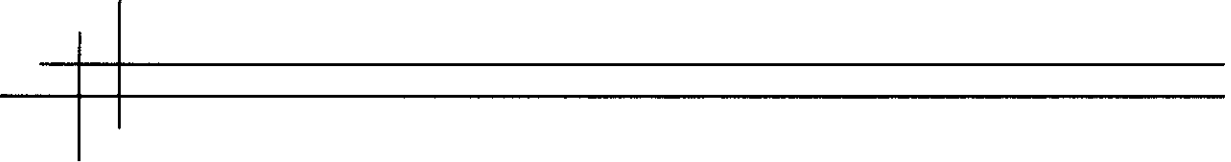




STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS

ANNUAL FINANCIAL REPORT
June 30, 2011

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



STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
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STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
Official Roster
June 30, 2011

BOARD OF EDUCATION

Bill Denney	President
Jacqueline Cates	Vice-President
Douglas Porch	Secretary
Gerald Green	Member
Arlan Ponder	Member

SCHOOL OFFICIALS

Tommy Hancock	Superintendent
Charlotte 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 fund and major special revenue funds of Cloudcroft Municipal Schools, (District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental and the budgetary comparisons for the major capital project 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, 2011, 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, 2011, 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, 2011, 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 October 10, 2011 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'Ann Willoughby CPA PC

October 10, 2011

FINANCIAL SECTION

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
 Government-Wide Statement of Net Assets
 June 30, 2011

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 1,919,323
Investments	2,187
Property Taxes Receivable	30,052
Due from Grantors	198,542
Inventory	3,531
Total Current Assets	<u>2,153,635</u>
Noncurrent Assets	
Capital Assets	18,539,035
Less: Accumulated Depreciation	<u>(4,726,507)</u>
Total Noncurrent Assets	<u>13,812,528</u>
Total Assets	<u>15,966,163</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	34,025
Deferred Revenue	3,338
Accrued Interest	113,675
Current Portion of Long-Term Debt	720,000
Total Current Liabilities	<u>871,038</u>
Noncurrent Liabilities	
Compensated Absences	64,123
Bonds and Notes, Net	5,488,597
Total Noncurrent Liabilities	<u>5,552,720</u>
Total Liabilities	<u>6,423,758</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	7,603,931
Restricted for	
Capital Projects	517,407
Debt Service	929,031
Unrestricted	492,036
Total Net Assets	<u>\$ 9,542,405</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, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 3,222,611	\$ 15,584	\$ 435,851	\$ 0	\$ (2,771,176)
Support Services-Students	344,507	20,500	75,061	0	(248,946)
Support Services-Instruction	85,868	0	0	0	(85,868)
General Administration	407,007	0	7,854	0	(399,153)
School Administration	256,462	0	0	0	(256,462)
Central Services	129,488	0	0	0	(129,488)
Operation of Plant	749,379	0	0	0	(749,379)
Transportation	310,622	0	310,622	0	0
Food Services	197,589	44,225	114,133	0	(39,231)
Interest on Long-Term Obligations	291,485	0	0	0	(291,485)
Total Governmental Activities	\$ 5,995,018	\$ 80,309	\$ 943,521	\$ 0	(4,971,188)
General Revenues					
Taxes					
Property Taxes, Levied for General Purposes					42,342
Property Taxes, Levied for Capital Projects					291,510
Property Taxes, Levied for Debt Service					1,018,758
Federal and State aid not restricted to specific purpose					
General					3,742,490
Capital					37,046
Interest and investment earnings					921
Miscellaneous					56,264
Subtotal, General Revenues					5,189,331
Change in Net Assets					218,143
Net Assets - beginning					9,324,262
Net Assets - ending					\$ 9,542,405

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, 2011

	<u>General Fund</u>		
	<u>Operational 11000</u>	<u>Transportation 13000</u>	<u>Instructional Materials 14000</u>
ASSETS			
Cash and Cash Equivalents	\$ 228,495	\$ 0	\$ 6,641
Investments	2,187	0	0
Receivables			
Property Taxes	984	0	0
Due From Grantor	0	0	0
Interfund Balances	186,938	0	0
Inventory	0	0	0
Total Assets	\$ <u>418,604</u>	\$ <u>0</u>	\$ <u>6,641</u>
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$ 16,086	\$ 0	\$ 283
Interfund Balances	0	0	0
Deferred Revenue	0	0	0
Total Liabilities	<u>16,086</u>	<u>0</u>	<u>283</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	6,358
Capital Projects	0	0	0
Debt Service	0	0	0
Assigned-Capital Projects	0	0	0
Unassigned- General Fund	402,518	0	0
Total Fund Balances	<u>402,518</u>	<u>0</u>	<u>6,358</u>
Total Liabilities and Fund Balances	\$ <u>418,604</u>	\$ <u>0</u>	\$ <u>6,641</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, 2011

	Special Revenue		
	Title I 24101	IDEA Part B Entitlement 24106	Teacher Principal Training 24154
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Investments	0	0	0
Receivables			
Property Taxes	0	0	0
Due From Grantor	38,625	43,136	22,955
Interfund Balances	0	0	0
Inventory	0	0	0
Total Assets	\$ 38,625	\$ 43,136	\$ 22,955
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$ 3,413	\$ 8,191	\$ 0
Interfund Balances	35,212	34,945	22,955
Deferred Revenue	0	0	0
Total Liabilities	38,625	43,136	22,955
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Assigned-Capital Projects	0	0	0
Unassigned- General Fund	0	0	0
Total Fund Balances	0	0	0
Total Liabilities and Fund Balances	\$ 38,625	\$ 43,136	\$ 22,955

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, 2011

	Special Revenue		Capital
	Rural		Projects
	Education Achievement Program 25233	Education Jobs Fund 25255	Bond Building 31100
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 517,407
Investments	0	0	0
Receivables			
Property Taxes	0	0	0
Due From Grantor	28,628	40,949	0
Interfund Balances	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 28,628</u>	<u>\$ 40,949</u>	<u>\$ 517,407</u>
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balances	28,628	40,949	0
Deferred Revenue	0	0	0
Total Liabilities	<u>28,628</u>	<u>40,949</u>	<u>0</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Capital Projects	0	0	517,407
Debt Service	0	0	0
Assigned-Capital Projects	0	0	0
Unassigned- General Fund	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>517,407</u>
Total Liabilities and Fund Balances	<u>\$ 28,628</u>	<u>\$ 40,949</u>	<u>\$ 517,407</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, 2011

	<u>Debt Service</u>		
	<u>Debt Service 41000</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 906,468	\$ 260,312	\$ 1,919,323
Investments	0	0	2,187
Receivables			
Property Taxes	22,563	6,505	30,052
Due From Grantor	0	24,249	198,542
Interfund Balances	0	0	186,938
Inventory	0	3,531	3,531
Total Assets	\$ <u>929,031</u>	\$ <u>294,597</u>	\$ <u>2,340,573</u>
 LIABILITIES AND FUND BALANCE			
Accounts Payable	\$ 0	\$ 6,052	\$ 34,025
Interfund Balances	0	24,249	186,938
Deferred Revenue	0	3,338	3,338
Total Liabilities	<u>0</u>	<u>33,639</u>	<u>224,301</u>
 Fund Balances			
Nonspendable-Inventory	0	3,531	3,531
Restricted for, reported in			
Special Revenue Funds	0	55,957	62,315
Capital Projects	0	0	517,407
Debt Service	929,031	0	929,031
Assigned-Capital Projects	0	201,470	201,470
Unassigned- General Fund	0	0	402,518
Total Fund Balances	<u>929,031</u>	<u>260,958</u>	<u>2,116,272</u>
 Total Liabilities and Fund Balances	 \$ <u>929,031</u>	 \$ <u>294,597</u>	 \$ <u>2,340,573</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, 2011

Total Fund Balance - Governmental Funds \$ 2,116,272

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	\$ 18,539,035	
Accumulated depreciation is	<u>(4,726,507)</u>	13,812,528

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	(6,335,000)	
Accrued Interest	(113,675)	
Bond Issue Costs	221,773	
Accumulated Amortization	(95,370)	
Compensated Absences	<u>(64,123)</u>	<u>(6,386,395)</u>

Total net assets - governmental activities	\$	<u><u>9,542,405</u></u>
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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, 2011

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
Revenues			
Property Taxes	\$ 42,342	\$ 0	\$ 0
Investment Income	602	0	0
Fees	2,450	0	0
State & Local Grants	3,717,795	310,622	16,542
Federal Grants	24,695	0	0
Miscellaneous	53,949	0	0
Total Revenues	<u>3,841,833</u>	<u>310,622</u>	<u>16,542</u>
Expenditures			
Current			
Instruction	2,088,172	0	27,571
Support Service-Students	252,141	0	0
Support Services-Instruction	85,868	0	0
Support Services-General Administration	377,055	0	0
Support Services-School Administration	256,462	0	0
Central Services	106,204	0	0
Operation & Maintenance of Plant	479,779	0	0
Student Transportation	0	310,622	0
Food Services	13,668	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>3,659,349</u>	<u>310,622</u>	<u>27,571</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>182,484</u>	<u>0</u>	<u>(11,029)</u>
Other Financing Sources (Uses)			
Transfer In/(Out)	(1,406)	0	0
Total Other Financing Sources (Uses)	<u>(1,406)</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balance	181,078	0	(11,029)
Fund Balances at Beginning of Year	<u>221,440</u>	<u>0</u>	<u>17,387</u>
Fund Balance End of Year	<u>\$ 402,518</u>	<u>\$ 0</u>	<u>\$ 6,358</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, 2011

