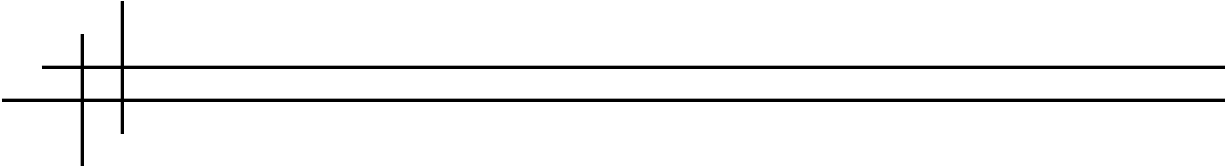


STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS

ANNUAL FINANCIAL REPORT
June 30, 2012

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



STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
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 For the Year Ended June 30, 2012

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CLOUDCROFT MUNICIPAL SCHOOLS
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STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
Official Roster
June 30, 2012

BOARD OF EDUCATION

| | |
|---------------|----------------|
| Bill Denney | President |
| Jackie Koscak | Vice-President |
| Arlan Ponder | Secretary |
| Gerald Green | Member |
| Mark Alvord | Member |

SCHOOL OFFICIALS

| | |
|----------------|------------------|
| Travis Dempsey | Superintendent |
| Charlotte Lund | Business Manager |

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace, Clovis, NM 88101

(855) 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 School District, (District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental and the budgetary comparisons for the major capital project funds, major 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, 2012, 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, 2012, 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, 2012, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital project funds, major debt service fund, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2012 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.

Management has omitted the Management's Discussion and Analysis which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

De'Aun Willoughby CPA PC

November 2, 2012

FINANCIAL SECTION

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
 Government-Wide Statement of Net Assets
 June 30, 2012

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS | |
| Current Assets | |
| Cash and Cash Equivalents | \$ 1,772,663 |
| Property Taxes Receivable | 26,640 |
| Due from Grantors | 107,159 |
| Inventory | 3,707 |
| Total Current Assets | <u>1,910,169</u> |
| Noncurrent Assets | |
| Capital Assets | 18,624,853 |
| Less: Accumulated Depreciation | <u>(5,288,923)</u> |
| Total Noncurrent Assets | <u>13,335,930</u> |
| Total Assets | <u>15,246,099</u> |
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | 13,706 |
| Accrued Interest | 101,230 |
| Current Portion of Long-Term Debt | 660,000 |
| Total Current Liabilities | <u>774,936</u> |
| Noncurrent Liabilities | |
| Bonds and Notes, Net | <u>4,844,944</u> |
| Total Noncurrent Liabilities | <u>4,844,944</u> |
| Total Liabilities | <u>5,619,880</u> |
| NET ASSETS | |
| Invested in Capital Assets, Net of Related Debt | 7,830,986 |
| Restricted for | |
| Capital Projects | 375,531 |
| Debt Service | 946,707 |
| Unrestricted | 472,995 |
| Total Net Assets | <u>\$ 9,626,219</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, 2012

| 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 | \$ 2,662,716 | \$ 16,308 | \$ 197,927 | \$ 0 | \$ (2,448,481) |
| Support Services-Students | 400,856 | 43,885 | 14,288 | 0 | (342,683) |
| Support Services-Instruction | 96,250 | 0 | 0 | 0 | (96,250) |
| General Administration | 284,267 | 0 | 0 | 0 | (284,267) |
| School Administration | 288,266 | 0 | 0 | 0 | (288,266) |
| Central Services | 94,790 | 0 | 0 | 0 | (94,790) |
| Operation of Plant | 1,019,550 | 0 | 0 | 0 | (1,019,550) |
| Transportation | 280,394 | 0 | 301,827 | 0 | 21,433 |
| Food Services | 121,022 | 0 | 72,111 | 0 | (48,911) |
| Interest on Long-Term Obligations | 261,788 | 0 | 0 | 0 | (261,788) |
| Total Governmental Activities | <u>\$ 5,509,899</u> | <u>\$ 60,193</u> | <u>\$ 586,153</u> | <u>\$ 0</u> | <u>(4,863,553)</u> |
| General Revenues | | | | | |
| Taxes | | | | | |
| Property Taxes, Levied for General Purposes | | | | | |
| Property Taxes, Levied for Capital Projects | | | | | |
| Property Taxes, Levied for Debt Service | | | | | |
| Federal and State aid not restricted to specific purpose | | | | | |
| General | | | | | |
| Capital | | | | | |
| Interest and investment earnings | | | | | |
| Miscellaneous | | | | | |
| Subtotal, General Revenues | | | | | |
| Change in Net Assets | | | | | |
| Net Assets - beginning | | | | | |
| Restatement | | | | | |
| Restated Beginning Net Assets | | | | | |
| Net Assets - ending | | | | | |

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, 2012

| | General Fund | | |
|--|----------------------|-------------------------|-------------------------------------|
| | Operational 11000 | Transportation 13000 | Instructional Materials 14000 |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 185,431 | \$ 21,433 | \$ 16,998 |
| Receivables | | | |
| Property Taxes | 0 | 0 | 0 |
| Due From Grantor | 0 | 0 | 0 |
| Interfund Balances | 107,159 | 0 | 0 |
| Inventory | 0 | 0 | 0 |
| Total Assets | \$ 292,590 | \$ 21,433 | \$ 16,998 |
| LIABILITIES AND FUND BALANCE | | | |
| Accounts Payable | \$ 8,621 | \$ 0 | \$ 354 |
| Interfund Balances | 0 | 0 | 0 |
| Total Liabilities | 8,621 | 0 | 354 |
| Fund Balances | | | |
| Nonspendable-Inventory | 0 | 0 | 0 |
| Restricted for, reported in | | | |
| Special Revenue Funds | 0 | 0 | 16,644 |
| Capital Projects | 0 | 0 | 0 |
| Debt Service | 0 | 0 | 0 |
| Assigned-Capital Projects | 0 | 0 | 0 |
| Unassigned- General Fund | 283,969 | 21,433 | 0 |
| Total Fund Balances | 283,969 | 21,433 | 16,644 |
| Total Liabilities and Fund Balances | \$ 292,590 | \$ 21,433 | \$ 16,998 |

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, 2012

| | Special Revenue | | Capital Projects |
|-------------------------------------|------------------|-------------------------------------|------------------------|
| | Title I 24101 | IDEA Part B Entitlement 24106 | Bond Building 31100 |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 0 | \$ 0 | \$ 375,531 |
| Receivables | | | |
| Property Taxes | 0 | 0 | 0 |
| Due From Grantor | 18,043 | 22,080 | 0 |
| Interfund Balances | 0 | 0 | 0 |
| Inventory | 0 | 0 | 0 |
| Total Assets | <u>\$ 18,043</u> | <u>\$ 22,080</u> | <u>\$ 375,531</u> |
| LIABILITIES AND FUND BALANCE | | | |
| Accounts Payable | \$ 0 | \$ 0 | \$ 0 |
| Interfund Balances | 18,043 | 22,080 | 0 |
| Total Liabilities | <u>18,043</u> | <u>22,080</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 | 375,531 |
| 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>375,531</u> |
| Total Liabilities and Fund Balances | <u>\$ 18,043</u> | <u>\$ 22,080</u> | <u>\$ 375,531</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, 2012

| | <u>Capital Projects</u> | | <u>Debt Service</u> | | <u>Other Governmental Funds</u> |
|-------------------------------------|------------------------------|----|-------------------------|----|---|
| | Senate Bill Nine 31700 | | 41000 | | |
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 201,884 | \$ | 926,201 | \$ | 45,185 |
| Receivables | | | | | |
| Property Taxes | 6,134 | | 20,506 | | 0 |
| Due From Grantor | 0 | | 0 | | 67,036 |
| Interfund Balances | 0 | | 0 | | 0 |
| Inventory | 0 | | 0 | | 3,707 |
| Total Assets | <u>\$ 208,018</u> | \$ | <u>946,707</u> | \$ | <u>115,928</u> |
| LIABILITIES AND FUND BALANCE | | | | | |
| Accounts Payable | \$ 4,731 | \$ | 0 | \$ | 0 |
| Interfund Balances | 0 | | 0 | | 67,036 |
| Total Liabilities | <u>4,731</u> | | <u>0</u> | | <u>67,036</u> |
| Fund Balances | | | | | |
| Nonspendable-Inventory | 0 | | 0 | | 3,707 |
| Restricted for, reported in | | | | | |
| Special Revenue Funds | 0 | | 0 | | 45,185 |
| Capital Projects | 0 | | 0 | | 0 |
| Debt Service | 0 | | 946,707 | | 0 |
| Assigned-Capital Projects | 203,287 | | 0 | | 0 |
| Unassigned- General Fund | 0 | | 0 | | 0 |
| Total Fund Balances | <u>203,287</u> | | <u>946,707</u> | | <u>48,892</u> |
| Total Liabilities and Fund Balances | <u>\$ 208,018</u> | \$ | <u>946,707</u> | \$ | <u>115,928</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, 2012

| | Total Governmental Funds |
|--|-----------------------------------|
| | <u> </u> |
| ASSETS | |
| Cash and Cash Equivalents | \$ 1,772,663 |
| Receivables | |
| Property Taxes | 26,640 |
| Due From Grantor | 107,159 |
| Interfund Balances | 107,159 |
| Inventory | <u>3,707</u> |
| Total Assets | \$ <u><u>2,017,328</u></u> |
| | |
| LIABILITIES AND FUND BALANCE | |
| Accounts Payable | \$ 13,706 |
| Interfund Balances | <u>107,159</u> |
| Total Liabilities | <u>120,865</u> |
| | |
| Fund Balances | |
| Nonspendable-Inventory | 3,707 |
| Restricted for, reported in | |
| Special Revenue Funds | 61,829 |
| Capital Projects | 375,531 |
| Debt Service | 946,707 |
| Assigned-Capital Projects | 203,287 |
| Unassigned- General Fund | <u>305,402</u> |
| Total Fund Balances | <u>1,896,463</u> |
| | |
| Total Liabilities and Fund Balances | \$ <u><u>2,017,328</u></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, 2012

Total Fund Balance - Governmental Funds \$ 1,896,463

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 | \$ 18,624,853 | |
| Accumulated depreciation is | <u>(5,288,923)</u> | 13,335,930 |

