

8. HIGH PLAINS REGIONAL EDUCATIONAL COOPERATIVE

The School District is a member of the High Plains Regional Educational Cooperative. The High Plains Regional Educational Cooperative issues a separate, publicly available financial report that includes financial statements and required supplementary information. A copy of that audit report can be obtained by writing to the High Plains Regional Educational Cooperative, 101 North 2nd Street, Raton, New Mexico 87740.

9. RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

	<u>General</u>	<u>Title I</u>	<u>PL 94-142 Entitlement</u>	<u>Improving Teacher Quality</u>
Revenues per modified accrual basis	\$ 5,918,659	\$ 143,092	\$ 160,962	\$ 48,835
Receivables	(825)	-	-	-
Deferred revenues/Due from grantor	-	30,945	(29,765)	(28,445)
Revenues per budgetary basis	<u>\$ 5,917,834</u>	<u>\$ 174,037</u>	<u>\$ 131,197</u>	<u>\$ 20,390</u>
Expenditures per modified accrual basis	\$ 5,866,977	\$ 143,092	\$ 160,962	\$ 48,835
Accounts payable	-	-	-	-
Expenditures per budgetary basis	<u>\$ 5,866,977</u>	<u>\$ 143,092</u>	<u>\$ 160,962</u>	<u>\$ 48,835</u>
	<u>Saturday School</u>	<u>House Bill 33</u>	<u>Capital Improvements SB-9</u>	<u>Debt Service</u>
Revenues per modified accrual basis	\$ 4,421	\$ 14,687	\$ 251,333	\$ 1,399
Receivables	-	765	4,408	-
Deferred revenues/Due from grantor	35,079	-	-	-
Revenues per budgetary basis	<u>\$ 39,500</u>	<u>\$ 15,452</u>	<u>\$ 255,741</u>	<u>\$ 1,399</u>
Expenditures per modified accrual basis	\$ 4,421	\$ 58,737	\$ 341,858	\$ -
Inventory changes	-	-	-	-
Accounts payable	-	-	-	-
Expenditures per budgetary basis	<u>\$ 4,421</u>	<u>\$ 58,737</u>	<u>\$ 341,858</u>	<u>\$ -</u>
	<u>Non-Major Special Revenue</u>			
Revenues per modified accrual basis	\$ 1,104,624			
Receivables	-			
Deferred revenues/Due from grantor	(97,317)			
Revenues per budgetary basis	<u>\$ 1,007,307</u>			
Expenditures per modified accrual basis	\$ 1,112,186			
Inventory changes	1,685			
Accounts payable	-			
Expenditures per budgetary basis	<u>\$ 1,113,871</u>			

The reconciliation for each non-major fund can be found in the Supplementary information section of this report.

Notes to Financial Statements (continued)

10. CAPITAL ASSETS

Capital assets balances and activity for the year ended June 30, 2010 are as follows:

	Balance <u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2010</u>
Governmental activities:				
Land	\$ 470,380	\$ -	\$ -	\$ 470,380
Total capital assets not being depreciated	<u>470,380</u>	<u>-</u>	<u>-</u>	<u>470,380</u>
Buildings & building improvements	7,500,672	22,502	-	7,523,174
Furniture & Equipment	<u>1,982,596</u>	<u>310,787</u>	<u>-</u>	<u>2,293,383</u>
Total	<u>9,483,268</u>	<u>333,289</u>	<u>-</u>	<u>9,816,557</u>
Less accumulated depreciation:				
Buildings & building improvements	(2,622,152)	(129,331)	-	(2,751,483)
Furniture & Equipment	<u>(1,578,930)</u>	<u>(128,873)</u>	<u>-</u>	<u>(1,707,803)</u>
Total	<u>(4,201,082)</u>	<u>(258,204)</u>	<u>-</u>	<u>(4,459,286)</u>
Governmental activities Capital assets, net	<u>\$ 5,752,566</u>	<u>\$ 75,085</u>	<u>\$ -</u>	<u>\$ 5,827,651</u>

The District has no infrastructure as of June 30, 2010.

Depreciation expense was charged to governmental activities as follows:

Unallocated	\$ (258,204)
Total depreciation expense	<u>\$ (258,204)</u>

11. RETIREMENT PLAN

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

Notes to Financial Statements (continued)

Funding Policy. Plan members are required to contribute 7.825% of their gross salary. Clayton Municipal Schools is required to contribute 10.9% of the gross covered salary. Effective July 1, 2008, plan members are required to contribute 7.9% of their gross salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the Clayton Municipal Schools are established in State statute under Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Clayton Municipal Schools contributions to ERA for the years ending June 30, 2010, 2009, and 2008 were \$432,702, \$443,233 and \$359,141 respectively, which equals the amount of the required contributions for each fiscal year.

12. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

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

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employers 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 healthcare plan. The report and further information can be obtained by writing to Retiree Health Care Authority, 4308 Carlisle Boulevard, Suite 104, Albuquerque, New Mexico 87107.

Notes to Financial Statements (continued)

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorized 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 for the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65 of their salary.

Employers joining the program after 01/01/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

Clayton Municipal Schools contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$50,940, \$49,460 and \$43,522, respectively, which equal the required contributions for each year.

13. TRANSFERS

The composition of interfund transfers for Governmental Activities during the year ended June 30, 2010 are as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Total</u>
\$ (20,000)	\$ 20,000	\$ -0-

Transfer from General Fund to Cafeteria Fund for regular expenses.

OTHER MAJOR FUNDS BUDGETS

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 House Bill 33
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 57,258	\$ 57,258	\$ 14,227	\$ (43,031)
Local sources	14,696	14,696	-	(14,696)
Earnings from investment:	<u>20,000</u>	<u>20,000</u>	<u>1,225</u>	<u>(18,775)</u>
Total revenues	<u>\$ 91,954</u>	<u>\$ 91,954</u>	<u>\$ 15,452</u>	<u>\$ (76,502)</u>
EXPENDITURES				
Instructional support	\$ 100	\$ 100	\$ 97	\$ 3
Capital outlay	<u>1,004,240</u>	<u>1,004,240</u>	<u>58,640</u>	<u>945,600</u>
Total expenditures	<u>\$ 1,004,340</u>	<u>\$ 1,004,340</u>	<u>\$ 58,737</u>	<u>\$ 945,603</u>
BUDGETED CASH BALANCE	<u>\$ 912,386</u>	<u>\$ 912,386</u>		

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Capital Improvements SB-9
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 225,163	\$ 225,163	\$ 247,933	\$ 22,770
State sources	15,933	15,933	-	(15,933)
Earnings from investment:	7,000	7,000	7,808	808
Total revenues	<u>\$ 248,096</u>	<u>\$ 248,096</u>	<u>\$ 255,741</u>	<u>\$ 7,645</u>
EXPENDITURES				
Instructional support	\$ 729,895	\$ 729,895	\$ 181,174	\$ 548,721
Capital outlay	220,000	220,000	160,684	59,316
Total expenditures	<u>\$ 949,895</u>	<u>\$ 949,895</u>	<u>\$ 341,858</u>	<u>\$ 608,037</u>
BUDGETED CASH BALANCE	<u>\$ 701,799</u>	<u>\$ 701,799</u>		

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Debt Service
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Earnings from investments	\$ -	\$ -	\$ 1,399	\$ 1,399
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,399</u>	<u>\$ 1,399</u>
EXPENDITURES				
Bonds	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

NON-MAJOR FUNDS

NON-MAJOR SPECIAL REVENUE FUNDS

ALL FUNDS - All funds were created by management directive.