	Special Revenue		
	Title I 24101	IDEA Part B Entitlement 24106	Teacher Principal Training 24154
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	73,156	86,891	1,955
Miscellaneous	0	0	0
Total Revenues	<u>73,156</u>	<u>86,891</u>	<u>1,955</u>
Expenditures			
Current			
Instruction	65,302	57,782	1,955
Support Service-Students	0	29,109	0
Support Services-Instruction	0	0	0
Support Services-General Administration	7,854	0	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance 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
Total Expenditures	<u>73,156</u>	<u>86,891</u>	<u>1,955</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfer In/(Out)	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balance	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2011

	Special Revenue		Capital Projects
	Rural Education Achievement Program 25233	Education Jobs Fund 25255	Bond Building 31100
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	36
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	27,558	107,140	0
Miscellaneous	0	0	0
Total Revenues	<u>27,558</u>	<u>107,140</u>	<u>36</u>
Expenditures			
Current			
Instruction	27,558	107,140	0
Support Service-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	0	0	33,879
Student Transportation	0	0	0
Food Services	0	0	0
Capital Outlay	0	0	72,458
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>27,558</u>	<u>107,140</u>	<u>106,337</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>(106,301)</u>
Other Financing Sources (Uses)			
Transfer In/(Out)	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balance	0	0	(106,301)
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>623,708</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 517,407</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, 2011

	<u>Debt Service</u>		
	<u>Debt Service 41000</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Property Taxes	\$ 1,018,758	\$ 291,510	\$ 1,352,610
Investment Income	106	177	921
Fees	0	77,859	80,309
State & Local Grants	0	2,307	4,047,266
Federal Grants	0	354,396	675,791
Miscellaneous	0	2,315	56,264
Total Revenues	<u>1,018,864</u>	<u>728,564</u>	<u>6,213,161</u>
Expenditures			
Current			
Instruction	0	183,188	2,558,668
Support Service-Students	0	45,952	327,202
Support Services-Instruction	0	0	85,868
Support Services-General Administration	10,121	2,898	397,928
Support Services-School Administration	0	0	256,462
Central Services	0	0	106,204
Operation & Maintenance of Plant	0	159,292	672,950
Student Transportation	0	0	310,622
Food Services	0	146,843	160,511
Capital Outlay	0	173,080	245,538
Debt Service			
Principal	650,000	0	650,000
Interest	286,190	0	286,190
Total Expenditures	<u>946,311</u>	<u>711,253</u>	<u>6,058,143</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>72,553</u>	<u>17,311</u>	<u>155,018</u>
Other Financing Sources (Uses)			
Transfer In/(Out)	0	1,406	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>1,406</u>	<u>0</u>
Net Changes in Fund Balance	72,553	18,717	155,018
Fund Balances at Beginning of Year	<u>856,478</u>	<u>242,241</u>	<u>1,961,254</u>
Fund Balance End of Year	<u>\$ 929,031</u>	<u>\$ 260,958</u>	<u>\$ 2,116,272</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
 Statement of Revenues, Expenditures and Changes in Fund Balance
 To the Statement of Activities
 June 30, 2011

Net Change in Fund Balance-Governmental Funds \$ 155,018

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	\$ (762,995)	
Capital Outlays	<u>245,538</u>	(517,457)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 650,000

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, 2010	124,727	
Accrued Interest, June 30, 2011	<u>(113,675)</u>	<u>11,052</u>

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences, June 30, 2010	0	
Compensated Absences, June 30, 2011	<u>(64,123)</u>	<u>(64,123)</u>

Changes in Net Assets of Governmental Activities \$ 218,143

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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 41,462	\$ 41,462	\$ 42,086	\$ 624
Investment Income	400	400	602	202
Fees	6,000	6,000	2,450	(3,550)
Miscellaneous	500	500	53,949	53,449
State & Local Grants	3,824,998	3,700,915	3,717,795	16,880
Federal Revenues	25,911	25,911	24,695	(1,216)
Total Revenues	3,899,271	3,775,188	3,841,577	66,389
Expenditures				
Instruction				
Personnel Services	1,599,769	1,541,387	1,514,374	27,013
Employee Benefits	615,581	535,552	493,764	41,788
Professional & Tech Services	16,000	32,933	31,668	1,265
Other Purchased Services	40,500	46,602	30,885	15,717
Supplies	28,000	27,160	17,631	9,529
Total Instruction	2,299,850	2,183,634	2,088,322	95,312
Support Services-Students				
Personnel Services	176,909	140,825	133,317	7,508
Employee Benefits	64,585	57,985	28,692	29,293
Professional & Tech Services	115,136	131,736	68,457	63,279
Supplies	14,436	24,997	21,736	3,261
Total Support Services-Students	371,066	355,543	252,202	103,341
Support Services-Instruction				
Personnel Services	53,070	57,153	55,266	1,887
Employee Benefits	33,310	36,407	30,602	5,805
Total Support Services-Instruction	86,380	93,560	85,868	7,692
Support Services-General Administration				
Personnel Services	252,903	245,723	234,756	10,967
Employee Benefits	105,143	103,843	83,393	20,450
Professional & Tech Services	33,223	33,223	31,615	1,608
Other Purchased Services	49,000	26,085	21,305	4,780
Supplies	10,000	8,000	3,481	4,519
Total Support Services-General Administration	\$ 450,269	\$ 416,874	\$ 374,550	\$ 42,324

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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Support Services-School Administration				
Personnel Services	\$ 208,177	\$ 194,923	\$ 191,252	\$ 3,671
Employee Benefits	61,940	75,193	65,210	9,983
Total Support Services-School Administration	270,117	270,116	256,462	13,654
Central Services				
Personnel Services	67,903	67,903	67,235	668
Employee Benefits	25,697	35,575	30,976	4,599
Other Purchased Services	0	7,993	7,993	0
Total Central Service	93,600	111,471	106,204	5,267
Operation of Plant				
Personnel Services	156,681	156,681	154,063	2,618
Employee Benefits	70,264	61,875	59,051	2,824
Purchased Property Services	140,000	158,737	157,161	1,576
Other Purchased Services	85,454	93,432	93,432	0
Supplies	24,000	21,674	15,143	6,531
Total Operation of Plant	476,399	492,399	478,850	13,549
Food Services				
Supplies	0	0	13,668	(13,668)
Total Food Services	0	0	13,668	(13,668)
Total Expenditures	4,047,681	3,923,597	3,656,126	267,471
Excess (Deficiency) of Revenues Over Expenditures	(148,410)	(148,409)	185,451	333,860
Other Financing Sources (Uses)				
Transfers	0	0	(1,406)	(1,406)
Total Other Sources (Uses)	0	0	(1,406)	(1,406)
Net Change in Cash Balance	(148,410)	(148,409)	184,045	332,454
Cash Balance Beginning of Year	233,575	233,575	233,575	0
Cash Balance End of Year	\$ 85,165	\$ 85,166	\$ 417,620	\$ 332,454
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 185,451	
Net change in Taxes Receivables			256	
Net change in Accounts Payable			(3,223)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 182,484	

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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 360,665	\$ 341,580	\$ 310,622	\$ (30,958)
Total Revenues	<u>360,665</u>	<u>341,580</u>	<u>310,622</u>	<u>(30,958)</u>
Expenditures				
Student Transportation				
Personnel Services	46,133	45,612	45,611	1
Employee Benefits	11,732	11,194	11,178	16
Purchased Property Services	19,503	2,588	2,588	0
Other Purchased Services	236,277	254,938	230,530	24,408
Supplies	47,020	27,248	20,715	6,533
Total Student Transportation	<u>360,665</u>	<u>341,580</u>	<u>310,622</u>	<u>30,958</u>
Total Expenditures	<u>360,665</u>	<u>341,580</u>	<u>310,622</u>	<u>30,958</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>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 0	