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 | (5,615,000) | |
| Accrued Interest | (101,230) | |
| Bond Issue Costs | 221,773 | |
| Accumulated Amortization | <u>(111,717)</u> | <u>(5,606,174)</u> |

| | | |
|--|----|-------------------------|
| Total net assets - governmental activities | \$ | <u><u>9,626,219</u></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, 2012

| | General Fund | | |
|--|----------------------|-------------------------|-------------------------------------|
| | Operational 11000 | Transportation 13000 | Instructional Materials 14000 |
| Revenues | | | |
| Property Taxes | \$ 42,909 | \$ 0 | \$ 0 |
| Investment Income | 905 | 0 | 0 |
| Fees | 1,730 | 0 | 0 |
| State & Local Grants | 3,454,964 | 301,827 | 17,157 |
| Federal Grants | 13,501 | 0 | 0 |
| Miscellaneous | 5,904 | 0 | 0 |
| Total Revenues | <u>3,519,913</u> | <u>301,827</u> | <u>17,157</u> |
| Expenditures | | | |
| Current | | | |
| Instruction | 2,040,582 | 0 | 6,871 |
| Support Service-Students | 374,106 | 0 | 0 |
| Support Services-Instruction | 96,250 | 0 | 0 |
| Support Services-General Administration | 191,354 | 0 | 0 |
| Support Services-School Administration | 271,716 | 0 | 0 |
| Central Services | 91,659 | 0 | 0 |
| Operation & Maintenance of Plant | 579,216 | 0 | 0 |
| Student Transportation | 0 | 280,394 | 0 |
| Food Services | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 |
| Debt Service | | | |
| Principal | 0 | 0 | 0 |
| Interest | 0 | 0 | 0 |
| Total Expenditures | <u>3,644,883</u> | <u>280,394</u> | <u>6,871</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(124,970)</u> | <u>21,433</u> | <u>10,286</u> |
| Other Financing Sources (Uses) | | | |
| Transfer In/(Out) | 6,421 | 0 | 0 |
| Total Other Financing Sources (Uses) | <u>6,421</u> | <u>0</u> | <u>0</u> |
| Net Changes in Fund Balance | (118,549) | 21,433 | 10,286 |
| Fund Balances at Beginning of Year | <u>402,518</u> | <u>0</u> | <u>6,358</u> |
| Fund Balance End of Year | <u>\$ 283,969</u> | <u>\$ 21,433</u> | <u>\$ 16,644</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, 2012

| | Special Revenue | | Capital Projects |
|--|------------------|-------------------------------------|------------------------|
| | Title I 24101 | IDEA Part B Entitlement 24106 | Bond Building 31100 |
| Revenues | | | |
| Property Taxes | \$ 0 | \$ 0 | \$ 0 |
| Investment Income | 0 | 0 | 0 |
| Fees | 0 | 0 | 0 |
| State & Local Grants | 0 | 0 | 0 |
| Federal Grants | 67,322 | 69,746 | 0 |
| Miscellaneous | 0 | 0 | 0 |
| Total Revenues | <u>67,322</u> | <u>69,746</u> | <u>0</u> |
| Expenditures | | | |
| Current | | | |
| Instruction | 67,322 | 63,017 | 0 |
| Support Service-Students | 0 | 6,729 | 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 | 113,409 |
| Student Transportation | 0 | 0 | 0 |
| Food Services | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 28,467 |
| Debt Service | | | |
| Principal | 0 | 0 | 0 |
| Interest | 0 | 0 | 0 |
| Total Expenditures | <u>67,322</u> | <u>69,746</u> | <u>141,876</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>0</u> | <u>0</u> | <u>(141,876)</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 | (141,876) |
| Fund Balances at Beginning of Year | <u>0</u> | <u>0</u> | <u>517,407</u> |
| Fund Balance End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 375,531</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, 2012

| | Capital Projects | | |
|--|------------------------------|--------------------------|--------------------------------|
| | Senate Bill Nine 31700 | Debt Service 41000 | Other Governmental Funds |
| Revenues | | | |
| Property Taxes | \$ 299,860 | \$ 1,007,851 | \$ 0 |
| Investment Income | 0 | 0 | 0 |
| Fees | 0 | 0 | 58,463 |
| State & Local Grants | 0 | 0 | 59,079 |
| Federal Grants | 0 | 0 | 128,372 |
| Miscellaneous | 0 | 0 | 0 |
| Total Revenues | <u>299,860</u> | <u>1,007,851</u> | <u>245,914</u> |
| Expenditures | | | |
| Current | | | |
| Instruction | 0 | 0 | 62,437 |
| Support Service-Students | 0 | 0 | 9,280 |
| Support Services-Instruction | 0 | 0 | 0 |
| Support Services-General Administration | 921 | 12,289 | 0 |
| Support Services-School Administration | 0 | 0 | 0 |
| Central Services | 0 | 0 | 0 |
| Operation & Maintenance of Plant | 297,122 | 0 | 0 |
| Student Transportation | 0 | 0 | 0 |
| Food Services | 0 | 0 | 121,022 |
| Capital Outlay | 0 | 0 | 57,350 |
| Debt Service | | | |
| Principal | 0 | 720,000 | 0 |
| Interest | 0 | 257,886 | 0 |
| Total Expenditures | <u>298,043</u> | <u>990,175</u> | <u>250,089</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>1,817</u> | <u>17,676</u> | <u>(4,175)</u> |
| Other Financing Sources (Uses) | | | |
| Transfer In/(Out) | <u>0</u> | <u>0</u> | <u>(6,421)</u> |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>(6,421)</u> |
| Net Changes in Fund Balance | 1,817 | 17,676 | (10,596) |
| Fund Balances at Beginning of Year | <u>201,470</u> | <u>929,031</u> | <u>59,488</u> |
| Fund Balance End of Year | <u>\$ 203,287</u> | <u>\$ 946,707</u> | <u>\$ 48,892</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, 2012

| | Total Governmental Funds |
|--|--------------------------------|
| Revenues | |
| Property Taxes | \$ 1,350,620 |
| Investment Income | 905 |
| Fees | 60,193 |
| State & Local Grants | 3,833,027 |
| Federal Grants | 278,941 |
| Miscellaneous | 5,904 |
| Total Revenues | <u>5,529,590</u> |
| Expenditures | |
| Current | |
| Instruction | 2,240,229 |
| Support Service-Students | 390,115 |
| Support Services-Instruction | 96,250 |
| Support Services-General Administration | 204,564 |
| Support Services-School Administration | 271,716 |
| Central Services | 91,659 |
| Operation & Maintenance of Plant | 989,747 |
| Student Transportation | 280,394 |
| Food Services | 121,022 |
| Capital Outlay | 85,817 |
| Debt Service | |
| Principal | 720,000 |
| Interest | 257,886 |
| Total Expenditures | <u>5,749,399</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(219,809)</u> |
| Other Financing Sources (Uses) | |
| Transfer In/(Out) | <u>0</u> |
| Total Other Financing Sources (Uses) | <u>0</u> |
| Net Changes in Fund Balance | (219,809) |
| Fund Balances at Beginning of Year | <u>2,116,272</u> |
| Fund Balance End of Year | <u>\$ 1,896,463</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, 2012

Net Change in Fund Balance-Governmental Funds \$ (219,809)

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 | \$ (562,416) | |
| Capital Outlays | <u>85,817</u> | (476,599) |

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

720,000

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, 2011 | 113,676 | |
| Accrued Interest, June 30, 2012 | <u>(101,230)</u> | <u>12,446</u> |

Changes in Net Assets of Governmental Activities

\$ 19,691

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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|-------------------|-------------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Property Taxes | \$ 42,816 | \$ 42,816 | \$ 43,894 | \$ 1,078 |
| Investment Income | 500 | 500 | 905 | 405 |
| Fees | 3,000 | 3,000 | 1,730 | (1,270) |
| Miscellaneous | 5,000 | 5,000 | 5,904 | 904 |
| State & Local Grants | 3,441,463 | 3,483,021 | 3,454,964 | (28,057) |
| Federal Revenues | 21,602 | 21,602 | 13,501 | (8,101) |
| Total Revenues | 3,514,381 | 3,555,939 | 3,520,898 | (35,041) |
| Expenditures | | | | |
| Instruction | | | | |
| Personnel Services | 1,479,218 | 1,521,177 | 1,518,933 | 2,244 |
| Employee Benefits | 528,773 | 505,203 | 460,077 | 45,126 |
| Professional & Tech Services | 18,600 | 19,000 | 11,162 | 7,838 |
| Other Purchased Services | 13,000 | 32,703 | 29,408 | 3,295 |
| Supplies | 28,000 | 28,789 | 24,619 | 4,170 |
| Total Instruction | 2,067,591 | 2,106,872 | 2,044,199 | 62,673 |
| Support Services-Students | | | | |
| Personnel Services | 200,527 | 200,527 | 196,708 | 3,819 |
| Employee Benefits | 94,327 | 64,960 | 45,504 | 19,456 |
| Professional & Tech Services | 117,768 | 130,549 | 121,114 | 9,435 |
| Supplies | 10,000 | 12,586 | 10,965 | 1,621 |
| Total Support Services-Students | 422,622 | 408,622 | 374,291 | 34,331 |
| Support Services-Instruction | | | | |
| Personnel Services | 56,838 | 58,338 | 56,434 | 1,904 |
| Employee Benefits | 44,484 | 42,984 | 39,815 | 3,169 |
| Total Support Services-Instruction | 101,322 | 101,322 | 96,249 | 5,073 |
| Support Services-General Administration | | | | |
| Personnel Services | 63,200 | 83,526 | 83,522 | 4 |
| Employee Benefits | 14,611 | 33,623 | 31,313 | 2,310 |
| Professional & Tech Services | 25,500 | 34,982 | 34,420 | 562 |
| Other Purchased Services | 26,000 | 43,191 | 42,767 | 424 |
| Supplies | 7,500 | 3,421 | 3,138 | 283 |
| Total Support Services-General Administration | \$ 136,811 | \$ 198,743 | \$ 195,160 | \$ 3,583 |