SEG - STIMULUS - To account for resources received to supplement State and Local funding normally received for the operation of the School District. Financing and authority for this program are the American Recovery and Reinvestment Act.

21st CENTURY - To account for resources received to enable the District to become a community learning center to keep children safe in the after school hours. Resources are provided by New Mexico Legislation and the Federal Title IV Act. Funding and Authority is provided by the Elementary and Secondary Education Act of 1965, as amended, Title IV, Part B.

PL94-142 DISCRETIONARY (IDEA-B) - To account for monies received for the operation and maintenance of meeting the special education needs of children with disabilities. Financing and authority is the Individual With Disabilities Act, Part B, Sec. 611, as amended; Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-630 and 101-476; 20 U.S.C.1401-1419, Public Law 105-17.

PL94-142 PRESCHOOL (IDEA-B) - To account for monies received for the operation and maintenance of meeting the special education needs of children with disabilities. Financing and authority is the Individuals With Disabilities Act, Part B, Sec. 611, as amended; Public Law 105-17.

TITLE II - To account for monies received to be used to strengthen the skill of teachers in the instruction of mathematics, science, foreign languages, and computer learning. Financing and authority is Title II of the elementary and Secondary Education Act (ESEA) of 1965, as amended.

PL 94-142 ENTITLEMENT (IDEA-B) - STIMULUS - To account for resources received for the operation and maintenance of meeting special education needs of children with disabilities. Financing and authority for this program are the American Recovery and Reinvestment Act.

PL 94-142 - PRESCHOOL - STIMULUS - To account for resources received for the operation and maintenance of meeting special education needs of preschool children with disabilities. Financing and authority for the program are the American Recovery and Reinvestment Act.

LEADERSHIP PROGRAM - To account for monies received to develop more fully the academic, vocational and technical skills of secondary and post secondary students who elect to enroll in vocational and technical programs. Financing and authority is the Carl D. Perkins Vocational and Technical Act of 1998, Title I, Workforce Investment Act, Section 503.

PL 94-142 REALLOCATION (IDEA-B) - To account for resources received for supplies and materials to meet the special education needs of children with disabilities. Financing and authority is the Individual With Disabilities Act, Part B, Sec. 611 as amended; Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-630 and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17.

(Non-Major Special Revenue Funds - continued)

SAFE AND DRUG FREE SCHOOLS - 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.

TITLE I STIMULUS - To account for funds received from the Federal Government to supplement State and Local funding to help low-achieving children, especially in high-poverty schools. The program finances the additional academic support and learning opportunities that are often required to help disadvantaged students progress along with their classmates. Financing and authority for this program are the American Recovery and Reinvestment Act.

MEDICAID - To account for reimbursement of health-related services of medical eligible students receiving related services for administrative time study, and for a statement of service costs study. The fund is administered by the Lea Regional Cooperative Center #7. It is included in this report to identify the loan from operational to cover cost not yet reimbursed by the Cooperative Authorized by Public Law 92-222, Public Law 104-208.

SUMMER FOOD PROGRAM - To account for monies received to provide food to the extended day care program. Financing and authority is Public Law 105-336.

DISTANCE LEARNING - To encourage and improve the use of telemedicine, telecommunications, computer networks, and related advanced technologies to provide educational and medical benefits through distance learning and telemedicine projects to people living in rural areas and to improve rural opportunities. The authority for the creation of this fund is the Federal Agriculture Improvement and Reform Act of 1996, Title VII, Public law 104-127, 7 U.S.C. 950.

REAP (RURAL EDUCATION ACHIEVEMENT PROGRAM) - To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

GATES FOUNDATION - To account for monies received used to purchase hardware and software for use in the classroom from the Institute of Computer Technology.

SAFETY IN SCHOOL - To account for monies received to implement programs and activities, as well as strengthen infrastructure that will increase school safety. Financing and authority are provided by State Legislature.

(Non-Major Special Revenue Funds - continued)

TECHNOLOGY FOR EDUCATION - To account for State funding which is to be used by the District to promote the comprehensive integration of advanced technologies in education settings, through the conduct of technical assistance, professional development, information and resource dissemination, and collaboration activities.

INCENTIVES FOR SCHOOL IMPROVEMENT ACT - To account for monies received to be used as determined by the school principal and teachers in cooperation with other school employees and the community. It shall not be used for salaries, salary increases or bonuses. Financing and authority is provided by NMSA 22-13A-5.

TUTORING PROGRAM - To account for monies received to help the mid-school improve basic academic skills and to enhance opportunities for students to develop interests beyond what present curricular programs provide. Financing and authority are provided by the State Legislature.

BEGINNING TEACHER MENTORING PROGRAM - To account for monies appropriated by the State Legislature to be used for stipends to mentors, for professional development opportunities, release time; including payment of substitutes, materials and supplies and for minor administrative costs. Financing and authority is provided by the State Legislature.

DUAL CREDIT - To account for resources received from House Bill 2, 2009, to be used for dual credit instructional materials through a course approved by Higher Education Department and through a college/university for which the district has an approved agreement.

AOL FOUNDATION - To account for funds received to enhance interactive education through innovative education programs and to take part in the interactive education innovators network. Financing and authority is provided by the Grant Agreement.

GO BOND STUDENT LIBRARY - To account for monies received from the SB333, Laws 2008 Appropriation to be used to improve the library, acquire library books or library resources that support the library program.

LIBRARY BOND (SB 301) - To account for funds received to update and to expand library collections in order to circulate and provide access of materials to students and teachers. Financing and authority is provided by State Legislature (Senate Bill 301).

LIBRARY BOOK (SB471) - To account for monies received through 2008 Senate Bill 471, the monies are to be used to purchase school library books. Financing and authority is provided by the State Legislature.

SCHOOL HEALTH - To account for a grant to provide support for Coordinated School Health (CHS) programs in the Health Services of the School District. This fund supports programs for prevention, health promotion and early intervention. Financing and authority is provided by the New Mexico Department of Health.

(Non-Major Special Revenue Funds - continued)

AFTER SCHOOL ENRICHMENT PROGRAM - To account for a private grant from the Geo Group, Inc. to help Clayton Junior High School address the "search for self" by providing opportunities for their students to become part of something bigger than themselves. Financing and authority is provided by the grant agreement.

CHILD NUTRITION - FEDERAL STIMULUS - To account for resources received from the American Recovery and Reinvestment Act of 2009 to be used for the purchase of food service equipment.

ATHLETICS FUND - To account for the activities of the athletic functions of the District. (State Department of Education Regulation 93-1).