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

STATE OF NEW MEXICO
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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 15,438	\$ 15,438	\$ 16,542	\$ 1,104
Total Revenues	<u>15,438</u>	<u>15,438</u>	<u>16,542</u>	<u>1,104</u>
Expenditures				
Instruction				
Supplies	30,690	30,690	27,288	3,402
Total Instruction	<u>30,690</u>	<u>30,690</u>	<u>27,288</u>	<u>3,402</u>
Total Expenditures	<u>30,690</u>	<u>30,690</u>	<u>27,288</u>	<u>3,402</u>
Excess (Deficiency) of Revenues Over Expenditures	(15,252)	(15,252)	(10,746)	4,506
Cash Balance Beginning of Year	<u>17,387</u>	<u>17,387</u>	<u>17,387</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,135</u>	<u>\$ 2,135</u>	<u>\$ 6,641</u>	<u>\$ 4,506</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (10,746)	
Net change in Accounts Payable			(283)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (11,029)</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-24101
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 123,110	\$ 156,711	\$ 37,949	\$ (118,762)
Total Revenues	<u>123,110</u>	<u>156,711</u>	<u>37,949</u>	<u>(118,762)</u>
Expenditures				
Instruction				
Personnel Services	16,000	16,000	15,912	88
Employee Benefits	4,730	4,930	4,215	715
Professional & Tech Services	20,000	59,001	20,153	38,848
Supplies	23,757	23,757	21,609	2,148
Total Instruction	<u>64,487</u>	<u>103,688</u>	<u>61,889</u>	<u>41,799</u>
Support Services-General Administration				
Personnel Services	6,340	6,340	6,560	(220)
Employee Benefits	48,865	43,265	1,294	41,971
Total Support Services-General Administration	<u>55,205</u>	<u>49,605</u>	<u>7,854</u>	<u>41,751</u>
Total Expenditures	<u>119,692</u>	<u>153,293</u>	<u>69,743</u>	<u>83,550</u>
Excess (Deficiency) of Revenues Over Expenditures	3,418	3,418	(31,794)	(35,212)
Cash Balance Beginning of Year	<u>(3,418)</u>	<u>(3,418)</u>	<u>(3,418)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (35,212)</u>	<u>\$ (35,212)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (31,794)	
Net change in Due from Grantor			35,207	
Net change in Accounts Payable			<u>(3,413)</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, PART B ENTITLEMENT-24106
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 126,196	\$ 142,588	\$ 80,702	\$ (61,886)
Total Revenues	<u>126,196</u>	<u>142,588</u>	<u>80,702</u>	<u>(61,886)</u>
Expenditures				
Instruction				
Personnel Services	48,865	43,265	38,072	5,193
Employee Benefits	21,128	24,728	19,204	5,524
Supplies	0	2,000	506	1,494
Total Instruction	<u>69,993</u>	<u>69,993</u>	<u>57,782</u>	<u>12,211</u>
Support Services-Students				
Personnel Services	14,489	13,811	11,773	2,038
Employee Benefits	3,935	3,978	2,129	1,849
Professional & Tech Services	16,000	16,000	15,168	832
Other Purchased Services	0	1,138	1,138	0
Supplies	0	15,889	5,878	10,011
Total Support Services-Students	<u>34,424</u>	<u>50,816</u>	<u>36,086</u>	<u>14,730</u>
Total Expenditures	<u>104,417</u>	<u>120,809</u>	<u>93,868</u>	<u>26,941</u>
Excess (Deficiency) of Revenues Over Expenditures	21,779	21,779	(13,166)	(34,945)
Cash Balance Beginning of Year	<u>(21,779)</u>	<u>(21,779)</u>	<u>(21,779)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (34,945)</u>	<u>\$ (34,945)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (13,166)	
Net Change in Due from Grantor			6,189	
Net Change in Accounts Payable			6,977	
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-TEACHER PRINCIPAL TRAINING-24154
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 21,000	\$ 46,228	\$ 0	\$ (46,228)
Total Revenues	<u>21,000</u>	<u>46,228</u>	<u>0</u>	<u>(46,228)</u>
Expenditures				
Instruction				
Employee Benefits	0	1,702	1,702	0
Other Purchased Services	0	253	253	0
Instruction	<u>0</u>	<u>1,955</u>	<u>1,955</u>	<u>0</u>
Support Services-Instruction				
Professional & Tech Services	<u>21,000</u>	<u>44,273</u>	<u>21,000</u>	<u>23,273</u>
Total Support Services-Instruction	<u>21,000</u>	<u>44,273</u>	<u>21,000</u>	<u>23,273</u>
Total Expenditures	<u>21,000</u>	<u>46,228</u>	<u>22,955</u>	<u>23,273</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(22,955)	(22,955)
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>\$ (22,955)</u>	<u>\$ (22,955)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (22,955)	
Net Change in Due from Grantor			1,955	
Net Change in Accounts Payable			21,000	
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-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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 2,371	\$ 34,357	\$ 1,301	\$ (33,056)
Total Revenues	<u>2,371</u>	<u>34,357</u>	<u>1,301</u>	<u>(33,056)</u>
Expenditures				
Instruction				
Professional & Tech Services	0	31,986	27,558	4,428
Total Instruction	<u>0</u>	<u>31,986</u>	<u>27,558</u>	<u>4,428</u>
Total Expenditures	<u>0</u>	<u>31,986</u>	<u>27,558</u>	<u>4,428</u>
Excess (Deficiency) of Revenues Over Expenditures	2,371	2,371	(26,257)	(28,628)
Cash Balance Beginning of Year	<u>(2,371)</u>	<u>(2,371)</u>	<u>(2,371)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (28,628)</u>	<u>\$ (28,628)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (26,257)	
Net Change in Due from Grantor			<u>26,257</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-EDUCATION JOBS FUND-25255
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 107,140	\$ 66,191	\$ (40,949)
Total Revenues	<u>0</u>	<u>107,140</u>	<u>66,191</u>	<u>(40,949)</u>
Expenditures				
Instruction				
Personnel Services	0	84,119	84,119	0
Employee Benefits	0	23,021	23,021	0
Total Instruction	<u>0</u>	<u>107,140</u>	<u>107,140</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>107,140</u>	<u>107,140</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(40,949)	(40,949)
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>\$ (40,949)</u>	<u>\$ (40,949)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (40,949)	
Net change in Due from Grantor			<u>40,949</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
Statement of Fiduciary Assets and Liabilities-Agency Fund
June 30, 2011

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 116,028
Total Assets	<u>\$ 116,028</u>
Liabilities	
Deposits Held for Others	\$ 116,028
Total Liabilities	<u>\$ 116,028</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.

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

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

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

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

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

Teacher Principal Training (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).

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.

Education Jobs Fund (25255). To provide for the compensation and benefits and other expenses, such as support services, necessary to retain existing employees, to recall or rehire former employees, and to hire new employees, in order to provide early childhood, elementary, or secondary educational and related services. Authorized by PL No 111-226.

CAPITAL PROJECT FUNDS

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

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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.
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.

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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.

(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.

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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.

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

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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

Nonspendable fund balance represents assets that are other than cash such as inventory.

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

Assigned fund balance classification are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed.

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

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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.

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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.

1st National Bank

<u>Name of Account</u>	Balance Per Bank 6/30/11	Reconciled Balance	<u>Type</u>
Operational	\$ 2,220,494	\$ 1,919,323	Checking
Activity-Non-budgeted	117,873	116,028	Checking
TOTAL Deposited	<u>2,338,367</u>	<u>\$ 2,035,351</u>	
Less: FDIC Coverage	<u>(250,000)</u>		
Uninsured Amount	2,088,367		
50% collateral requirement	1,044,184		
Pledged securities	<u>1,977,635</u>		
Over (Under) requirement	<u>\$ 933,452</u>		

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

The following securities are pledged at 1st National Bank:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
GNMA II Pool #631831	36291L4Q5	\$ 380,199	6/20/2024	* FHLB
FNMA Pool #653807	31390RKU6	8,911	5/1/2014	FHLB
San Benito, TX	796558LK8	512,785	2/1/2023	FHLB
Williamson County, TX	969887XA1	536,675	2/15/2026	FHLB
Lubbock, TX	549188DW7	<u>539,065</u>	2/15/2027	FHLB
		<u>\$ 1,977,635</u>		

* Dallas, TX

Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank in District's name	1,977,635
Uninsured and uncollateralized	110,732
Total Deposits	<u>\$ 2,338,367</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, 2011 \$110,732 of the District's bank balance of \$2,338,367 was exposed to custodial credit risk.

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NM State Treasurer	Balance Per Bank 6/30/11	Reconciled Balance	Type
<u>Name of Account</u>			
NM State Investment Council	\$ 2,187	\$ 2,187	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:

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 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. As of June 30, 2011, 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

	Title I	IDEA Part B Entitlement	Teacher Principal Training	Rural Education Achievement Program
Loan from General Fund	\$ 35,212	\$ 24,106	\$ 24,154	\$ 25,233
		Education Jobs Fund 25,255	Other Governmental Funds	Total
		\$ 40,949	\$ 24,249	\$ 186,938

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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, 2011:

Federal Agencies	\$	196,235
State Agencies		2,307
Total	\$	<u>198,542</u>

NOTE E: CAPITAL ASSETS

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

	Beginning Balance 6/30/10	Increases	Decreases	Ending Balance 6/30/11
Governmental Activities				
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	16,861,461	72,458	0	16,933,919
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>1,427,036</u>	<u>173,080</u>	<u>0</u>	<u>1,600,116</u>
Total Capital Assets being Depreciated	<u>18,288,497</u>	<u>245,538</u>	<u>0</u>	<u>18,534,035</u>
Total Capital Assets	<u>18,293,497</u>	<u>245,538</u>	<u>0</u>	<u>18,539,035</u>
Less Accumulated Depreciation				
Buildings & Improvements	3,000,705	711,257	0	3,711,962
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>962,808</u>	<u>51,737</u>		<u>1,014,545</u>
Total Accumulated Depreciation	<u>3,963,513</u>	<u>762,994</u>	<u>0</u>	<u>4,726,507</u>
Capital Assets, net	<u>\$ 14,329,984</u>	<u>\$ (517,456)</u>	<u>\$ 0</u>	<u>\$ 13,812,528</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 714,395
Support Services-Students	8,491
Central Services	906
Food Service	22,778
Operation & Maintenance of Plant	16,424
Total depreciation expenses	<u>\$ 762,994</u>

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NOTE H: LONG TERM DEBT

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

	Beginning Balance 6/30/10	Additions	Reductions	Ending Balance 6/30/11	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 6,985,000	\$ 0	\$ 650,000	\$ 6,335,000	\$ 720,000
Total Bonds	<u>\$ 6,985,000</u>	<u>\$ 0</u>	<u>\$ 650,000</u>	<u>\$ 6,335,000</u>	<u>\$ 720,000</u>

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

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%	\$ 2,275,000
2002	8/1/2001	1,500,000	3.50%-5.00%	895,000
2007	11/16/2007	2,500,000	3.65%-4.35%	1,780,000
2009	6/16/2009	1,750,000	4.25%	1,385,000
				<u>\$ 6,335,000</u>

The annual requirements to amortize the general obligation bonds as of June 30, 2011 including interest payments are as follows:

	Principal	Interest	Total
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	590,000	151,599	741,599
2017-2021	3,010,000	334,333	3,344,333
2022	195,000	4,144	199,144
	<u>\$ 6,335,000</u>	<u>\$ 1,356,094</u>	<u>\$ 7,691,094</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	\$ 6,335,000
Issue Costs/Premium/Discounts on Bond Issues	(221,773)
Accumulated Amortization	95,370
Statement of Net Assets	<u>\$ 6,208,597</u>

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Long-Term Per Government Wide Financial Statements	\$	5,488,597
Current Portion		720,000
Statement of Net Assets	\$	<u>6,208,597</u>

NOTE I: COMMITMENTS

The District has various construction commitments for repairs and improvement of facilities on June 30, 2011.