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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|-------------------|-------------------|--------------------------------|---|
| | Original | Final | | |
| Support Services-School Administration | | | | |
| Personnel Services | \$ 208,177 | \$ 208,177 | \$ 206,461 | \$ 1,716 |
| Employee Benefits | 72,895 | 72,895 | 65,255 | 7,640 |
| Total Support Services-School Administration | <u>281,072</u> | <u>281,072</u> | <u>271,716</u> | <u>9,356</u> |
| Central Services | | | | |
| Personnel Services | 59,284 | 59,284 | 59,284 | 0 |
| Employee Benefits | 31,950 | 31,950 | 22,829 | 9,121 |
| Other Purchased Services | 11,000 | 11,000 | 9,545 | 1,455 |
| Total Central Service | <u>102,234</u> | <u>102,234</u> | <u>91,658</u> | <u>10,576</u> |
| Operation of Plant | | | | |
| Personnel Services | 146,266 | 148,114 | 145,411 | 2,703 |
| Employee Benefits | 71,804 | 61,925 | 58,789 | 3,136 |
| Professional & Tech Services | 0 | 7,627 | 7,165 | 462 |
| Purchased Property Services | 274,000 | 273,718 | 243,739 | 29,979 |
| Other Purchased Services | 89,937 | 103,937 | 103,880 | 57 |
| Supplies | 20,000 | 20,686 | 20,092 | 594 |
| Total Operation of Plant | <u>602,007</u> | <u>616,007</u> | <u>579,076</u> | <u>36,931</u> |
| Other Services | | | | |
| Other Purchased Services | 3,657 | 3,657 | 0 | 3,657 |
| Total Other Services | <u>3,657</u> | <u>3,657</u> | <u>0</u> | <u>3,657</u> |
| Total Expenditures | <u>3,717,316</u> | <u>3,818,529</u> | <u>3,652,349</u> | <u>166,180</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(202,935)</u> | <u>(262,590)</u> | <u>(131,451)</u> | <u>131,139</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers | 0 | 0 | 6,421 | 6,421 |
| Total Other Sources (Uses) | <u>0</u> | <u>0</u> | <u>6,421</u> | <u>6,421</u> |
| Net Change in Cash Balance | (202,935) | (262,590) | (125,030) | 137,560 |
| Cash Balance Beginning of Year | <u>417,620</u> | <u>417,620</u> | <u>417,620</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 214,685</u> | <u>\$ 155,030</u> | <u>\$ 292,590</u> | <u>\$ 137,560</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ (125,030) | |
| Net change in Taxes Receivables | | | (984) | |
| Net change in Accounts Payable | | | 7,465 | |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis | | | <u>\$ (118,549)</u> | |

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

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
GENERAL FUND-TRANSPORTATION-13000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|----------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| State Grant | \$ 319,181 | \$ 301,827 | \$ 301,827 | \$ 0 |
| Total Revenues | <u>319,181</u> | <u>301,827</u> | <u>301,827</u> | <u>0</u> |
| Expenditures | | | | |
| Student Transportation | 55,000 | 140,111 | 137,977 | 2,134 |
| Personnel Services | 24,099 | 42,657 | 38,399 | 4,258 |
| Employee Benefits | 15,503 | 32,168 | 27,322 | 4,846 |
| Purchased Property Services | 172,579 | 37,792 | 30,908 | 6,884 |
| Other Purchased Services | 24,000 | 49,099 | 45,788 | 3,311 |
| Supplies | 28,000 | 0 | 0 | 0 |
| Total Student Transportation | <u>319,181</u> | <u>301,827</u> | <u>280,394</u> | <u>21,433</u> |
| Total Expenditures | <u>319,181</u> | <u>301,827</u> | <u>280,394</u> | <u>21,433</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 0 | 0 | 21,433 | 21,433 |
| 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>\$ 21,433</u> | <u>\$ 21,433</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ 21,433 | |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis | | | <u>\$ 21,433</u> | |

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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|-----------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| State Grant | \$ 14,799 | \$ 14,799 | \$ 17,157 | \$ 2,358 |
| Total Revenues | <u>14,799</u> | <u>14,799</u> | <u>17,157</u> | <u>2,358</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Supplies | 16,578 | 16,578 | 6,800 | 9,778 |
| Total Instruction | <u>16,578</u> | <u>16,578</u> | <u>6,800</u> | <u>9,778</u> |
| Total Expenditures | <u>16,578</u> | <u>16,578</u> | <u>6,800</u> | <u>9,778</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (1,779) | (1,779) | 10,357 | 12,136 |
| Cash Balance Beginning of Year | <u>6,641</u> | <u>6,641</u> | <u>6,641</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 4,862</u> | <u>\$ 4,862</u> | <u>\$ 16,998</u> | <u>\$ 12,136</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ 10,357 | |
| Net change in Accounts Payable | | | <u>(71)</u> | |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis | | | <u>\$ 10,286</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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|-----------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal Grant | \$ 107,440 | \$ 148,664 | \$ 87,904 | \$ (60,760) |
| Total Revenues | <u>107,440</u> | <u>148,664</u> | <u>87,904</u> | <u>(60,760)</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Personnel Services | 32,070 | 31,965 | 30,581 | 1,384 |
| Employee Benefits | 20,904 | 18,009 | 16,565 | 1,444 |
| Professional & Tech Services | 7,020 | 20,000 | 19,869 | 131 |
| Supplies | 4,187 | 43,478 | 3,720 | 39,758 |
| Total Instruction | <u>64,181</u> | <u>113,452</u> | <u>70,735</u> | <u>42,717</u> |
| Support Services-General Administration | | | | |
| Personnel Services | 6,560 | 0 | 0 | 0 |
| Employee Benefits | 1,487 | 0 | 0 | 0 |
| Total Support Services-General Administration | <u>8,047</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Expenditures | <u>72,228</u> | <u>113,452</u> | <u>70,735</u> | <u>42,717</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 35,212 | 35,212 | 17,169 | (18,043) |
| Cash Balance Beginning of Year | <u>(35,212)</u> | <u>(35,212)</u> | <u>(35,212)</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ (18,043)</u> | <u>\$ (18,043)</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ 17,169 | |
| Net change in Due from Grantor | | | (20,583) | |
| Net change in Accounts Payable | | | 3,414 | |
| 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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|-----------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal Grant | \$ 136,999 | \$ 152,638 | \$ 90,802 | \$ (61,836) |
| Total Revenues | <u>136,999</u> | <u>152,638</u> | <u>90,802</u> | <u>(61,836)</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Personnel Services | 42,485 | 47,847 | 47,844 | 3 |
| Employee Benefits | 30,689 | 18,450 | 17,956 | 494 |
| Professional & Tech Services | 0 | 137 | 137 | 0 |
| Supplies | 1,265 | 10,196 | 60 | 10,136 |
| Total Instruction | <u>74,439</u> | <u>76,630</u> | <u>65,997</u> | <u>10,633</u> |
| Support Services-Students | | | | |
| Personnel Services | 11,000 | 5,043 | 4,367 | 676 |
| Employee Benefits | 6,615 | 2,985 | 2,361 | 624 |
| Professional & Tech Services | 5,000 | 6,070 | 1,827 | 4,243 |
| Other Purchased Services | 0 | 2,945 | 1,898 | 1,047 |
| Supplies | 5,000 | 24,020 | 1,487 | 22,533 |
| Total Support Services-Students | <u>27,615</u> | <u>41,063</u> | <u>11,940</u> | <u>29,123</u> |
| Total Expenditures | <u>102,054</u> | <u>117,693</u> | <u>77,937</u> | <u>39,756</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 34,945 | 34,945 | 12,865 | (22,080) |
| Cash Balance Beginning of Year | <u>(34,945)</u> | <u>(34,945)</u> | <u>(34,945)</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ (22,080)</u> | <u>\$ (22,080)</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ 12,865 | |
| Net Change in Due from Grantor | | | (21,056) | |
| Net Change in Accounts Payable | | | 8,191 | |
| 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, 2012

| | <u>Agency Funds</u> |
|---------------------------|-------------------------|
| Assets | |
| Cash and Cash Equivalents | \$ 115,104 |
| Total Assets | <u>\$ 115,104</u> |
| Liabilities | |
| Deposits Held for Others | \$ 115,104 |
| Total Liabilities | <u>\$ 115,104</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.

CAPITAL PROJECT FUNDS

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

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

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

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

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

Program Revenues

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

Fund Financial Statements (FFS)

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the district-wide financial statements.

Revenues

Ad valorem taxes are susceptible to full accrual on the government wide financial statements. Property Tax revenues recognize revenues net of estimated refunds and uncollectible accounts in the period for which the taxes are levied.

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

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

Expenditures

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

Other Financing Sources (Uses)

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

Basis of Budgeting

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

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

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

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

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

Cash and Cash Equivalents

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

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

Investments

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

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

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

Receivables and Payables

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

Property Taxes

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

Elimination and Reclassifications of Certain Receivables and Payables

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

Inventories and Prepaid Items

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

Capital Assets

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

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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 |

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.

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.

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Estimates

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

NOTE B: DEPOSITS AND INVESTMENTS

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

1st National Bank

| <u>Name of Account</u> | <u>Balance Per Bank 6/30/12</u> | <u>Reconciled Balance</u> | <u>Type</u> |
|----------------------------|---|-------------------------------|-------------|
| Operational | \$ 1,894,331 | \$ 1,772,663 | Checking |
| Activity-Non-budgeted | 106,942 | 115,104 | Checking |
| TOTAL Deposited | <u>2,001,273</u> | <u>\$ 1,887,767</u> | |
| Less: FDIC Coverage | <u>(250,000)</u> | | |
| Uninsured Amount | 1,751,273 | | |
| 50% collateral requirement | 875,637 | | |
| Pledged securities | <u>1,990,252</u> | | |
| Over (Under) requirement | <u>\$ 1,114,616</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 | \$ 341,537 | 6/20/2024 | * FHLB |
| FNMA Pool #MA0538 | 31390RKU6 | 1,648,715 | 5/1/2014 | FHLB |
| | | <u>\$ 1,990,252</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 | 1,751,273 |
| Uninsured and uncollateralized | 0 |
| Total Deposits | <u>\$ 2,001,273</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, 2012 none of the District's bank balance of \$2,001,273 was exposed to custodial credit risk.