SCHOOL LUNCH FUND - This program provides financing for the School Hot Lunch Program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-12, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Funds
 Combining Balance Sheet
 June 30, 2010

Statement A-1
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	SEG Stimulus	21st Century	PL 94-142 Discretionary	PL 94-142 Preschool	Title II	PL 94-142 Entitlement- Stimulus	PL 94-142 Preschool- Stimulus	Leadership Program
ASSETS								
Cash on deposit	\$ 15,902	\$ -	\$ -	\$ -	\$ 674	\$ -	\$ -	\$ 7,988
Due from grantor	-	35,084	-	3,622	-	33,000	2,909	-
Inventory, at cost	-	-	-	-	-	-	-	-
Total assets	\$ 15,902	\$ 35,084	\$ -	\$ 3,622	\$ 674	\$ 33,000	\$ 2,909	\$ 7,988
LIABILITIES								
Cash overdraft	\$ -	\$ 35,084	\$ -	\$ 3,622	\$ -	\$ 33,000	\$ 2,909	\$ -
Deferred revenue	15,902	-	-	-	674	-	-	7,988
Total liabilities	15,902	35,084	-	3,622	674	33,000	2,909	7,988
FUND BALANCES								
Reserved for inventory	-	-	-	-	-	-	-	-
Unreserved:								
Undesignated	-	-	-	-	-	-	-	-
Total fund balance	-	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ 15,902	\$ 35,084	\$ -	\$ 3,622	\$ 674	\$ 33,000	\$ 2,909	\$ 7,988

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Funds
 Combining Balance Sheet
 June 30, 2010

Statement A-1
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	PL 94-142 Reallocation	Safe & Drug Free	Title I Stimulus	Medicaid	Summer Food Program	Distance Learning	REAP	Gates Foundation
ASSETS								
Cash on deposit	\$ -	\$ -	\$ -	\$ 29	\$ 8,287	\$ 273	\$ -	\$ 17
Due from grantor	1,513	5,976	31,824	-	-	-	-	-
Inventory, at cost	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,513</u>	<u>\$ 5,976</u>	<u>\$ 31,824</u>	<u>\$ 29</u>	<u>\$ 8,287</u>	<u>\$ 273</u>	<u>\$ -</u>	<u>\$ 17</u>
LIABILITIES								
Cash overdraft	\$ 1,513	\$ 5,976	\$ 31,824	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	29	8,287	273	-	17
Total liabilities	<u>1,513</u>	<u>5,976</u>	<u>31,824</u>	<u>29</u>	<u>8,287</u>	<u>273</u>	<u>-</u>	<u>17</u>
FUND BALANCES								
Reserved for inventory	-	-	-	-	-	-	-	-
Unreserved:								
Undesignated	-	-	-	-	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,513</u>	<u>\$ 5,976</u>	<u>\$ 31,824</u>	<u>\$ 29</u>	<u>\$ 8,287</u>	<u>\$ 273</u>	<u>\$ -</u>	<u>\$ 17</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Funds
 Combining Balance Sheet
 June 30, 2010

Statement A-1
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	Safety in Schools	Technology for Education	Incentives for School Improvements	Tutoring Program	Beginning Teacher Mentoring	Dual Credit	AOL Foundation	GO Bond Student Library
ASSETS								
Cash on deposit	\$ 36	\$ 515	\$ 1,677	\$ 685	\$ 5,627	\$ -	\$ 14	\$ -
Due from grantor	-	-	-	-	-	-	-	9,420
Inventory, at cost	-	-	-	-	-	-	-	-
Total assets	<u>\$ 36</u>	<u>\$ 515</u>	<u>\$ 1,677</u>	<u>\$ 685</u>	<u>\$ 5,627</u>	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ 9,420</u>
LIABILITIES								
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,420
Deferred revenue	36	515	1,677	685	5,627	-	14	-
Total liabilities	<u>36</u>	<u>515</u>	<u>1,677</u>	<u>685</u>	<u>5,627</u>	<u>-</u>	<u>14</u>	<u>9,420</u>
FUND BALANCES								
Reserved for inventory	-	-	-	-	-	-	-	-
Unreserved:								
Undesignated	-	-	-	-	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 36</u>	<u>\$ 515</u>	<u>\$ 1,677</u>	<u>\$ 685</u>	<u>\$ 5,627</u>	<u>\$ -</u>	<u>\$ 14</u>	<u>\$ 9,420</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Funds
 Combining Balance Sheet
 June 30, 2010

Statement A-1
 Page 4 of 4

	Library Bond	Library Book	School Health	After School Enrichment Program	Child Nutrition	Athletics	Student Cafeteria Account	Totals
ASSETS								
Cash on deposit	\$ -	\$ 102	\$ 1,090	\$ 2,550	\$ -	\$ 10,716	\$ 22,589	\$ 78,771
Due from grantor	-	-	-	-	-	-	-	123,348
Inventory, at cost	-	-	-	-	-	-	7,391	7,391
Total assets	<u>\$ -</u>	<u>\$ 102</u>	<u>\$ 1,090</u>	<u>\$ 2,550</u>	<u>\$ -</u>	<u>\$ 10,716</u>	<u>\$ 29,980</u>	<u>\$ 209,510</u>
LIABILITIES								
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 123,348
Deferred revenue	-	102	1,090	2,550	-	-	-	45,466
Total liabilities	<u>-</u>	<u>102</u>	<u>1,090</u>	<u>2,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,814</u>
FUND BALANCES								
Reserved for inventory	-	-	-	-	-	-	7,391	7,391
Unreserved:								
Undesignated	-	-	-	-	-	10,716	22,589	33,305
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,716</u>	<u>29,980</u>	<u>40,696</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 102</u>	<u>\$ 1,090</u>	<u>\$ 2,550</u>	<u>\$ -</u>	<u>\$ 10,716</u>	<u>\$ 29,980</u>	<u>\$ 209,510</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2010

	SEG Stimulus	21st Century	PL 94-142 Discretionary	PL 94-142 Preschool	Title II	PL 94-142 Entitlement- Stimulus	PL 94-142 Preschool- Stimulus	Leadership Program
REVENUES								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	465,393	71,905	3,239	12,153	-	82,168	2,909	-
Earnings from investments	-	-	-	-	-	-	-	-
Total revenues	<u>465,393</u>	<u>71,905</u>	<u>3,239</u>	<u>12,153</u>	<u>-</u>	<u>82,168</u>	<u>2,909</u>	<u>-</u>
EXPENDITURES								
Direct instruction	-	64,499	3,239	11,978	-	74,180	2,909	-
Instructional support	465,393	7,406	-	175	-	7,988	-	-
Community services	-	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-	-
Total expenditures	<u>465,393</u>	<u>71,905</u>	<u>3,239</u>	<u>12,153</u>	<u>-</u>	<u>82,168</u>	<u>2,909</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	-	-	-	-	-	-	-	-
OTHER FINANCING SOURCES								
Transfer in	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-	-	-	-	-
Fund balance at beginning of year	-	-	-	-	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2010

	PL 94-142 Reallocation	Safe & Drug Free	Title I Stimulus	Medicaid	Summer Food Program	Distance Learning	REAP	Gates Foundation
REVENUES								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	1,513	5,976	83,987	19,799	11,177	-	3,972	-
Earnings from investments	-	-	-	-	-	-	-	-
Total revenues	<u>1,513</u>	<u>5,976</u>	<u>83,987</u>	<u>19,799</u>	<u>11,177</u>	<u>-</u>	<u>3,972</u>	<u>-</u>
EXPENDITURES								
Direct instruction	1,513	5,976	82,909	-	-	-	3,972	-
Instructional support	-	-	1,078	19,799	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Food services	-	-	-	-	11,177	-	-	-
Total expenditures	<u>1,513</u>	<u>5,976</u>	<u>83,987</u>	<u>19,799</u>	<u>11,177</u>	<u>-</u>	<u>3,972</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	-	-	-	-	-	-	-	-
OTHER FINANCING SOURCES								
Transfer in	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-	-	-	-	-
Fund balance at beginning of year	-	-	-	-	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2010