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.

Effective July 1, 2009 through June 30, 2011, 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. Effective July 1, 2011 plan members are required by statute to continue 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually are required to contribute 11.15% of their gross salary. The District is required to contribute 12.4% of gross covered salary for employees earning \$20,000 or less, and 9.15% of the gross covered salary of employees earning more than \$20,000 annually. 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, 2011, 2010, and 2009, were \$580,935, \$507,980 and \$583,312 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.

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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.

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

The 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, 2011, the statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee was required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 and 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>
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, 2011, 2010 and 2009 were \$71,517, \$48,295 and \$58,182 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).
- 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.

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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 \$70,472 to the District in the following special revenue funds:
 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. BUDGET

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

The following funds maintained a deficit fund balance as of June 30, 2011.

Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2011:

	<u>Amount</u>
Major Funds	
General Fund-Operational-11000	
Food Services	(\$13,668)
Debt Service-41000	
Support Services-General Administration	(\$121)
Debt Service	(\$107)
Non-Major Funds	
Title I, Recovery Act-24201	
Instruction	(\$9,517)
State Fiscal Stabilization	
Food Services	(\$529)
IDEA State	
Support Services-Students	(\$11,505)
Energy Efficient	
Capital Outlay	(\$57)

**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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Investment Income	\$ 0	\$ 0	\$ 36	\$ 36
Total Revenues	<u>0</u>	<u>0</u>	<u>36</u>	<u>36</u>
Expenditures				
Capital Outlay				
Building Improvements	489,350	489,350	106,337	383,013
Total Capital Outlay	<u>489,350</u>	<u>489,350</u>	<u>106,337</u>	<u>383,013</u>
Total Expenditures	<u>489,350</u>	<u>489,350</u>	<u>106,337</u>	<u>383,013</u>
Excess (Deficiency) of Revenues Over Expenditures	(489,350)	(489,350)	(106,301)	383,049
Cash Balance Beginning of Year	<u>623,708</u>	<u>623,708</u>	<u>623,708</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 134,358</u>	<u>\$ 134,358</u>	<u>\$ 517,407</u>	<u>\$ 383,049</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (106,301)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (106,301)</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 936,083	\$ 936,083	\$ 1,012,113	\$ 76,030
Investment Income	2,900	2,900	106	(2,794)
Total Revenues	<u>938,983</u>	<u>938,983</u>	<u>1,012,219</u>	<u>73,236</u>
Expenditures				
Support Services-General Administration				
Purchased Services	10,000	10,000	10,121	(121)
Total Support Services-General Administration	<u>10,000</u>	<u>10,000</u>	<u>10,121</u>	<u>(121)</u>
Debt Service				
Principal	650,000	650,000	650,000	0
Interest	286,083	286,083	286,190	(107)
Total Debt Service	<u>936,083</u>	<u>936,083</u>	<u>936,190</u>	<u>(107)</u>
Total Expenditures	<u>946,083</u>	<u>946,083</u>	<u>946,311</u>	<u>(228)</u>
Excess (Deficiency) of Revenues Over Expenditures	(7,100)	(7,100)	65,908	73,008
Cash Balance Beginning of Year	<u>840,560</u>	<u>840,560</u>	<u>840,560</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 833,460</u>	<u>\$ 833,460</u>	<u>\$ 906,468</u>	<u>\$ 73,008</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 65,908	
Net change in Taxes Receivable			6,645	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 72,553</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).

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).

English Language Acquisition (24153). To account for revenues and expenditures received from a federal grant provided to develop school-wide programs for limited English proficient students that reform, restructure, and upgrade all relevant programs. The fund was created by the Elementary and Secondary Education Act of 1965, as amended, Title VII, Part A.

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

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

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).

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.

NONMAJOR SPECIAL REVENUE FUNDS

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).

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.

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.

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

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2011

	Special Revenue		
	Food Service 21000	Athletics 22000	IDEA Preschool 24109
ASSETS			
Cash and Cash Equivalents	\$ 14,563	\$ 3,443	\$ 0
Receivables			
Property Taxes	0	0	0
Due from Grantor	0	0	211
Inventory	3,531	0	0
Total Assets	<u>\$ 18,094</u>	<u>\$ 3,443</u>	<u>\$ 211</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 361	\$ 0	\$ 0
Interfund Balance	0	0	211
Deferred Revenue	0	0	0
Total Liabilities	<u>361</u>	<u>0</u>	<u>211</u>
Fund Balance			
Nonspendable-Inventory	3,531	0	0
Restricted for, reported in			
Special Revenue Funds	14,202	3,443	0
Assigned-Capital Projects	0	0	0
Total Fund Balance	<u>17,733</u>	<u>3,443</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 18,094</u>	<u>\$ 3,443</u>	<u>\$ 211</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, 2011

	Special Revenue		
	Title V 24150	English Language Acquisition 24153	Safe & Drug Free Schools & 24157
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due from Grantor	0	3,600	0
Inventory	0	0	0
Total Assets	\$ 0	\$ 3,600	\$ 0
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	3,600	0
Deferred Revenue	0	0	0
Total Liabilities	0	3,600	0
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in Special Revenue Funds	0	0	0
Assigned-Capital Projects	0	0	0
Total Fund Balance	0	0	0
Total Liabilities and Fund Balance	\$ 0	\$ 3,600	\$ 0

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, 2011

	<u>Special Revenue</u>		
	<u>Title I Recovery Act 24201</u>	<u>IDEA Entitlement Recovery Act 24206</u>	<u>IDEA Preschool Recovery Act 24209</u>
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due from Grantor	13,481	0	1,612
Inventory	0	0	0
Total Assets	<u>\$ 13,481</u>	<u>\$ 0</u>	<u>\$ 1,612</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	13,481	0	1,612
Deferred Revenue	0	0	0
Total Liabilities	<u>13,481</u>	<u>0</u>	<u>1,612</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Assigned-Capital Projects	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 13,481</u>	<u>\$ 0</u>	<u>\$ 1,612</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, 2011

	<u>Special Revenue</u>		
	Title XIX Medicaid 25153	State Fiscal Stabilization Program Fund 25250	Dual Credit 27103
ASSETS			
Cash and Cash Equivalents	\$ 30,170	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due from Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 30,170</u>	<u>\$ 0</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
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>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in Special Revenue Funds	30,170	0	0
Assigned-Capital Projects	0	0	0
Total Fund Balance	<u>30,170</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 30,170</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 Balance Sheet
June 30, 2011

	Special Revenue		
	GO Student Library 27105	Technology for Education 27117	Incentives For School Improvement 27138
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 5,090	\$ 1,375
Receivables			
Property Taxes	0	0	0
Due from Grantor	2,307	0	0
Inventory	0	0	0
Total Assets	<u>\$ 2,307</u>	<u>\$ 5,090</u>	<u>\$ 1,375</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	2,307	0	0
Deferred Revenue	0	0	0
Total Liabilities	<u>2,307</u>	<u>0</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	5,090	1,375
Assigned-Capital Projects	0	0	0
Total Fund Balance	<u>0</u>	<u>5,090</u>	<u>1,375</u>
Total Liabilities and Fund Balance	<u>\$ 2,307</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 Balance Sheet
June 30, 2011

	<u>Special Revenue</u>		
	Beginning Teachers Mentoring Program <u>27154</u>	SB 301 GO Libraries <u>27170</u>	IDEA State Directed <u>27200</u>
ASSETS			
Cash and Cash Equivalents	\$ 630	\$ 370	\$ 3,338
Receivables			
Property Taxes	0	0	0
Due from Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 630</u>	<u>\$ 370</u>	<u>\$ 3,338</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	0
Deferred Revenue	0	0	3,338
Total Liabilities	<u>0</u>	<u>0</u>	<u>3,338</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in Special Revenue Funds	630	370	0
Assigned-Capital Projects	0	0	0
Total Fund Balance	<u>630</u>	<u>370</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 630</u>	<u>\$ 370</u>	<u>\$ 3,338</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, 2011

	<u>Special Revenue</u>		
	2008 Library Book Fund 27549	Energy Efficient Measure 28187	French Grant from NMSU 29102
ASSETS			
Cash and Cash Equivalents	\$ 512	\$ 0	\$ 165
Receivables			
Property Taxes	0	0	0
Due from Grantor	0	3,038	0
Inventory	0	0	0
Total Assets	<u>\$ 512</u>	<u>\$ 3,038</u>	<u>\$ 165</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	3,038	0
Deferred Revenue	0	0	0
Total Liabilities	<u>0</u>	<u>3,038</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	512	0	165
Assigned-Capital Projects	0	0	0
Total Fund Balance	<u>512</u>	<u>0</u>	<u>165</u>
Total Liabilities and Fund Balance	<u>\$ 512</u>	<u>\$ 3,038</u>	<u>\$ 165</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, 2011