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NOTE C: INTERFUND BALANCES AND ACTIVITY

| | Title I | IDEA Part B Entitlement 24106 | Other Governmental Funds | Total |
|------------------------|------------------|-------------------------------------|--------------------------------|-------------------|
| Loan from General Fund | \$ <u>18,043</u> | \$ <u>22,080</u> | \$ <u>67,036</u> | \$ <u>107,159</u> |

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

NOTE D: DUE FROM GRANTOR

Amounts due from other agencies and units of government were as follows as of June 30, 2012:

| | |
|------------------|-------------------|
| Federal Agencies | \$ 49,809 |
| State Agencies | 57,350 |
| Total | \$ <u>107,159</u> |

NOTE E: CAPITAL ASSETS

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

| | Beginning Balance 6/30/11 | Increases | Decreases | Ending Balance 6/30/12 |
|---|---------------------------------|---------------------|-------------|------------------------------|
| 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 | 16,933,919 | 28,467 | 0 | 16,962,386 |
| Equipment, Vehicles, Information Technology Equipment, Software & Library Books | <u>1,600,117</u> | <u>57,350</u> | <u>0</u> | <u>1,657,467</u> |
| Total Capital Assets being Depreciated | <u>18,534,036</u> | <u>85,817</u> | <u>0</u> | <u>18,619,853</u> |
| Total Capital Assets | <u>18,539,036</u> | <u>85,817</u> | <u>0</u> | <u>18,624,853</u> |
| Less Accumulated Depreciation | | | | |
| Buildings & Improvements | 3,711,962 | 468,317 | 0 | 4,180,279 |
| Equipment, Vehicles, Information Technology Equipment, Software & Library Books | <u>1,014,545</u> | <u>94,099</u> | <u>0</u> | <u>1,108,644</u> |
| Total Accumulated Depreciation | <u>4,726,507</u> | <u>562,416</u> | <u>0</u> | <u>5,288,923</u> |
| Capital Assets, net | \$ <u>13,812,529</u> | \$ <u>(476,599)</u> | \$ <u>0</u> | \$ <u>13,335,930</u> |

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Depreciation expense was charged to governmental activities as follows:

| | | |
|----------------------------------|----|----------------|
| Instruction | \$ | 422,487 |
| Support Services-Students | | 10,742 |
| General Administration | | 79,703 |
| School Administration | | 16,550 |
| Central Services | | 3,131 |
| Operation & Maintenance of Plant | | 29,803 |
| Total depreciation expenses | \$ | <u>562,416</u> |

NOTE H: LONG TERM DEBT

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

| | Beginning Balance 6/30/11 | Additions | Reductions | Ending Balance 6/30/12 | Amounts Due Within One Year |
|-------------------------|---------------------------------|-------------|-------------------|------------------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Bonds and Notes Payable | | | | | |
| General Obligation | | | | | |
| Bonds | \$ 6,335,000 | \$ 0 | \$ 720,000 | \$ 5,615,000 | \$ 660,000 |
| Total Bonds | <u>\$ 6,335,000</u> | <u>\$ 0</u> | <u>\$ 720,000</u> | <u>\$ 5,615,000</u> | <u>\$ 660,000</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% | \$ 1,975 |
| 2002 | 8/1/2001 | 1,500,000 | 3.50%-5.00% | 845,000 |
| 2007 | 11/16/2007 | 2,500,000 | 3.65%-4.35% | 1,680,000 |
| 2009 | 6/16/2009 | 1,750,000 | 4.25% | 1,115,000 |
| | | | | <u>\$ 3,641,975</u> |

The annual requirements to amortize the general obligation bonds as of June 30, 2012 including interest payments are as follows:

| | Principal | Interest | Total |
|-----------|---------------------|---------------------|---------------------|
| 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 | 675,000 | 122,999 | 797,999 |
| 2018-2022 | <u>2,530,000</u> | <u>215,478</u> | <u>2,745,478</u> |
| | <u>\$ 5,615,000</u> | <u>\$ 1,098,208</u> | <u>\$ 6,713,208</u> |

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

| | |
|--|---------------------|
| Note H | |
| Bonds | \$ 5,615,000 |
| Issue Costs/Premium/Discounts on Bond Issues | (221,773) |
| Accumulated Amortization | 111,717 |
| Statement of Net Assets | <u>\$ 5,504,944</u> |
| | |
| Long-Term Per Government Wide Financial Statements | \$ 4,844,944 |
| Current Portion | 660,000 |
| Statement of Net Assets | <u>\$ 5,504,944</u> |

NOTE I: COMMITMENTS

The District has various construction commitments for repairs and improvement of facilities on June 30, 2012.

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, 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, 2012, 2011, and 2010, were \$503,206, \$580,935, and \$507,980 respectively, which equal the amount of the required contributions for each fiscal year.

NOTE K: RETIREE HEALTH CARE ACT CONTRIBUTIONS

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

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

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

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.

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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, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending 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> |
|--------------------|----------------------------------|----------------------------------|
| 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, 2012, 2011 and 2010 were \$61,252, \$71,517 and \$48,295 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 areas:

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

NOTE N. SURETY BOND

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

NOTE O. JOINT POWERS AGREEMENT

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

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

The REC 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 exceeded approved budgetary authority for the year ended June 30, 2012:

| <u>MAJOR</u> | <u>Amount</u> |
|--------------|---------------|
| DEBT SERVICE | |
| Support | (\$2,289) |

NOTE Q. RESTATEMENT

Net Assets were restated by \$64,123 for compensated absences erroneously reported in the June 30, 2011 statement. There are no compensated absences in this District.

**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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|-----------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Investment Income | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Total Revenues | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Expenditures | | | | |
| Capital Outlay | | | | |
| Building Improvements | 515,115 | 515,151 | 141,876 | 373,275 |
| Total Capital Outlay | <u>515,115</u> | <u>515,151</u> | <u>141,876</u> | <u>373,275</u> |
| Total Expenditures | <u>515,115</u> | <u>515,151</u> | <u>141,876</u> | <u>373,275</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (515,115) | (515,151) | (141,876) | 373,275 |
| Cash Balance Beginning of Year | <u>517,407</u> | <u>517,407</u> | <u>517,407</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 2,292</u> | <u>\$ 2,256</u> | <u>\$ 375,531</u> | <u>\$ 373,275</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ (141,876) | |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis | | | <u>\$ (141,876)</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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|---|-------------------|-------------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 293,947 | \$ 293,947 | \$ 300,232 | \$ 6,285 |
| State Grant | 23,625 | 35,270 | 0 | (35,270) |
| Total Revenues | <u>317,572</u> | <u>329,217</u> | <u>300,232</u> | <u>(28,985)</u> |
| Expenditures | | | | |
| Support Services-General Administration | | | | |
| Professional & Tech Services | 4,000 | 4,000 | 921 | 3,079 |
| Total Support Services-General Administration | <u>4,000</u> | <u>4,000</u> | <u>921</u> | <u>3,079</u> |
| Capital Outlay | | | | |
| Maintenance & Repairs | 210,234 | 220,879 | 163,507 | 57,372 |
| Supplies | 190,000 | 191,000 | 134,519 | 56,481 |
| Total Capital Outlay | <u>400,234</u> | <u>411,879</u> | <u>298,026</u> | <u>113,853</u> |
| Total Expenditures | <u>404,234</u> | <u>415,879</u> | <u>298,947</u> | <u>116,932</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (86,662) | (86,662) | 1,285 | 87,947 |
| Other Financing Sources (Uses) | | | | |
| Transfers | 0 | 0 | (57) | (57) |
| Total Other Sources (Uses) | <u>0</u> | <u>0</u> | <u>(57)</u> | <u>(57)</u> |
| Net Change in Cash Balance | (86,662) | (86,662) | 1,228 | 87,890 |
| Cash Balance Beginning of Year | <u>200,656</u> | <u>200,656</u> | <u>200,656</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 113,994</u> | <u>\$ 113,994</u> | <u>\$ 201,884</u> | <u>\$ 87,947</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Net Change in Cash Balance | | | \$ 1,228 | |
| Net Change in Taxes Receivable | | | (372) | |
| Net Change in Accounts Payables | | | 961 | |
| Net Change in Fund Balance | | | <u>\$ 1,817</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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|-------------------|-------------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 977,886 | \$ 977,886 | \$ 1,009,908 | \$ 32,022 |
| Total Revenues | <u>977,886</u> | <u>977,886</u> | <u>1,009,908</u> | <u>32,022</u> |
| Expenditures | | | | |
| Support Services-General Administration | | | | |
| Purchased Services | <u>10,000</u> | <u>10,000</u> | <u>12,289</u> | <u>(2,289)</u> |
| Total Support Services-General Administration | <u>10,000</u> | <u>10,000</u> | <u>12,289</u> | <u>(2,289)</u> |
| Debt Service | | | | |
| Principal | 720,000 | 720,000 | 720,000 | 0 |
| Interest | <u>257,886</u> | <u>257,886</u> | <u>257,886</u> | <u>0</u> |
| Total Debt Service | <u>977,886</u> | <u>977,886</u> | <u>977,886</u> | <u>0</u> |
| Total Expenditures | <u>987,886</u> | <u>987,886</u> | <u>990,175</u> | <u>(2,289)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (10,000) | (10,000) | 19,733 | 29,733 |
| Cash Balance Beginning of Year | <u>906,468</u> | <u>906,468</u> | <u>906,468</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 896,468</u> | <u>\$ 896,468</u> | <u>\$ 926,201</u> | <u>\$ 29,733</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ 19,733 | |
| Net change in Taxes Receivable | | | <u>(2,057)</u> | |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis | | | <u>\$ 17,676</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.

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.

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).

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).

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

NONMAJOR SPECIAL REVENUE FUNDS

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.

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

2010 GO Student Library (27106). 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.

GOB School Bus Purchase (27172). To account for the purchase of a school bus. The fund was created by state grant provisions.

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.

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2012

| | <u>Special Revenue</u> | | |
|--|-------------------------------|----------------------------|---|
| | <u>Food Service 21000</u> | <u>Athletics 22000</u> | <u>Autism Spectrum Disorder Project 24107</u> |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 0 | \$ 6,015 | \$ 0 |
| Due from Grantor | 0 | 0 | 2,492 |
| Inventory | 3,707 | 0 | 0 |
| Total Assets | <u>\$ 3,707</u> | <u>\$ 6,015</u> | <u>\$ 2,492</u> |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Interfund Balance | \$ 0 | \$ 0 | \$ 2,492 |
| Total Liabilities | <u>0</u> | <u>0</u> | <u>2,492</u> |
| Fund Balance | | | |
| Nonspendable-Inventory | 3,707 | 0 | 0 |
| Restricted for, reported in Special Revenue Funds | <u>0</u> | <u>6,015</u> | <u>0</u> |
| Total Fund Balance | <u>3,707</u> | <u>6,015</u> | <u>0</u> |
| Total Liabilities and Fund Balance | <u>\$ 3,707</u> | <u>\$ 6,015</u> | <u>\$ 2,492</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, 2012

| | Special Revenue | | |
|--|----------------------------|---|---------------------------------------|
| | IDEA Preschool 24109 | English Language Acquisition 24153 | Improving Teacher Quality 24154 |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 0 | \$ 0 | \$ 0 |
| Due from Grantor | 0 | 0 | 0 |
| Inventory | 0 | 0 | 0 |
| Total Assets | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Interfund Balance | \$ 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 | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Fund Balance | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Liabilities and Fund Balance | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

