

State of New Mexico
Cobre Consolidated School District No. 2

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT THEREON**

For The Fiscal Year Ended June 30, 2010

Cobre Consolidated School District No. 2
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Cobre Consolidated School District No. 2
DIRECTORY OF OFFICIALS
June 30, 2010

BOARD OF EDUCATION

Frank Cordova	President
Freddie Rodriquez	Vice-President
Corina Rivera	Secretary
Frank Gomez	Member
Frances Kelly	Member

SCHOOL OFFICIALS

Dane Kennon	Superintendent
Frank Ryan	Business Manager

MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
KELLEY WYATT, C.P.A.

RYAN MONTOYA, C.P.A.

1311 N. GRANT ST.
P.O. BOX 2828
SILVER CITY, NEW MEXICO 88062
TELEPHONE (575) 388-1777
(575) 538-3795
FAX (575) 388-5040
E-MAIL: stonemcgee@qwestoffice.net

INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas, State Auditor
and
Board of Education
Cobre Consolidated School District No. 2
Bayard, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and the major special revenue funds of Cobre Consolidated School District No. 2 (District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the District's non-major governmental funds, and the budgetary comparisons for the components of the general fund, the non-major special revenue funds, the debt service funds, and the capital projects funds presented as other supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 governmental activities, each major fund, and the aggregate remaining fund information of Cobre Consolidated School District No. 2 as of June 30, 2010, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the General Fund and the Entitlement and SB-9 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 non-major governmental fund of Cobre Consolidated School District No. 2 as of June 30, 2010, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparisons for the components of

the general fund, the non-major special revenue funds, the debt service funds, and the capital projects funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2010, on our consideration of Cobre Consolidated School District No. 2'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.

Cobre Consolidated School District No. 2 has not presented management's discussion and analysis that is required by accounting principles generally accepted in the United States of America to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements and on the combining, individual fund and budgetary comparisons statements presented as other supplementary information. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements of the District. In addition, the accompanying financial information listed as other supplemental data in the table of contents is also presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards and the other supplemental data have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Stone, McGee & Co CPAs

October 29, 2010

Cobre Consolidated School District No. 2
STATEMENT OF NET ASSETS
June 30, 2010

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 4,171,775
Property taxes receivable	286,798
Due from other governments	41,574
Inventory	32,466
Bond issue costs	36,204
Capital assets:	
Land	747,139
Furniture and fixtures	4,571,954
Buildings and improvements	47,263,297
Construction in progress	
Less accumulated depreciation	(20,542,816)
 Total capital assets, net of depreciation	 \$ 32,039,574
 Total assets	 \$ 36,608,391
 Liabilities	
Accounts payable	\$ 36,764
Deferred revenue	219,622
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	1,535,000
Lease purchase payable	34,634
Accrued interest payable	49,528
Portion due or payable after one year:	
Bonds payable	1,650,000
Lease purchase payable	219,273
Compensated absences	79,047
 Total liabilities	 \$ 3,823,868
 Net Assets	
Invested in capital assets, net of related debt	\$ 28,600,667
Restricted for:	
Debt service	1,763,569
Capital outlay	21,581
Other purposes	928,490
Unrestricted	1,470,216
 Total net assets	 \$ 32,784,523

The accompanying notes are an integral part of these financial statements

Cobre Consolidated School District NO. 2
STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Governmental activities:					
Instruction	\$ 9,873,578	\$ 34,023	\$ 3,320,209	\$ 3,119,725	\$ (3,399,621)
Support services - Students	2,273,201		379,460		(1,893,741)
Support services - Instruction	747,759		29,489		(718,270)
General administration	1,048,519	43,744	114,320		(890,455)
School administration	1,114,891		50,356		(1,064,535)
Central services	432,186		5,011		(427,175)
Operation of plant	2,644,251	20,125		216,599	(2,407,527)
Food services	739,831	41,284	818,092		119,545
Transportation	860,832		739,393		(121,439)
Interest on long-term debt	155,122				(155,122)
 Total governmental activities	 <u>\$ 19,890,170</u>	 <u>\$ 139,176</u>	 <u>\$ 5,456,330</u>	 <u>\$ 3,336,324</u>	 <u>\$ (10,958,340)</u>

General revenues:	
Property taxes:	
Levied for general purposes	\$ 65,972
Levied for debt service	1,754,892
Levied for plant maintenance	435,734
State aid - formula grants	12,189,644
Recoveries and refunds	130,672
Unrestricted investment earnings	<u>2,184</u>
 Total general revenues and special items	 <u>\$ 14,579,098</u>
 Change in net assets	 \$ 3,620,758
Net assets - beginning	<u>29,163,765</u>
Net assets - ending	<u><u>\$ 32,784,523</u></u>

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

Cobre Consolidated School District No. 2
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2010

	General Fund	Entitlement	SB-9
Assets			
Cash and investments	\$ 1,529,303	\$ 185,314	\$ 428,363
Taxes receivable	8,396		52,967
Interfund receivable			
Inventory			
Due from other governments			
Total assets	\$ 1,537,699	\$ 185,314	\$ 481,330
Liabilities and Fund Balance			
Accounts payable	\$ 24,640	\$ 819	\$ 3,135
Deferred revenue	6,375	184,495	39,821
Total liabilities	\$ 31,015	\$ 185,314	\$ 42,956
Fund balance:			
Reserved for:			
Inventories	\$ -	\$ -	\$ -
Debt service			
Capital projects			
Unreserved reported in:			
General	1,506,684		
Special revenue			438,374
Total fund balance	\$ 1,506,684	\$ -	\$ 438,374
Total liabilities and fund balance	\$ 1,537,699	\$ 185,314	\$ 481,330