	Safety in Schools	Technology for Education	Incentives for School Improvement	Tutoring Program	Beginning Teacher Mentoring	Dual Credit	AOL Foundation	GO Bond Student Library
REVENUES								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local sources	-	-	-	-	-	-	-	-
State sources	-	15,193	-	-	13,301	247	-	12,186
Federal sources	-	-	-	-	-	-	-	-
Earnings from investments	-	-	-	-	-	-	-	-
Total revenues	-	15,193	-	-	13,301	247	-	12,186
EXPENDITURES								
Direct instruction	-	15,193	-	-	13,301	247	-	-
Instructional support	-	-	-	-	-	-	-	12,186
Community services	-	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-	-
Total expenditures	-	15,193	-	-	13,301	247	-	12,186
Excess (deficiency) of revenue over expenditures	-	-	-	-	-	-	-	-
OTHER FINANCING SOURCES								
Transfer in	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-
Net change in fund balance	-	-	-	-	-	-	-	-
Fund balance at beginning of year	-	-	-	-	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2010

	Library Bond	Library Book	School Health	After School Enrichment Program	Child Nutrition	Athletics	Cafeteria	Totals
REVENUES								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,388	\$ 57,576	\$ 91,964
Local sources	-	-	-	33	-	906	-	939
State sources	1,041	-	-	-	-	-	-	41,968
Federal sources	-	-	-	-	22,179	-	183,236	969,606
Earnings from investments	-	-	-	-	-	-	147	147
Total revenues	1,041	-	-	33	22,179	35,294	240,959	1,104,624
EXPENDITURES								
Direct instruction	-	-	-	-	-	38,052	-	317,968
Instructional support	1,041	-	-	-	-	-	-	515,066
Community services	-	-	-	33	-	-	-	33
Food services	-	-	-	-	22,179	-	245,763	279,119
Total expenditures	1,041	-	-	33	22,179	38,052	245,763	1,112,186
Excess (deficiency) of revenue over expenditures	-	-	-	-	-	(2,758)	(4,804)	(7,562)
OTHER FINANCING SOURCES								
Transfer in	-	-	-	-	-	-	20,000	20,000
Total other financing sources	-	-	-	-	-	-	20,000	20,000
Net change in fund balance	-	-	-	-	-	(2,758)	15,196	12,438
Fund balance at beginning of year	-	-	-	-	-	13,474	14,784	28,258
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,716</u>	<u>\$ 29,980</u>	<u>\$ 40,696</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - SEG Stimulus
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 365,397	\$ 481,295	\$ 481,295	\$ -
Total revenues	<u>\$ 365,397</u>	<u>\$ 481,295</u>	<u>\$ 481,295</u>	<u>\$ -</u>
EXPENDITURES				
Instructional support	\$ 365,397	\$ 481,295	\$ 465,393	\$ 15,902
Total expenditures	<u>\$ 365,397</u>	<u>\$ 481,295</u>	<u>\$ 465,393</u>	<u>\$ 15,902</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - 21st Century
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 157,880	\$ 161,807	\$ 60,664	\$ (101,143)
Total revenues	<u>\$ 157,880</u>	<u>\$ 161,807</u>	<u>\$ 60,664</u>	<u>\$ (101,143)</u>
EXPENDITURES				
Direct instruction	\$ 144,995	\$ 148,922	\$ 64,499	\$ 84,423
Instructional support	<u>12,885</u>	<u>12,885</u>	<u>7,406</u>	<u>5,479</u>
Total expenditures	<u>\$ 157,880</u>	<u>\$ 161,807</u>	<u>\$ 71,905</u>	<u>\$ 89,902</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - PL 94-142 Discretionary
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 3,239	\$ 3,239	\$ -
Total revenues	<u>\$ -</u>	<u>\$ 3,239</u>	<u>\$ 3,239</u>	<u>\$ -</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 3,239	\$ 3,239	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ 3,239</u>	<u>\$ 3,239</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - PL 94-142 Preschool
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 11,685	\$ 13,045	\$ 9,620	\$ (3,425)
Total revenues	<u>\$ 11,685</u>	<u>\$ 13,045</u>	<u>\$ 9,620</u>	<u>\$ (3,425)</u>
EXPENDITURES				
Direct instruction	\$ 11,315	\$ 12,675	\$ 11,978	\$ 697
Instructional support	370	370	175	195
Total expenditures	<u>\$ 11,685</u>	<u>\$ 13,045</u>	<u>\$ 12,153</u>	<u>\$ 892</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Title II
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - PL 941-142 Entitlement Stimulus
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 85,262	\$ 85,144	\$ 49,168	\$ (35,976)
Total revenues	<u>\$ 85,262</u>	<u>\$ 85,144</u>	<u>\$ 49,168</u>	<u>\$ (35,976)</u>
EXPENDITURES				
Direct instruction	\$ 77,538	\$ 75,170	\$ 74,180	\$ 990
Instructional support	<u>7,724</u>	<u>9,974</u>	<u>7,988</u>	<u>1,986</u>
Total expenditures	<u>\$ 85,262</u>	<u>\$ 85,144</u>	<u>\$ 82,168</u>	<u>\$ 2,976</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - 94-142 Preschool Stimulus
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 3,217	\$ 3,216	\$ -	\$ (3,216)
Total revenues	<u>\$ 3,217</u>	<u>\$ 3,216</u>	<u>\$ -</u>	<u>\$ (3,216)</u>
EXPENDITURES				
Direct instruction	\$ 3,217	\$ 3,216	\$ 2,909	\$ 307
Total expenditures	<u>\$ 3,217</u>	<u>\$ 3,216</u>	<u>\$ 2,909</u>	<u>\$ 307</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Leadership Program
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - PL 94-142 Reallocation
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 1,514	\$ -	\$ (1,514)
Total revenues	<u>\$ -</u>	<u>\$ 1,514</u>	<u>\$ -</u>	<u>\$ (1,514)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 1,514	\$ 1,513	\$ 1
Total expenditures	<u>\$ -</u>	<u>\$ 1,514</u>	<u>\$ 1,513</u>	<u>\$ 1</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Safe & Drug Free
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 2,541	\$ 5,976	\$ -	\$ (5,976)
Total revenues	<u>\$ 2,541</u>	<u>\$ 5,976</u>	<u>\$ -</u>	<u>\$ (5,976)</u>
EXPENDITURES				
Direct instruction	\$ 2,541	\$ 5,976	\$ 5,976	\$ -
Total expenditures	<u>\$ 2,541</u>	<u>\$ 5,976</u>	<u>\$ 5,976</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Title I Stimulus
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ 56,447	\$ 112,126	\$ 52,343	\$ (59,783)
Total revenues	<u>\$ 56,447</u>	<u>\$ 112,126</u>	<u>\$ 52,343</u>	<u>\$ (59,783)</u>
EXPENDITURES				
Direct instruction	\$ 54,355	\$ 110,034	\$ 82,909	\$ 27,125
Instructional support	<u>2,092</u>	<u>2,092</u>	<u>1,078</u>	<u>1,014</u>
Total expenditures	<u>\$ 56,447</u>	<u>\$ 112,126</u>	<u>\$ 83,987</u>	<u>\$ 28,139</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Medicaid
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 110,000	\$ 19,799	\$ (90,201)
Total revenues	<u>\$ -</u>	<u>\$ 110,000</u>	<u>\$ 19,799</u>	<u>\$ (90,201)</u>
EXPENDITURES				
Instructional support	\$ -	\$ 110,000	\$ 19,799	\$ 90,201
Total expenditures	<u>\$ -</u>	<u>\$ 110,000</u>	<u>\$ 19,799</u>	<u>\$ 90,201</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Summer Food Program
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 11,178	\$ 11,258	\$ 80
Total revenues	<u>\$ -</u>	<u>\$ 11,178</u>	<u>\$ 11,258</u>	<u>\$ 80</u>
EXPENDITURES				
Food services	\$ -	\$ 11,178	\$ 11,177	\$ 1
Total expenditures	<u>\$ -</u>	<u>\$ 11,178</u>	<u>\$ 11,177</u>	<u>\$ 1</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Distance Learning
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - REAP
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 18,857	\$ 3,972	\$ (14,885)
Total revenues	<u>\$ -</u>	<u>\$ 18,857</u>	<u>\$ 3,972</u>	<u>\$ (14,885)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 18,857	\$ 3,972	\$ 14,885
Total expenditures	<u>\$ -</u>	<u>\$ 18,857</u>	<u>\$ 3,972</u>	<u>\$ 14,885</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Gates Foundation
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Safety in Schools
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Technology for Education
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 15,263	\$ 4,048	\$ (11,215)
Total revenues	<u>\$ -</u>	<u>\$ 15,263</u>	<u>\$ 4,048</u>	<u>\$ (11,215)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 15,263	\$ 15,193	\$ 70
Total expenditures	<u>\$ -</u>	<u>\$ 15,263</u>	<u>\$ 15,193</u>	<u>\$ 70</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Incentive for School Improvements
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Tutoring Program
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Beginning Teacher Mentoring
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 18,928	\$ 6,407	\$ (12,521)
Total revenues	<u>\$ -</u>	<u>\$ 18,928</u>	<u>\$ 6,407</u>	<u>\$ (12,521)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 18,928	\$ 13,301	\$ 5,627
Total expenditures	<u>\$ -</u>	<u>\$ 18,928</u>	<u>\$ 13,301</u>	<u>\$ 5,627</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Dual Credit
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 1,500	\$ 247	\$ (1,253)
Total revenues	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 247</u>	<u>\$ (1,253)</u>
EXPENDITURES				
Direct instruction	\$ -	\$ 1,500	\$ 247	\$ 1,253
Total expenditures	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 247</u>	<u>\$ 1,253</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - AOL Foundation
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - GO Bond Student Library
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 12,900	\$ 2,766	\$ (10,134)
Total revenues	<u>\$ -</u>	<u>\$ 12,900</u>	<u>\$ 2,766</u>	<u>\$ (10,134)</u>
EXPENDITURES				
Instructional support	\$ -	\$ 12,900	\$ 12,186	\$ 714
Total expenditures	<u>\$ -</u>	<u>\$ 12,900</u>	<u>\$ 12,186</u>	<u>\$ 714</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Library Bond
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 1,068	\$ 1,041	\$ (27)
Total revenues	<u>\$ -</u>	<u>\$ 1,068</u>	<u>\$ 1,041</u>	<u>\$ (27)</u>
EXPENDITURES				
Instructional support	\$ -	\$ 1,068	\$ 1,041	\$ 27
Total expenditures	<u>\$ -</u>	<u>\$ 1,068</u>	<u>\$ 1,041</u>	<u>\$ 27</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Library Book
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 102	\$ 1,827	\$ 1,725
Total revenues	<u>\$ -</u>	<u>\$ 102</u>	<u>\$ 1,827</u>	<u>\$ 1,725</u>
EXPENDITURES				
Instructional support	\$ -	\$ 102	\$ -	\$ 102
Total expenditures	<u>\$ -</u>	<u>\$ 102</u>	<u>\$ -</u>	<u>\$ 102</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - School Health
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - After School Enrichment Program
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
State sources	\$ -	\$ 2,583	\$ -	\$ (2,583)
Total revenues	<u>\$ -</u>	<u>\$ 2,583</u>	<u>\$ -</u>	<u>\$ (2,583)</u>
EXPENDITURES				
Community services	\$ -	\$ 2,583	\$ 33	\$ 2,550
Total expenditures	<u>\$ -</u>	<u>\$ 2,583</u>	<u>\$ 33</u>	<u>\$ 2,550</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Child Nutrition
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ 22,179	\$ 22,179	\$ -
Total revenues	<u>\$ -</u>	<u>\$ 22,179</u>	<u>\$ 22,179</u>	<u>\$ -</u>
EXPENDITURES				
Food services	\$ -	\$ 22,179	\$ 22,179	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ 22,179</u>	<u>\$ 22,179</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Fresh Fruit & Vegetable
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal sources	\$ -	\$ -	\$ 1,181	\$ 1,181
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,181</u>	<u>\$ 1,181</u>
EXPENDITURES				
Food services	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Athletics
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 39,000	\$ 39,000	\$ 34,388	\$ (4,612)
Local services	<u>500</u>	<u>500</u>	<u>906</u>	<u>406</u>
Total revenues	<u>\$ 39,500</u>	<u>\$ 39,500</u>	<u>\$ 35,294</u>	<u>\$ (4,206)</u>
EXPENDITURES				
Direct instruction	\$ 51,934	\$ 51,934	\$ 38,052	\$ 13,882
Total expenditures	<u>\$ 51,934</u>	<u>\$ 51,934</u>	<u>\$ 38,052</u>	<u>\$ 13,882</u>
BUDGETED CASH BALANCE	<u>\$ 12,434</u>	<u>\$ 12,434</u>		