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

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2012

| | Special Revenue | | |
|--|----------------------------------|--|--------------------------------|
| | Title I Recovery Act 24201 | IDEA Preschool Recovery Act 24209 | Title XIX Medicaid 25153 |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 0 | \$ 0 | \$ 39,170 |
| Due from Grantor | | 0 | 0 |
| Inventory | 0 | 0 | 0 |
| Total Assets | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 39,170</u> |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Interfund Balance | \$ 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 | 0 | 0 | 39,170 |
| Total Fund Balance | <u>0</u> | <u>0</u> | <u>39,170</u> |
| Total Liabilities and Fund Balance | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 39,170</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, 2012

| | <u>Special Revenue</u> | | |
|--|--|--------------------------------|--------------------------------|
| | Rural Education Achievement 25233 | Education Job Fund 25255 | GO Student Library 27105 |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 0 | \$ 0 | \$ 0 |
| Due from Grantor | 5,465 | 0 | 0 |
| Inventory | 0 | 0 | 0 |
| Total Assets | <u>\$ 5,465</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Interfund Balance | \$ 5,465 | \$ 0 | \$ 0 |
| Total Liabilities | <u>5,465</u> | <u>0</u> | <u>0</u> |
| Fund Balance | | | |
| Nonspendable-Inventory | 0 | 0 | 0 |
| Restricted for, reported in Special Revenue Funds | 0 | 0 | 0 |
| Total Fund Balance | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Liabilities and Fund Balance | <u>\$ 5,465</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, 2012

| | Special Revenue | | |
|--|-------------------------------------|---|---|
| | 2010 GO Student Library 27106 | Technology for Education 27117 | Incentives For School Improvement 27138 |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 0 | \$ 0 | \$ 0 |
| Due from Grantor | 1,729 | 0 | 0 |
| Inventory | 0 | 0 | 0 |
| Total Assets | <u>\$ 1,729</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Interfund Balance | \$ 1,729 | \$ 0 | \$ 0 |
| Total Liabilities | <u>1,729</u> | <u>0</u> | <u>0</u> |
| Fund Balance | | | |
| Nonspendable-Inventory | 0 | 0 | 0 |
| Restricted for, reported in Special Revenue Funds | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Fund Balance | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Liabilities and Fund Balance | <u>\$ 1,729</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, 2012

| | Special Revenue | | |
|--|--|---------------------------------|-------------------------------------|
| | Beginning Teachers Mentoring Program 27154 | SB 301 GO Libraries 27170 | GOB School Bus Purchase 27172 |
| | 27154 | 27170 | 27172 |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 0 | \$ 0 | \$ 0 |
| Due from Grantor | 0 | 0 | 57,350 |
| Inventory | 0 | 0 | 0 |
| Total Assets | \$ 0 | \$ 0 | \$ 57,350 |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Interfund Balance | \$ 0 | \$ 0 | \$ 57,350 |
| Total Liabilities | 0 | 0 | 57,350 |
| Fund Balance | | | |
| Nonspendable-Inventory | 0 | 0 | 0 |
| Restricted for, reported in Special Revenue Funds | 0 | 0 | 0 |
| Total Fund Balance | 0 | 0 | 0 |
| Total Liabilities and Fund Balance | \$ 0 | \$ 0 | \$ 57,350 |

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, 2012

| | Special Revenue | | |
|--|-----------------------------------|--------------------------------------|---|
| | IDEA B State Directed 27200 | School Library Materials 27549 | Energy Efficient Measure 28187 |
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 0 | \$ 0 | 0 |
| Due from Grantor | 0 | 0 | 0 |
| Inventory | 0 | 0 | 0 |
| Total Assets | <u>\$ 0</u> | <u>\$ 0</u> | <u>0</u> |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Interfund Balance | \$ 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 | 0 | 0 | 0 |
| Total Fund Balance | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Liabilities and Fund Balance | <u>\$ 0</u> | <u>\$ 0</u> | <u>0</u> |

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

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2012

| | <u>Special Revenue</u> | |
|--|---------------------------------------|----------------|
| | French Grant from NMSU 29102 | <u>Total</u> |
| ASSETS | | |
| Cash and Cash Equivalents | 0 \$ | 45,185 |
| Due from Grantor | 0 | 67,036 |
| Inventory | 0 | 3,707 |
| Total Assets | <u>0 \$</u> | <u>115,928</u> |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities | | |
| Interfund Balance | \$ 0 | \$ 67,036 |
| Total Liabilities | <u>0</u> | <u>67,036</u> |
| Fund Balance | | |
| Nonspendable-Inventory | 0 | 3,707 |
| Restricted for, reported in Special Revenue Funds | <u>0</u> | <u>45,185</u> |
| Total Fund Balance | <u>0</u> | <u>48,892</u> |
| Total Liabilities and Fund Balance | <u>0 \$</u> | <u>115,928</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, 2012

| | Special Revenue | | |
|--|-----------------------|--------------------|---|
| | Food Service 21000 | Athletics 22000 | Autism Spectrum Disorder Project 24107 |
| Revenues | | | |
| Fees | \$ 34,885 | \$ 14,578 | \$ 0 |
| State & Local Grants | 0 | 0 | 0 |
| Federal Grants | 72,111 | 0 | 2,492 |
| Total Revenues | <u>106,996</u> | <u>14,578</u> | <u>2,492</u> |
| Expenditures | | | |
| Current | | | |
| Instruction | 0 | 12,006 | 0 |
| Support Services-Students | 0 | 0 | 2,492 |
| Food Service Operations | 121,022 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 |
| Total Expenditures | <u>121,022</u> | <u>12,006</u> | <u>2,492</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(14,026)</u> | <u>2,572</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 | (14,026) | 2,572 | 0 |
| Fund Balances at Beginning of Year | <u>17,733</u> | <u>3,443</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$ 3,707</u> | <u>\$ 6,015</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, 2012

| | Special Revenue | | |
|--|----------------------------|---|---------------------------------------|
| | IDEA Preschool 24109 | English Language Acquisition 24153 | Improving Teacher Quality 24154 |
| Revenues | | | |
| Fees | \$ 0 | \$ 0 | \$ 0 |
| State & Local Grants | 0 | 0 | 0 |
| Federal Grants | 0 | 0 | 0 |
| Total Revenues | <u>0</u> | <u>0</u> | <u>0</u> |
| Expenditures | | | |
| Current | | | |
| Instruction | 0 | 0 | 0 |
| Support Services-Students | 0 | 0 | 0 |
| Food Service Operations | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 |
| Total Expenditures | <u>0</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>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, 2012

| | Special Revenue | | |
|--|-----------------------|------------------------------------|-------------------|
| | Title I | IDEA | Title XIX |
| | Recovery Act 24201 | Preschool Recovery Act 24209 | Medicaid 25153 |
| Revenues | | | |
| Fees | \$ 0 | \$ 0 | \$ 9,000 |
| State & Local Grants | 0 | 0 | 0 |
| Federal Grants | 0 | 0 | 0 |
| Total Revenues | <u>0</u> | <u>0</u> | <u>9,000</u> |
| Expenditures | | | |
| Current | | | |
| Instruction | 0 | 0 | 0 |
| Support Services-Students | 0 | 0 | 0 |
| Food Service Operations | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>0</u> | <u>0</u> | <u>9,000</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 | 9,000 |
| Fund Balances at Beginning of Year | <u>0</u> | <u>0</u> | <u>30,170</u> |
| Fund Balance End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 39,170</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, 2012

| | Special Revenue | | |
|--|--|--------------------------------|--------------------------------|
| | Rural Education Achievement 25233 | Education Job Fund 25255 | GO Student Library 27105 |
| | | | |
| Revenues | | | |
| Fees | \$ 0 | \$ 0 | \$ 0 |
| State & Local Grants | 0 | 0 | 0 |
| Federal Grants | 48,427 | 2,004 | 0 |
| Total Revenues | <u>48,427</u> | <u>2,004</u> | <u>0</u> |
| Expenditures | | | |
| Current | | | |
| Instruction | 48,427 | 2,004 | 0 |
| Support Services-Students | 0 | 0 | 0 |
| Food Service Operations | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 |
| Total Expenditures | <u>48,427</u> | <u>2,004</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, 2012

| | Special Revenue | | |
|--|-------------------------------------|---|---|
| | 2010 GO Student Library 27106 | Technology for Education 27117 | Incentives For School Improvement 27138 |
| Revenues | | | |
| Fees | \$ 0 | \$ 0 | \$ 0 |
| State & Local Grants | 1,729 | 0 | 0 |
| Federal Grants | 0 | 0 | 0 |
| Total Revenues | <u>1,729</u> | <u>0</u> | <u>0</u> |
| Expenditures | | | |
| Current | | | |
| Instruction | 0 | 0 | 0 |
| Support Services-Students | 1,729 | 0 | 1,209 |
| Food Service Operations | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 |
| Total Expenditures | <u>1,729</u> | <u>0</u> | <u>1,209</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>0</u> | <u>0</u> | <u>(1,209)</u> |
| Other Financing Sources (Uses) | | | |
| Transfer In/(Out) | 0 | (5,090) | (166) |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>(5,090)</u> | <u>(166)</u> |
| Net Changes in Fund Balance | 0 | (5,090) | (1,375) |
| 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>\$ 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, 2012

| | Special Revenue | | |
|--|--|---------------------------------|-------------------------------------|
| | Beginning Teachers Mentoring Program 27154 | SB 301 GO Libraries 27170 | GOB School Bus Purchase 27172 |
| Revenues | | | |
| Fees | \$ 0 | \$ 0 | \$ 0 |
| State & Local Grants | 0 | 0 | 57,350 |
| Federal Grants | 0 | 0 | 0 |
| Total Revenues | <u>0</u> | <u>0</u> | <u>57,350</u> |
| Expenditures | | | |
| Current | | | |
| Instruction | 0 | 0 | 0 |
| Support Services-Students | 0 | 370 | 0 |
| Food Service Operations | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 57,350 |
| Total Expenditures | <u>0</u> | <u>370</u> | <u>57,350</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>0</u> | <u>(370)</u> | <u>0</u> |
| Other Financing Sources (Uses) | | | |
| Transfer In/(Out) | (630) | 0 | 0 |
| Total Other Financing Sources (Uses) | <u>(630)</u> | <u>0</u> | <u>0</u> |
| Net Changes in Fund Balance | (630) | (370) | 0 |
| Fund Balances at Beginning of Year | <u>630</u> | <u>370</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, 2012

| | Special Revenue | | |
|--|-----------------------------------|--------------------------------------|---|
| | IDEA B State Directed 27200 | School Library Materials 27549 | Energy Efficient Measure 28187 |
| Revenues | | | |
| Fees | \$ 0 | \$ 0 | \$ 0 |
| State & Local Grants | 0 | 0 | 0 |
| Federal Grants | 3,338 | 0 | 0 |
| Total Revenues | <u>3,338</u> | <u>0</u> | <u>0</u> |
| Expenditures | | | |
| Current | | | |
| Instruction | 0 | 0 | 0 |
| Support Services-Students | 3,338 | 142 | 0 |
| Food Service Operations | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 |
| Total Expenditures | <u>3,338</u> | <u>142</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>0</u> | <u>(142)</u> | <u>0</u> |
| Other Financing Sources (Uses) | | | |
| Transfer In/(Out) | 0 | (370) | 0 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>(370)</u> | <u>0</u> |
| Net Changes in Fund Balance | 0 | (512) | 0 |
| Fund Balances at Beginning of Year | <u>0</u> | <u>512</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, 2012