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

<u>Debt Service Fund</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ 1,566,903	\$ 461,892	\$ 4,171,775
211,853	13,582	286,798
		-
	32,466	32,466
	41,574	41,574
<u>\$ 1,778,756</u>	<u>\$ 549,514</u>	<u>\$ 4,532,613</u>
\$ -	\$ 8,170	\$ 36,764
164,672	43,241	438,604
<u>\$ 164,672</u>	<u>\$ 51,411</u>	<u>\$ 475,368</u>
\$ -	\$ 32,466	32,466
1,614,084	26,227	1,640,311
	21,581	21,581
		1,506,684
	417,829	856,203
<u>\$ 1,614,084</u>	<u>\$ 498,103</u>	<u>\$ 4,057,245</u>
<u>\$ 1,778,756</u>	<u>\$ 549,514</u>	<u>\$ 4,532,613</u>

Cobre Consolidated School District No. 2
**RECONCILIATION OF TOTAL GOVERNMENTAL
 FUND BALANCE TO NET ASSETS OF
 GOVERNMENTAL ACTIVITIES**

June 30, 2010

Total governmental fund balances	\$ 4,057,245
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	32,039,574
Bond issue costs are capitalized and amortized over the life of the bonds	36,204
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
Property taxes receivable subject to the 60 day availability period	218,982
Long-term liabilities, including bonds payable, accrued interest payable, and compensated absences are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(3,185,000)
Lease purchase payable	(253,907)
Accrued interest payable	(49,528)
Compensated absences	(79,047)
	\$ 32,784,523

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

Cobre Consolidated School District No. 2
**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

June 30, 2010

	<u>General Fund</u>	<u>Entitlement</u>	<u>SB-9</u>
Revenues:			
Property taxes	\$ 63,624	\$ -	\$ 421,251
Fees and charges	21,271		
State aid	12,919,229		111,432
Federal aid	224,394	416,780	
Earnings on investments	1,933		171
Miscellaneous	234,744		1,095
	<u>\$ 13,465,195</u>	<u>\$ 416,780</u>	<u>\$ 533,949</u>
Expenditures:			
Current:			
Instruction	\$ 6,125,061	\$ 208,559	\$ -
Support services - Students	1,770,520	146,073	
Support services - Instruction	408,378		
General administration	840,079	62,148	1,674
School administration	940,949		
Central services	375,730		
Operation of plant	2,084,652		319,354
Food service			
Transportation	734,430		
Community services			
Debt service:			
Principal			
Interest			
Capital outlay			134,663
	<u>\$ 13,279,799</u>	<u>\$ 416,780</u>	<u>\$ 455,691</u>
Net change in fund balance	\$ 185,396	\$ -	\$ 78,258
Fund balance, July 1, 2009	<u>1,321,288</u>		<u>360,116</u>
Fund balance, June 30, 2010	<u>\$ 1,506,684</u>	<u>\$ -</u>	<u>\$ 438,374</u>

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

<u>PSFA</u>	<u>Debt Service Fund</u>	<u>Other Funds</u>	<u>Governmental Funds Total</u>
\$ -	\$ 1,611,184	\$ 76,925	\$ 2,172,984
3,070,820		74,161	95,432
		478,674	16,580,155
		3,699,546	4,340,720
		80	2,184
			235,839
<u>\$ 3,070,820</u>	<u>\$ 1,611,184</u>	<u>\$ 4,329,386</u>	<u>\$ 23,427,314</u>
\$ -	\$ -	\$ 2,845,106	\$ 9,178,726
		219,421	2,136,014
		30,710	439,088
	5,984	52,892	962,777
		53,903	994,852
		5,011	380,741
			2,404,006
		733,806	733,806
		64,000	798,430
			-
	950,000	83,014	1,033,014
	81,131	27,997	109,128
<u>3,070,820</u>	<u></u>	<u>264,049</u>	<u>3,469,532</u>
<u>\$ 3,070,820</u>	<u>\$ 1,037,115</u>	<u>\$ 4,379,909</u>	<u>\$ 22,640,114</u>
\$ -	\$ 574,069	\$ (50,523)	\$ 787,200
	1,040,015	548,626	3,270,045
<u>\$ -</u>	<u>\$ 1,614,084</u>	<u>\$ 498,103</u>	<u>\$ 4,057,245</u>

Cobre Consolidated School District No. 2
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**
For The Year Ended June 30, 2010

Net change in fund balances-total governmental funds	\$	787,200
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:		
Capital outlay		3,469,532
Depreciation		(1,714,841)
 Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change during the year:		
Property taxes		83,614
 Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets		
		1,033,014
 Bond issue costs are expenditures in the funds but are capitalized and amortized in the Statement of Activities:		
Amortization		(14,963)
 In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. This is the net change during the year.		
		(31,031)
 Some expense reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the net change during the year.		
		8,233
 <i>Change in Net Assets of Governmental Activities</i>	 \$	 <u><u>3,620,758</u></u>

