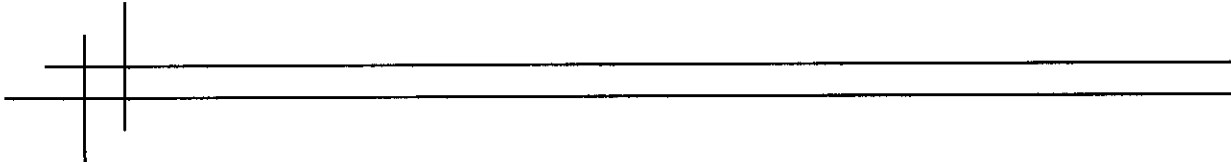




STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**

**ANNUAL FINANCIAL REPORT**  
June 30, 2010

**De'Aun Willoughby CPA, PC**  
Certified Public Accountant  
Melrose, New Mexico



STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
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 For the Year Ended June 30, 2010

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**CLOUDCROFT MUNICIPAL SCHOOLS**  
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**CLOUDCROFT MUNICIPAL SCHOOLS**  
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STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
Official Roster  
June 30, 2010

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**BOARD OF EDUCATION**

Terry Buttram	President
Jacqueline Cates	Vice-President
Douglas Porch	Secretary
Bill Denney	Member
Ed Woten	Member

**SCHOOL OFFICIALS**

Tommy Hancock	Superintendent
Sharlotte Lund	Business Manager

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(575) 253-4313

## Independent Auditor's Report

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of the CLOUDCROFT MUNICIPAL SCHOOLS

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons for the general funds and major special revenue funds of CLOUDCROFT MUNICIPAL SCHOOLS, (District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds and the budgetary comparisons for the major capital project fund, debt service fund and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2010, and the respective changes in financial position, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2010, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital project fund, debt service fund and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The District has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements and the combining and individual financial statements and budgetary comparisons presented as supplemental information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements. The accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*De'Aun Willoughby* CPA PC

November 15, 2010



## **FINANCIAL SECTION**

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 Government-Wide Statement of Net Assets  
 June 30, 2010

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 1,856,863
Investments	73,423
Property Taxes Receivable	21,394
Due from Grantors	91,448
Inventory	1,665
Total Current Assets	<u>2,044,793</u>
Noncurrent Assets	
Capital Assets	18,293,497
Less: Accumulated Depreciation	<u>(3,963,512)</u>
Total Noncurrent Assets	<u>14,329,985</u>
Total Assets	<u>16,374,778</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	68,627
Deferred Revenue	14,912
Accrued Interest	124,727
Current Portion of Long-Term Debt	<u>650,000</u>
Total Current Liabilities	<u>858,266</u>
Noncurrent Liabilities	
Bonds and Notes, Net	<u>6,192,250</u>
Total Noncurrent Liabilities	<u>6,192,250</u>
Total Liabilities	<u>7,050,516</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	7,487,735
Restricted for	
Capital Projects	623,708
Debt Service	856,478
Unrestricted	<u>356,341</u>
Total Net Assets	<u>\$ 9,324,262</u>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 Government-Wide Statement of Activities  
 For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
Instruction	\$ 2,894,266	\$ 18,469	\$ 213,299	\$ 0	\$ (2,662,498)
Support Services-Students	399,979	26,500	164,083	0	(209,396)
Support Services-Instruction	151,214	0	32,816	0	(118,398)
General Administration	431,104	0	28,545	0	(402,559)
School Administration	257,662	0	0	0	(257,662)
Central Services	103,932	0	0	0	(103,932)
Operation of Plant	743,027	0	416,969	0	(326,058)
Transportation	367,251	0	367,206	0	(45)
Food Services	204,496	44,693	84,316	0	(75,487)
Interest on Long-Term Obligations	359,216	0	0	0	(359,216)
<b>Total Governmental Activities</b>	<b>\$ 5,912,147</b>	<b>\$ 89,662</b>	<b>\$ 1,307,234</b>	<b>\$ 0</b>	<b>(4,515,251)</b>
<b>General Revenues</b>					
<b>Taxes</b>					
Property Taxes, Levied for General Purposes					40,187
Property Taxes, Levied for Capital Projects					281,737
Property Taxes, Levied for Debt Service					941,183
Federal and State aid not restricted to specific purpose					
General					3,695,837
Capital					48,373
Interest and investment earnings					1,505
Miscellaneous					2,511
<b>Subtotal, General Revenues</b>					<b>5,011,333</b>
<b>Change in Net Assets</b>					<b>496,082</b>
<b>Net Assets - beginning</b>					<b>8,836,255</b>
Restatement					(8,075)
<b>Restated Beginning Net Assets</b>					<b>8,828,180</b>
<b>Net Assets - ending</b>					<b>\$ 9,324,262</b>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2010

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 178,295	\$ 0	\$ 17,387
Investments	0	0	0
Receivables			
Property Taxes	728	0	0
Due From Grantor	0	0	0
Interfund Balances	55,280	0	0
Inventory	0	0	0
<b>Total Assets</b>	<b>\$ 234,303</b>	<b>\$ 0</b>	<b>\$ 17,387</b>
<b>LIABILITIES AND FUND BALANCE</b>			
Accounts Payable	\$ 12,863	\$ 0	\$ 0
Interfund Balances	0	0	0
Deferred Revenue	0	0	0
<b>Total Liabilities</b>	<b>12,863</b>	<b>0</b>	<b>0</b>
<b>Fund Balances</b>			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Unreserved, Undesignated, reported in			
General Fund	221,440	0	17,387
Capital Projects	0	0	0
<b>Total Fund Balances</b>	<b>221,440</b>	<b>0</b>	<b>17,387</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 234,303</b>	<b>\$ 0</b>	<b>\$ 17,387</b>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2010

	Special Revenue		
	IDEA Part B Entitlement 24106	Teacher Principal Training 24154	IDEA Part B Recovery Act 24206
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Investments	0	0	0
Receivables			
Property Taxes	0	0	0
Due From Grantor	36,947	21,000	15,106
Interfund Balances	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 36,947</u>	<u>\$ 21,000</u>	<u>\$ 15,106</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Accounts Payable	\$ 15,168	\$ 21,000	\$ 0
Interfund Balances	21,779	0	15,106
Deferred Revenue	0	0	0
Total Liabilities	<u>36,947</u>	<u>21,000</u>	<u>15,106</u>
<b>Fund Balances</b>			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Unreserved, Undesignated, reported in			
General Fund	0	0	0
Capital Projects	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 36,947</u>	<u>\$ 21,000</u>	<u>\$ 15,106</u>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2010

	<u>Capital Projects</u>		
	<u>Bond Building 31100</u>	<u>Senate Bill Nine 31700</u>	<u>Debt Service 41000</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 550,285	\$ 204,871	\$ 840,560
Investments	73,423	0	0
Receivables			
Property Taxes	0	4,748	15,918
Due From Grantor	0	0	0
Interfund Balances	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 623,708</u>	<u>\$ 209,619</u>	<u>\$ 856,478</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Accounts Payable	\$ 0	\$ 19,020	\$ 0
Interfund Balances	0	0	0
Deferred Revenue	0	0	0
Total Liabilities	<u>0</u>	<u>19,020</u>	<u>0</u>
<b>Fund Balances</b>			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	0	0	0
Capital Projects	623,708	0	0
Debt Service	0	0	856,478
Unreserved, Undesignated, reported in			
General Fund	0	0	0
Capital Projects	0	190,599	0
Total Fund Balances	<u>623,708</u>	<u>190,599</u>	<u>856,478</u>
Total Liabilities and Fund Balances	<u>\$ 623,708</u>	<u>\$ 209,619</u>	<u>\$ 856,478</u>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 GOVERNMENTAL FUNDS  
 Balance Sheet  
 June 30, 2010

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	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 65,465	\$ 1,856,863
Investments	0	73,423
Receivables		
Property Taxes	0	21,394
Due From Grantor	18,395	91,448
Interfund Balances	0	55,280
Inventory	1,665	1,665
<b>Total Assets</b>	<u>\$ 85,525</u>	<u>\$ 2,100,073</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
Accounts Payable	\$ 576	\$ 68,627
Interfund Balances	18,395	55,280
Deferred Revenue	14,912	14,912
<b>Total Liabilities</b>	<u>33,883</u>	<u>138,819</u>
 <b>Fund Balances</b>		
Reserved for		
Inventory	1,665	1,665
Special Revenue Funds	49,977	49,977
Capital Projects	0	623,708
Debt Service	0	856,478
Unreserved, Undesignated, reported in		
General Fund	0	238,827
Capital Projects	0	190,599
<b>Total Fund Balances</b>	<u>51,642</u>	<u>1,961,254</u>
 <b>Total Liabilities and Fund Balances</b>	 <u>\$ 85,525</u>	 <u>\$ 2,100,073</u>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 Reconciliation of the Governmental Funds  
 Balance Sheet to the Statement of Net Assets  
 June 30, 2010

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Total Fund Balance - Governmental Funds \$ 1,961,254

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

Capital assets used in governmental activities are not  
 financial resources and therefore are not reported as assets  
 in governmental funds.

The cost of capital assets	\$ 18,293,497	
Accumulated depreciation is	<u>(3,963,512)</u>	14,329,985

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 :

Bond payable	(6,985,000)	
Accrued Interest	(124,727)	
Bond Issue Costs	221,773	
Accumulated Amortization	<u>(79,023)</u>	<u>(6,966,977)</u>

Total net assets - governmental activities	<u>\$ 9,324,262</u>
--------------------------------------------	---------------------

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



STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2010

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
<b>Revenues</b>			
Property Taxes	\$ 40,187	\$ 0	\$ 0
Investment Income	389	0	0
Fees	4,840	0	0
State & Local Grants	3,667,047	367,206	18,610
Federal Grants	28,790	0	0
Miscellaneous	2,511	0	0
<b>Total Revenues</b>	<b>3,743,764</b>	<b>367,206</b>	<b>18,610</b>
<b>Expenditures</b>			
Current			
Instruction	2,222,486	0	3,966
Support Service-Students	203,631	0	0
Support Services-Instruction	118,931	0	0
Support Services-General Administration	390,182	0	0
Support Services-School Administration	257,662	0	0
Central Services	103,026	0	0
Operation of Plant	359,335	0	0
Student Transportation	0	367,251	0
Food Services	32,202	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
<b>Total Expenditures</b>	<b>3,687,455</b>	<b>367,251</b>	<b>3,966</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>56,309</b>	<b>(45)</b>	<b>14,644</b>
<b>Fund Balances at Beginning of Year</b>	<b>165,131</b>	<b>45</b>	<b>2,743</b>
Restatement	0	0	0
<b>Restated Beginning Fund Balance</b>	<b>165,131</b>	<b>45</b>	<b>2,743</b>
<b>Fund Balance End of Year</b>	<b>\$ 221,440</b>	<b>\$ 0</b>	<b>\$ 17,387</b>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2010