| | <u>Special Revenue</u> | |
|--|---------------------------------------|------------------|
| | French Grant from NMSU 29102 | <u>Total</u> |
| Revenues | | |
| Fees | \$ 0 | \$ 58,463 |
| State & Local Grants | 0 | 59,079 |
| Federal Grants | 0 | 128,372 |
| Total Revenues | <u>0</u> | <u>245,914</u> |
| Expenditures | | |
| Current | | |
| Instruction | 0 | 62,437 |
| Support Services-Students | 0 | 9,280 |
| Food Service Operations | 0 | 121,022 |
| Capital Outlay | 0 | 57,350 |
| Total Expenditures | <u>0</u> | <u>250,089</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>0</u> | <u>(4,175)</u> |
| Other Financing Sources (Uses) | | |
| Transfer In/(Out) | <u>(165)</u> | <u>(6,421)</u> |
| Total Other Financing Sources (Uses) | <u>(165)</u> | <u>(6,421)</u> |
| Net Changes in Fund Balance | (165) | (10,596) |
| Fund Balances at Beginning of Year | <u>165</u> | <u>59,488</u> |
| Fund Balance End of Year | <u>\$ 0</u> | <u>\$ 48,892</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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|-----------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Fees | \$ 43,000 | \$ 43,000 | \$ 34,885 | \$ (8,115) |
| Federal Grants | 75,000 | 75,000 | 59,852 | (15,148) |
| Total Revenues | <u>118,000</u> | <u>118,000</u> | <u>94,737</u> | <u>(23,263)</u> |
| Expenditures | | | | |
| Food Services | | | | |
| Personnel Services | 42,000 | 42,000 | 42,120 | (120) |
| Employee Benefits | 45,369 | 45,369 | 36,790 | 8,579 |
| Supplies | 35,282 | 35,282 | 30,390 | 4,892 |
| Total Food Services | <u>122,651</u> | <u>122,651</u> | <u>109,300</u> | <u>13,351</u> |
| Total Expenditures | <u>122,651</u> | <u>122,651</u> | <u>109,300</u> | <u>13,351</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (4,651) | (4,651) | (14,563) | (9,912) |
| Cash Balance Beginning of Year | <u>14,563</u> | <u>14,563</u> | <u>14,563</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 9,912</u> | <u>\$ 9,912</u> | <u>\$ 0</u> | <u>\$ (9,912)</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ (14,563) | |
| Net change in Inventory | | | 176 | |
| Net change in Accounts Payable | | | 361 | |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis | | | <u>\$ (14,026)</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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|-----------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Fees | \$ 13,000 | \$ 13,000 | \$ 14,578 | \$ 1,578 |
| Total Revenues | <u>13,000</u> | <u>13,000</u> | <u>14,578</u> | <u>1,578</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Professional & Tech Services | 5,000 | 5,000 | 5,138 | (138) |
| Other Purchased Services | 0 | 0 | 90 | (90) |
| Supplies | <u>11,625</u> | <u>11,625</u> | <u>6,778</u> | <u>4,847</u> |
| Total Instruction | <u>16,625</u> | <u>16,625</u> | <u>12,006</u> | <u>4,619</u> |
| Total Expenditures | <u>16,625</u> | <u>16,625</u> | <u>12,006</u> | <u>4,619</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (3,625) | (3,625) | 2,572 | 6,197 |
| Cash Balance Beginning of Year | <u>3,443</u> | <u>3,443</u> | <u>3,443</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ (182)</u> | <u>\$ (182)</u> | <u>\$ 6,015</u> | <u>\$ 6,197</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ <u>2,572</u> | |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis | | | \$ <u>2,572</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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|--------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal Grant | \$ 211 | \$ 211 | \$ 255 | \$ 44 |
| Total Revenues | <u>211</u> | <u>211</u> | <u>255</u> | <u>44</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 | <u>211</u> | <u>211</u> | <u>255</u> | <u>44</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers | 0 | 0 | (44) | (44) |
| Total Other Sources (Uses) | <u>0</u> | <u>0</u> | <u>(44)</u> | <u>(44)</u> |
| Net Change in Cash Balance | 211 | 211 | 211 | 0 |
| Cash Balance Beginning of Year | <u>(211)</u> | <u>(211)</u> | <u>(211)</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 | | | | |
| Net Change in Cash Balance | | | \$ 211 | |
| Net Change in Due from Grantor | | | <u>(211)</u> | |
| Net Change in Fund Balance | | | <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-ENGLISH LANGUAGE ACQUISITION-24153
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|----------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal Programs | \$ 3,600 | \$ 3,600 | \$ 0 | \$ (3,600) |
| Total Revenues | <u>3,600</u> | <u>3,600</u> | <u>0</u> | <u>(3,600)</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Supplies | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 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 | <u>3,600</u> | <u>3,600</u> | <u>0</u> | <u>(3,600)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers | <u>0</u> | <u>0</u> | <u>3,600</u> | <u>3,600</u> |
| Total Other Sources (Uses) | <u>0</u> | <u>0</u> | <u>3,600</u> | <u>3,600</u> |
| Net Change in Cash Balance | 3,600 | 0 | 3,600 | 0 |
| Cash Balance Beginning of Year | <u>(3,600)</u> | <u>(3,600)</u> | <u>(3,600)</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 | | | | |
| Net Change in Cash Balance | | | \$ 3,600 | |
| Net change in Due from Grantor | | | (3,600) | |
| Net Change in Fund Balance | | | <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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|-----------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal Grant | \$ 22,955 | \$ 22,955 | \$ 0 | \$ (22,955) |
| Total Revenues | <u>22,955</u> | <u>22,955</u> | <u>0</u> | <u>(22,955)</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Employee Benefits | 0 | 0 | 0 | 0 |
| Other Purchased Services | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| 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 | <u>22,955</u> | <u>22,955</u> | <u>0</u> | <u>(22,955)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers | 0 | 0 | 22,955 | 22,955 |
| Total Other Sources (Uses) | <u>0</u> | <u>0</u> | <u>22,955</u> | <u>22,955</u> |
| Net Change in Cash Balance | 22,955 | 0 | 22,955 | 0 |
| Cash Balance Beginning of Year | <u>(22,955)</u> | <u>(22,955)</u> | <u>(22,955)</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 | | | | |
| Net Change in Cash Balance | | | \$ 22,955 | |
| Net Change in Due from Grantor | | | <u>(22,955)</u> | |
| Net Change in Fund Balance | | | <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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|-----------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal Programs | \$ 13,481 | \$ 13,481 | \$ 13,481 | \$ 0 |
| Total Revenues | <u>13,481</u> | <u>13,481</u> | <u>13,481</u> | <u>0</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Supplies | <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 | 13,481 | 13,481 | 13,481 | 0 |
| Cash Balance Beginning of Year | <u>(13,481)</u> | <u>(13,481)</u> | <u>(13,481)</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 | | | \$ 13,481 | |
| Net Change in Due from Grantor | | | <u>(13,481)</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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|----------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal Grant | \$ 1,612 | \$ 1,612 | \$ 1,612 | \$ 0 |
| Total Revenues | <u>1,612</u> | <u>1,612</u> | <u>1,612</u> | <u>0</u> |
| Expenditures | | | | |
| Support Services-Students | | | | |
| Supplies | <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>0</u> |
| Total Expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 1,612 | 1,612 | 1,612 | 0 |
| Cash Balance Beginning of Year | <u>(1,612)</u> | <u>(1,612)</u> | <u>(1,612)</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 | | | \$ 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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|---------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal Grant | \$ 0 | \$ 0 | \$ 9,000 | \$ 9,000 |
| Total Revenues | <u>0</u> | <u>0</u> | <u>9,000</u> | <u>9,000</u> |
| Expenditures | | | | |
| Support Services-Students | | | | |
| Personnel Services | 0 | 30,170 | 0 | 30,170 |
| Employee Benefits | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Support Services-Students | <u>0</u> | <u>30,170</u> | <u>0</u> | <u>1,887</u> |
| Total Expenditures | <u>0</u> | <u>30,170</u> | <u>0</u> | <u>1,887</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 0 | (30,170) | 9,000 | 39,170 |
| Cash Balance Beginning of Year | <u>30,170</u> | <u>30,170</u> | <u>30,170</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 30,170</u> | <u>\$ 0</u> | <u>\$ 39,170</u> | <u>\$ 39,170</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ <u>9,000</u> | |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis | | | \$ <u>9,000</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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|-----------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal Grant | \$ 28,628 | \$ 86,896 | \$ 71,590 | \$ (15,306) |
| Total Revenues | <u>28,628</u> | <u>86,896</u> | <u>71,590</u> | <u>(15,306)</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Professional & Tech Services | 0 | 58,268 | 48,427 | 9,841 |
| Total Instruction | <u>0</u> | <u>58,268</u> | <u>48,427</u> | <u>9,841</u> |
| Total Expenditures | <u>0</u> | <u>58,268</u> | <u>48,427</u> | <u>9,841</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 28,628 | 28,628 | 23,163 | (5,465) |
| Cash Balance Beginning of Year | <u>(28,628)</u> | <u>(28,628)</u> | <u>(28,628)</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ (5,465)</u> | <u>\$ (5,465)</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ 23,163 | |
| Net Change in Due from Grantor | | | <u>(23,163)</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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|-------------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| State Grant | \$ 40,949 | \$ 40,949 | \$ 42,953 | \$ 2,004 |
| Total Revenues | <u>40,949</u> | <u>40,949</u> | <u>42,953</u> | <u>2,004</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Personnel Services | 0 | 0 | 0 | 0 |
| Employee Benefits | 0 | 2,004 | 2,004 | 0 |
| Total Instruction | <u>0</u> | <u>2,004</u> | <u>2,004</u> | <u>0</u> |
| Total Expenditures | <u>0</u> | <u>2,004</u> | <u>2,004</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 40,949 | 38,945 | 40,949 | 2,004 |
| Cash Balance Beginning of Year | <u>(40,949)</u> | <u>(40,949)</u> | <u>(40,949)</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 0</u> | <u>\$ (2,004)</u> | <u>\$ 0</u> | <u>\$ 2,004</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
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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|----------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| State Grant | \$ 2,307 | \$ 2,307 | \$ 0 | \$ 0 |
| Total Revenues | <u>2,307</u> | <u>2,307</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 | <u>2,307</u> | <u>2,307</u> | <u>0</u> | <u>(2,307)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers | 0 | 0 | 2,307 | 2,307 |
| Total Other Sources (Uses) | <u>0</u> | <u>0</u> | <u>2,307</u> | <u>2,307</u> |
| Net Change in Cash Balance | 2,307 | 0 | 2,307 | 0 |
| Cash Balance Beginning of Year | <u>(2,307)</u> | <u>(2,307)</u> | <u>(2,307)</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 | | | | |
| Net Change in Cash Balance | | | \$ 2,307 | |
| Net Change in Due from Grantor | | | (2,307) | |
| Net Change in Fund Balance | | | <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-2010 GO LIBRARY-27106
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

| | 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 | 1,729 | 1,729 | 0 |
| Total Support Services-Students | <u>0</u> | <u>1,729</u> | <u>1,729</u> | <u>0</u> |
| Total Expenditures | <u>0</u> | <u>1,729</u> | <u>1,729</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 0 | (1,729) | (1,729) | 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>\$ (1,729)</u> | <u>\$ (1,729)</u> | <u>\$ 0</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ (1,729) | |
| Net change in Due from Grantor | | | <u>1,729</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-ED TECH-27117
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

| | 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 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers | 0 | 0 | (5,090) | (5,090) |
| Total Other Sources (Uses) | <u>0</u> | <u>0</u> | <u>(5,090)</u> | <u>(5,090)</u> |
| Net Change in Cash Balance | 0 | 0 | (5,090) | (5,090) |
| 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>\$ 0</u> | <u>\$ (5,090)</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Net Change in Cash Balance | | | \$ (5,090) | |
| Net Change in Fund Balance | | | <u>\$ (5,090)</u> | |