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

Cobre Consolidated School District No. 2
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 201,735	\$ 201,735	\$ 224,394	\$ 22,659
State sources	13,417,742	13,537,164	12,919,229	(617,935)
Local sources	105,245	105,245	229,802	124,557
Interest income	10,000	10,000	1,933	(8,067)
Total revenues	\$ 13,734,722	\$ 13,854,144	\$ 13,375,358	\$ (478,786)
Expenditures:				
Current:				
Instruction	\$ 7,368,675	\$ 7,488,097	\$ 6,127,968	\$ 1,360,129
Support services - Students	2,083,226	2,083,226	1,773,520	309,706
Support services - Instruction	413,613	413,613	408,352	5,261
General administration	759,163	759,163	737,913	21,250
School administration	1,055,583	1,055,583	941,699	113,884
Central services	393,350	393,350	375,862	17,488
Operation of plant	2,079,682	2,079,682	2,073,346	6,336
Pupil transportation	763,514	763,514	734,430	29,084
Total expenditures	\$ 14,916,806	\$ 15,036,228	\$ 13,173,090	\$ 1,863,138
Net change in fund balance	\$ (1,182,084)	\$ (1,182,084)	\$ 202,268	\$ 1,384,352
Fund balance, July 1, 2009	1,182,084	1,182,084	1,327,035	144,951
Fund balance, June 30, 2010	\$ -	\$ -	\$ 1,529,303	\$ 1,529,303

The accompanying notes are an integral part of these financial statements

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - ENTITLEMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 415,126	\$ 427,147	\$ 418,165	\$ (8,982)
Expenditures:				
Current:				
Instruction	\$ 197,126	\$ 211,756	\$ 210,203	\$ 1,553
Support services - Students	41,953	147,330	145,814	1,516
General administration	176,047	68,061	62,148	5,913
Operation of plant				-
Total expenditures	\$ 415,126	\$ 427,147	\$ 418,165	\$ 8,982
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	185,314	185,314
Fund balance, June 30, 2010	\$ -	\$ -	\$ 185,314	\$ 185,314

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - SB-9
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 111,432	\$ 111,432	\$ 111,432	\$ -
Local sources	407,157	407,157	530,876	123,719
Earnings on investments			171	171
	<u>\$ 518,589</u>	<u>\$ 518,589</u>	<u>\$ 642,479</u>	<u>\$ 123,890</u>
Total revenues				
Expenditures:				
Current:				
Operation of plant	\$ 725,463	\$ 437,481	\$ 316,981	\$ 120,500
Administration		1,732	1,674	58
Capital outlay	54,480	340,730	133,901	206,829
	<u>\$ 779,943</u>	<u>\$ 779,943</u>	<u>\$ 452,556</u>	<u>\$ 327,387</u>
Total expenditures				
Net change in fund balance	\$ (261,354)	\$ (261,354)	\$ 189,923	\$ 451,277
Fund balance, July 1, 2009	<u>261,354</u>	<u>261,354</u>	<u>238,440</u>	<u>(22,914)</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 428,363</u>	<u>\$ 428,363</u>

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

Cobre Consolidated School District No. 2
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2010

	<u>Agency Funds</u>
Assets	
Cash and investments	<u>\$ 433,670</u>
Total assets	<u><u>\$ 433,670</u></u>
Liabilities	
Deposits held for others	<u>\$ 433,670</u>
Total liabilities	<u><u>\$ 433,670</u></u>

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

Cobre Consolidated School District No. 2
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2010

Note 1

Summary of Significant Accounting Policies

Cobre Consolidated School District No. 2, organized under the laws of the State of New Mexico, operates under the school board-superintendent form of government. The System provides public education opportunities for children from first through twelfth grade, including but not limited to classroom and vocational studies; as well as school oriented social and athletic activities.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statements No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
 - ✓ A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.
 - ✓ Financial statements prepared using full accrual accounting for all of the District's activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

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

A. REPORTING ENTITY

These financial statements present the District (the primary government). As defined by GASBS No. 14, component units are legally separate entities that are included in the District's reporting entity because of the significance of their operating or financial relations with the District. Based on the criterion in GASBS No. 14, the District has no component units.

B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into two major categories: governmental, and fiduciary. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the District and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. Included in the General Fund are sub-funds; Operational, the Unrestricted District Fund; Transportation, which accounts for State source revenue used to transport students; Instructional Materials, which accounts for State Source Funds used to purchase textbooks; and Non-instructional Support, which accounts for various student extracurricular activities.

Special Revenue Funds

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

Capital Project Fund

The Capital project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principle on the general long-term debt of the District.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

Agency Funds account for assets held in a purely custodial capacity. Since agency funds are custodial in nature (i.e.) assets equal liabilities, they do not involve the measurements of results of operations. Typically, these funds are owned by clubs, athletic teams, and/or student organizations.

The emphasis in fund financial statements is on the major funds in the governmental category. Non-major funds are summarized into a single column.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated in to the government-wide statements.

Major Fund Descriptions

General – See above description.

Entitlement Fund

Entitlement funds are used to account for federal resources administered by the New Mexico State Department of Education to provide for the special education needs of children. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds (P.L. 94-142 and P.L. 99-457).

SB-9 – Created by State law to account for the Districts tax levy restricted solely for use in improvements to the physical plant (NMSA 1978 22-25-1).

PSFA – To account for the on-behalf capital expenditures made by the State of New Mexico on the District's behalf. Authorized by the PED Manual of Procedures.

Debt Service – See above description.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item “b” below.

In the fund financial statements, the “current financial resources” measurement focus is used.

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statements utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Substantially all governmental fund revenues are accrued. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Property tax receivables are recognized net of estimated refunds and uncollectible amounts in the period for which the taxes are levied, even if they are not available.