	<u>Capital Projects</u>	<u>Capital Projects</u>	
	Special School Capital Outlay 31400	Senate Bill Nine 31700	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 200,656	\$ 260,312
Receivables			
Property Taxes	0	6,505	6,505
Due from Grantor	0	0	24,249
Inventory	0	0	3,531
Total Assets	<u>\$ 0</u>	<u>\$ 207,161</u>	<u>\$ 294,597</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 5,691	\$ 6,052
Interfund Balance	0	0	24,249
Deferred Revenue	0	0	3,338
Total Liabilities	<u>0</u>	<u>5,691</u>	<u>33,639</u>
Fund Balance			
Nonspendable-Inventory	0	0	3,531
Restricted for, reported in			
Special Revenue Funds	0	0	55,957
Assigned-Capital Projects	0	201,470	201,470
Total Fund Balance	<u>0</u>	<u>201,470</u>	<u>260,958</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 207,161</u>	<u>\$ 294,597</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, 2011

	Special Revenue		
	Food Service 21000	Athletics 22000	IDEA Preschool 24109
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Investment Income	6	0	0
Fees	44,225	13,134	0
State & Local Grants	0	0	0
Federal Grants	87,037	0	528
Miscellaneous	0	0	0
Total Revenues	<u>131,268</u>	<u>13,134</u>	<u>528</u>
Expenditures			
Current			
Instruction	0	17,624	0
Support Services-Students	0	0	528
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Operation of Plant	0	0	0
Food Service Operations	119,747	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>119,747</u>	<u>17,624</u>	<u>528</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>11,521</u>	<u>(4,490)</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfer In/(Out)	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balance	11,521	(4,490)	0
Fund Balances at Beginning of Year	<u>6,212</u>	<u>7,933</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 17,733</u>	<u>\$ 3,443</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, 2011

	Special Revenue		
	Title V 24150	English Language Acquisition 24153	Safe & Drug Free Schools & 24157
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	0	3,600	0
Miscellaneous	0	0	0
Total Revenues	<u>0</u>	<u>3,600</u>	<u>0</u>
Expenditures			
Current			
Instruction	0	3,600	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	0	0	0
Total Expenditures	<u>0</u>	<u>3,600</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfer In/(Out)	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balance	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2011

	Special Revenue		
	Title I	IDEA	IDEA
	Recovery Act 24201	Entitlement Recovery Act 24206	Preschool Recovery Act 24209
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	13,481	0	1,612
Miscellaneous	0	0	0
Total Revenues	<u>13,481</u>	<u>0</u>	<u>1,612</u>
Expenditures			
Current			
Instruction	13,481	0	0
Support Services-Students	0	0	1,612
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>13,481</u>	<u>0</u>	<u>1,612</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfer In/(Out)	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balance	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2011

	Special Revenue		
	Title XIX Medicaid 25153	State Fiscal Stabilization Program Fund 25250	Dual Credit 27103
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Fees	20,500	0	0
State & Local Grants	0	0	0
Federal Grants	0	140,620	0
Miscellaneous	0	0	0
Total Revenues	<u>20,500</u>	<u>140,620</u>	<u>0</u>
Expenditures			
Current			
Instruction	0	113,524	1,406
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	27,096	0
Capital Outlay	0	0	0
Total Expenditures	<u>0</u>	<u>140,620</u>	<u>1,406</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>20,500</u>	<u>0</u>	<u>(1,406)</u>
Other Financing Sources (Uses)			
Transfer In/(Out)	0	0	1,406
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>1,406</u>
Net Changes in Fund Balance	20,500	0	0
Fund Balances at Beginning of Year	<u>9,670</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 30,170</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, 2011

	Special Revenue		
	GO Student Library 27105	Technology for Education 27117	Incentives For School Improvement 27138
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Fees	0	0	0
State & Local Grants	2,307	0	0
Federal Grants	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>2,307</u>	<u>0</u>	<u>0</u>
Expenditures			
Current			
Instruction	0	0	0
Support Services-Students	2,307	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	0	0	0
Total Expenditures	<u>2,307</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfer In/(Out)	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balance	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>5,090</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, 2011

	Special Revenue		
	Beginning Teachers Mentoring Program 27154	SB 301 GO Libraries 27170	IDEA State Directed 27200
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	0	0	70,472
Miscellaneous	0	0	0
Total Revenues	<u>0</u>	<u>0</u>	<u>70,472</u>
Expenditures			
Current			
Instruction	0	0	28,967
Support Services-Students	0	0	41,505
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>0</u>	<u>0</u>	<u>70,472</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Other Financing Sources (Uses)			
Transfer In/(Out)	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balance	0	0	0
Fund Balances at Beginning of Year	<u>630</u>	<u>370</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 630</u>	<u>\$ 370</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, 2011

	Special Revenue		
	2008 Library Book Fund 27549	Energy Efficient Measure 28187	French Grant from NMSU 29102
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Fees	0	0	0
State & Local Grants	0	0	0
Federal Grants	0	37,046	0
Miscellaneous	0	0	0
Total Revenues	<u>0</u>	<u>37,046</u>	<u>0</u>
Expenditures			
Current			
Instruction	0	0	4,586
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	0	52,145	0
Total Expenditures	<u>0</u>	<u>52,145</u>	<u>4,586</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>(15,099)</u>	<u>(4,586)</u>
Other Financing Sources (Uses)			
Transfer In/(Out)	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balance	0	(15,099)	(4,586)
Fund Balances at Beginning of Year	<u>512</u>	<u>15,099</u>	<u>4,751</u>
Fund Balance End of Year	<u>\$ 512</u>	<u>\$ 0</u>	<u>\$ 165</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, 2011

	Capital Projects	Capital Projects	
	Special School Capital Outlay 31400	Senate Bill Nine 31700	Total
Revenues			
Property Taxes	\$ 0	\$ 291,510	\$ 291,510
Investment Income	0	171	177
Fees	0	0	77,859
State & Local Grants	0	0	2,307
Federal Grants	0	0	354,396
Miscellaneous	0	2,315	2,315
Total Revenues	<u>0</u>	<u>293,996</u>	<u>728,564</u>
Expenditures			
Current			
Instruction	0	0	183,188
Support Services-Students	0	0	45,952
Support Services-Instruction	0	0	0
Support Services-General Administration	0	2,898	2,898
Operation of Plant	0	159,292	159,292
Food Service Operations	0	0	146,843
Capital Outlay	0	120,935	173,080
Total Expenditures	<u>0</u>	<u>283,125</u>	<u>711,253</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>10,871</u>	<u>17,311</u>
Other Financing Sources (Uses)			
Transfer In/(Out)	0	0	1,406
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>1,406</u>
Net Changes in Fund Balance	0	10,871	18,717
Fund Balances at Beginning of Year	<u>0</u>	<u>190,599</u>	<u>242,241</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 201,470</u>	<u>\$ 260,958</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Investment Income	\$ 15	\$ 15	\$ 6	\$ (9)
Fees	44,000	44,000	44,225	225
Federal Grants	75,000	75,000	78,458	3,458
Total Revenues	<u>119,015</u>	<u>119,015</u>	<u>122,689</u>	<u>3,674</u>
Expenditures				
Food Services				
Personnel Services	42,000	42,000	44,316	(2,316)
Employee Benefits	33,491	33,491	41,909	(8,418)
Professional & Tech Services	0	0	0	0
Other Purchased Services	0	0	0	0
Supplies	43,620	43,620	26,648	16,972
Total Food Services	<u>119,111</u>	<u>119,111</u>	<u>112,873</u>	<u>6,238</u>
Total Expenditures	<u>119,111</u>	<u>119,111</u>	<u>112,873</u>	<u>6,238</u>
Excess (Deficiency) of Revenues Over Expenditures	(96)	(96)	9,816	9,912
Cash Balance Beginning of Year	<u>4,747</u>	<u>4,747</u>	<u>4,747</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 4,651</u>	<u>\$ 4,651</u>	<u>\$ 14,563</u>	<u>\$ 9,912</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 9,816	
Net change in Inventory			1,866	
Net change in Accounts Payable			(161)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 11,521</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 13,500	\$ 13,500	\$ 13,134	\$ (366)
Total Revenues	<u>13,500</u>	<u>13,500</u>	<u>13,134</u>	<u>(366)</u>
Expenditures				
Instruction				
Professional & Tech Services	2,000	1,469	1,169	300
Other Purchased Services	2,500	7,555	7,554	1
Supplies	13,425	8,901	8,901	0
Total Instruction	<u>17,925</u>	<u>17,925</u>	<u>17,624</u>	<u>301</u>
Total Expenditures	<u>17,925</u>	<u>17,925</u>	<u>17,624</u>	<u>301</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,425)	(4,425)	(4,490)	(65)
Cash Balance Beginning of Year	<u>7,933</u>	<u>7,933</u>	<u>7,933</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 3,508</u>	<u>\$ 3,508</u>	<u>\$ 3,443</u>	<u>\$ (65)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,490)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (4,490)</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 2,689	\$ 3,519	\$ 500	\$ (3,019)
Total Revenues	<u>2,689</u>	<u>3,519</u>	<u>500</u>	<u>(3,019)</u>
Expenditures				
Support Services-Students				
Supplies	2,506	3,336	528	2,808
Total Support Services-Students	<u>2,506</u>	<u>3,336</u>	<u>528</u>	<u>2,808</u>
Total Expenditures	<u>2,506</u>	<u>3,336</u>	<u>528</u>	<u>2,808</u>
Excess (Deficiency) of Revenues Over Expenditures	183	183	(28)	(211)
Cash Balance Beginning of Year	<u>(183)</u>	<u>(183)</u>	<u>(183)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (211)</u>	<u>\$ (211)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (28)	
Net Change in Due from Grantor			28	
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 V-24150
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Programs	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
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
Other Financing Sources (Uses)				
Transfers In/(Out)	0	0	(621)	(621)
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>(621)</u>	<u>(621)</u>
Net Change in Fund Balance	0	0	(621)	(621)
Cash Balance Beginning of Year	<u>621</u>	<u>621</u>	<u>621</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 621</u>	<u>\$ 621</u>	<u>\$ 0</u>	<u>\$ (621)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 0	