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Non-Major Special Revenue Fund - Cafeteria
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 62,000	\$ 62,000	\$ 57,576	\$ (4,424)
Federal sources	168,000	168,000	183,236	15,236
Earnings from investments	100	100	147	47
Total revenues	<u>\$ 230,100</u>	<u>\$ 230,100</u>	<u>\$ 240,959</u>	<u>\$ 10,859</u>
EXPENDITURES				
Food services	\$ 245,677	\$ 265,677	\$ 247,448	\$ 18,229
Total expenditures	<u>\$ 245,677</u>	<u>\$ 265,677</u>	<u>\$ 247,448</u>	<u>\$ 18,229</u>
OTHER FINANCING SOURCES				
Transfer in	\$ -	\$ 20,000	\$ 20,000	\$ -
Total other financing sources	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 15,577</u>	<u>\$ 15,577</u>		

The accompanying notes are an integral part of these financial statements.

COMBINED STATEMENT
SPECIAL REVENUE FUNDS

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Combined Statement of Revenue and Expenditures
 Budget and Actual (Non-GAAP Budgetary Basis)
 Governmental Fund Types - Non-Major
 Special Revenue Funds
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 101,000	\$ 101,000	\$ 91,964	\$ (9,036)
Local sources	500	500	906	406
State sources	-	52,344	16,336	(36,008)
Federal sources	850,429	1,197,576	897,954	(299,622)
Earnings from investments	100	100	147	47
Total revenues	<u>\$ 952,029</u>	<u>\$ 1,351,520</u>	<u>\$ 1,007,307</u>	<u>\$ (344,213)</u>
EXPENDITURES				
Direct instruction	\$ 345,895	\$ 467,228	\$ 317,968	\$ 149,260
Instructional support	388,468	630,686	515,066	115,620
Food services	245,677	299,034	280,804	18,230
Community services	-	2,583	33	2,550
Total expenditures	<u>\$ 980,040</u>	<u>\$ 1,399,531</u>	<u>\$ 1,113,871</u>	<u>\$ 285,660</u>
OTHER FINANCING SOURCES				
Transfer in	\$ -	\$ 20,000	\$ 20,000	\$ -
Total other financing sources	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 28,011</u>	<u>\$ 28,011</u>		

The accompanying notes are an integral part of these financial statements.