Property taxes not collected within 60 days of year end are reported as deferred revenue. Property taxes are considered fully collectible.

In the government –wide Statement of Net Assets, the governmental activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a fully accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District’s net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources when an expense is incurred and for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities reports both the gross and net cost of each of the District’s functions. The functions are also supported by generally government revenues (property taxes, certain intergovernmental revenues, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Charges for services include revenues based on exchange or exchange-like transactions. These revenues arise from charges to customers or applicants who purchase use or directly benefit from the goods, services or privileges provided. Revenues in this category include fees charged for specific services, such as attendance at athletic events, food service, copies and auxiliary services. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District’s net assets resulting from the current year’s activities.

D. BUDGETS

Budgets for the General, Special Revenue, Debt Service and Capital Projects funds are prepared by management and approved by the local school board and the Public Finance School Division of the Department of Education. The District has one Capital Project Fund, PSFA Funding, where vendors are paid directly by the State of New Mexico. No budget statements are presented for this fund.

These budgets are prepared on the NON-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget on a functional category basis, i.e., each budgeted expenditure must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a “series”, this may be accomplished with only local Board of Education approval. If a transfer between “series” or a budget increase is required, approval must also be obtained from Public Education Department.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

E. CASH AND INVESTMENTS

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest-bearing accounts with local financial institutions and the State Treasurer Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the District. The pledged securities remain in the name of the financial institution. Repurchase agreements are required to be collateralized 102%.

F. INVENTORIES

Except for U.S.D.A. commodities, which are shown at estimated value, inventories are valued at cost (first-in, first-out). Inventory in the Cafeteria Fund consists mainly of food items. Inventories, in other governmental fund types, consist primarily of supply-type assets.

G. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000.00 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of 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. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Software and library resources	3-5 years
Machinery and equipment	5-10 years
Improvements	10-20 years

The accounting treatment over property, plant and equipment depends on whether they are reported in the government-wide financial statements or fund financial statements. In the government-wide financial statements, fixed assets are accounted for as capital assets. In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

H. LONG-TERM DEBT

The accounting treatment of long-term debt depends on whether the assets are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

I. COMPENSATED ABSENCES

The District's policies, regarding vacation time, permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. These liabilities have typically been liquidated from general fund resources.

J. EQUITY CLASSIFICATIONS

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Equity is classified as fund balance and displayed in two components:

- a. Reserved – Consists of governmental fund balances that are not appropriable, legally segregated for specific usage, or commitments to outside third parties.
- b. Unreserved – Consists of designations of amounts representing tentative management plans for governmental fund balances, but subject to change (designated), and undesignated, for which no restrictions or designations exist.

K. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semiannual installments by November 10 and April 10 of the subsequent year and become delinquent 30 days later. Taxes are collected on behalf of the District by the County Treasurer, and are remitted to the District in the month following collection. Because the Treasurer of the County in which the District is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable County to the District.

The District is permitted to levy taxes for general operating purposes up to \$.50 per \$1,000 of taxable value for both residential and nonresidential property, taxable value being defined as one third of the fully assessed value. In addition, the district is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the District, as well as a Two Mill Levy for District improvements. The District's total tax rate to finance general government services for the year ended June 30, 2010 was \$.339 per \$1,000 for non-residential property and \$.265 for residential property. The District's tax rate for debt service was \$2.81 per \$1,000 for both residential and nonresidential property. The District's tax rate for District improvements was \$2.000 per \$1,000 for residential and \$2.000 for nonresidential property.

L. INTERFUND ACTIVITY

Inter-fund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as inter-fund receivables and payable as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Inter-fund activity between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

M. USE OF 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 2 Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the government's deposits may not be returned to it. The District does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2010 \$292,038 of the governments bank balance of \$6,861,506 was exposed to custodial credit risk as follows:

Uninsured and collateralized	<u>\$ 292,038</u>
Total	<u>\$ 292,038</u>

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits by custodial risk category:		
Insured	\$ 250,000	\$ 250,000
Collateral held by the pledging bank's agent		
In the District's name	6,319,468	4,355,445
Uninsured and collateralized	<u>292,038</u>	<u>-0-</u>
	<u>\$ 6,861,506</u>	<u>\$ 4,605,445</u>

The District does not have a risk policy beyond that required by State Statute.

Note 3 Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Capital assets not being depreciated:				
Land	\$ 747,139	\$ -0-	\$ -0-	\$ 747,139
Construction progress	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total assets not being Depreciated	<u>\$ 747,139</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 747,139</u>
Other capital assets:				
Building & improvements	\$ 44,048,566	\$ 3,214,731	\$	\$ 47,263,297
Furniture and equipment	<u>4,317,153</u>	<u>254,801</u>	<u></u>	<u>4,571,954</u>
Total other capital assets at historical cost	<u>\$ 48,365,719</u>	<u>\$ 3,469,532</u>	<u>\$</u>	<u>\$ 51,835,251</u>
Less accumulated depreciation for:				
Building & improvement	\$ (15,705,225)	\$ (1,416,928)	\$	\$ (17,122,153)
Furniture & equipment	<u>(3,122,750)</u>	<u>(297,913)</u>	<u></u>	<u>(3,420,663)</u>
Total accumulated depreciation	<u>\$(18,827,975)</u>	<u>\$ (1,714,841)</u>	<u>\$</u>	<u>\$ (20,542,816)</u>
Total capital assets, net	<u>\$ 30,284,883</u>	<u>\$ 1,754,691</u>	<u>\$ -0-</u>	<u>\$ 32,039,574</u>