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

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-INCENTIVES FOR SCHOOL IMPROVEMENT-27138
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

| | 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 | 1,375 | 1,209 | 166 |
| Total Support Services-Students | <u>0</u> | <u>1,375</u> | <u>1,209</u> | <u>166</u> |
| Total Expenditures | <u>0</u> | <u>1,375</u> | <u>1,209</u> | <u>166</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>0</u> | <u>(1,375)</u> | <u>(1,209)</u> | <u>166</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers | 0 | 0 | (166) | (166) |
| Total Other Sources (Uses) | <u>0</u> | <u>0</u> | <u>(166)</u> | <u>(166)</u> |
| Net Change in Cash Balance | 0 | 0 | (1,375) | 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>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Net Change in Cash Balance | | | \$ (1,375) | |
| Net Change in Fund Balance | | | <u>\$ (1,375)</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, 2012

| | 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 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers | <u>0</u> | <u>0</u> | <u>(630)</u> | <u>(630)</u> |
| Total Other Sources (Uses) | <u>0</u> | <u>0</u> | <u>(630)</u> | <u>(630)</u> |
| Net Change in Cash Balance | 0 | 0 | (630) | (630) |
| 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>\$ 0</u> | <u>\$ (630)</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Net Change in Cash Balance | | | \$ (630) | |
| Net Change in Fund Balance | | | <u>\$ (630)</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, 2012

| | 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 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers | 0 | 0 | (370) | (370) |
| Total Other Sources (Uses) | <u>0</u> | <u>0</u> | <u>(370)</u> | <u>(370)</u> |
| Net Change in Cash Balance | 0 | 0 | (370) | (370) |
| 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>\$ 0</u> | <u>\$ (370)</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Net Change in Cash Balance | | | \$ 0 | |
| Net Change in Fund Balance | | | <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-GOB SCHOOL BUS PURCHASE-27172
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

| | 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 | | | | |
| Capital Outlay | | | | |
| Bus Purchase | 0 | 57,350 | 57,350 | 0 |
| Total Capital Outlay | <u>0</u> | <u>57,350</u> | <u>57,350</u> | <u>0</u> |
| Total Expenditures | <u>0</u> | <u>57,350</u> | <u>57,350</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 0 | (57,350) | (57,350) | 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>\$ (57,350)</u> | <u>\$ (57,350)</u> | <u>\$ 0</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis | | | \$ (57,350) | |
| Net Change in Due from Grantor | | | <u>57,350</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 STATE DIRECTED-27200
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|--------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Federal Grant | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Total Revenues | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Expenditures | | | | |
| Support Services-Students | | | | |
| Supplies | 3,338 | 3,338 | 3,338 | 0 |
| Total Support Services-Students | <u>3,338</u> | <u>3,338</u> | <u>3,338</u> | <u>0</u> |
| Total Expenditures | <u>3,338</u> | <u>3,338</u> | <u>3,338</u> | <u>0</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (3,338) | (3,338) | (3,338) | 0 |
| Cash Balance Beginning of Year | <u>3,338</u> | <u>3,338</u> | <u>3,338</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 | | | \$ (3,338) | |
| Net Change in Due from Grantor | | | <u>3,338</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, 2012

| | 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 | 512 | 512 | 142 | 370 |
| Total Support Services-Instruction | <u>512</u> | <u>512</u> | <u>142</u> | <u>370</u> |
| Total Expenditures | <u>512</u> | <u>512</u> | <u>142</u> | <u>370</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(512)</u> | <u>(512)</u> | <u>(142)</u> | <u>370</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers | 0 | 0 | (370) | (370) |
| Total Other Sources (Uses) | <u>0</u> | <u>0</u> | <u>(370)</u> | <u>(370)</u> |
| Net Change in Cash Balance | (512) | 0 | (512) | 0 |
| Cash Balance Beginning of Year | <u>512</u> | <u>512</u> | <u>512</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 370</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Net Change in Cash Balance | | | \$ (512) | |
| Net Change in Fund Balance | | | \$ (512) | |

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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|----------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| State Grant | \$ 3,038 | \$ 55,126 | \$ 2,981 | \$ (52,145) |
| Total Revenues | <u>3,038</u> | <u>55,126</u> | <u>2,981</u> | <u>(52,145)</u> |
| Expenditures | | | | |
| Capital Outlay | | | | |
| Building Improvements | 0 | 52,088 | 0 | 52,088 |
| Total Capital Outlay | <u>0</u> | <u>52,088</u> | <u>0</u> | <u>52,088</u> |
| Total Expenditures | <u>0</u> | <u>52,088</u> | <u>0</u> | <u>52,088</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>3,038</u> | <u>3,038</u> | <u>2,981</u> | <u>(57)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers | 0 | 0 | 57 | 57 |
| Total Other Sources (Uses) | <u>0</u> | <u>0</u> | <u>57</u> | <u>57</u> |
| Net Change in Cash Balance | 3,038 | 0 | 3,038 | 0 |
| Cash Balance Beginning of Year | <u>(3,038)</u> | <u>(3,038)</u> | <u>(3,038)</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 | | | | |
| Net Change in Cash Balance | | | \$ 3,038 | |
| Net Change in Due from Grantor | | | (3,038) | |
| Net Change in Fund Balance | | | <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-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, 2012

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget- Over (Under) |
|--|------------------|---------------|--------------------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Local Grant | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Total Revenues | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Supplies | 0 | 0 | 0 | 0 |
| 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 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers | 0 | 0 | (165) | (165) |
| Total Other Sources (Uses) | <u>0</u> | <u>0</u> | <u>(165)</u> | <u>(165)</u> |
| Net Change in Cash Balance | 0 | 0 | (165) | (165) |
| Cash Balance Beginning of Year | <u>165</u> | <u>165</u> | <u>165</u> | <u>0</u> |
| Cash Balance End of Year | <u>\$ 165</u> | <u>\$ 165</u> | <u>\$ 0</u> | <u>\$ (165)</u> |
| Reconciliation of Budgetary Basis to GAAP Basis | | | | |
| Net Change in Cash Balance | | | \$ (165) | |
| Net Change in Fund Balance | | | <u>\$ (165)</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, 2012

| | Beginning Balance <u>6/30/11</u> | <u>Additions</u> | <u>Deletions</u> | Ending Balance <u>6/30/12</u> |
|-----------------------|--|------------------|------------------|-------------------------------------|
| ASSETS | | | | |
| Activity Trust Fund | \$ 116,028 | \$ 95,201 | \$ 96,125 | \$ 115,104 |
| Total Assets | <u>\$ 116,028</u> | <u>\$ 95,201</u> | <u>\$ 96,125</u> | <u>\$ 115,104</u> |
| LIABILITIES | | | | |
| Due To Student Groups | \$ 116,028 | \$ 95,201 | \$ 96,125 | \$ 115,104 |
| Total Liabilities | <u>\$ 116,028</u> | <u>\$ 95,201</u> | <u>\$ 96,125</u> | <u>\$ 115,104</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, 2012

| ASSETS | Balance 6/30/11 | Additions | Deletions | Balance 6/30/12 |
|-------------------------------------|--------------------|-----------|-----------|--------------------|
| 23800 Activity Investment Fund | \$ 8,368 | \$ 63 | 0 | \$ 8,431 |
| 23802 Administrative Activity | 600 | 762 | 574 | 788 |
| 23803 Bear Memorial Activity | 2,248 | 10 | 508 | 1,750 |
| 23804 PCA Activity | 109 | 0 | 0 | 109 |
| 23805 Annual | 9,711 | 6,000 | 7,171 | 8,540 |
| 23806 Football Activity | 3,274 | 0 | 3,274 | 0 |
| 23807 Basketball Activity | 2,364 | 0 | 2,364 | 0 |
| 23808 Volleyball Activity | 585 | 0 | 585 | 0 |
| 23809 Golf Activity | 229 | 0 | 229 | 0 |
| 23810 "C" Club | 10,245 | 18,395 | 19,334 | 9,306 |
| 23811 Cross Country | 969 | 0 | 969 | 0 |
| 23812 Bear Pride Awards | 826 | 0 | 0 | 826 |
| 23813 Challenge Activity | 24 | 251 | 222 | 53 |
| 23814 Dig Pink-VB | 405 | 0 | 0 | 405 |
| 23815 Cheerleaders | 1,105 | 839 | 1,899 | 45 |
| 23816 Wrestling | 226 | 1,083 | 347 | 962 |
| 23818 MS Girls VB | 630 | 0 | 630 | 0 |
| 23820 Color Guard | 3 | 0 | 0 | 3 |
| 23821 Cafeteria Activity | 1,202 | 6,237 | 1,210 | 6,229 |
| 23822 Life Skills | 30 | 90 | 81 | 39 |
| 23823 Art Activity | 212 | 190 | 368 | 34 |
| 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 | 1,790 | 0 | 1,790 | 0 |
| 23828 Elementary/Middle School | 0 | 418 | 0 | 418 |
| 23830 Elementary School | 5,029 | 7,701 | 4,505 | 8,225 |
| 23831 Box Top Activity | 0 | 1,431 | 370 | 1,061 |
| 23832 Elementary AR | 260 | 294 | 0 | 554 |
| 23833 Art After School | 22 | 0 | 0 | 22 |
| 23835 FFA | 15,850 | 5,520 | 4,205 | 17,165 |
| 23836 RC&D Council | 49 | 0 | 0 | 49 |
| 23837 BPA | 148 | 0 | 0 | 148 |
| 23838 Key Club | 2,443 | 2,262 | 1,155 | 3,550 |
| 23839 Pay to Play | 0 | 4,524 | 535 | 3,989 |
| 23840 High School Activity | 1,522 | 2,306 | 2,315 | 1,513 |
| 23841 High School BP Grant Activity | 3,696 | 0 | 1,758 | 1,938 |
| 23842 Rachel's Challenge | 878 | 0 | 878 | 0 |
| 23843 Academic Excellence | 2,000 | 641 | 0 | 2,641 |
| 23845 Student Council | 1,235 | 399 | 0 | 1,634 |
| 23846 National Honor Society | 1,225 | 0 | 0 | 1,225 |
| 23847 Culinary Arts | 12,804 | 10,892 | 8,699 | 14,997 |
| 23848 Sideliners | 3,831 | 0 | 3,831 | 0 |
| 23850 In and Out | 134 | 0 | 59 | 75 |
| 23855 Junior Class | 1,996 | 2,890 | 2,189 | 2,697 |
| 23860 Library Fund | 4,832 | 6,065 | 8,594 | 2,303 |
| 23865 MS Activity | \$ 2,230 | \$ 120 | \$ 2,350 | \$ 0 |