GENERAL FUND

OPERATIONAL FUND - This fund is the chief operating fund of the School District. It is used to account for all financial resources of the School District except for those required to be accounted for in another fund.

TRANSPORTATION FUND - To account for resources received from the Public Education Department to be used only for eligible to and from school transportation costs.

INSTRUCTIONAL MATERIALS FUND - to account for resources received from the Public Education Department to be used to purchase materials used as the basis for instruction.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Combining Balance Sheet
 General Fund
 June 30, 2010

	<u>Operational</u>	<u>Transporation</u>	<u>Instructional Materials</u>	<u>Total</u>
ASSETS				
Cash on deposit	\$ 865,234	\$ 61	\$ 63,936	\$ 929,231
Accounts receivable, collectible	<u>1,795</u>	<u>-</u>	<u>-</u>	<u>1,795</u>
 Total assets	 <u>\$ 867,029</u>	 <u>\$ 61</u>	 <u>\$ 63,936</u>	 <u>\$ 931,026</u>
LIABILITIES				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Total liabilities	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
FUND BALANCES				
Unreserved: Undesignated	<u>867,029</u>	<u>61</u>	<u>63,936</u>	<u>931,026</u>
 Total fund balance	 <u>867,029</u>	 <u>61</u>	 <u>63,936</u>	 <u>931,026</u>
 Total liabilities and fund balances	 <u>\$ 867,029</u>	 <u>\$ 61</u>	 <u>\$ 63,936</u>	 <u>\$ 931,026</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balances
 General Fund
 Year Ended June 30, 2010

Statement B-2

	Operational	Transportation	Instructional Materials	Total
REVENUES				
Taxes	\$ 60,665	\$ -	\$ -	\$ 60,665
Charges for services	22,185	-	-	22,185
Local sources	31,445	-	-	31,445
State sources	4,933,581	704,614	22,793	5,660,988
Federal sources	123,683	-	-	123,683
Earnings from investments	18,754	-	939	19,693
	<u>5,190,313</u>	<u>704,614</u>	<u>23,732</u>	<u>5,918,659</u>
EXPENDITURES				
Current:				
Direct instruction	3,124,322	-	19,794	3,144,116
Instructional support	1,923,796	704,597	2,682	2,631,075
Food services	-	-	-	-
Capital outlay	91,786	-	-	91,786
	<u>5,139,904</u>	<u>704,597</u>	<u>22,476</u>	<u>5,866,977</u>
Excess (deficiency) of revenues over expenditures	50,409	17	1,256	51,682
OTHER FINANCING (USES)				
Transfer out	(20,000)	-	-	(20,000)
	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>
Net change in fund balance	30,409	17	1,256	31,682
Fund balance at beginning of year	836,620	44	62,680	899,344
Fund balance at end of year	<u>\$ 867,029</u>	<u>\$ 61</u>	<u>\$ 63,936</u>	<u>\$ 931,026</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 General Fund - Operational Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 53,943	\$ 53,943	\$ 59,840	\$ 5,897
Charges for services	20,000	20,000	22,185	2,185
Local sources	-	-	31,445	31,445
State sources	5,044,229	4,830,847	4,933,581	102,734
Federal sources	2,500	121,241	123,683	2,442
Earnings from investments	10,000	10,000	18,754	8,754
Total revenues	<u>\$ 5,130,672</u>	<u>\$ 5,036,031</u>	<u>\$ 5,189,488</u>	<u>\$ 153,457</u>
EXPENDITURES				
Direct instruction	\$ 3,437,114	\$ 3,391,740	\$ 3,124,322	\$ 267,418
Instructional support	2,421,526	2,325,786	1,923,796	401,990
Food services	-	-	-	-
Capital outlay	90,000	116,473	91,786	24,687
Total expenditures	<u>\$ 5,948,640</u>	<u>\$ 5,833,999</u>	<u>\$ 5,139,904</u>	<u>\$ 694,095</u>
OTHER FINANCING (USES)				
Transfer out	-	(20,000)	(20,000)	-
Total other financing (uses)	<u>\$ -</u>	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>\$ 817,968</u>	<u>\$ 817,968</u>		
REVENUES				
Budgetary basis			\$ 5,189,488	
Increase in receivables			825	
Modified accrual basis			<u>\$ 5,190,313</u>	
EXPENDITURES				
Budgetary basis			\$ 5,139,904	
Increase in payables			-	
Modified accrual basis			<u>\$ 5,139,904</u>	

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 General Fund - Transportation Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Local sources	-	-	-	-
State sources	697,251	704,614	704,614	-
Federal sources	-	-	-	-
Earnings from investments	-	-	-	-
Total revenues	<u>\$ 697,251</u>	<u>\$ 704,614</u>	<u>\$ 704,614</u>	<u>\$ -</u>
EXPENDITURES				
Direct instruction	\$ -	\$ -	\$ -	\$ -
Instructional support	697,251	704,614	704,597	17
Food services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 697,251</u>	<u>\$ 704,614</u>	<u>\$ 704,597</u>	<u>\$ 17</u>
BUDGETED CASH BALANCE	<u>\$ -</u>	<u>\$ -</u>		

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 General Fund - Instructional Materials Fund
 Statement of Revenues and Expenditures -
 Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Local sources	-	-	-	-
State sources	22,712	22,712	22,793	81
Federal sources	-	-	-	-
Earnings from investments	500	500	939	439
Total revenues	<u>\$ 23,212</u>	<u>\$ 23,212</u>	<u>\$ 23,732</u>	<u>\$ 520</u>
EXPENDITURES				
Direct instruction	\$ 83,016	\$ 83,016	\$ 19,794	\$ 63,222
Instructional support	3,710	3,710	2,682	1,028
Food services	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>\$ 86,726</u>	<u>\$ 86,726</u>	<u>\$ 22,476</u>	<u>\$ 64,250</u>
BUDGETED CASH BALANCE	<u>\$ 63,514</u>	<u>\$ 63,514</u>		

The accompanying notes are an integral part of these financial statements.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Schedule of Changes in Assets
 and Liabilities - All Agency Funds
 Year Ended June 30, 2010

	Balances June 30, 2009	Additions	Deletions	Balances June 30, 2010
ASSETS				
Cash of deposit	\$ 128,054	\$ 250,733	\$ 252,435	\$ 126,352
Total assets	<u>\$ 128,054</u>	<u>\$ 250,733</u>	<u>\$ 252,435</u>	<u>\$ 126,352</u>
LIABILITIES				
Deposits held for others				
High School	\$ 74,243	\$ 230,227	\$ 235,070	\$ 69,400
Junior High	<u>53,811</u>	<u>20,506</u>	<u>17,365</u>	<u>56,952</u>
Total liabilities	<u>\$ 128,054</u>	<u>\$ 250,733</u>	<u>\$ 252,435</u>	<u>\$ 126,352</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Schedule of Cash Receipts and
 Disbursements - All Funds by
 School District Classification
 Year Ended June 30, 2010