Depreciation expense was charged to the governmental activities as follows:

Instruction	\$ 703,085
Student support	137,187
Instructional support	308,671
Administration general	85,742
Administration school	120,039
Central services	51,445
Plant operation	240,245
Transportation	62,402
Food	<u>6,025</u>
	<u>\$ 1,714,841</u>

Note 4 Long-term Debt

Changes in long-term debt were as follows during the year end June 30, 2010:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due In</u> <u>One Year</u>
G.O. Bonds, series 1998	\$ 1,700,000	\$	\$ 1,000,000	\$ 700,000	\$ 700,000
G.O. Bonds, series 2007	2,520,000		420,000	2,100,000	700,000
G.O. Bonds, series 2008	435,000		50,000	385,000	135,000
Compensated absences payable	<u>87,280</u>	<u>80,837</u>	<u>89,070</u>	<u>79,047</u>	<u>-0-</u>
	<u>\$ 4,742,280</u>	<u>\$ 80,837</u>	<u>\$ 1,559,070</u>	<u>\$ 3,264,047</u>	<u>\$ 1,535,000</u>

Annual debt service for bonds payable requirements are as follows:

Due in fiscal year ending June 30:

	<u>Principal</u>	<u>Interest</u>
2011	\$ 1,535,000	\$ 90,028
2012	1,200,000	38,606
2013	450,000	8,297
2014		
2015		
2016-2019	<u> </u>	<u> </u>
	<u>\$ 3,185,000</u>	<u>\$ 136,931</u>

No compensated absences are considered due and payable in the next fiscal year.

The District entered into a lease purchase agreement with New Mexico Bank & Trust (NMB&T) on December 2, 2006. The cost of the equipment was \$530,656. The terms of the agreement are quarterly payments of \$17,747, beginning April 28, 1998. The interest rate is 5.902%. The maturity date is January 28, 2017. The payments are made from the Energy Efficiency Capital Projects Fund.

A summary of activity in the lease purchase is as follows:

	Balance <u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2010</u>	Amounts Due Within <u>One Year</u>
NMB&T	\$ <u>286,921</u>	\$ <u>-0-</u>	\$ <u>33,014</u>	\$ <u>253,907</u>	\$ <u>34,635</u>

Schedule of Payments	2011	\$ 46,068
	2012	46,068
	2013	46,068
	2014	46,068
	2015	46,068
	2016-2017	<u>65,211</u>
	Total lease payments	\$ 295,551
	Less imputed interest	<u>(41,644)</u>
		<u>\$ 253,907</u>

GENERAL OBLIGATION BONDS

During the year ended June 30, 1998, 2007 and 2008 the District was authorized by voters of the District to issue general obligation bonds to erect, remodel, make additions to and furnish school buildings.

The District issued \$3,600,000 on February 15, 1998, with interest rates from 4.25% to 5.75%, maturing serially, with final maturity August 15, 2010. The District issued \$2,520,000 September 15, 2007, with interest rates from 3.45% to 3.63%, maturing serially, with final maturity September 15, 2013.

During the year ended June 30, 2008, the District was authorized by voters of the District to issue \$435,000 in general obligation bonds to erect, remodel, make additions to and furnish school buildings with interest rates of 3.287% maturing February 15, 2013.

The full faith and credit of the District are pledged for the punctual payment of the principal and interest on general obligation bonds, and retirements are to be made through property tax levies.

Note 5 Pension Plan – Educational Retirement Board

Plan Description

Substantially all of the Cobre Consolidated School District No. 2 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, New Mexico 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy

Effective July 1, 2009, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The Cobre Consolidated School District No. 2 was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross covered salary of employees earning more than \$20,000 annually. The employer contribution is increasing .75% each year until effective July 1, 2011, the employer contribution will be 13.9% of the gross covered salary. The contribution requirements of plan members and the Cobre Consolidated School District No. 2 are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Cobre Consolidated School District No. 2's contributions to ERB for the fiscal years ending June 30, 2010, 2009, and 2008 were \$1,899,539, \$1,897,295, and \$1,051,627 respectively, which equal the amount of the requirement contributions for each fiscal year.

Note 6 Post-Employment Benefits – State Retire Health Care Plan

Plan Description

Cobre Consolidated School District No. 2 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 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; 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, 4308 Carlisle Blvd. N.E. Suite 104, Albuquerque, New Mexico 87107.

Funding Policy

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

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

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	.833%
FY12	1.934%	.917%
FY13	2.000%	1.000%

Also, employers joining the program after 1/1/1998 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 Cobre Consolidated School District No. 2's contributions to the RHCA for the years ended June 30, 2010, 2009, and 2008 were \$122,016, \$127,697, and \$125,437, respectively, which equal the required contributions for each year.

Note 7 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Because the District was unable to obtain general liability insurance at a cost it

considered to be economically justifiable, it joined together with other school districts in the State and obtained insurance coverage with New Mexico Public Schools Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for member school districts. The District pays an annual premium to New Mexico Public Schools Insurance Authority for its general insurance coverage, and all risk of loss is transferred. No losses exceeding insurance in the past three years.

The New Mexico Public Schools Insurance Authority is self-insured for property and liability losses below \$250,000 and purchases excess insurance above the self-insured retention. The self-insured retention aggregate for property is set at \$2,000,000 with a \$1,000,000 stop loss. The self-insured retention aggregate for liability is \$3,000,000 with a \$1,000,000 stop loss.