	Special Revenue		
	IDEA Part B Entitlement 24106	Teacher Principal Training 24154	IDEA Part B Recovery Act 24206
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	124,339	30,968	108,281
Miscellaneous	0	0	0
<b>Total Revenues</b>	<u>124,339</u>	<u>30,968</u>	<u>108,281</u>
<b>Expenditures</b>			
Current			
Instruction	75,233	0	0
Support Service-Students	32,606	0	108,281
Support Services-Instruction	500	25,432	0
Support Services-General Administration	16,000	5,536	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	0	0
Student Transportation	0	0	0
Food Services	0	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
<b>Total Expenditures</b>	<u>124,339</u>	<u>30,968</u>	<u>108,281</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances at Beginning of Year</b>	0	0	0
Restatement	0	0	0
<b>Restated Beginning Fund Balance</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2010

	Capital Projects		
	Bond Building 31100	Senate Bill Nine 31700	Debt Service 41000
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 281,737	\$ 941,183
Investment Income	2	742	362
Fees	0	0	0
State & Local Grants	0	48,373	0
Federal Grants	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>2</u>	<u>330,852</u>	<u>941,545</u>
<b>Expenditures</b>			
Current			
Instruction	0	138,349	0
Support Service-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	2,819	9,558
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	129,078	0
Student Transportation	0	0	0
Food Services	0	0	0
Capital Outlay	1,254,999	99,844	0
Debt Service			
Principal	0	0	735,000
Interest	0	0	285,768
Total Expenditures	<u>1,254,999</u>	<u>370,090</u>	<u>1,030,326</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,254,997)</u>	<u>(39,238)</u>	<u>(88,781)</u>
Fund Balances at Beginning of Year	1,878,705	229,837	945,259
Restatement	0	0	0
Restated Beginning Fund Balance	<u>1,878,705</u>	<u>229,837</u>	<u>945,259</u>
Fund Balance End of Year	<u>\$ 623,708</u>	<u>\$ 190,599</u>	<u>\$ 856,478</u>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 GOVERNMENTAL FUNDS  
 Statement of Revenues, Expenditures and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2010

	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>		
Property Taxes	\$ 0	\$ 1,263,107
Investment Income	10	1,505
Fees	84,822	89,662
State & Local Grants	190,168	4,291,404
Federal Grants	467,662	760,040
Miscellaneous	0	2,511
Total Revenues	742,662	6,408,229
<b>Expenditures</b>		
Current		
Instruction	128,475	2,568,509
Support Service-Students	46,970	391,488
Support Services-Instruction	6,351	151,214
Support Services-General Administration	7,009	431,104
Support Services-School Administration	0	257,662
Central Services	0	103,026
Operation of Plant	238,189	726,602
Student Transportation	0	367,251
Food Services	149,516	181,718
Capital Outlay	163,681	1,518,524
Debt Service		
Principal	0	735,000
Interest	0	285,768
Total Expenditures	740,191	7,717,866
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	2,471	(1,309,637)
<b>Fund Balances at Beginning of Year</b>	57,245	3,278,965
Restatement	(8,074)	(8,074)
<b>Restated Beginning Fund Balance</b>	49,171	3,270,891
<b>Fund Balance End of Year</b>	\$ 51,642	\$ 1,961,254

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 To the Statement of Activities  
 June 30, 2010

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Net Change in Fund Balance-Governmental Funds \$ (1,309,637)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

Depreciation expense	\$ (374,357)	
Capital Outlays	<u>1,518,524</u>	1,144,167

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 735,000

Bond issue costs are amortized in the Statement of Activities but are an expenditure in the governmental funds. (16,347)

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

Accrued Interest, June 30, 2009	67,626	
Accrued Interest, June 30, 2010	<u>(124,727)</u>	<u>(57,101)</u>

Changes in Net Assets of Governmental Activities \$ 496,082

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
GENERAL FUND-OPERATIONAL-11000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 38,812	\$ 38,812	\$ 40,451	\$ 1,639
Investment Income	900	900	389	(511)
Fees	3,750	3,750	4,840	1,090
Miscellaneous	2,000	2,000	2,510	510
State & Local Grants	3,815,949	3,668,716	3,667,047	(1,669)
Federal Revenues	27,665	27,665	28,789	1,124
Total Revenues	<u>3,889,076</u>	<u>3,741,843</u>	<u>3,744,026</u>	<u>2,183</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	1,665,231	1,655,382	1,638,733	16,649
Employee Benefits	590,509	526,508	515,268	11,240
Professional & Tech Services	20,225	16,908	12,446	4,462
Other Purchased Services	18,500	43,925	37,302	6,623
Supplies	20,000	22,242	20,546	1,696
Total Instruction	<u>2,314,465</u>	<u>2,264,965</u>	<u>2,224,295</u>	<u>40,670</u>
<b>Support Services-Students</b>				
Personnel Services	185,007	160,367	156,309	4,058
Employee Benefits	91,192	52,092	39,801	12,291
Professional & Tech Services	0	6,600	2,360	4,240
Supplies	6,000	6,000	4,916	1,084
Total Support Services-Students	<u>282,199</u>	<u>225,059</u>	<u>203,386</u>	<u>21,673</u>
<b>Support Services-Instruction</b>				
Personnel Services	81,607	83,397	81,896	1,501
Employee Benefits	30,351	43,561	37,035	6,526
Total Support Services-Instruction	<u>111,958</u>	<u>126,958</u>	<u>118,931</u>	<u>8,027</u>
<b>Support Services-General Administration</b>				
Personnel Services	252,902	233,902	233,206	696
Employee Benefits	100,224	94,564	79,421	15,143
Professional & Tech Services	49,655	39,315	32,479	6,836
Other Purchased Services	10,000	10,000	36,026	(26,026)
Supplies	38,000	50,000	7,620	42,380
Total Support Services-General Administration	<u>\$ 450,781</u>	<u>\$ 427,781</u>	<u>\$ 388,752</u>	<u>\$ 39,029</u>

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
GENERAL FUND-OPERATIONAL-11000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Support Services-School Administration				
Personnel Services	\$ 208,177	\$ 197,827	\$ 194,415	\$ 3,412
Employee Benefits	69,613	69,913	63,248	6,665
Total Support Services-School Administration	<u>277,790</u>	<u>267,740</u>	<u>257,663</u>	<u>10,077</u>
Central Services				
Personnel Services	79,853	79,853	71,079	8,774
Employee Benefits	24,287	41,637	31,947	9,690
Total Central Service	<u>104,140</u>	<u>121,490</u>	<u>103,026</u>	<u>18,464</u>
Operation of Plant				
Personnel Services	155,251	155,888	154,167	1,721
Employee Benefits	65,234	69,489	63,211	6,278
Purchased Property Services	67,640	15,525	8,608	6,917
Other Purchased Services	112,581	107,734	107,734	0
Supplies	18,000	18,000	18,196	(196)
Total Operation of Plant	<u>418,706</u>	<u>366,636</u>	<u>351,916</u>	<u>14,720</u>
Food Services				
Personnel Services	19,767	19,637	19,000	637
Employee Benefits	5,197	16,984	13,198	3,786
Total Food Services	<u>24,964</u>	<u>36,621</u>	<u>32,198</u>	<u>4,423</u>
Total Expenditures	<u>3,985,003</u>	<u>3,837,250</u>	<u>3,680,167</u>	<u>157,083</u>
Excess (Deficiency) of Revenues Over Expenditures	(95,927)	(95,407)	63,859	159,266
Cash Balance Beginning of Year	<u>169,716</u>	<u>169,716</u>	<u>169,716</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 73,789</u>	<u>\$ 74,309</u>	<u>\$ 233,575</u>	<u>\$ 159,266</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 63,859	
Net change in Taxes Receivables			(265)	
Net change in Accounts Payable			(7,285)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 56,309</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
GENERAL FUND-TRANSPORTATION-13000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 379,555	\$ 381,665	\$ 367,206	\$ (14,459)
<b>Total Revenues</b>	<u>379,555</u>	<u>381,665</u>	<u>367,206</u>	<u>(14,459)</u>
<b>Expenditures</b>				
<b>Student Transportation</b>				
Personnel Services	66,743	62,254	61,038	1,216
Employee Benefits	23,583	19,433	15,192	4,241
Purchased Property Services	32,962	32,963	31,661	1,302
Other Purchased Services	222,742	237,609	235,461	2,148
Supplies	33,525	29,406	23,899	5,507
<b>Total Student Transportation</b>	<u>379,555</u>	<u>381,665</u>	<u>367,251</u>	<u>14,414</u>
<b>Total Expenditures</b>	<u>379,555</u>	<u>381,665</u>	<u>367,251</u>	<u>14,414</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	0	(45)	(45)
<b>Cash Balance Beginning of Year</b>	<u>45</u>	<u>45</u>	<u>45</u>	<u>0</u>
<b>Cash Balance End of Year</b>	<u>\$ 45</u>	<u>\$ 45</u>	<u>\$ 0</u>	<u>\$ (45)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (45)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ (45)	

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



STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
GENERAL FUND-INSTRUCTIONAL MATERIALS-14000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 16,477	\$ 35,673	\$ 18,610	\$ (17,063)
Total Revenues	<u>16,477</u>	<u>35,673</u>	<u>18,610</u>	<u>(17,063)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	16,477	35,673	20,420	15,253
Total Instruction	<u>16,477</u>	<u>35,673</u>	<u>20,420</u>	<u>15,253</u>
Total Expenditures	<u>16,477</u>	<u>35,673</u>	<u>20,420</u>	<u>15,253</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(1,810)	(1,810)
Cash Balance Beginning of Year	<u>19,197</u>	<u>19,197</u>	<u>19,197</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 19,197</u>	<u>\$ 19,197</u>	<u>\$ 17,387</u>	<u>\$ (1,810)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,810)	
Net change in Accounts Payable			<u>16,454</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 14,644</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-IDEA, PART B ENTITLEMENT-24106  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 5,957	\$ 145,412	\$ 93,349	\$ (52,063)
<b>Total Revenues</b>	<u>5,957</u>	<u>145,412</u>	<u>93,349</u>	<u>(52,063)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	51,275	48,074	3,201
Employee Benefits	0	20,930	18,620	2,310
Other Purchased Services	0	16,925	4,306	12,619
Supplies	0	12,611	4,233	8,378
<b>Total Instruction</b>	<u>0</u>	<u>101,741</u>	<u>75,233</u>	<u>26,508</u>
<b>Support Services-Students</b>				
Personnel Services	0	12,489	11,374	1,115
Employee Benefits	0	4,225	2,583	1,642
Supplies	0	3,500	3,481	19
<b>Total Support Services-Students</b>	<u>0</u>	<u>20,214</u>	<u>17,438</u>	<u>2,776</u>
<b>Support Services-Instruction</b>				
Employee Benefits	0	1,500	500	1,000
<b>Total Support Services-Instruction</b>	<u>0</u>	<u>1,500</u>	<u>500</u>	<u>1,000</u>
<b>Support Services-General Administration</b>				
Professional & Tech Services	0	16,000	16,000	0
<b>Total Support Services-General Administration</b>	<u>0</u>	<u>16,000</u>	<u>16,000</u>	<u>0</u>
<b>Total Expenditures</b>	<u>0</u>	<u>139,455</u>	<u>109,171</u>	<u>30,284</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	5,957	5,957	(15,822)	(21,779)
<b>Cash Balance Beginning of Year</b>	<u>(5,957)</u>	<u>(5,957)</u>	<u>(5,957)</u>	<u>0</u>
<b>Cash Balance End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (21,779)</u>	<u>\$ (21,779)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (15,822)	
Net Change in Due from Grantor			30,990	
Net Change in Accounts Payable			(15,168)	
<b>Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis</b>			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-TEACHER/PRINCIPAL TRAINING-24154  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 23,654	\$ 55,196	\$ 10,897	\$ (44,299)
Total Revenues	<u>23,654</u>	<u>55,196</u>	<u>10,897</u>	<u>(44,299)</u>
<b>Expenditures</b>				
<b>Support Services-Instruction</b>				
Employee Benefits	0	243	242	1
Professional & Tech Services	18,264	48,488	4,190	44,298
Total Support Services-Instruction	<u>18,264</u>	<u>48,731</u>	<u>4,432</u>	<u>44,299</u>
<b>Support Services-General Administration</b>				
Professional & Tech Services	5,000	5,000	5,000	0
Other Purchased Services	0	1,075	1,075	0
Total Support Services-General Administration	<u>5,000</u>	<u>6,075</u>	<u>6,075</u>	<u>0</u>
Total Expenditures	<u>23,264</u>	<u>54,806</u>	<u>10,507</u>	<u>44,299</u>
Excess (Deficiency) of Revenues Over Expenditures	390	390	390	0
Cash Balance Beginning of Year	<u>(390)</u>	<u>(390)</u>	<u>(390)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 390	
Net Change in Due from Grantor			20,072	
Net Change in Accounts Payable			(20,462)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-IDEA PART B RECOVERY ACT-24206  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 0	\$ 108,281	\$ 93,175	\$ (15,106)
<b>Total Revenues</b>	<u>0</u>	<u>108,281</u>	<u>93,175</u>	<u>(15,106)</u>
<b>Expenditures</b>				
Support Services-Students				
Professional & Tech Services	0	108,281	108,281	0
<b>Total Support Services-Students</b>	<u>0</u>	<u>108,281</u>	<u>108,281</u>	<u>0</u>
<b>Total Expenditures</b>	<u>0</u>	<u>108,281</u>	<u>108,281</u>	<u>0</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	0	(15,106)	(15,106)
<b>Cash Balance Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Cash Balance End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (15,106)</u>	<u>\$ (15,106)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (15,106)	
Net Change in Due from Grantor			15,106	
<b>Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis</b>			<u>\$ 0</u>	