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Cafeteria</u>	<u>Athletics</u>
Cash balance, June 30, 2009	\$ 835,659	\$ 44	\$ 62,680	\$ 9,078	\$ 13,474
Cash Receipts, 2009-2010	5,189,488	704,614	23,732	240,959	35,294
Transfer in/(out)	(20,000)	-	-	20,000	-
Cash Disbursements, 2009-2010	<u>(5,139,904)</u>	<u>(704,597)</u>	<u>(22,476)</u>	<u>(247,448)</u>	<u>(38,052)</u>
Cash balance, June 30, 2010	<u>\$ 865,243</u>	<u>\$ 61</u>	<u>\$ 63,936</u>	<u>\$ 22,589</u>	<u>\$ 10,716</u>

	<u>Federal Projects</u>	<u>Local/ State</u>	<u>House Bill 33</u>	<u>Capital Improvement SB-9</u>	<u>Debt Service</u>	<u>Agency</u>
Cash balance, June 30, 2009	\$ (129,129)	\$ 31,804	\$ 1,008,703	\$ 648,079	\$ 96,316	\$ 128,054
Cash Receipts, 2009-2010	1,040,342	55,836	15,452	255,741	1,399	250,733
Cash Disbursements, 2009-2010	<u>(1,139,259)</u>	<u>(46,422)</u>	<u>(58,737)</u>	<u>(341,858)</u>	<u>-</u>	<u>(252,435)</u>
Cash balance, June 30, 2010	<u>\$ (228,046)</u>	<u>\$ 41,218</u>	<u>\$ 965,418</u>	<u>\$ 561,962</u>	<u>\$ 97,715</u>	<u>\$ 126,352</u>

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Schedule of Budgetary Basis
 To GAAP Basis Reconciliation
 Non-Major Funds
 Year Ended June 30, 2010

	SEF- Stimulus	21st Century	PL 94-142 Discretionary	PL 94-142 Preschool	Title II	PL 94-142 Entitlement Stimulus	PL 94-142 Preschool Stimulus	Leadership Program	PL 94-142 Reallocation
Revenues per modified accrual basis	\$ 465,393	\$ 71,905	\$ 3,239	\$ 12,153	\$ -	\$ 82,168	\$ 2,909	\$ -	\$ 1,513
Deferred revenue/Due from grantor	15,902	(11,241)	-	(2,533)	-	(33,000)	(2,909)	-	(1,513)
Revenues per budgetary basis	<u>\$ 481,295</u>	<u>\$ 60,664</u>	<u>\$ 3,239</u>	<u>\$ 9,620</u>	<u>\$ -</u>	<u>\$ 49,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures per modified accrual basis	\$ 465,393	\$ 71,905	\$ 3,239	\$ 12,153	\$ -	\$ 82,168	\$ 2,909	\$ -	\$ 1,513
Inventory changes	-	-	-	-	-	-	-	-	-
Expenditures per budgetary basis	<u>\$ 465,393</u>	<u>\$ 71,905</u>	<u>\$ 3,239</u>	<u>\$ 12,153</u>	<u>\$ -</u>	<u>\$ 82,168</u>	<u>\$ 2,909</u>	<u>\$ -</u>	<u>\$ 1,513</u>

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Schedule of Budgetary Basis
 To GAAP Basis Reconciliation
 Non-Major Funds
 Year Ended June 30, 2010

	Safe & Drug Free	Title I Stimulus	Medicaid	Summer Food Program	Distance Learning	REAP	Gates Foundation	Safety in School
Revenues per modified accrual basis	\$ 5,976	\$ 83,987	\$ 19,799	\$ 11,177	\$ -	\$ 3,972	\$ -	\$ -
Deferred revenue/Due from grantor	<u>(5,976)</u>	<u>(31,644)</u>	<u>-</u>	<u>81</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues per budgetary basis	<u>\$ -</u>	<u>\$ 52,343</u>	<u>\$ 19,799</u>	<u>\$ 11,258</u>	<u>\$ -</u>	<u>\$ 3,972</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures per modified accrual basis	\$ 5,976	\$ 83,987	\$ 19,799	\$ 11,177	\$ -	\$ 3,972	\$ -	\$ -
Inventory changes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures per budgetary basis	<u>\$ 5,976</u>	<u>\$ 83,987</u>	<u>\$ 19,799</u>	<u>\$ 11,177</u>	<u>\$ -</u>	<u>\$ 3,972</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Schedule of Budgetary Basis
 To GAAP Basis Reconciliation
 Non-Major Funds
 Year Ended June 30, 2010

	Technology for Education	Incentives for School Improvements	Tutoring Program	Beginning Teacher Mentoring	Dual Credit	AOL Foundation	Go Bond Student Library	Library Bond
Revenues per modified accrual basis	\$ 15,193	\$ -	\$ -	\$ 13,301	\$ 247	\$ -	\$ 12,186	\$ 1,041
Deferred revenue/Due from grantor	<u>(11,145)</u>	<u>-</u>	<u>-</u>	<u>(6,894)</u>	<u>-</u>	<u>-</u>	<u>(9,420)</u>	<u>-</u>
Revenues per budgetary basis	<u>\$ 4,048</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,407</u>	<u>\$ 247</u>	<u>\$ -</u>	<u>\$ 2,766</u>	<u>\$ 1,041</u>
Expenditures per modified accrual basis	\$ 15,193	\$ -	\$ -	\$ 13,301	\$ 247	\$ -	\$ 12,186	\$ 1,041
Inventory changes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures per budgetary basis	<u>\$ 15,193</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,301</u>	<u>\$ 247</u>	<u>\$ -</u>	<u>\$ 12,186</u>	<u>\$ 1,041</u>

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Schedule of Budgetary Basis
 To GAAP Basis Reconciliation
 Non-Major Funds
 Year Ended June 30, 2010

	Library Book	School Health	After School Enrichment Program	Child Nutrition	Fresh Fruit & Vegetables	Athletics	Cafeteria	Total Special Revenue
Revenues per modified accrual basis	\$ -	\$ -	\$ 33	\$ 22,179	\$ -	\$ 35,294	\$ 240,959	\$ 1,104,624
Deferred revenue/Due from grantor	<u>1,827</u>	<u>-</u>	<u>(33)</u>	<u>-</u>	<u>1,181</u>	<u>-</u>	<u>-</u>	<u>(97,317)</u>
Revenues per budgetary basis	<u>\$ 1,827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,179</u>	<u>\$ 1,181</u>	<u>\$ 35,294</u>	<u>\$ 240,959</u>	<u>\$ 1,007,307</u>
Expenditures per modified accrual basis	\$ -	\$ -	\$ 33	\$ 22,179	\$ -	\$ 38,052	\$ 245,763	\$ 1,112,186
Inventory changes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,685</u>	<u>1,685</u>
Expenditures per budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33</u>	<u>\$ 22,179</u>	<u>\$ -</u>	<u>\$ 38,052</u>	<u>\$ 247,448</u>	<u>\$ 1,113,871</u>

STATE OF NEW MEXICO
 CLAYTON MUNICIPAL SCHOOLS
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2010

<u>Source and Program</u>	<u>Federal Number</u>	<u>Pass-Through Entity Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education</u>			
Direct Programs:			
REAP	84.358	25.233	\$ 3,972
*SEG-Stimulus	84.394	25.250	465,393
Passed through State of NM			
Department of Education:			
Impact Aid Title I			
(Chapter 1) Basic	84.010	24.101	143,092
PL 94-142 Preschool	84.027	24.109	12,153
PL 94-142 Discretionary	84.027	24.107	3,239
21 st Century	84.287	24.119	71,905
Improving Teacher Quality	84.367	24.154	48,835
Safe & Drug Free	84.186	24.157	5,976
Title I Stimulus	84.010	24.201	83,987
PL 94-142 Reallocation	84.027	24.120	1,513
PL 94-142 Entitlement-Stimulus	84.391	24.206	82,168
PL 94-142 Preschool-Stimulus	84.392	24.209	<u>2,909</u>
Sub-total			<u>925,142</u>
<u>U.S. Department of Agriculture</u>			
Passed through State of NM			
Department of Education:			
National School Lunch Program	10.555	21.000	168,690
Summer Food Program	10.558	25.171	11,177
Child Nutrition	10.579	24.218	22,179
Passed through State of NM			
Health and Human Services:			
U.S.D.A. Commodities	10.550	N/A	<u>14,546</u>
Sub-total			<u>216,592</u>
Total Expenditures of Federal Awards			<u>\$ 1,141,734</u>

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

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

2. Non-Cash Assistance

The District did not receive any federal awards in the form of non-cash assistance except for U.S.D.A. Commodities during the year.