STATE OF NEW MEXICO
CLOUDCROFT MUNICIPAL SCHOOLS
 AGENCY FUNDS - ACTIVITY
 Schedule of Fiduciary Assets and Liabilities-Agency Fund
 For the Year Ended June 30, 2012

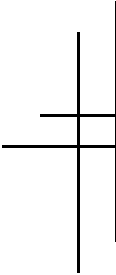
| | | Balance | | | Balance |
|--------------------|--------------------------|-------------------|------------------|------------------|-------------------|
| | | 6/30/11 | Additions | Deletions | 6/30/12 |
| ASSETS | | | | | |
| 23866 | MS Sports | \$ 0 | \$ 7,800 | \$ 3,310 | \$ 4,490 |
| 23867 | MS Spirit Club | 139 | 0 | 0 | 139 |
| 23870 | MS Student Council | 1,360 | 896 | 1,534 | 722 |
| 23872 | MS AR Activity | 294 | 0 | 294 | 0 |
| 23873 | MS Production | 758 | 0 | 758 | 0 |
| 23875 | Miscellaneous | 284 | 0 | 0 | 284 |
| 23880 | Music Club | 439 | 1,491 | 1,475 | 455 |
| 23889 | Builder's Club | 2,855 | 2,571 | 2,936 | 2,490 |
| 23890 | Science Club | 2,421 | 3,026 | 2,820 | 2,627 |
| 23891 | Technology Activity | 1,438 | 34 | 0 | 1,472 |
| | Total Assets | <u>\$ 116,028</u> | <u>\$ 95,201</u> | <u>\$ 96,125</u> | <u>\$ 115,104</u> |
| LIABILITIES | | | | | |
| | Deposits Held for Others | \$ 116,028 | \$ 95,201 | \$ 96,125 | \$ 115,104 |
| | Total Liabilities | <u>\$ 116,028</u> | <u>\$ 95,201</u> | <u>\$ 96,125</u> | <u>\$ 115,104</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, 2012

| | | Cash Balance 6/30/2011 | Revenue | Expenditures | Adjustments | Cash Balance 6/30/2012 |
|-------------------------|----------|------------------------------|---------------------|---------------------|------------------|------------------------------|
| Operational | 11000 \$ | 417,620 \$ | 3,520,900 \$ | 3,652,349 \$ | 6,421 \$ | 292,592 |
| Transportation | 13000 | 0 | 301,827 | 280,394 | 0 | 21,433 |
| Instructional Materials | 14000 | 6,641 | 17,157 | 6,800 | 0 | 16,998 |
| Food Service | 21000 | 14,563 | 94,737 | 109,300 | 0 | 0 |
| Athletics | 22000 | 3,443 | 14,578 | 12,006 | 0 | 6,015 |
| Activities | 23000 | 116,028 | 95,201 | 96,125 | 0 | 115,104 |
| Federal Flowthrough | 24000 | (112,017) | 194,054 | 151,164 | 26,511 | (42,616) |
| Federal Direct | 25000 | (39,407) | 123,543 | 50,432 | 0 | 33,704 |
| State Flowthrough | 27000 | 9,007 | 0 | 64,138 | (3,949) | (59,080) |
| State Direct | 28000 | (3,038) | 2,981 | 0 | 57 | 0 |
| State/Local Grants | 29000 | 165 | 0 | 0 | (165) | 0 |
| Bond Building | 31100 | 517,407 | 0 | 141,876 | 0 | 375,531 |
| Senate Bill Nine | 31700 | 200,655 | 300,232 | 298,946 | (57) | 201,884 |
| Debt Service | 41000 | 906,469 | 1,009,908 | 990,175 | 0 | 926,202 |
| Total | | <u>\$ 2,037,536</u> | <u>\$ 5,675,118</u> | <u>\$ 5,853,705</u> | <u>\$ 28,818</u> | <u>\$ 1,887,767</u> |

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



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, 2012, and have issued our report thereon dated November 2, 2012. 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

Management of the board is responsible for establishing and maintaining effective 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, 12-1 and 12-2. 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, 12-1 and 12-2.

The District's responses to the findings identified in our audit as described in the accompanying Schedule of Findings and Responses. 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

November 2, 2012

Prior Year Audit Findings

| | <u>Status</u> |
|-----------------------------------|---------------------|
| 10-1 Budget | Repeated & Modified |
| 10-2 PED Cash Reports | Repeated & Modified |
| 11-1 Expenditure Issues | Repeated & Modified |
| 11-2 Employee Files | Repeated & Modified |
| 11-3 Pledged Securities | Resolved |
| 11-4 Stale Dated Transactions | Resolved |
| 11-5 1099's completed incorrectly | Resolved |

Current Year Audit Findings

10-1 Budget Violations-Compliance and Internal Control-Significant Deficiency

Condition

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

Major Funds

Debt Service-41000

Support Services-General Administration (\$2,289)

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-Compliance and Internal Control-Significant Deficiency

Condition

The District's submitted PED Cash Report at year end did not properly reflect the June 30, 2012 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

Several old grants were not reimbursed by PED nor will PED give the District budget authority. The grants were closed into operational. These transfers caused the PED cash report to be different than the audited cash balance.

Effect

The District 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

None. This issue should not occur again as all of the old grant balances have been resolved.

Response

None.

11-1 Expenditure Issues -Compliance and Internal Control-Significant Deficiency**Condition**

Of a sample size of 143 revealed the following:

- Three checks were written for five invoices that were past due.
- Three ancillary service persons were paid as contract labor.
- State withholding was withdrawn from the bank account twice. \$4,598.32 was paid 12/31/11 and 1/3/12.

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

It is unknown why the five invoices were paid late. Management was not aware ancillary employees cannot be paid as contract labor. The Business Manager was not aware the state withholding had been

Effect

Late paid invoices could result in unnecessary late fees and interest expense. Excessive IRS penalties could be applied to the contract labor expenses.

Recommendation

An IRS for SS-8 should be used to determine if services are contract labor or employees. If the results are employee, payroll taxes and benefits should apply to the wages.

Response

Our accounting system and efforts try to prevent late paid invoices but there are times when late paid invoices do occur for some reason. We will complete the SS-8 form to determine contract labor vs employee. We have submitted the paperwork to request a refund from the State of New Mexico for the duplicate withdrawl.

11-2 Employee Files -Compliance and Internal Control-Significant Deficiency**Condition**

In a sample size of 20 personnel files we determined the following

- One contract did not match what was actually paid. It was for a L-1 pay, the employee was at a L-2 pay, the employee was paid at the correct L-2 rate for a difference of \$10,000.00.

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 mistake on the contract was an oversight.

Effect

A contract is a binding legal document and if it does not agree to the amount paid, there is a possibility the employee could have recourse against the District.

Recommendation

We recommend the contract be compared to the computer setup before the first check is issued. This process should be conducted by a third person to assure there are no oversights.

Response

We will be more diligent in checking our work, but staff limitations do not allow a third party review.

12-1 Reporting of ERB and RHCA Wages -Compliance and Internal Control-Significant Deficiency Condition

During our audit procedures we noted the following:

(1)- The District withheld the employee percentage from two bus drivers that were not eligible for ERB. ERB did not reimburse the District for the employee or employer portions (total \$1,857.65) for this mistake. The District has not reimbursed the two employees (total \$722.99).

(2)-There is one employee that was not setup to pay RHCA. The District undered report wages to RHCA. The employee owes \$75.22 and the District owes \$150.44 for a total of \$225.66.

Criteria

As per ERB handbook any employee working .25 FTE or more is covered by ERB's retirement program. Also, the Office of the State Auditor has added NMRHCA to their 2010 State Auditor Rule under State Compliance, Section 2.2.2.10 (G) (19). The rule states: "Retiree Health Care Authority Act (Section 10-7C-1 to 10-7C-19 NMSA 1978). Auditors should test to ensure 100% of payroll is reported to NMRHCA. RHCA employer and employee contributions are set forth in Section 10-7C-15 NMSA 1978.

Cause

The RHCA box was not checked for this employee in the Visions software.

Effect

Benefits were underpaid resulting in the retirement benefit being underfunded.

Recommendation

We recommend that the District properly report wages ERB and NMRHCA and implement procedures to ensure wages are properly reported and contributions are paid accurately and timely. Both total wages should agree.

Response

We will review both the ERB and RHCA total wages and assure the totals agree.

12-2 Cash Appropriations in Excess of Available Cash Balances -Compliance and Internal Control-Significant Deficiency Condition

The District maintained a deficit budget in excess of available cash balance in the Athletics Fund (22000) of \$(182), Education Jobs Fund (25255) of \$(2,004), 2010 GO Library Fund (27106) of \$(1,729) and GOB School Bus Purchase Fund (27172) of \$(57,350).

Criteria

Section 2.2.210. (P) (1), NMAC, requires all school district funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the PED for approval. Cash balances rebudgeted to make up the deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

Cause

The District does not have a procedure in place to ensure sufficient beginning cash balances exist to absorb budget deficits.

Effect

The District will have to supplement the budget deficit with other funds, which may lead to financial difficulties and deplete the budget in other funds.

Recommendation

BARS should be issued shortly after audited cash balances are confirmed if estimated cash balances are more and cash was used to balance the budget.

Response

BARS will be issued to adjust beginning cash to actual and reduce expenditures as necessary.

Financial Statement Preparation

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

Exit Conference

An exit conference was held on November 5, 2012. Those present were Travis Dempsey-Superintendent, Jackie Koscak-Board President, Lenore Barr-Business Associate, Sharlotte Dees-Business Manager, and De'Aun Willoughby CPA.