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

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

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	<u>Agency Funds</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 111,730
Total Assets	<u>\$ 111,730</u>
<b>Liabilities</b>	
Deposits Held for Others	\$ 111,730
Total Liabilities	<u>\$ 111,730</u>

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

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the CLOUDCROFT MUNICIPAL SCHOOLS (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

**Financial Reporting Entity**

The District has been in existence since the early nineteen hundreds, and is currently operating under the provisions of the Public School District Code, Chapter 22, of the New Mexico Statutes Annotated, 1978 Compilation. The District operates with a local board of education - superintendent form of government and provides a supervised program of instruction designed to educate students at the elementary and secondary level.

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.

The District has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected District 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 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. The fund classification and a description of each existing fund type follows below:

***Governmental Funds***

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

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

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the District.

***Fiduciary Fund Type***

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

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

**Major Funds**

The District reports the following major governmental funds:

**GENERAL FUND (11000)(13000)(14000)**

The General Fund consist of three sub funds. The first is the operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

**SPECIAL REVENUE FUNDS**

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

**Teacher/Principal Training & Recruiting (24154).** To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. Elementary and Secondary Education Act of 1965, as amended, Title II, Part A (PL 107-110).

**IDEA Part B Recovery Act (24206).** To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the American Recovery and Reinvestment Act of 2009. The fund was created by the authority of federal grant provisions.

**CAPITAL PROJECT FUNDS**

**Bond Building (31100).** The revenues are derived from a School Building Bond Issue. The expenditures are restricted to major capital improvements.

**Senate Bill Nine (31700).** The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements.

**DEBT SERVICE FUND (41000).** To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

The School reports the following non-major fund types:

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

#### **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 and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

##### **Program Revenues**

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include: 1) charges for services to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions including those for transportation, food service, special education and 3) program specific capital grants and contributions.

##### ***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 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the district-wide financial statements.



#### Revenues

Ad valorem 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.

*Entitlement 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 are not accrued. Salaries for the twelve month employees payroll are accrued.

#### Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

#### Basis of Budgeting

Formal budgetary integration is employed as a management control device during the year.

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on the non-GAAP budgetary basis.

The District follows the following procedures in establishing data reflected in the financial statements:

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.

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3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBFAU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The District is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

Investments

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

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- (b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

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(c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Property Taxes

The County collects the District's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the District on a monthly basis. The District accounts for its share of property taxes in the General, Debt Service and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Inventories and Prepaid Items

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. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both District-wide and fund financial statements.

Capital Assets

Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

If there are any construction projects funded by the NM Public School Facilities Authority they are included in the appropriate capital projects fund and in the capital assets.

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

Buildings & Improvements	20-50 Years
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	3-15 Years

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet.

Long-Term Liabilities

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

Restricted Net Assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available it will first be applied to restricted resources.

Fund Balances of Fund Financial Statements

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

Unreserved fund balance indicates that portion of fund equity which is available for budgeting in future periods.

Interfund Transfers

In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

Deferred Revenue

The District reports deferred revenues on its Statement of Net Assets and Fund Balance Sheet. Deferred revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. Deferred revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal year end.

Compensated Absences

All 12-month or full time employees that have been employed 1-9 years are entitled to 10 working days and 10 or more years 15 working days. Vacation time must be taken by December 30th following the school year as it is earned, and it is not accumulative. Prior accrued vacation time not taken by December 30 will be canceled.

Employees will not be paid for vacation days unless the following condition exists. An employee who terminates employment at the end of a contract year should try to use up all accrued vacation days. If this is not possible, the employee shall meet with the Superintendent to explain why the vacation days could not be taken. Upon approval by the Superintendent, the employee will be paid for accrued vacation days based on their daily rate.

The District's recognition and measurement criteria for compensated absences follow:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both the following conditions are met:

- (a) The employees' right to receive compensation is attributable to services already rendered.
- (b) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE B: DEPOSITS AND INVESTMENTS**

The District is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

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<u>Name of Account</u>	Balance Per Bank 06/30/10	Reconciled Balance	<u>Type</u>
Operational	\$ 262,963	\$ 239,992	Checking
Debt Service	785,220	785,220	Checking
Capital Improvements	815,443	812,555	Checking
Cafeteria	4,747	4,747	Checking
Athletics	8,107	7,933	Checking
Activity-Non-budgeted	113,016	111,731	Checking
Payroll Clearing	224,294	6,415	Checking
TOTAL Deposited	<u>2,213,790</u>	<u>\$ 1,968,593</u>	
Less: FDIC Coverage	<u>(2,213,790)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	<u>3,794,359</u>		
Over (Under) requirement	<u>\$ 3,794,359</u>		

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

**Custodial Credit Risk-Deposits**

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 2,213,790
Collateralized:	
Collateral held by the pledging bank in District's name	0
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 2,213,790</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2010 none of the District's bank balance of \$2,213,790 was exposed to custodial credit risk.

<u>Name of Account</u>	Balance Per Bank 06/30/10	Reconciled Balance	<u>Type</u>
NM State Investment Council	<u>\$ 73,423</u>	<u>\$ 73,423</u>	Investment

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

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1. With respect to credit risk, the LGIP, a government investment pool, is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.

2. GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure. However, our portfolio is posted on the State Treasurer's website [www.stonm.org](http://www.stonm.org) and available for review by participants at any time.

3. GASB Statement No. 40 defines interest rate risk as the risk that interest rate variations may adversely affect the fair value of an investment. According to GASB Statement No. 40, an acceptable method for reporting interest rate risk is weighted average maturity ("WAM"). The State Treasurer's Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer's Office website at [www.stonm.org](http://www.stonm.org). As of June 30, 2010, the LGIP WAM is 50 days.

4. Finally, with respect to foreign currency risk, all investments in the LGIP are in U.S. dollar denominated assets. Therefore, the LGIP has no foreign currency risk.

**NOTE C: INTERFUND BALANCES AND ACTIVITY**

	Other Governmental Funds
Loan from General Fund	\$ <u>55,280</u>

The above loans were to cover shortfalls. They will be paid back within one year.

**NOTE D: DUE FROM GRANTOR**

Amounts due from other agencies and units of government were as follows as of June 30, 2010:

Federal Agencies	\$ 80,275
State Agencies	<u>11,173</u>
Total	<u>\$ 91,448</u>

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**NOTE E: CAPITAL ASSETS**

Capital Assets Balances and Activity for the fiscal year end is as follows:

	Beginning Balance 6/30/09	Increases	Decreases	Ending Balance 6/30/10
<b>Governmental Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 5,000	\$ 0	\$ 0	\$ 5,000
Total Capital Assets not being Depreciated	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>5,000</u>
Capital Assets, being Depreciated				
Buildings & Improvements	15,479,649	1,381,812	0	16,861,461
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>1,290,325</u>	<u>136,712</u>	<u>0</u>	<u>1,427,037</u>
Total Capital Assets being Depreciated	<u>16,769,974</u>	<u>1,518,524</u>	<u>0</u>	<u>18,288,498</u>
Total Capital Assets	<u>16,774,974</u>	<u>1,518,524</u>	<u>0</u>	<u>18,293,498</u>
<b>Less Accumulated Depreciation</b>				
Buildings & Improvements	2,679,504	321,201	0	3,000,705
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>909,653</u>	<u>53,155</u>	<u>0</u>	<u>962,808</u>
Total Accumulated Depreciation	<u>3,589,157</u>	<u>374,356</u>	<u>0</u>	<u>3,963,513</u>
Capital Assets, net	<u>\$ 13,185,817</u>	<u>\$ 1,144,168</u>	<u>\$ 0</u>	<u>\$ 14,329,985</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 325,757
Support Services-Students	8,491
Central Services	906
Food Service	22,778
Operation & Maintenance of Plant	16,425
Total depreciation expenses	<u>\$ 374,357</u>

**NOTE H: LONG TERM DEBT**

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

	Beginning Balance 6/30/09	Additions	Reductions	Ending Balance 6/30/10	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 7,720,000	\$ 0	\$ 735,000	\$ 6,985,000	\$ 650,000
Total Bonds	<u>\$ 7,720,000</u>	<u>\$ 0</u>	<u>\$ 735,000</u>	<u>\$ 6,985,000</u>	<u>\$ 650,000</u>

Payments on the general obligation bonds are made by the Debt Service Funds.