3. Subrecipients

The District did not provide any federal awards to subrecipients during the year.

*Treated as a Major Program

STATE OF NEW MEXICO
CLAYTON MUNICIPAL SCHOOLS
Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Part 1 - Summary of Auditor Results

1. Type of Report - Unqualified
2. Significant Deficiency - NONE
3. Non-Compliance - NONE
4. Reportable Conditions Over Major Programs - NONE
5. Type of Report Issued on Compliance with the Major Program - Unqualified
6. Audit Findings - NONE
7. Major Programs - SEG-Stimulus CFDA #84.394
8. Dollar Threshold Used to Distinguish Type A and Type B Programs - \$300,000
9. Clayton Municipal Schools did qualify as a low-risk auditee

Part 2 - Findings

Purchase Order Dated After Invoice (09-01), Capital Asset/Depreciation Listing (10-01), Outstanding Cash Balances (10-02)

Part 3 - Questioned Costs

NONE

Rice and Associates, C.P.A.

AUDITING
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(505) 292-8275

CERTIFIED PUBLIC ACCOUNTANTS
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Albuquerque, NM 87112

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TAX PREPARATION
FAX (505) 294-8904

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Mr. Hector H. Balderas
New Mexico State Auditor
and
Board of Education
Clayton Municipal Schools
Clayton, New Mexico

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons of the General, Title I, PL 94-142 Entitlement, Improving Teacher Quality and Saturday Child Funds of Clayton Municipal Schools, as of and for the year ended June 30, 2010, and have issued our report thereon dated October 22, 2010. We also have audited the financial statements of each of the Schools' non-major governmental and fiduciary funds and all the budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not be designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We

did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, a significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clayton Municipal Schools financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that are required to be reported under *Government Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying Status of Comments as findings: Purchase Order Dated After Invoice (09-01), Capital Asset/Depreciation Listing (10-01) and Outstanding Cash Balances (10-02).

The Clayton Municipal Schools responses to the findings identified in our audit are described in the accompanying Status of Comments and Responses. We did not audit the Clayton Municipal Schools responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Office of the State Auditor, the New Mexico State Legislature, applicable federal grantors and the Public Education Department and is not intended to be used by anyone other than these specified parties.



October 22, 2010

Rice and Associates, C.P.A.

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

Mr. Hector H. Balderas
New Mexico State Auditor
and
Board of Education
Clayton Municipal Schools
Clayton, New Mexico

Compliance

We have audited the compliance of Clayton Municipal Schools (District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of the auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that

could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The Clayton Municipal Schools responses to the findings identified in our audit are described in the accompanying Status of Comments and Responses. We did not audit the Clayton Municipal Schools responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the School Board, management, the Office of the State Auditor, and the Public Education Department, the New Mexico Legislature, and any applicable federal granting agency and is not intended to be and should not be used by anyone other than these specified parties.

Rice & Associates, LLP

October 22, 2010

STATUS OF COMMENTS

Prior Year Audit Findings:

1. Purchase Order Dated After the Invoice (09-01)-Repeated.
2. Receipt of Goods (09-02)-Resolved.
3. Deficit Activity Fund Balance (09-03)-Resolved.
4. Audit Report Completion (09-04)-Resolved.

Current Year Audit Findings:

1. Capital Asset/Depreciation Listing (10-01)
2. Outstanding Cash Balances (10-02)

Purchase Order Dated After the Invoice
(09-01)

CONDITION	Twenty-seven out of sixty-five items chosen showed the purchase order date to be after the invoice date.
CRITERIA	According to the Public Education Departments Manual of Procedures, goods and/or services purchased must have purchase order correctly prepared and approved before the goods and/or service is purchased. This is to ensure cash and budget are available, the purchase complies with procurement procedures and that the correct fund/line item is charged.
CAUSE	Management is not ensuring that a purchase order is issued before goods/services are ordered.
EFFECT	Public Education Department regulations were not adhered to.
RECOMMENDATION	Management should require purchase orders be issued before goods/services are ordered.
RESPONSE	Management will insure that purchase orders are issued before goods/services are ordered. The use of blanket purchase orders will be implemented for goods/services that are reoccurring throughout the year.

Capital Asset Listing/Depreciation Schedule
(10-01)

CONDITION	The School District could not provide a complete Capital Asset Listing and Depreciation Schedule for the fiscal year ending June 30, 2010.
CRITERIA	A depreciation schedule should be maintained. The depreciation schedule should be separated by each major class of asset to comply with GASB 34.177a. Also, a depreciation schedule is required to comply with 2.20.1.12 NMAC.
CAUSE	The School District was converting their business office software at the first of the fiscal year. Because of this the Capital Asset Listing and Depreciation Schedule could not be completed and provided to the auditors before the audit was completed.
EFFECT	Public Education Department regulations were not adhered to.
RECOMMENDATION	The School District should continue and finish the business software conversion and complete the Capital Asset Listing and corresponding Depreciation Schedule so that they will be available for the 2011 audit.
RESPONSE	Management will finish the software conversion and complete the Capital Assets Listing and corresponding depreciation Schedule and will be available for the 2011 Audit.

Outstanding Balances

(10-02)

CONDITION	The School District has cash balances in its Special Revenue Funds totaling \$12,483 that represent grants that have not been utilized for several years.
CRITERIA	Each grant has a specified time period in which they are to be utilized.
CAUSE	Management has not taken adequate measures to ensure that all grants received are utilized in a timely manner according to the grant restrictions.
EFFECT	Monies are available to be used for special projects and the School District has not used them.
RECOMMENDATION	Management should approve budgets and spend the assets received according to the grant agreements.
RESPONSE	Management will see that the outstanding balances in the Special Revenue Funds have approved budgets and will be spent according to the grant agreements.

FINANCIAL STATEMENT PREPARATION

The combining and individual fund financial statements and notes to the financial statements for the year ended, June 30, 2010 were prepared by Rice & Associates, CPA, based on managements chart of accounts and trial balances including any adjusting, correcting or closing entries approved by management. These services are allowable under SAS 115.

EXIT CONFERENCE

An exit conference was held at the School District on October 6, 2010, to discuss the current audit report. In attendance were Mr. Jack Wiley, Superintendent, Ms. April Geary, Parent/Community Member, Ms. Becka Arrington, Parent/Community Member, Ms. Terri Trujillo, Business Manager and Ms. Pamela A. Rice, CPA, Contract Auditor.