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

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-ENGLISH LANGUAGE ACQUISITION-24153
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Programs	\$ 0	\$ 3,600	\$ 0	\$ (3,600)
Total Revenues	<u>0</u>	<u>3,600</u>	<u>0</u>	<u>(3,600)</u>
Expenditures				
Instruction				
Supplies	0	3,600	3,600	0
Instruction	0	3,600	3,600	0
Total Expenditures	<u>0</u>	<u>3,600</u>	<u>3,600</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(3,600)	(3,600)
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>\$ (3,600)</u>	<u>\$ (3,600)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (3,600)	
Net change in Due from Grantor			3,600	
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-24157
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 400	\$ 400	\$ 0	\$ (400)
Total Revenues	<u>400</u>	<u>400</u>	<u>0</u>	<u>(400)</u>
Expenditures				
Support Services-General Administration				
Professional & Tech Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services-General Administration	<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	400	400	0	(400)
Other Financing Sources (Uses)				
Transfers In/(Out)	<u>0</u>	<u>0</u>	<u>400</u>	<u>400</u>
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>400</u>	<u>400</u>
Net Change in Fund Balance	400	400	400	0
Cash Balance Beginning of Year	<u>(400)</u>	<u>(400)</u>	<u>(400)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 400	
Net Change in Due from Grantor			<u>(400)</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Programs	\$ 850	\$ 4,814	\$ 850	\$ (3,964)
Total Revenues	<u>850</u>	<u>4,814</u>	<u>850</u>	<u>(3,964)</u>
Expenditures				
Instruction				
Supplies	0	3,964	13,481	(9,517)
Total Instruction	<u>0</u>	<u>3,964</u>	<u>13,481</u>	<u>(9,517)</u>
Total Expenditures	<u>0</u>	<u>3,964</u>	<u>13,481</u>	<u>(9,517)</u>
Excess (Deficiency) of Revenues Over Expenditures	850	850	(12,631)	(13,481)
Cash Balance Beginning of Year	<u>(850)</u>	<u>(850)</u>	<u>(850)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (13,481)</u>	<u>\$ (13,481)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (12,631)	
Net Change in Due from Grantor			12,631	
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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 15,106	\$ 15,106	\$ 15,106	\$ 0
Total Revenues	<u>15,106</u>	<u>15,106</u>	<u>15,106</u>	<u>0</u>
Expenditures				
Support Services-Students				
Professional & Tech Services	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	15,106	15,106	15,106	0
Cash Balance Beginning of Year	<u>(15,106)</u>	<u>(15,106)</u>	<u>(15,106)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 15,106	
Net Change in Due from Grantor			<u>(15,106)</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 RECOVERY ACT-24209
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 1,935	\$ 0	\$ (1,935)
Total Revenues	<u>0</u>	<u>1,935</u>	<u>0</u>	<u>(1,935)</u>
Expenditures				
Support Services-Students				
Supplies	0	1,935	1,612	323
Total Support Services-Students	<u>0</u>	<u>1,935</u>	<u>1,612</u>	<u>1,887</u>
Total Expenditures	<u>0</u>	<u>1,935</u>	<u>1,612</u>	<u>1,887</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(1,612)	(1,612)
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>\$ (1,612)</u>	<u>\$ (1,612)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,612)	
Net change in Due from Grantor			<u>1,612</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 9,670	\$ 9,670	\$ 20,500	\$ 10,830
Total Revenues	<u>0</u>	<u>9,670</u>	<u>20,500</u>	<u>10,830</u>
Expenditures				
Support Services-Students				
Personnel Services	0	0	0	0
Employee Benefits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services-Students	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,887</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,887</u>
Excess (Deficiency) of Revenues Over Expenditures	0	9,670	20,500	10,830
Cash Balance Beginning of Year	<u>9,670</u>	<u>9,670</u>	<u>9,670</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 9,670</u>	<u>\$ 19,340</u>	<u>\$ 30,170</u>	<u>\$ 10,830</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 20,500</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 20,500</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 274,839	\$ 308,842	\$ 133,096	\$ (175,746)
Total Revenues	<u>274,839</u>	<u>308,842</u>	<u>133,096</u>	<u>(175,746)</u>
Expenditures				
Operation & Maintenance of Plant				
Purchased Property Services	115,000	115,000	113,900	1,100
Total Operation & Maintenance of Plant	<u>115,000</u>	<u>115,000</u>	<u>113,900</u>	<u>1,100</u>
Food Services				
Supplies	26,566	26,566	27,095	(529)
Total Food Services	<u>26,566</u>	<u>26,566</u>	<u>27,095</u>	<u>(529)</u>
Total Expenditures	<u>141,566</u>	<u>141,566</u>	<u>140,995</u>	<u>571</u>
Excess (Deficiency) of Revenues Over Expenditures	133,273	167,276	(7,899)	(175,175)
Cash Balance Beginning of Year	<u>7,899</u>	<u>7,899</u>	<u>7,899</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 141,172</u>	<u>\$ 175,175</u>	<u>\$ 0</u>	<u>\$ (175,175)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (7,899)	
Net Change in Accounts Payable			376	
Net Change in Deferred Revenue			7,523	
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-DUAL CREDIT-27103
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 392	\$ 1,798	\$ 0	\$ 0
Total Revenues	<u>392</u>	<u>1,798</u>	<u>0</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	0	1,406	1,406	0
Total Instruction	<u>0</u>	<u>1,406</u>	<u>1,406</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>1,406</u>	<u>1,406</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	392	392	(1,406)	(1,798)
Other Financing Sources (Uses)				
Transfers In/(Out)	0	0	1,798	1,798
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>1,798</u>	<u>1,798</u>
Net Change in Fund Balance	392	392	392	0
Cash Balance Beginning of Year	<u>(392)</u>	<u>(392)</u>	<u>(392)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 392	
Net Change in Due from Grantor			<u>(392)</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-GO STUDENT LIBRARY-27105
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 3,758	\$ 6,065	\$ 3,758	\$ 0
Total Revenues	<u>3,758</u>	<u>6,065</u>	<u>3,758</u>	<u>0</u>
Expenditures				
Support Services-Students				
Supplies	0	2,307	2,307	0
Total Support Services-Students	<u>0</u>	<u>2,307</u>	<u>2,307</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>2,307</u>	<u>2,307</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	3,758	3,758	1,451	(2,307)
Cash Balance Beginning of Year	<u>(3,758)</u>	<u>(3,758)</u>	<u>(3,758)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,307)</u>	<u>\$ (2,307)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,451	
Net Change in Due from Grantor			<u>(1,451)</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Support Services-Students				
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>5,090</u>	<u>5,090</u>	<u>5,090</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 5,090</u>	<u>\$ 5,090</u>	<u>\$ 5,090</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 0	

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

STATE OF NEW MEXICO
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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Support Services-Students				
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>
Reconciliation of Budgetary Basis to GAAP Basis				
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-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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instruction				
Employee Benefits	0	0	0	0
Other Purchased Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total 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>630</u>	<u>630</u>	<u>630</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 630</u>	<u>\$ 630</u>	<u>\$ 630</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
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-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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
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>370</u>	<u>370</u>	<u>370</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 370</u>	<u>\$ 370</u>	<u>\$ 370</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
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-IDEA STATE DIRECTED-27200
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 69,193	\$ 67,041	\$ (2,152)
Total Revenues	<u>0</u>	<u>69,193</u>	<u>67,041</u>	<u>(2,152)</u>
Expenditures				
Instruction				
Personnel Services	0	29,175	23,200	5,975
Employee Benefits	0	8,215	5,437	2,778
Professional & Tech Services	0	1,803	329	1,474
Total Instruction	<u>0</u>	<u>39,193</u>	<u>28,966</u>	<u>10,227</u>
Support Services-Students				
Personnel Services	0	4,982	5,586	(604)
Employee Benefits	0	1,503	1,794	(291)
Professional & Tech Services	0	18,560	30,829	(12,269)
Other Purchased Services	0	4,955	3,296	1,659
Total Support Services-Students	<u>0</u>	<u>30,000</u>	<u>41,505</u>	<u>(11,505)</u>
Total Expenditures	<u>0</u>	<u>69,193</u>	<u>70,471</u>	<u>(1,278)</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(3,430)	(3,430)
Cash Balance Beginning of Year	<u>6,768</u>	<u>6,768</u>	<u>6,768</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 6,768</u>	<u>\$ 6,768</u>	<u>\$ 3,338</u>	<u>\$ (3,430)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (3,430)	
Net Change in Deferred Revenue			<u>3,430</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-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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
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>512</u>	<u>512</u>	<u>512</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 512</u>	<u>\$ 512</u>	<u>\$ 512</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 0	