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**General Obligation Bonds.**

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

Series	Date of Issue	Original Amount	Interest Rate	Balance
2001	3/1/2001	4,500,000	4.0%-5.50%	\$ 2,525,000
2002	8/1/2001	1,500,000	3.50%-5.00%	945,000
2007	11/16/2007	2,500,000	3.65%-4.35%	1,905,000
2009	6/16/2009	1,750,000	4.25%	1,610,000
				<u>\$ 6,985,000</u>

The annual requirements to amortize the general obligation bonds as of June 30, 2010 including interest payments are as follows:

	Principal	Interest	Total
2011	\$ 650,000	\$ 286,083	\$ 936,083
2012	720,000	257,886	977,886
2013	660,000	229,086	889,086
2014	610,000	202,118	812,118
2015	550,000	176,928	726,928
2016-2020	3,355,000	472,437	3,827,437
2021-2022	440,000	17,637	457,637
	<u>\$ 6,985,000</u>	<u>\$ 1,642,175</u>	<u>\$ 8,627,175</u>

Reconciliation of Long-Term Debt disclosed in Note H to the Long-Term Debt reported in the Statement of Net Assets.

Note H	
Bonds	\$ 6,985,000
Issue Costs/Premium/Discounts on Bond Issues	(221,773)
Accumulated Amortization	79,023
Statement of Net Assets	<u>\$ 6,842,250</u>
Long-Term Per Government Wide Financial Statements	\$ 6,192,250
Current Portion	650,000
Statement of Net Assets	<u>\$ 6,842,250</u>

**NOTE I: COMMITMENTS**

The District has various construction commitments for repairs and improvement of facilities on June 30, 2010.

**NOTE J: PENSION PLAN**

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

Effective July 1, 2009, plan members were required by state statute to contribute 7.9% of their gross salary if they earn \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The District was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross covered salary of employees earning more than \$20,000 annually. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9% of the gross covered salary. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2010, 2009, and 2008, were \$507,980, \$583,312 and \$543,718 respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE K: RETIREE HEALTH CARE ACT CONTRIBUTIONS**

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

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

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

<u>Fiscal Year</u>	<u>Employer Contribution</u>	<u>Employee Contribution</u>
2011	1.666%	0.833%
2012	1.834%	0.917%
2013	2.000%	1.000%

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

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

The District's contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$48,295, \$58,182 and \$57,675 respectively, which equal the required contributions for each year.

**NOTE L: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS**

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

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
Notes to the Financial Statements  
June 30, 2010

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B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are included on each Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

**NOTE M: INSURANCE COVERAGE**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; and injuries to employees; and natural disasters. The District, as a New Mexico Public School, is insured through the New Mexico Public Schools Insurance Authority (NMPSIA). Annual premiums are paid by the District to NMPSIA for coverage provided in the following

- Workers Compensation
- Property and Automobile Liability and Physical Damage
- Liability and Civil Rights and Personal Injury
- Contract School Bus Coverage; and
- Crime

**NOTE N. SURETY BOND**

The officials and certain employees of the District are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation.

**NOTE O. JOINT POWERS AGREEMENT**

Cloudcroft Municipal Schools entered into a joint powers agreement with the Region 9 Education Cooperative (REC). The purpose of the agreement is to allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the United States Department of Education under the Education of the Handicapped Act, Part B, PL 94142 among others.

There are seven schools that participate in the REC, they are Ruidoso, Capitan, Carrizozo, Cloudcroft, Corona, Hondo and Tularosa. The agreement became effective on July 1, 1995 and is to remain in effect until the end of any fiscal year during which the school gives notice of intent to terminate.

The REC passed-through \$146,614 to the District in the following special revenue funds:

24106	IDEA, Part B Entitlement
27200	IDEA, State Directed

The REC is its own fiscal agent and is responsible for its audit. The financial statements were prepared by an IPA and are available for inspection at the REC office located at 1400 Sudderth Dr. Ruidoso, NM 88345.

**NOTE P: RESTATEMENTS**

The Net Assets and fund balance were restated by \$8,075 to reclassify fund 27200, State Directed Activities. This fund is a federal fund and revenues are not earned until spent. The fund balance was reclassified as deferred revenue.

**SUPPLEMENTAL INFORMATION RELATED TO  
MAJOR FUNDS**

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 CAPITAL PROJECTS FUND-BOND BUILDING-31100  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Investment Income	\$ 5,000	\$ 50,262	\$ 0	\$ (50,262)
Total Revenues	<u>5,000</u>	<u>50,262</u>	<u>0</u>	<u>(50,262)</u>
<b>Expenditures</b>				
<b>Capital Outlay</b>				
Building Improvements	1,883,705	1,928,967	1,254,997	673,970
Total Capital Outlay	<u>1,883,705</u>	<u>1,928,967</u>	<u>1,254,997</u>	<u>673,970</u>
Total Expenditures	<u>1,883,705</u>	<u>1,928,967</u>	<u>1,254,997</u>	<u>673,970</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,878,705)	(1,878,705)	(1,254,997)	623,708
Cash Balance Beginning of Year	<u>1,878,705</u>	<u>1,878,705</u>	<u>1,878,705</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>623,708</u>	\$ <u>623,708</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,254,997)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ (1,254,997)	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 CAPITAL PROJECT FUND-SENATE BILL NINE-31700  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 275,202	\$ 275,202	\$ 281,902	\$ 6,700
Investment Income	500	500	742	242
State Grant	48,373	60,602	48,373	(12,229)
Total Revenues	<u>324,075</u>	<u>336,304</u>	<u>331,017</u>	<u>(5,287)</u>
<b>Expenditures</b>				
<b>Support Services-General Administration</b>				
Professional & Tech Services	6,000	6,000	2,819	3,181
Total Support Services-General Administration	<u>6,000</u>	<u>6,000</u>	<u>2,819</u>	<u>3,181</u>
<b>Capital Outlay</b>				
Maintenance & Repairs	195,000	207,229	120,217	87,012
Building Improvement	40,000	33,400	21,227	12,173
Software	150,000	150,000	119,460	30,540
Supplies	36,061	36,061	8,730	27,331
Land Improvements	42,300	48,900	48,857	43
Fixed Assets	66,379	66,379	29,760	36,619
Total Capital Outlay	<u>529,740</u>	<u>541,969</u>	<u>348,251</u>	<u>193,718</u>
Total Expenditures	<u>535,740</u>	<u>547,969</u>	<u>351,070</u>	<u>196,899</u>
Excess (Deficiency) of Revenues Over Expenditures	(211,665)	(211,665)	(20,053)	191,612
Cash Balance Beginning of Year	<u>224,924</u>	<u>224,924</u>	<u>224,924</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 13,259</u>	<u>\$ 13,259</u>	<u>\$ 204,871</u>	<u>\$ 191,612</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (20,053)	
Net Change in Taxes Receivable			(165)	
Net Change in Accounts Payables			(19,020)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (39,238)</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
DEBT SERVICE FUND-41000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,023,328	\$ 1,023,328	\$ 941,711	\$ (81,617)
Investment Income	0	0	362	362
<b>Total Revenues</b>	<u>1,023,328</u>	<u>1,023,328</u>	<u>942,073</u>	<u>(81,255)</u>
<b>Expenditures</b>				
Support Services-General Administration				
Purchased Services	12,000	12,000	9,417	2,583
<b>Total Support Services-General Administration</b>	<u>12,000</u>	<u>12,000</u>	<u>9,417</u>	<u>2,583</u>
Debt Service				
Debt Service Reserve	169,779	169,779	141	169,638
Principal	735,000	735,000	735,000	0
Interest	288,328	288,328	285,768	2,560
<b>Total Debt Service</b>	<u>1,193,107</u>	<u>1,193,107</u>	<u>1,020,909</u>	<u>172,198</u>
<b>Total Expenditures</b>	<u>1,205,107</u>	<u>1,205,107</u>	<u>1,030,326</u>	<u>174,781</u>
Excess (Deficiency) of Revenues Over Expenditures	(181,779)	(181,779)	(88,253)	93,526
Cash Balance Beginning of Year	928,813	928,813	928,813	0
Cash Balance End of Year	<u>\$ 747,034</u>	<u>\$ 747,034</u>	<u>\$ 840,560</u>	<u>\$ 93,526</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (88,253)	
Net change in Taxes Receivable			(528)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (88,781)</u>	

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



**SUPPLEMENTAL INFORMATION RELATED TO  
NON MAJOR FUNDS**

**NONMAJOR SPECIAL REVENUE FUNDS**

**Food Services (21000).** To account for revenue and expenditures associated with the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements. Authority for creation of this fund is NMSA 22-13-13.

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

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

**IDEA Preschool (24109).** To account for a program funded by a Federal grant to assist the District in providing a free appropriate public education to preschool disabled children aged three through five years. Funding authorized by the Individuals with Disabilities Education Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, 101-476, and 102-119. The fund was created by the authority of federal grant provisions.

**Title V (24150).** To account for monies received to improve elementary and secondary education for children attending both public and private schools. The fund was created by grant provisions. (PL 103-382).

**Safe & Drug Free Schools & Communities (24157).** To offer a disciplined environment conducive to learning, by preventing violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco, and drugs, involve parents, and coordinated with related Federal, State, and community efforts and resources. Elementary and Secondary Education Act, Title IV, Part A, Subpart 1, as amended. 20 USC 7111-7118.

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

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

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

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

**NONMAJOR SPECIAL REVENUE FUNDS**

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

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

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

**Technology for Education (27117).** To account for funds received from the Technology for Education Grant created by the 1994 State Legislation to establish funding of any costs associated with educational technology. Funding provided by the State of New Mexico. (NMSA 22-15A-1-10).

**Incentives for School Improvement (27138).** To account for revenues and expenditures from a state grant as part of the Incentives for School Improvement Act: awarded based on the improvement in CTBS 5/Terra Nova or New Mexico High School Competency Examination scores. The fund was created by state grant provisions. (NMSA 22-13 A-1).

**Library GO Bonds (27145).** To account for revenues and expenditures from a state grant to provide for public school and juvenile detention libraries. The funding made available to update and expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by the State of New Mexico.

**Beginning Teacher Mentoring Program (27154).** To account for revenues and expenditures from a state grant provided for tutoring and student enhancement activities in reading, math, and study skills for grades sixth through eight. The fund was created by state grant provisions.

**SB 301 GO Libraries (27170).** To account for revenues and expenditures from a state grant to provide for public school and juvenile detention libraries. The funding made available to update and expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by the State of New Mexico.

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

**2008 Library Book Fund (27549).** To account for funds received from the New Mexico Public Education Department for purchasing library books. The fund was created by state grant provisions.

**Coordinated Approach to Child Health (28140)** Funding for a research-based physical activity and nutrition diabetes prevention program. Includes components of nutrition, physical activity, family involvement and school food service.

**NONMAJOR SPECIAL REVENUE FUNDS**

**Energy Efficient Measure (28187).** To account for funds received from the state to improve energy efficiency. The fund was created by state a grant provisions.

**French Grant from NMSU (29102)** To account for funds received from NMSU for the purpose of providing materials and supplies to supplement the foreign language learning department. The fund was created by grant provisions.

**CAPITAL PROJECT FUNDS**

**Special Capital Outlay-State (31400)**

To account for resources received through House Bill 33 and local tax levies obtained for the financing, construction and remodeling of various school buildings.