Note 8 Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Note 9 Budgetary Reconciliations

The Statement of Revenues, Expenditures and Changes in Fund Balance Budget (NON-GAAP Budgetary Basis) and Actual, General and Major Special Revenue Funds present comparisons of legally adopted budgets with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of revenues and other sources over (under) expenditures and other uses by General and Major Special Revenue Funds for the year ended June 30, 2010 is as follows:

	<u>General</u>	<u>Entitlement</u>	<u>SB-9</u>
Revenues and other sources over (under) expenditures and other uses GAAP basis	\$ 185,396	\$ -0-	\$ 78,258
Increases (decreases):			
Revenue accruals (net)	(89,837)	(1,385)	108,530
Expenditure accruals (net)	106,709	1,385	3,135
Other financing sources (net)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Revenues and other sources over (under) expenditures and other uses (NON-GAAP budgetary basis)	<u>\$ 202,268</u>	<u>\$ -0-</u>	<u>\$ 189,923</u>

Note 10 Inter-Fund Activity

There were no Inter-fund balances as of June 30, 2010.

There were no inter-fund transfers during the year ended June 30, 2010.

Note 11 Restricted Net Assets

At June 30, 2010, net assets restricted for other purposes included the following balances in special revenue funds:

Medicaid	\$ 66,834
Cafeteria	212,191
Athletics	30,354
PED:	
SB-9	478,195
School Based Health	69,647
Incentives for School Improvement	18,403
Technology for Education	25,424
Teacher Mentoring	6,546
Others	<u>20,896</u>
	<u>\$ 928,490</u>

The District reports restricted assets of \$2,713,640, of which \$2,453,955 is restricted by enabling legislation.

SPECIAL REVENUE FUNDS

Cafeteria – Fund used to account for revenues generated by the District as well as the federal assistance received and the related expenditures necessary to provide food services for the district. Required by the New Mexico Department of Education Manual of procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue funds (PSAB, Supplement 17).

Athletics – To account for the revenues received, and the related expenditures incurred, by the District related to athletic functions (PSAB, Supplement 3).

Title I/Stimulus – Fund used to account for federal resources administered by the New Mexico State Department of Education to provide assistance to educationally deprived students in low-income areas of the District. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School districts to be accounted for as a separate fund within the Special Revenue funds (P.L. 103-382).

Pre-School/Discretionary/Competitive/Stimulus – Fund used to account for federal resources administered by the New Mexico State Department of Education to provide for the special education needs of handicapped children three to five years old. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds (P.L. 94-142 and P.L. 99-457).

Library SB301 G.O. Bonds and Library Bonds – to account for funds to upgrade libraries, books and equipment (NMPED), Laws of 2004).

Title V – To establish a local program of alcohol and drug abuse education and prevention coordinated with related community efforts and resources. Authorized by the Elementary and Secondary Education Act of 1965, Title V, Part A, as amended, 2.0 U.S.C. 7301-7373.

English Language – Created to improve the education of limited English proficient children and youths by helping them learn English. (ESEA as amended by the No Child Left Behind Act P.L. No. 107-110).

Teacher Training – Created by P.L. 107-110 to improve teacher and principal quality and ensure that all teachers are highly qualified.

Drug Free Schools – Fund used to account for federal resources administered by the New Mexico State Department of Education to provide an integrated approach in the school curriculum to aid in drug abuse education and prevention. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds (P.L. 103-382).

Rural Schools – Created 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).

Fruits and Vegetables – To account for the resources granted to insure that children get an adequate diet of fruits and vegetables with meals. (NMPED regulations).

IDEA B Risk Pool – P.L. 94-142, Individuals with Disabilities Education Act – to account for a federal grant restricted to the operation and maintenance of meeting the special education need of

children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-630 and 101-476, 20 U.S.C. 1401-1419, Public Law 105-17.

Medicaid – To account for the federal assistance to improve primary health care and increase health education (P.L. 105-33).

School Improvement/School Improvement Framework/Schools in Need of Improvement – to account for monies received from the Award for High Improving Schools provided by the State of New Mexico for the purpose of identifying special needs at awarded locations and to purchase items to improve those schools. (NMPED regulations).

Teacher Mentoring – To account for the federal resources intended to improve teacher quality. (No Child Left Behind Act).

Elementary Breakfast – To account for funds to provide breakfast for elementary students (PED).

TANF/Grads HSD - To provide grants to States or Territories to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families. Social Security Act, Title IV, Part A, as amended; Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193. The fund was created by state grant provision.

Wallace Foundation – To account for funds used to strengthen educational leadership, after school learning opportunities readily available, making the arts a part of students lives to build present and future arts audiences.

Technology for Education – To account for funds used to purchase computers and software for a District-wide student information system and software licensing for computer labs within the District. The program is funded through the Office of Technology for the State of New Mexico. Authorized by the IASA Improving America School Act PL 103-382.

School Based Health Center – To account for funds to provide health services to students. The fund is provided by PED and the State Grants.

Libraries Go Bonds – 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.

School Library Material - 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 Efficiency - To account for revenue pursuant to Public Building Energy Efficiency Act, NMSA 1978 6-23-10. Funds will be utilized to retrofit the District's buildings to provide energy cost savings.

DEBT SERVICE FUND

Interest and Principal – To account for the resources restricted for the payment of interest obligations on general long-term debt and for the retirement of general obligation bonds as they mature.