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

STATE OF NEW MEXICO
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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 36,989	\$ 34,008	\$ (2,981)
Total Revenues	<u>0</u>	<u>36,989</u>	<u>34,008</u>	<u>(2,981)</u>
Expenditures				
Capital Outlay				
Building Improvements	0	52,088	52,145	(57)
Total Capital Outlay	<u>0</u>	<u>52,088</u>	<u>52,145</u>	<u>(57)</u>
Total Expenditures	<u>0</u>	<u>52,088</u>	<u>52,145</u>	<u>(57)</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(15,099)	(18,137)	(3,038)
Cash Balance Beginning of Year	<u>15,099</u>	<u>15,099</u>	<u>15,099</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 15,099</u>	<u>\$ 0</u>	<u>\$ (3,038)</u>	<u>\$ (3,038)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (18,137)	
Net change in Due from Grantor			<u>3,038</u>	
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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Local Grant	\$ 0	\$ 4,749	\$ 0	\$ (4,749)
Total Revenues	<u>0</u>	<u>4,749</u>	<u>0</u>	<u>(4,749)</u>
Expenditures				
Instruction				
Supplies	0	9,500	4,586	4,914
Total Instruction	<u>0</u>	<u>9,500</u>	<u>4,586</u>	<u>4,914</u>
Total Expenditures	<u>0</u>	<u>9,500</u>	<u>4,586</u>	<u>4,914</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(4,751)	(4,586)	165
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>\$ 0</u>	<u>\$ 165</u>	<u>\$ 165</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,586)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (4,586)</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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 7,023	\$ 7,023	\$ 0	\$ (7,023)
Total Revenues	<u>7,023</u>	<u>7,023</u>	<u>0</u>	<u>(7,023)</u>
Expenditures				
Capital Outlay				
Purchased Property Services	0	0	0	0
Fixed Assets	0	0	0	0
Total Capital Outlay	<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	<u>7,023</u>	<u>7,023</u>	<u>0</u>	<u>(7,023)</u>
Other Financing Sources (Uses)				
Transfers In/(Out)	0	0	7,023	7,023
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>7,023</u>	<u>7,023</u>
Net Change in Fund Balance	7,023	7,023	7,023	0
Cash Balance Beginning of Year	<u>(7,023)</u>	<u>(7,023)</u>	<u>(7,023)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 7,023	
Net change in Due from Grantor			<u>(7,023)</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
 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, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 286,910	\$ 286,910	\$ 289,752	\$ 2,842
Investment Income	800	800	171	(629)
State Grant	0	11,396	0	(11,396)
Miscellaneous	0	0	2,315	2,315
Total Revenues	<u>287,710</u>	<u>299,106</u>	<u>292,238</u>	<u>(6,868)</u>
Expenditures				
Support Services-General Administration				
Professional & Tech Services	6,000	6,000	2,897	3,103
Total Support Services-General Administration	<u>6,000</u>	<u>6,000</u>	<u>2,897</u>	<u>3,103</u>
Capital Outlay				
Maintenance & Repairs	150,301	155,658	168,118	(12,460)
Building Improvement	14,000	25,396	0	25,396
Software	127,000	137,000	87,758	49,242
Supplies	33,230	17,873	4,503	13,370
Land Improvements	20,290	20,290	0	20,290
Buses	36,379	36,379	33,177	3,202
Fixed Assets	22,000	2,200	0	2,200
Total Capital Outlay	<u>403,200</u>	<u>394,796</u>	<u>293,556</u>	<u>101,240</u>
Total Expenditures	<u>409,200</u>	<u>400,796</u>	<u>296,453</u>	<u>104,343</u>
Excess (Deficiency) of Revenues Over Expenditures	(121,490)	(101,690)	(4,215)	97,475
Cash Balance Beginning of Year	<u>204,871</u>	<u>204,871</u>	<u>204,871</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 83,381</u>	<u>\$ 103,181</u>	<u>\$ 200,656</u>	<u>\$ 97,475</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,215)	
Net Change in Taxes Receivable			1,758	
Net Change in Accounts Payables			13,328	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 10,871</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, 2011

	Beginning Balance <u>6/30/10</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>6/30/11</u>
ASSETS				
Activity Trust Fund	\$ 111,730	\$ 105,406	\$ 101,108	\$ 116,028
Total Assets	<u>\$ 111,730</u>	<u>\$ 105,406</u>	<u>\$ 101,108</u>	<u>\$ 116,028</u>
LIABILITIES				
Due To Student Groups	\$ 111,730	\$ 105,406	\$ 101,108	\$ 116,028
Total Liabilities	<u>\$ 111,730</u>	<u>\$ 105,406</u>	<u>\$ 101,108</u>	<u>\$ 116,028</u>

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

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
 AGENCY FUNDS - ACTIVITY
 Schedule of Fiduciary Assets and Liabilities-Agency Fund
 For the Year Ended June 30, 2011

ASSETS	Balance 6/30/10	Additions	Deletions	Balance 6/30/11
23800 Interest Income Fund	\$ 8,308	\$ 60	0	\$ 8,368
23802 Administrative Activity	677	0	77	600
23803 Bear Memorial Activity	1,140	1,108	0	2,248
23804 PCA Activity	109	0	0	109
23805 Annual	11,302	6,293	7,884	9,711
23806 Football Activity	3,224	50	0	3,274
23807 Basketball Activity	4,097	200	1,933	2,364
23808 Volleyball Activity	2,741	1,455	3,611	585
23809 Golf Activity	398	0	169	229
23810 "C" Club	7,384	12,205	9,344	10,245
23811 Cross Country	725	3,747	3,503	969
23812 Bear Pride Awards	826	0	0	826
23813 Challenge Activity	274	0	250	24
23814 Dig Pink-VB	0	405	0	405
23815 Cheerleaders	1,082	2,884	2,861	1,105
23816 Wrestling	226	0	0	226
23818 MS Girls VB	0	730	100	630
23819 MS Girls VB	0	100	100	0
23820 Color Guard	3	0	0	3
23821 Cafeteria Activity	0	1,316	114	1,202
23822 Life Skills	0	150	120	30
23823 Art Activity	15	225	28	212
23824 Film Activity	20	0	0	20
23825 Mock Trial	564	0	0	564
23826 Drama Club	117	0	0	117
23827 Girl's Basketball	3,531	0	1,741	1,790
23828 Elementary/Middle School	1,786	1,006	2,792	0
23830 Elementary School	4,266	6,243	5,480	5,029
23832 Elementary AR	1,048	0	788	260
23833 Art After School	9	200	187	22
23835 FFA	10,586	7,442	2,178	15,850
23836 RC&D Council	1,518	0	1,469	49
23837 BPA	148	0	0	148
23838 Key Club	1,221	2,516	1,294	2,443
23840 High School Activity	1,442	1,948	1,868	1,522
23841 High School BP Grant Activity	4,592	0	896	3,696
23842 Rachel's Challenge	2,715	0	1,837	878
23843 Academic Excellence	0	2,000	0	2,000
23845 Student Council	1,988	690	1,443	1,235
23846 National Honor Society	254	1,015	44	1,225
23847 Culinary Arts	12,781	15,373	15,350	12,804
23848 Sideliners	6,103	9,197	11,469	3,831
23850 In and Out	134	0	0	134
23855 Junior Class	1,636	1,959	1,599	1,996
23860 Library Fund	2,039	6,263	3,470	4,832
23865 MS Activity	1,125	4,714	3,609	2,230
23867 MS Spirit Club	\$ 139	\$ 0	\$ 0	\$ 139

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
 AGENCY FUNDS - ACTIVITY
 Schedule of Fiduciary Assets and Liabilities-Agency Fund
 For the Year Ended June 30, 2011

		Balance			Balance
		6/30/10	Additions	Deletions	6/30/11
ASSETS					
23870	MS Student Council	\$ 1,664	\$ 1,062	\$ 1,366	\$ 1,360
23872	MS AR Activity	294	0	0	294
23873	MS Production	758	0	0	758
23875	Miscellaneous	284	0	0	284
23880	Music Club	847	1,596	2,004	439
23889	Builder's Club	2,486	3,090	2,721	2,855
23890	Science Club	1,751	8,079	7,409	2,421
23891	Technology Activity	1,353	85	0	1,438
	Total Assets	<u>\$ 111,730</u>	<u>\$ 105,406</u>	<u>\$ 101,108</u>	<u>\$ 116,028</u>
LIABILITIES					
	Deposits Held for Others	\$ 111,730	\$ 105,406	\$ 101,108	\$ 116,028
	Total Liabilities	<u>\$ 111,730</u>	<u>\$ 105,406</u>	<u>\$ 101,108</u>	<u>\$ 116,028</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, 2011