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2010

	<u>Special Revenue</u>		
	<u>Food Service 21000</u>	<u>Athletics 22000</u>	<u>Title I 24101</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,747	\$ 7,933	\$ 0
Due from Grantor	0	0	3,418
Inventory	1,665	0	0
Total Assets	<u>\$ 6,412</u>	<u>\$ 7,933</u>	<u>\$ 3,418</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 200	\$ 0	\$ 0
Interfund Balance	0	0	3,418
Deferred Revenue	0	0	0
Total Liabilities	<u>200</u>	<u>0</u>	<u>3,418</u>
<b>Fund Balance</b>			
Reserved for			
Inventory	1,665	0	0
Special Revenue Funds	<u>4,547</u>	<u>7,933</u>	<u>0</u>
Total Fund Balance	<u>6,212</u>	<u>7,933</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 6,412</u>	<u>\$ 7,933</u>	<u>\$ 3,418</u>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2010

	Special Revenue		
	IDEA Preschool 24109	Title V 24150	Safe & Drug Free Schools & Communities 24157
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 621	\$ 0
Due from Grantor	183	0	400
Inventory	0	0	0
Total Assets	<u>\$ 183</u>	<u>\$ 621</u>	<u>\$ 400</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	183	0	400
Deferred Revenue	0	621	0
Total Liabilities	<u>183</u>	<u>621</u>	<u>400</u>
<b>Fund Balance</b>			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 183</u>	<u>\$ 621</u>	<u>\$ 400</u>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2010

	Special Revenue		
	Title I Recovery Act 24201	IDEA Preschool Recovery Act 24209	Title XIX Medicaid 25153
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 9,670
Due from Grantor	850	0	0
Inventory	0	0	0
<b>Total Assets</b>	<b>\$ 850</b>	<b>\$ 0</b>	<b>\$ 9,670</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	850	0	0
Deferred Revenue	0	0	0
<b>Total Liabilities</b>	<b>850</b>	<b>0</b>	<b>0</b>
<b>Fund Balance</b>			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	0	0	9,670
<b>Total Fund Balance</b>	<b>0</b>	<b>0</b>	<b>9,670</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 850</b>	<b>\$ 0</b>	<b>\$ 9,670</b>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2010

	Special Revenue		
	Rural Education Achievement Program 25233	State Fiscal Stabilization Program Fund 25250	Dual Credit 27103
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 7,899	\$ 0
Due from Grantor	2,371	0	392
Inventory	0	0	0
<b>Total Assets</b>	<b>\$ 2,371</b>	<b>\$ 7,899</b>	<b>\$ 392</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 376	\$ 0
Interfund Balance	2,371	0	392
Deferred Revenue	0	7,523	0
<b>Total Liabilities</b>	<b>2,371</b>	<b>7,899</b>	<b>392</b>
<b>Fund Balance</b>			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	0	0	0
<b>Total Fund Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,371</b>	<b>\$ 7,899</b>	<b>\$ 392</b>

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



STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2010

	Special Revenue		
	GO Student Library 27105	Technology for Education 27117	Incentives For School Improvement 27138
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 5,090	\$ 1,375
Due from Grantor	3,758	0	0
Inventory	0	0	0
<b>Total Assets</b>	<b>\$ 3,758</b>	<b>\$ 5,090</b>	<b>\$ 1,375</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	3,758	0	0
Deferred Revenue	0	0	0
<b>Total Liabilities</b>	<b>3,758</b>	<b>0</b>	<b>0</b>
<b>Fund Balance</b>			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	0	5,090	1,375
<b>Total Fund Balance</b>	<b>0</b>	<b>5,090</b>	<b>1,375</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 3,758</b>	<b>\$ 5,090</b>	<b>\$ 1,375</b>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 NONMAJOR FUNDS  
 Combining Balance Sheet  
 June 30, 2010

	Special Revenue		
	Library GO Bonds 27145	Beginning Teachers Mentoring Program 27154	SB 301 GO Libraries 27170
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 630	\$ 370
Due from Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 630</u>	<u>\$ 370</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	0
Deferred Revenue	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance</b>			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	0	630	370
Total Fund Balance	<u>0</u>	<u>630</u>	<u>370</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 630</u>	<u>\$ 370</u>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2010

	Special Revenue		
	IDEA State Directed 27200	2008 Library Book Fund 27549	Coordinated Approach to Child Health 28140
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,768	\$ 512	\$ 0
Due from Grantor	0	0	0
Inventory	0	0	0
<b>Total Assets</b>	<b>\$ 6,768</b>	<b>\$ 512</b>	<b>\$ 0</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	0
Deferred Revenue	6,768	0	0
<b>Total Liabilities</b>	<b>6,768</b>	<b>0</b>	<b>0</b>
<b>Fund Balance</b>			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	0	512	0
<b>Total Fund Balance</b>	<b>0</b>	<b>512</b>	<b>0</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 6,768</b>	<b>\$ 512</b>	<b>\$ 0</b>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2010

	Special Revenue		Capital Projects
	Energy Efficient Measure 28187	French Grant from NMSU 29102	Special School Capital Outlay 31400
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 15,099	\$ 4,751	\$ 0
Due from Grantor	0	0	7,023
Inventory	0	0	0
Total Assets	\$ 15,099	\$ 4,751	\$ 7,023
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	7,023
Deferred Revenue	0	0	0
Total Liabilities	0	0	7,023
<b>Fund Balance</b>			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	15,099	4,751	0
Total Fund Balance	15,099	4,751	0
Total Liabilities and Fund Balance	\$ 15,099	\$ 4,751	\$ 7,023

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 NONMAJOR FUNDS  
 Combining Balance Sheet  
 June 30, 2010

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	<u>Total</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 65,465
Due from Grantor	18,395
Inventory	1,665
Total Assets	<u>\$ 85,525</u>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accounts Payable	\$ 576
Interfund Balance	18,395
Deferred Revenue	14,912
Total Liabilities	<u>33,883</u>
Fund Balance	
Reserved for	
Inventory	1,665
Special Revenue Funds	49,977
Total Fund Balance	<u>51,642</u>
Total Liabilities and Fund Balance	<u>\$ 85,525</u>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2010

	<u>Special Revenue</u>		
	<u>Food Service 21000</u>	<u>Athletics 22000</u>	<u>Title I 24101</u>
<b>Revenues</b>			
Investment Income	\$ 10	\$ 0	\$ 0
Fees	44,693	13,629	0
State & Local Grants	0	0	0
Federal Grants	84,316	0	57,879
Total Revenues	<u>129,019</u>	<u>13,629</u>	<u>57,879</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	0	8,692	51,334
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	6,545
Operation of Plant	0	0	0
Food Service Operations	149,516	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>149,516</u>	<u>8,692</u>	<u>57,879</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(20,497)</u>	<u>4,937</u>	<u>0</u>
<b>Fund Balances at Beginning of Year</b>	26,709	2,996	0
Restatement	0	0	0
<b>Restated Beginning Fund Balance</b>	<u>26,709</u>	<u>2,996</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u>\$ 6,212</u>	<u>\$ 7,933</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2010

	Special Revenue		
	IDEA Preschool 24109	Title V 24150	Safe & Drug Free Schools & Communities 24157
<b>Revenues</b>			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	2,902	0	464
Total Revenues	<u>2,902</u>	<u>0</u>	<u>464</u>
<b>Expenditures</b>			
Current			
Instruction	0	0	0
Support Services-Students	2,902	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	464
Operation of Plant	0	0	0
Food Service Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>2,902</u>	<u>0</u>	<u>464</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances at Beginning of Year</b>	0	0	0
Restatement	0	0	0
Restated Beginning Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2010

	Special Revenue		
	Title I Recovery Act 24201	IDEA Preschool Recovery Act 24209	Title XIX Medicaid 25153
<b>Revenues</b>			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	26,500
State & Local Grants	0	0	0
Federal Grants	24,075	2,140	0
Total Revenues	<u>24,075</u>	<u>2,140</u>	<u>26,500</u>
<b>Expenditures</b>			
Current			
Instruction	24,075	0	0
Support Services-Students	0	2,140	21,892
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>24,075</u>	<u>2,140</u>	<u>21,892</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>4,608</u>
Fund Balances at Beginning of Year	0	0	5,062
Restatement	<u>0</u>	<u>0</u>	<u>0</u>
Restated Beginning Fund Balance	<u>0</u>	<u>0</u>	<u>5,062</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,670</u>

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



STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2010

	Special Revenue		
	Rural Education Achievement Program 25233	State Fiscal Stabilization Program Fund 25250	Dual Credit 27103
<b>Revenues</b>			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	1,518
Federal Grants	23,476	238,189	0
Total Revenues	<u>23,476</u>	<u>238,189</u>	<u>1,518</u>
<b>Expenditures</b>			
Current			
Instruction	23,476	0	1,518
Support Services-Students	0		0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Operation of Plant	0	238,189	0
Food Service Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>23,476</u>	<u>238,189</u>	<u>1,518</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances at Beginning of Year</b>	0	0	0
Restatement	<u>0</u>	<u>0</u>	<u>0</u>
Restated Beginning Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2010

	Special Revenue		
	GO Student Library 27105	Technology for Education 27117	Incentives For School Improvement 27138
<b>Revenues</b>			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	5,189	2,986	0
Federal Grants	0	0	0
Total Revenues	<u>5,189</u>	<u>2,986</u>	<u>0</u>
<b>Expenditures</b>			
Current			
Instruction	0	0	0
Support Services-Students	0	4,868	0
Support Services-Instruction	5,189	0	0
Support Services-General Administration	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>5,189</u>	<u>4,868</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>(1,882)</u>	<u>0</u>
Fund Balances at Beginning of Year	0	6,972	1,375
Restatement	0	0	0
Restated Beginning Fund Balance	<u>0</u>	<u>6,972</u>	<u>1,375</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 5,090</u>	<u>\$ 1,375</u>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2010

	Special Revenue		
	Library GO Bonds 27145	Beginning Teachers Mentoring Program 27154	SB 301 GO Libraries 27170
<b>Revenues</b>			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	0	370
Federal Grants	0	0	0
Total Revenues	0	0	370
<b>Expenditures</b>			
Current			
Instruction	0	327	0
Support Services-Students	0	0	0
Support Services-Instruction	146	0	0
Support Services-General Administration	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	146	327	0
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(146)	(327)	370
<b>Fund Balances at Beginning of Year</b>	146	957	0
Restatement	0	0	0
<b>Restated Beginning Fund Balance</b>	146	957	0
<b>Fund Balance End of Year</b>	\$ 0	\$ 630	\$ 370

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2010

	Special Revenue		
	IDEA State Directed 27200	2008 Library Book Fund 27549	Coordinated Approach to Child Health 28140
<b>Revenues</b>			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	0	1,325	0
Federal Grants	34,221	0	0
Total Revenues	<u>34,221</u>	<u>1,325</u>	<u>0</u>
<b>Expenditures</b>			
Current			
Instruction	19,053	0	0
Support Services-Students	15,168	0	0
Support Services-Instruction	0	813	203
Support Services-General Administration	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>34,221</u>	<u>813</u>	<u>203</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>512</u>	<u>(203)</u>
Fund Balances at Beginning of Year	8,074	0	203
Restatement	<u>(8,074)</u>	<u>0</u>	<u>0</u>
Restated Beginning Fund Balance	<u>0</u>	<u>0</u>	<u>203</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 512</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2010