Ed Tech Debt Service – 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.

CAPITAL PROJECTS FUNDS

Special Capital Outlay – State – To account for the State resources to be used for specific construction projects.

Bond Building – To account for bond proceeds plus any income earned thereon. The proceeds are restricted for the purposes of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

Ed Tech Equipment – To account for proceeds received from the issuance of Educational Technology Notes to be used for the acquisition of education technology equipment for use in classrooms and library and media centers. Authority for the creation of this fund is NMSA 1978, 6-15A-1 through 6-15A-16.

AGENCY FUNDS

Agency Fund – To account for monies held in a custodial account (assets equal liabilities) for the benefit of others. Individual accounts are identified by name in the supporting schedule section of this report.

Cobre Consolidated School District No. 2
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2010

	Special Revenue Funds			
	Cafeteria	Athletics	Title I	Competitive
Assets				
Cash and investments	\$ 162,488	\$ 30,354	\$ -	\$ 1,829
Inventory	32,466			
Taxes receivable				
Due from other governments	18,770		161	
Total assets	\$ 213,724	\$ 30,354	\$ 161	\$ 1,829
Liabilities and Fund Balance				
Accounts payable	\$ 1,533	\$ -	\$ 161	\$ -
Deferred revenue				1,829
Total liabilities	\$ 1,533	\$ -	\$ 161	\$ 1,829
Fund balance:				
Reserved for inventory	\$ 32,466	\$ -	\$ -	\$ -
Reserved for capital projects				
Reserved for debt service				
Unreserved reported in:				
Special revenue	179,725	30,354		
Total fund balance	\$ 212,191	\$ 30,354	\$ -	\$ -
Total liabilities and fund balance	\$ 213,724	\$ 30,354	\$ 161	\$ 1,829

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

Special Revenue Funds					
<u>Preschool</u>	<u>Enhancing Education</u>	<u>Title V</u>	<u>English Language</u>	<u>Rural Schools</u>	<u>Title I Stimulus</u>
\$ 21,676	\$ 1,541	\$ 81	\$ -	\$ 2,000	\$ -
			689		10
<u>\$ 21,676</u>	<u>\$ 1,541</u>	<u>\$ 81</u>	<u>\$ 689</u>	<u>\$ 2,000</u>	<u>\$ 10</u>
\$ -	\$ -	\$ -	\$ 689	\$ -	\$ 10
21,676	1,541	81		2,000	
<u>\$ 21,676</u>	<u>\$ 1,541</u>	<u>\$ 81</u>	<u>\$ 689</u>	<u>\$ 2,000</u>	<u>\$ 10</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
				-	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 21,676</u>	<u>\$ 1,541</u>	<u>\$ 81</u>	<u>\$ 689</u>	<u>\$ 2,000</u>	<u>\$ 10</u>

Cobre Consolidated School District No. 2
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (continued)
June 30, 2010

	Special Revenue Funds			
	Preschool Stimulus	GRADS	Medicaid	Technology For Education
Assets				
Cash and investments	\$ -	\$ 8,000	\$ 50,667	\$ 25,424
Inventory				
Taxes receivable				
Due from other governments	3,363		18,581	
Total assets	\$ 3,363	\$ 8,000	\$ 69,248	\$ 25,424
Liabilities and Fund Balance				
Accounts payable	\$ 3,363	\$ -	\$ 2,414	\$ -
Deferred revenue		8,000		
Total liabilities	\$ 3,363	\$ 8,000	\$ 2,414	\$ -
Fund balance:				
Reserved for inventory	\$ -	\$ -	\$ -	\$ -
Reserved for capital projects				
Reserved for debt service				
Unreserved reported in:				
Special revenue			66,834	25,424
Total fund balance	\$ -	\$ -	\$ 66,834	\$ 25,424
Total liabilities and fund balance	\$ 3,363	\$ 8,000	\$ 69,248	\$ 25,424

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

Special Revenue Funds				
Incentives for School Improvement	Teacher Mentoring	Library Book Fund	School Based Health	Energy Efficiency
\$ 18,403	\$ 6,546	\$ 23	\$ 69,647	\$ 20,873
<u>\$ 18,403</u>	<u>\$ 6,546</u>	<u>\$ 23</u>	<u>\$ 69,647</u>	<u>\$ 20,873</u>
\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
<u>18,403</u>	<u>6,546</u>	<u>23</u>	<u>69,647</u>	<u>20,873</u>
<u>\$ 18,403</u>	<u>\$ 6,546</u>	<u>\$ 23</u>	<u>\$ 69,647</u>	<u>\$ 20,873</u>
<u>\$ 18,403</u>	<u>\$ 6,546</u>	<u>\$ 23</u>	<u>\$ 69,647</u>	<u>\$ 20,873</u>

Cobre Consolidated School District No. 2
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (concluded)
June 30, 2010

	Capital Projects Fund Ed Tech Equipment	Debt Service Fund Ed Tech Debt Service	Total
Assets			
Cash and investments	\$ 21,581	\$ 20,759	\$ 461,892
Inventory			32,466
Taxes receivable		13,582	13,582
Due from other governments			41,574
Total assets	\$ 21,581	\$ 34,341	\$ 549,514
Liabilities and Fund Balance			
Accounts payable	\$ -	\$ -	\$ 8,170
Deferred revenue		8,114	43,241
Total liabilities	\$ -	\$ 8,114	\$ 51,411
Fund balance:			
Reserved for inventory	\$ -	\$ -	\$ 32,466
Reserved for capital projects	21,581		21,581
Reserved for debt service		26,227	26,227
Unreserved reported in:			
Special revenue			417,829
Total fund balance	\$ 21,581	\$ 26,227	\$ 498,103
Total liabilities and fund balance	\$ 21,581	\$ 34,341	\$ 549,514