		Cash Balance 6/30/2010	Revenue	Expenditures	Adjustments	Cash Balance 6/30/2011
Operational	11000	\$ 233,575	\$ 3,841,577	\$ 3,656,126	\$ (1,406)	\$ 417,620
Transportation	13000	0	310,622	310,622	0	0
Instructional Materials	14000	17,388	16,542	27,287	0	6,643
Food Service	21000	4,747	122,689	112,873	0	14,563
Athletics	22000	7,933	13,134	17,624	0	3,443
Activities	23000	111,730	105,406	101,108	0	116,028
Federal Flowthrough	24000	(41,118)	135,110	205,788	(221)	(112,017)
Federal Direct	25000	15,199	221,088	275,694	0	(39,407)
State Flowthrough	27000	10,594	70,800	74,185	1,798	9,007
State Direct	28000	15,099	34,008	52,145	0	(3,038)
State/Local Grants	29000	4,751	0	4,586	0	165
Bond Building	31100	623,708	36	106,337	0	517,407
Special CO State	31400	(7,023)	0	0	7,023	0
Senate Bill Nine	31700	204,871	292,238	296,454	0	200,655
Debt Service	41000	840,561	1,012,219	946,311	0	906,469
Total		\$ 2,042,015	\$ 6,175,469	\$ 6,187,140	\$ 7,194	\$ 2,037,538

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, 2011

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
<u>U. S. Department of Agriculture</u>			
Pass-through State Public Education Department			
Child Nutrition Cluster			
School Breakfast Program	10.553	21000	14,419
National School Lunch Program	10.555	21000	\$ 64,039
Total Child Nutrition Cluster			<u>78,458</u>
Pass-through State Department of Human Services			
Commodities Supplemental Food Program	10.565	21000	(1) 8,580
Direct Program			
Rural Development, Forestry, and Communities	10.672	21000	24,002
Total U. S. Department of Agriculture			\$ <u>111,040</u>
<u>U. S. Department of Energy</u>			
Pass through NM Energy, Minerals and Natural Resources Department			
State Energy Program	81.041	28187	37,046
Total U. S. Department of Energy			<u>37,046</u>
<u>U. S. Department of Education</u>			
Special Education Cluster			
Pass-through Region 9 Education Cooperative			
IDEA B, Entitlement	84.027	24106	\$ 86,890
IDEA B, State Directed	84.027	27200	70,472
IDEA Preschool	84.173	24109	528
Pass-through State Public Education Department			
IDEA Preschool Recovery Act	84.392	24209	1,612
Total Special Education Cluster			<u>159,502</u>
Title I	84.010	24101	73,156
Title I Recovery Act	84.389	24201	13,481
English Language Acquisition	84.365	24153	3,600
Improving Teacher Quality	84.367	24154	1,955
State Fiscal Stabilization Fund Recovery Act	84.394	25250	140,620
Education Jobs Fund	84.410	25255	107,140
Direct Program			
Impact Aid	84.041	11000	693
Rural Education Achievement Program	84.358	25233	27,558
Total U. S. Department of Education			\$ <u>527,705</u>
Total Federal Assistance			\$ <u>675,791</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

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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 of the general fund and major special revenue funds, the budgetary comparisons for the major capital project funds and the combining individual funds and related budgetary comparison presented as supplemental information of the Cloudcroft Municipal Schools (District) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 10, 2011. 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 our auditing procedures for the purpose of expressing our opinion 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.

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 correct on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting; 10-1, 10-2, 11-1, 11-2, 11-3, 11-4 and 11-5 . A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of it's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs; 10-1, 10-2, 11-1, 11-2, 11-3, 11-4 and 11-5.

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 responses 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

October 10, 2011

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, 2011. 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, 2011.

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 10, 2011

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2011

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting

* Material weaknesses identified? No

* Significant deficiencies identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

* Material weaknesses identified? No

* Significant deficiencies identified? No

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 No

Identification of major programs:

<u>CFDA Numbers)</u>	<u>Name of Federal Program of Cluster</u>
	Special Education Cluster
84.027	IDEA B
84.173	Preschool
84.394	State Fiscal Stabilization Program
84.410	Education Jobs Fund

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

Audited qualified as low risk auditee Yes

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2011

Prior Year Audit Findings

	<u>Status</u>
10-1 Budget	Repeated
10-2 PED Cash Reports	Repeated
10-3 Fixed Assets	Resolved

Current Year Audit Findings

10-1 Budget Violations - Internal Control & Compliance

Condition

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

Major Funds

General Fund-Operational-11000

Food Services	(\$13,668)
Debt Service-41000	
Support Services-General Administration	(\$121)
Debt Service	(\$107)

Non-Major Funds

Title I, Recovery Act-24201

Instruction	(\$9,517)
State Fiscal Stabilization Program Fund-25250	
Food Services	(\$529)
IDEA State Directed-27200	
Support Services-Students	(\$11,505)
Energy Efficient Measure-28187	
Capital Outlay	(\$57)

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.

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.

Effect

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

Recommendation

The District 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 - Internal Control & Compliance**Condition**

The District's submitted PED Cash Report at year end did not properly reflect the June 30, 2011 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.

Cause

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

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.

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.

11-1 Expenditure Issues - Internal Control & Compliance**Condition**

Of a sample size of 131 revealed the following:

- Three was past due.
- Six had PO's issued after the fact.
- One of the PO's was issued to a different vendor than the check was written to.
- Two were not paid out of a authorized fund. Summer work was paid out of fund 31700. The two checks sampled totaled \$960.00.
- One PO was less than the Invoices and check.
- One paid for multiple invoices dated from 2008 to 2011, had reimbursed a \$1.00 donation made to St. Jude's and \$100.00 had no receipt, just a credit card statement. The total reimbursed was \$4,585.50.
- One PO was for six \$25.00 gift cards for staff awards paid out of the operational fund.

Criteria

In accordance with 6.20.2.17 Purchasing each school district shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq, NMSA 1978.

Cause

The staff are not following the procurement act. They are sending bills to the central office expecting them to be paid without the purchase requisition or purchase order. Revised purchase orders should be issued when the amount of the purchase is greater than expected. Staff did not get the invoice to central office to complete the bill package before the bill was paid.

Effect

Without proper documentation and following the procurement act, there are not adequate controls over expenditures. Results are over spending.

Recommendation

Staff meeting need to be held with training on the procurement process. The Superintendent needs to enforce the process and write up those who violate it. There should be consequences to violations.

Response

We will review procurement proceeds and provide more training to staff.

11-2 Employee Files - Internal Control & Compliance**Condition**

In a sample size of 20 personnel files we determined the following
- One required background checks could not be located.

Criteria

NMAC 6.20.2.18 states the local board shall establish written policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. School district shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, direct deposit authorizations, pay or position change notices and ERA plan application. The Immigration Reform & Control Act of 1986 requires all employees hired after November 6, 1986 to complete a I-9 within 3 days of hire.

Cause

The District was unaware that the employees had incomplete files.

Effect

There is a possibility that an employee hired without a background check could have a criminal past that would in danger students in the District.

Recommendation

We recommend the District obtain all required information and retain the necessary documents in the personnel files. The District should make periodic checks to ensure all required information is being maintained.

Response

The district employee overseeing human resources will make periodic checks of employee files to make sure all required paper work is filed.

Response

We will obtain the background check immediately and will review our personnel files to be sure none others are missing.

11-3 Pledged Securities - Internal Control & Compliance**Condition**

The 1st National Bank has pledged Texas securities to secure public funds. Only US obligations and New Mexico securities are appropriate.

Criteria

According to the Section 6-10-16 NMSA, only US obligations and NM securities may be used to secure public funds.

Cause

Management was not aware of this rule.

Effect

A compliance finding results when inappropriate securities are pledged.

Recommendation

Management should request securities from 1st National Bank which comply with Section 6-10-16 NMSA. If appropriate securities are not pledged within ten days of the request, management should withdraw funds from the institution.

Response

We will request the Bank replace existing Texas securities with US obligations or NM securities.

11-4 Stale Dated Transactions - Internal Control & Compliance

Condition

The District is in violation of state statutes regarding stale-dated checks. The District maintained 4 checks that were dated over one year old at June 30, 2011. The checks totaled \$192.41 respectively.

Criteria

Section 7-8A, NMSA 1978, and related regulations require that the District provide information about the payees and the related funds to Unclaimed Property Division of the New Mexico Taxation and Revenue Department for outstanding checks that were distributed but not cashed within one year.

Cause

The District did not implement an internal control policy to account for stale dated outstanding checks and did not clear these checks on a timely basis.

Effect

Carrying numerous bank reconciling items could result in a misstatement in the accounting records or related misappropriation of funds.

Recommendation

We recommend that the District implement a procedure to review the outstanding check listings for all bank accounts and track stale-dated checks. If checks on the outstanding check listings are greater than one year old we recommend these checks be voided.

Response

We will void the stale checks in accordance with Section 7-8 A, NMSA 1978.

11-5 1099's completed incorrectly - Internal Control & Compliance

Condition

In reviewing a small sample of 1099s we noted one that had a business name and a social security number of the 1099.

Criteria

In accordance with the Internal Revenue Service, A Guide to Information Returns, the social security number much match the name on line one of the 1099.

Cause

This problem is set up error in the Visions software. However, the employees should be more diligent in the review process for such errors.

Effect

IRS regulations were not followed. IRS could assess a \$100 penalty per 1099 form not prepared or prepared incorrectly. These penalties are not budgeted for.

Recommendation

The District should request Visions to write a program matching names with social security numbers or business names with federal identification numbers.

Response

We will be more diligent in our review of the 1099s before they are submitted to the Internal Revenue Service and will discuss a software check with Visions.

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 October 10, 2011. Those present were Tommy Hancock-Superintendent, Jacqueline Cates-Vice President, Sharlotte Lund-Business Manager, and De'Aun Willoughby CPA.