	Special Revenue		Capital Projects
	Energy Efficient Measure 28187	French Grant from NMSU 29102	Special School Capital Outlay 31400
<b>Revenues</b>			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State & Local Grants	106,104	0	72,676
Federal Grants	0	0	0
<b>Total Revenues</b>	<u>106,104</u>	<u>0</u>	<u>72,676</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	0	0	0
Support Services-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	0
Capital Outlay	91,005	0	72,676
<b>Total Expenditures</b>	<u>91,005</u>	<u>0</u>	<u>72,676</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>15,099</u>	<u>0</u>	<u>0</u>
<b>Fund Balances at Beginning of Year</b>	0	4,751	0
Restatement	0	0	0
<b>Restated Beginning Fund Balance</b>	<u>0</u>	<u>4,751</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u>\$ 15,099</u>	<u>\$ 4,751</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2010

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	<u>Total</u>
<b>Revenues</b>	
Investment Income	\$          10
Fees	84,822
State & Local Grants	190,168
Federal Grants	<u>467,662</u>
Total Revenues	<u>742,662</u>
<b>Expenditures</b>	
Current	
Instruction	128,475
Support Services-Students	46,970
Support Services-Instruction	6,351
Support Services-General Administration	7,009
Operation of Plant	238,189
Food Service Operations	149,516
Capital Outlay	<u>163,681</u>
Total Expenditures	<u>740,191</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,471</u>
Fund Balances at Beginning of Year	57,245
Restatement	<u>(8,074)</u>
Restated Beginning Fund Balance	<u>49,171</u>
Fund Balance End of Year	<u>\$      51,642</u>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-FOOD SERVICE-21000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Investment Income	\$ 25	\$ 25	\$ 10	\$ (15)
Fees	43,400	43,400	44,693	1,293
Federal Grants	80,000	80,000	75,001	(4,999)
Total Revenues	<u>123,425</u>	<u>123,425</u>	<u>119,704</u>	<u>(3,721)</u>
<b>Expenditures</b>				
<b>Food Services</b>				
Personnel Services	41,000	41,000	38,881	2,119
Employee Benefits	20,205	32,530	31,139	1,391
Professional & Tech Services	255	255	0	255
Other Purchased Services	200	200	200	0
Supplies	85,111	72,786	68,865	3,921
Total Food Services	<u>146,771</u>	<u>146,771</u>	<u>139,085</u>	<u>7,686</u>
Total Expenditures	<u>146,771</u>	<u>146,771</u>	<u>139,085</u>	<u>7,686</u>
Excess (Deficiency) of Revenues Over Expenditures	(23,346)	(23,346)	(19,381)	3,965
Cash Balance Beginning of Year	<u>24,128</u>	<u>24,128</u>	<u>24,128</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 782</u>	<u>\$ 782</u>	<u>\$ 4,747</u>	<u>\$ 3,965</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (19,381)	
Net change in Inventory			(916)	
Net change in Accounts Payable			(200)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (20,497)</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-ATHLETICS-22000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Fees	\$ 15,500	\$ 15,500	\$ 13,629	\$ (1,871)
<b>Total Revenues</b>	<u>15,500</u>	<u>15,500</u>	<u>13,629</u>	<u>(1,871)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Employee Benefits	0	301	119	182
Professional & Tech Services	3,500	3,199	245	2,954
Other Purchased Services	5,000	5,000	2,473	2,527
Supplies	7,449	7,449	5,855	1,594
<b>Total Instruction</b>	<u>15,949</u>	<u>15,949</u>	<u>8,692</u>	<u>7,257</u>
<b>Total Expenditures</b>	<u>15,949</u>	<u>15,949</u>	<u>8,692</u>	<u>7,257</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(449)	(449)	4,937	5,386
<b>Cash Balance Beginning of Year</b>	<u>2,996</u>	<u>2,996</u>	<u>2,996</u>	<u>0</u>
<b>Cash Balance End of Year</b>	<u>\$ 2,547</u>	<u>\$ 2,547</u>	<u>\$ 7,933</u>	<u>\$ 5,386</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 4,937	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 4,937	

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



STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-TITLE I-24101  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 33,260	\$ 87,541	\$ 66,876	\$ (20,665)
<b>Total Revenues</b>	<u>33,260</u>	<u>87,541</u>	<u>66,876</u>	<u>(20,665)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	16,000	15,963	37
Employee Benefits	17,440	13,499	4,705	8,794
Professional & Tech Services	0	23,015	18,997	4,018
Supplies	3,405	15,112	11,669	3,443
<b>Total Instruction</b>	<u>20,845</u>	<u>67,626</u>	<u>51,334</u>	<u>16,292</u>
<b>Support Services-General Administration</b>				
Personnel Services	0	6,340	5,487	853
Employee Benefits	0	1,160	1,058	102
<b>Total Support Services-General Administration</b>	<u>0</u>	<u>7,500</u>	<u>6,545</u>	<u>955</u>
<b>Total Expenditures</b>	<u>20,845</u>	<u>75,126</u>	<u>57,879</u>	<u>17,247</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	12,415	12,415	8,997	(3,418)
<b>Cash Balance Beginning of Year</b>	<u>(12,415)</u>	<u>(12,415)</u>	<u>(12,415)</u>	<u>0</u>
<b>Cash Balance End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,418)</u>	<u>\$ (3,418)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 8,997	
Net change in Due from Grantor			<u>(8,997)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-IDEA PRESCHOOL-24109  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 2,506	\$ 3,731	\$ 2,719	\$ (1,012)
<b>Total Revenues</b>	<u>2,506</u>	<u>3,731</u>	<u>2,719</u>	<u>(1,012)</u>
<b>Expenditures</b>				
Support Services-Students				
Supplies	2,506	3,731	2,902	829
<b>Total Support Services-Students</b>	<u>2,506</u>	<u>3,731</u>	<u>2,902</u>	<u>829</u>
<b>Total Expenditures</b>	<u>2,506</u>	<u>3,731</u>	<u>2,902</u>	<u>829</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(183)	(183)
Cash Balance Beginning of Year	0	0	0	0
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (183)</u>	<u>\$ (183)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (183)	
Net Change in Due from Grantor			183	
<b>Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis</b>			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-TITLE V-24150  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Programs	\$ 0	\$ 0	\$ 0	\$ 0
<b>Total Revenues</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
Support Services-Instruction				
Supplies	0	0	0	0
<b>Total Support Services-Instruction</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	0	0	0
<b>Cash Balance Beginning of Year</b>	<u>621</u>	<u>621</u>	<u>621</u>	<u>0</u>
<b>Cash Balance End of Year</b>	<u>\$ 621</u>	<u>\$ 621</u>	<u>\$ 621</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-SAFE & DRUG FREE SCHOOLS & COMMUNITIES-24157  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 2,558	\$ 3,001	\$ 1,239	\$ (1,762)
<b>Total Revenues</b>	<u>2,558</u>	<u>3,001</u>	<u>1,239</u>	<u>(1,762)</u>
<b>Expenditures</b>				
Support Services-General Administration				
Professional & Tech Services	1,383	1,826	464	1,362
<b>Total Support Services-General Administration</b>	<u>1,383</u>	<u>1,826</u>	<u>464</u>	<u>1,362</u>
<b>Total Expenditures</b>	<u>1,383</u>	<u>1,826</u>	<u>464</u>	<u>1,362</u>
Excess (Deficiency) of Revenues Over Expenditures	1,175	1,175	775	(400)
Cash Balance Beginning of Year	<u>(1,175)</u>	<u>(1,175)</u>	<u>(1,175)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (400)</u>	<u>\$ (400)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 775	
Net Change in Due from Grantor			<u>(775)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-TITLE I RECOVERY ACT-24201  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Programs	\$ 8,882	\$ 37,568	\$ 23,225	\$ (14,343)
<b>Total Revenues</b>	<u>0</u>	<u>37,568</u>	<u>23,225</u>	<u>(14,343)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Employee Benefits	1,091	61	60	1
Professional & Tech Services	0	4,939	2,747	2,192
Supplies	7,791	32,568	21,268	11,300
<b>Total Instruction</b>	<u>8,882</u>	<u>37,568</u>	<u>24,075</u>	<u>1,887</u>
<b>Total Expenditures</b>	<u>(8,882)</u>	<u>37,568</u>	<u>24,075</u>	<u>1,887</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	8,882	0	(850)	(850)
<b>Cash Balance Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Cash Balance End of Year</b>	<u>\$ 8,882</u>	<u>\$ 0</u>	<u>\$ (850)</u>	<u>\$ (850)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (850)	
Net Change in Due from Grantor			850	
<b>Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis</b>			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-IDEA PRESCHOOL RECOVERY ACT-24209  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 4,266	\$ 4,075	\$ 2,140	\$ (1,935)
Total Revenues	<u>4,266</u>	<u>4,075</u>	<u>2,140</u>	<u>(1,935)</u>
<b>Expenditures</b>				
<b>Support Services-Students</b>				
Professional & Tech Services	2,500	1,934	0	1,934
Supplies	<u>1,766</u>	<u>2,141</u>	<u>2,140</u>	<u>1</u>
Total Support Services-Students	<u>4,266</u>	<u>4,075</u>	<u>2,140</u>	<u>1,887</u>
Total Expenditures	<u>4,266</u>	<u>4,075</u>	<u>2,140</u>	<u>1,887</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-TITLE XIX MEDICAID-25153  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 0	\$ 16,870	\$ 26,500	\$ 9,630
<b>Total Revenues</b>	<u>0</u>	<u>16,870</u>	<u>26,500</u>	<u>9,630</u>
<b>Expenditures</b>				
<b>Support Services-Students</b>				
Personnel Services	0	18,293	18,253	40
Employee Benefits	0	3,639	3,639	0
<b>Total Support Services-Students</b>	<u>0</u>	<u>21,932</u>	<u>21,892</u>	<u>1,887</u>
<b>Total Expenditures</b>	<u>0</u>	<u>21,932</u>	<u>21,892</u>	<u>1,887</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	(5,062)	4,608	9,670
<b>Cash Balance Beginning of Year</b>	<u>5,062</u>	<u>5,062</u>	<u>5,062</u>	<u>0</u>
<b>Cash Balance End of Year</b>	<u>\$ 5,062</u>	<u>\$ 0</u>	<u>\$ 9,670</u>	<u>\$ 9,670</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 4,608	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 4,608</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-RURAL EDUCATION ACHIEVEMENT PROGRAM-25233  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 0	\$ 60,129	\$ 21,775	\$ (38,354)
<b>Total Revenues</b>	<u>0</u>	<u>60,129</u>	<u>21,775</u>	<u>(38,354)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Other Purchased Services	0	60,139	24,156	35,983
<b>Total Instruction</b>	<u>0</u>	<u>60,139</u>	<u>24,156</u>	<u>35,983</u>
<b>Total Expenditures</b>	<u>0</u>	<u>60,139</u>	<u>24,156</u>	<u>35,983</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	(10)	(2,381)	(2,371)
<b>Cash Balance Beginning of Year</b>	<u>10</u>	<u>10</u>	<u>10</u>	<u>0</u>
<b>Cash Balance End of Year</b>	<u>\$ 10</u>	<u>\$ 0</u>	<u>\$ (2,371)</u>	<u>\$ (2,371)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,381)	
Net Change in Due from Grantor			1,701	
Net Change in Accounts Payable			680	
<b>Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis</b>			<u>\$ 0</u>	

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



STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-STATE FISCAL STABILIZATION PROGRAM FUND-25250  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 274,839	\$ 308,842	\$ 245,713	\$ (63,129)
<b>Total Revenues</b>	<u>274,839</u>	<u>308,842</u>	<u>245,713</u>	<u>(63,129)</u>
<b>Expenditures</b>				
<b>Operation of Plant</b>				
Purchased Property Services	274,839	308,842	237,814	71,028
<b>Total Operation of Plant</b>	<u>274,839</u>	<u>308,842</u>	<u>237,814</u>	<u>71,028</u>
<b>Total Expenditures</b>	<u>274,839</u>	<u>308,842</u>	<u>237,814</u>	<u>71,028</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	0	7,899	7,899
<b>Cash Balance Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Cash Balance End of Year</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,899</u>	<u>\$ 7,899</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 7,899	
Net Change in Accounts Payable			(376)	
Net Change in Deferred Revenue			(7,523)	
<b>Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis</b>			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-DUAL CREDIT-27103  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 0	\$ 2,000	\$ 1,126	\$ 0
Total Revenues	<u>0</u>	<u>2,000</u>	<u>1,126</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	0	2,000	1,518	482
Total Instruction	<u>0</u>	<u>2,000</u>	<u>1,518</u>	<u>482</u>
Total Expenditures	<u>0</u>	<u>2,000</u>	<u>1,518</u>	<u>482</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(392)	(392)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (392)</u>	<u>\$ (392)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (392)	
Net Change in Due from Grantor			392	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-GO STUDENT LIBRARY-27105  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 0	\$ 9,665	\$ 1,430	\$ 0
Total Revenues	<u>0</u>	<u>9,665</u>	<u>1,430</u>	<u>0</u>
<b>Expenditures</b>				
<b>Support Services-Students</b>				
Supplies	0	9,665	5,188	4,477
Total Support Services-Students	<u>0</u>	<u>9,665</u>	<u>5,188</u>	<u>4,477</u>
Total Expenditures	<u>0</u>	<u>9,665</u>	<u>5,188</u>	<u>4,477</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(3,758)	(3,758)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,758)</u>	<u>\$ (3,758)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (3,758)	
Net Change in Due from Grantor			<u>3,758</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-TECHNOLOGY FOR EDUCATION-27117  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 0	\$ 11,392	\$ 2,986	\$ (8,406)
<b>Total Revenues</b>	<u>0</u>	<u>11,392</u>	<u>2,986</u>	<u>(8,406)</u>
<b>Expenditures</b>				
<b>Support Services-Students</b>				
Supplies	0	11,392	6,166	5,226
<b>Total Support Services-Students</b>	<u>0</u>	<u>11,392</u>	<u>6,166</u>	<u>5,226</u>
<b>Total Expenditures</b>	<u>0</u>	<u>11,392</u>	<u>6,166</u>	<u>5,226</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	0	(3,180)	(3,180)
<b>Cash Balance Beginning of Year</b>	<u>8,270</u>	<u>8,270</u>	<u>8,270</u>	<u>0</u>
<b>Cash Balance End of Year</b>	<u>\$ 8,270</u>	<u>\$ 8,270</u>	<u>\$ 5,090</u>	<u>\$ (3,180)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (3,180)	
Net change in Accounts Payable			<u>1,298</u>	
<b>Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis</b>			<u>\$ (1,882)</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-INCENTIVES FOR SCHOOL IMPROVEMENT-27138  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
<b>Support Services-Students</b>				
Supplies	0	0	0	0
Total Support Services-Students	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>1,375</u>	<u>1,375</u>	<u>1,375</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,375</u>	<u>\$ 1,375</u>	<u>\$ 1,375</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-LIBRARY GO BONDS-27145  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
<b>Total Revenues</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
<b>Support Services-Students</b>				
Supplies	0	0	146	(146)
<b>Total Support Services-Students</b>	<u>0</u>	<u>0</u>	<u>146</u>	<u>(146)</u>
<b>Total Expenditures</b>	<u>0</u>	<u>0</u>	<u>146</u>	<u>(146)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	0	0	(146)	(146)
<b>Cash Balance Beginning of Year</b>	<u>146</u>	<u>146</u>	<u>146</u>	<u>0</u>
<b>Cash Balance End of Year</b>	<u>\$ 146</u>	<u>\$ 146</u>	<u>\$ 0</u>	<u>\$ (146)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (146)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (146)</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-BEGINNING TEACHER MENTORING PROGRAM-27154  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Employee Benefits	0	80	80	0
Other Purchased Services	0	247	247	0
Total Instruction	<u>0</u>	<u>327</u>	<u>327</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>327</u>	<u>327</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(327)	(327)	0
Cash Balance Beginning of Year	<u>957</u>	<u>957</u>	<u>957</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 957</u>	<u>\$ 630</u>	<u>\$ 630</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>(327)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(327)</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-SB 301 GO LIBRARIES-27170  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 1,969	\$ 1,969	\$ 2,339	\$ 370
Total Revenues	<u>1,969</u>	<u>1,969</u>	<u>2,339</u>	<u>370</u>
<b>Expenditures</b>				
Support Services-Instruction				
Supplies	0	0	0	0
Total Support Services-Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	1,969	1,969	2,339	370
Cash Balance Beginning of Year	<u>(1,969)</u>	<u>(1,969)</u>	<u>(1,969)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 370</u>	<u>\$ 370</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 2,339	
Net change in Due from Grantor			<u>(1,969)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 370</u>	

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



STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-IDEA STATE DIRECTED-27200  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 8,394	\$ 8,394	\$ 32,915	\$ 24,521
Total Revenues	<u>8,394</u>	<u>8,394</u>	<u>32,915</u>	<u>24,521</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	0	9,220	(9,220)
Employee Benefits	0	0	2,025	(2,025)
Supplies	0	0	8,128	(8,128)
Total Instruction	<u>0</u>	<u>0</u>	<u>19,373</u>	<u>(19,373)</u>
<b>Support Services-Students</b>				
Professional & Tech Services	0	0	15,168	(15,168)
Total Support Services-Students	<u>0</u>	<u>0</u>	<u>15,168</u>	<u>(15,168)</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>34,541</u>	<u>(34,541)</u>
Excess (Deficiency) of Revenues Over Expenditures	8,394	8,394	(1,626)	(10,020)
Cash Balance Beginning of Year	<u>8,394</u>	<u>8,394</u>	<u>8,394</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 16,788</u>	<u>\$ 16,788</u>	<u>\$ 6,768</u>	<u>\$ (10,020)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,626)	
Net Change in Accounts Payable			320	
Net Change in Deferred Revenue			1,306	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-2008 LIBRARY BOOK FUND-27549  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 1,325	\$ 1,325	\$ 1,325	\$ 0
Total Revenues	<u>1,325</u>	<u>1,325</u>	<u>1,325</u>	<u>0</u>
<b>Expenditures</b>				
Support Services-Instruction				
Supplies	1,325	1,325	813	512
Total Support Services-Instruction	<u>1,325</u>	<u>1,325</u>	<u>813</u>	<u>512</u>
Total Expenditures	<u>1,325</u>	<u>1,325</u>	<u>813</u>	<u>512</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	512	512
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 512</u>	<u>\$ 512</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 512	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 512</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
**SPECIAL REVENUE FUND-COORDINATED APPROACH TO CHILD HEALTH-28140**  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
<b>Total Revenues</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
Support Services-Instruction				
Supplies	203	203	203	0
<b>Total Support Services-Instruction</b>	<u>203</u>	<u>203</u>	<u>203</u>	<u>0</u>
<b>Total Expenditures</b>	<u>203</u>	<u>203</u>	<u>203</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(203)	(203)	(203)	0
Cash Balance Beginning of Year	<u>203</u>	<u>203</u>	<u>203</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (203)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (203)</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-ENERGY EFFICIENT MEASURE-28187  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 0	\$ 143,093	\$ 106,104	\$ (36,989)
Total Revenues	<u>0</u>	<u>143,093</u>	<u>106,104</u>	<u>(36,989)</u>
<b>Expenditures</b>				
<b>Support Services-Instruction</b>				
Supplies	0	143,093	91,005	52,088
Total Support Services-Instruction	<u>0</u>	<u>143,093</u>	<u>91,005</u>	<u>52,088</u>
Total Expenditures	<u>0</u>	<u>143,093</u>	<u>91,005</u>	<u>52,088</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	15,099	15,099
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,099</u>	<u>\$ 15,099</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 15,099	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 15,099</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-FRENCH GRANT FROM NMSU-29102  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Local Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
Support Services-Instruction				
Supplies	0	0	0	0
Total Support Services-Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>4,751</u>	<u>4,751</u>	<u>4,751</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 4,751</u>	<u>\$ 4,751</u>	<u>\$ 4,751</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 CAPITAL PROJECTS FUND-SPECIAL CAPITAL OUTLAY-STATE-31400  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 155,355	\$ 155,355	\$ 93,593	\$ (61,762)
Total Revenues	<u>155,355</u>	<u>155,355</u>	<u>93,593</u>	<u>(61,762)</u>
<b>Expenditures</b>				
<b>Capital Outlay</b>				
Purchased Property Services	127,415	111,467	56,728	54,739
Fixed Assets	0	15,948	15,948	0
Total Capital Outlay	<u>127,415</u>	<u>127,415</u>	<u>72,676</u>	<u>54,739</u>
Total Expenditures	<u>127,415</u>	<u>127,415</u>	<u>72,676</u>	<u>54,739</u>
Excess (Deficiency) of Revenues Over Expenditures	27,940	27,940	20,917	(7,023)
Cash Balance Beginning of Year	<u>(27,940)</u>	<u>(27,940)</u>	<u>(27,940)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (7,023)</u>	<u>\$ (7,023)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 20,917	
Net change in Due from Grantor			<u>(20,917)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

**OTHER SUPPLEMENTAL INFORMATION**

**FIDUCIARY FUND**

**Activity Trust Fund**

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



STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 AGENCY FUNDS  
 Statement of Fiduciary Assets and Liabilities-Agency Fund  
 For the Year Ended June 30, 2010

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	Beginning Balance 06/30/09	Additions	Deletions	Ending Balance 06/30/10
<b>ASSETS</b>				
Activity Trust Fund	\$ 92,896	\$ 111,089	\$ 92,255	\$ 111,730
Total Assets	<u>\$ 92,896</u>	<u>\$ 111,089</u>	<u>\$ 92,255</u>	<u>\$ 111,730</u>
<b>LIABILITIES</b>				
Due To Student Groups	\$ 92,896	\$ 111,089	\$ 92,255	\$ 111,730
Total Liabilities	<u>\$ 92,896</u>	<u>\$ 111,089</u>	<u>\$ 92,255</u>	<u>\$ 111,730</u>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 AGENCY FUNDS - ACTIVITY  
 Statement of Fiduciary Assets and Liabilities-Agency Fund  
 For the Year Ended June 30, 2010

ASSETS	Balance 06/30/09	Additions	Deletions	Balance 06/30/10
23800 Interest Income Fund	\$ 8,225	\$ 83	\$ 0	\$ 8,308
23802 Administrative Activity	2	730	55	677
23803 Bear Memorial Activity	1,218	40	118	1,140
23804 PCA Activity	109	0	0	109
23805 Annual	11,952	7,166	7,816	11,302
23806 Football Activity	3,503	156	435	3,224
23807 Basketball Activity	1,197	5,348	2,448	4,097
23808 Volleyball Activity	2,949	1,046	1,254	2,741
23809 Golf Activity	42	356	0	398
23810 "C" Club	9,020	9,629	11,265	7,384
23811 Cross Country	35	690	0	725
23812 Bear Pride Awards	826	0	0	826
23813 Challenge Activity	158	659	543	274
23815 Cheerleaders	1,585	156	659	1,082
23816 Wrestling	204	156	134	226
23820 Color Guard	3	0	0	3
23823 Art Activity	0	315	300	15
23824 Film Activity	0	20	0	20
23825 Mock Trial	667	0	103	564
23826 Drama Club	276	0	159	117
23827 Girl's Basketball	376	3,155	0	3,531
23828 Elementary/Middle School	0	3,080	1,294	1,786
23829 Elementary BP Grant Activity	0	5,000	5,000	0
23830 Elementary School	2,542	8,080	6,356	4,266
23832 Elementary AR	1,048	0	0	1,048
23833 Art After School	0	200	191	9
23835 FFA	9,369	2,869	1,652	10,586
23836 RC&D Council	0	2,500	982	1,518
23837 BPA	148	0	0	148
23838 Key Club	111	2,481	1,371	1,221
23840 High School Activity	1,546	3,247	3,351	1,442
23841 High School BP Grant Activity	0	10,000	5,408	4,592
23842 Rachel's Challenge	3,875	0	1,160	2,715
23845 Student Council	1,968	1,251	1,231	1,988
23846 National Honor Society	219	35	0	254
23847 Culinary Arts	10,444	13,468	11,131	12,781
23848 Sideliners	5,409	11,297	10,603	6,103
23850 In and Out	205	0	71	134
23855 Junior Class	1,802	2,412	2,578	1,636
23860 Library Fund	1,204	841	6	2,039
23865 MS Activity	1,723	5,963	6,561	1,125
23867 MS Spirit Club	139	0	0	139
23870 MS Student Council	2,118	708	1,162	1,664
23872 MS AR Activity	294	0	0	294
23873 MS Production	758	0	0	758
23875 Miscellaneous	284	0	0	284
23880 Music Club	\$ 519	\$ 1,693	\$ 1,365	\$ 847

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 AGENCY FUNDS - ACTIVITY  
 Statement of Fiduciary Assets and Liabilities-Agency Fund  
 For the Year Ended June 30, 2010

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		Balance		Additions		Deletions		Balance
		06/30/09						06/30/10
<b>ASSETS</b>								
23889	Builder's Club	\$ 2,627	\$	2,038	\$	2,179	\$	2,486
23890	Science Club	942		4,123		3,314		1,751
23891	Technology Activity	1,255		98		0		1,353
	Total Assets	<u>\$ 92,896</u>	\$	<u>111,089</u>	\$	<u>92,255</u>	\$	<u>111,730</u>
<b>LIABILITIES</b>								
	Deposits Held for Others	\$ 92,896	\$	111,089	\$	92,255	\$	111,730
	Total Liabilities	<u>\$ 92,896</u>	\$	<u>111,089</u>	\$	<u>92,255</u>	\$	<u>111,730</u>

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

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
Cash Reconciliations - All Funds  
For the Year Ended June 30, 2010

		Cash Balance 6/30/2009	Revenue	Expenditures	Cash Balance 6/30/2010
Operational	11000	\$ 169,716	\$ 3,744,026	\$ 3,680,167	\$ 233,575
Transportation	13000	45	367,206	367,251	0
Instructional Materials	14000	19,198	18,610	20,420	17,388
Food Service	21000	24,128	119,704	139,085	4,747
Athletics	22000	2,996	13,629	8,692	7,933
Activities	23000	92,896	111,089	92,255	111,730
Federal Flowthrough	24000	(19,316)	293,619	315,421	(41,118)
Federal Direct	25000	5,073	293,988	283,862	15,199
State Flowthrough	27000	17,173	41,974	48,553	10,594
State Direct	28000	203	106,104	91,207	15,100
State/Local Grants	29000	4,751	0	0	4,751
Bond Building	31100	1,878,705	0	1,254,997	623,708
Special CO State	31400	(27,940)	93,593	72,676	(7,023)
Senate Bill Nine	31700	224,924	331,017	351,070	204,871
Debt Service	41000	928,814	942,073	1,030,326	840,561
Total		\$ 3,321,366	\$ 6,476,632	\$ 7,755,982	\$ 2,042,016

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

**SCHEDULE OF EXPENDITURES  
OF  
FEDERAL AWARDS**

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2010

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
<b><u>U. S. Department of Agriculture</u></b>			
Pass-through State Public Education Department Child Nutrition Cluster			
USDA National School Lunch Program	10.555	21000	\$ 75,001
Total Child Nutrition Cluster			<u>75,001</u>
Pass-through State Department of Human Services USDA Commodities Program	10.550	21000	(1) 9,315
Direct Program Forest Reserve	10.670	21000	28,790
Total U. S. Department of Agriculture			<u>\$ 113,106</u>
<b><u>U. S. Department of Education</u></b>			
Special Education Cluster Pass-through Region 9 Education Cooperative			
IDEA B	84.027	24106/27200	\$ 158,560
IDEA Preschool	84.173	24109	2,902
Pass-through State Public Education Department			
IDEA B Recovery Act	84.391	24206	108,281
IDEA Preschool Recovery Act	84.392	24209	2,140
Total Special Education Cluster			<u>271,883</u>
Title I	84.010	24101	57,879
Title I Recovery Act	84.389	24201	24,075
Title II	84.367	24154	30,968
Title IV	84.186A	24157	464
Title V	84.332	24150	0
State Fiscal Stabilization Fund Recovery Act	84.394	25250	238,189
Direct Program Rural Education Achievement Program	84.358A	25233	23,476
Total U. S. Department of Education			<u>\$ 646,934</u>
Total Federal Assistance			<u>\$ 760,040</u>

(1) Non-cash assistance

See accompanying notes to the Schedule of Expenditures of Federal Awards

**Note 1: Significant Accounting Policies used in preparing the Schedule of Expenditure of Federal Awards**

The modified accrual basis was used to prepare the Schedule of Expenditures of Federal Awards

**Note 2: Insurance Requirements**

There are no insurance requirements on the federal awards disclosed on the Schedule of Expenditures of Federal Awards

**Note 3: Loans or Loan Guarantees**

There were no loans or loan guarantees outstanding at year end.

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

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Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed  
In Accordance with *Government Auditing Standards*

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of the CLOUDCROFT MUNICIPAL SCHOOLS

Mr. Balderas and Members of the Board

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of CLOUDCROFT MUNICIPAL SCHOOLS, (District), as of and for the year ended June 30, 2010, and have issued our report thereon dated November 15, 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 District's internal control over financial reporting as a basis for designing the auditing procedures for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.



A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses listed as 10-1, 10-2 and 10-3.

Compliance and Other Matters

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

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

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

*De'Ann Willoughby CPA PC*

November 15, 2010

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(575) 253-4313

Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control  
Over Compliance in Accordance With OMB Circular A-133

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of the CLOUDCROFT MUNICIPAL SCHOOLS

Mr. Balderas and Members of the Board

Compliance

We have audited CLOUDCROFT MUNICIPAL SCHOOLS (District) compliance with the types of compliance requirements described in the OMB A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133. 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 on the District's compliance with those requirements.

In our opinion, the District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

### Internal Control Over Compliance

Management of the District, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

*De'Ann Willoughby CPA PC*

October 29, 2010

STATE OF NEW MEXICO  
**CLOUDCROFT MUNICIPAL SCHOOLS**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2010

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**A. SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting

- \* Significant deficiencies X yes    \_\_\_ no
- \* Significant deficiencies(s) identified that are not considered to be material weaknesses? \_\_\_ yes    X none reported
- Noncompliance material to financial statements noted? \_\_\_ yes    X no

Federal Awards

Internal control over major programs:

- \* Significant deficiencies \_\_\_ yes    X no
- \* Significant deficiencies(s) identified that are not considered to be material weaknesses? \_\_\_ yes    X none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 \_\_\_ yes    X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
	<b>SPECIAL EDUCATION CLUSTER</b>
84.027	IDEA B
84.391	IDEA B Recovery Act
84.173	IDEA Preschool
84.392	IDEA Preschool Recovery Act
84.394	State Fiscal Stabilization Program Fund

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

Auditee qualified as low risk Auditee \_\_\_ yes    X no

**Prior Year Audit Findings**

There were no prior year findings.

**Current Year Audit Findings**

**10-1 Budget**

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

Non-Major Funds

Library GO Bonds-27145	
Support Services-Students	(\$146)
IDEA State Directed-27200	
Instruction	(\$19,373)
Support Services-Students	(\$15,168)

Criteria

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

Effect

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

Cause

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

Recommendation

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

Response

The District will make the appropriate budgetary adjustment requests and transfers as needed and will review the budget at year-end.

**10-2 PED Cash Reports**

Condition

The District's submitted PED Cash Report at year end did not properly reflect the June 30, 2010 reconciled cash balances.

**Criteria**

6.20.2.11 (B) (6) NMAC and Regulation SBE-6 the reports sent to the New Mexico Public Education Department (PED) must agree to the District's general ledger and must be submitted quarterly and annually by July 31.

**Effect**

The school is not in compliance with NMAC 6.20.2.11 (b) (6) and Regulation SBE-6. Noncompliance may result in poor decision making by the District's governing board.

**Cause**

Our reconciled balances did not agree with the District's PED cash report balances.

**Recommendation**

We recommend that the district check all reports before submitting to PED to ensure numbers are correct.

**Response**

Business Manager, along with the Superintendent, will review these reports for errors and/or oversight prior to submitting to PED.

**10-3 Fixed Assets**

**Condition**

The District's conversion to Vision resulted with multiple fixed assets being dropped from the report.

**Criteria**

Section 2.2.2.10.Y(2), NMAC, requires each District to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year. The District shall certify the correctness of the inventory after the physical inventory. This certification should be provided to the District's auditors.

**Effect**

The District's capital assets listing may have capital assets that do not exist or there may be capital assets omitted that should be on the capital asset inventory.

**Cause**

The District was unaware that the conversion had dropped assets from the list.

**Recommendation**

We are in the process of comparing the prior year depreciation schedule and the current year depreciation schedule and adding the missing fixed assets.

**Response**

Business Manager, along with the Superintendent, will review these reports for errors and/or oversight prior to submitting to PED.

**Financial Statement Preparation**

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

**Exit Conference**

An exit conference was held on November 15, 2010. Those present were the audit committee members Margo Whitt, Bill Denney, Doug Porch, Denny Schiling, Tommy Hancock-Superintendent, Sharlotte Lund-Business Manager, and De'Aun Willoughby CPA.