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

Cobre Consolidated School District No. 2
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Fiscal Year Ended June 30, 2010

	Special Revenue Funds			
	Cafeteria	Athletics	Title I	Preschool
Revenues:				
Fees and charges	\$ 41,284	\$ 32,877	\$ -	\$ -
Property taxes				
State aid				
Federal aid	764,085		874,618	14,716
Earnings on investments	45			
	\$ 805,414	\$ 32,877	\$ 874,618	\$ 14,716
Expenditures:				
Current:				
Instruction	\$ -	\$ 22,969	\$ 801,125	\$ 14,078
Support services - Students			110	294
Support services - Instruction			22,041	
General administration			21,060	344
School administration			25,271	
Central services			5,011	
Transportation				
Food services	679,799			
Debt service:				
Principle				
Interest				
Capital outlay				
	\$ 679,799	\$ 22,969	\$ 874,618	\$ 14,716
Net change in fund balance	\$ 125,615	\$ 9,908	\$ -	\$ -
Fund balance, July 1, 2009	86,576	20446	-	-
Fund balance, June 30, 2010	\$ 212,191	\$ 30,354	\$ -	\$ -

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

Special Revenue Funds

<u>Early Intervening</u>	<u>Fruits and Vegetables</u>	<u>Idea B Risk Pool</u>	<u>English Language</u>	<u>Teacher Training</u>	<u>Safe and Drug Free</u>	<u>School Improvement</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
60,000	36,509	2,731	69,839	140,999	2,029	72,355
<u>\$ 60,000</u>	<u>\$ 36,509</u>	<u>\$ 2,731</u>	<u>\$ 69,839</u>	<u>\$ 140,999</u>	<u>\$ 2,029</u>	<u>\$ 72,355</u>
\$ 59,981	\$ -	\$ 937 1,794	\$ 67,243	\$ 127,326 3,365	\$ 2,009	\$ 70,701
19			1,699 897	4,426 5,882	20	1,654
	36,509					
<u>\$ 60,000</u>	<u>\$ 36,509</u>	<u>\$ 2,731</u>	<u>\$ 69,839</u>	<u>\$ 140,999</u>	<u>\$ 2,029</u>	<u>\$ 72,355</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Cobre Consolidated School District No. 2
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
For The Fiscal Year Ended June 30, 2010

	Special Revenue Funds			
	Title I Stimulus	Entitlement Stimulus	Preschool Stimulus	Intervention Stimulus
Revenues:				
Fees and charges	\$ -	\$ -	\$ -	\$ -
Property taxes				
State aid				
Federal aid	168,284	116,725	10,260	28,671
Earnings on investments				
Total revenues	<u>\$ 168,284</u>	<u>\$ 116,725</u>	<u>\$ 10,260</u>	<u>\$ 28,671</u>
Expenditures:				
Current:				
Instruction	\$ 151,861	\$ 33,806	\$ 10,102	\$ 28,015
Support services - Students	2,303	48,443		
Support services - Instruction				
General administration	3,741	17,640	158	656
School administration	10,379			
Central services				
Transportation				
Food services				
Debt service:				
Principle				
Interest				
Capital outlay		16,836		
Total expenditures	<u>\$ 168,284</u>	<u>\$ 116,725</u>	<u>\$ 10,260</u>	<u>\$ 28,671</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009				
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

Special Revenue Funds

<u>School Imp Stimulus</u>	<u>Medicaid</u>	<u>State Equalization Stimulus</u>	<u>Wallace Foundation</u>	<u>Dual Credit</u>	<u>Technology For Education</u>	<u>Incentives for School Imp</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19,249	116,878	1,201,598	8,242	15,968		
<u>\$ 19,249</u>	<u>\$ 116,878</u>	<u>\$ 1,201,598</u>	<u>\$ 8,242</u>	<u>\$ 15,968</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 18,809	\$ - 100,859	\$ 1,201,598	\$ -	\$ 15,968	\$ 424	\$ 5,524
440			315 7,927		1,221	3,547
<u>\$ 19,249</u>	<u>\$ 100,859</u>	<u>\$ 1,201,598</u>	<u>\$ 8,242</u>	<u>\$ 15,968</u>	<u>\$ 1,645</u>	<u>\$ 9,071</u>
\$ -	\$ 16,019	\$ -	\$ -	\$ -	\$ (1,645)	\$ (9,071)
-	50,815	-	-	-	27,069	27,474
<u>\$ -</u>	<u>\$ 66,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,424</u>	<u>\$ 18,403</u>

Cobre Consolidated School District No. 2
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
For The Fiscal Year Ended June 30, 2010

	Special Revenue Funds				
	Pre K Initiative	Teacher Mentoring	Elementary Breakfast	Schools Need Improvement	Library SB301
Revenues:					
Fees and charges	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes					
State aid	238,013	4,271	17,498	29,706	6,978
Federal aid					
Earnings on investments					
Total revenues	<u>\$ 238,013</u>	<u>\$ 4,271</u>	<u>\$ 17,498</u>	<u>\$ 29,706</u>	<u>\$ 6,978</u>
Expenditures:					
Current:					
Instruction	\$ 174,013	\$ 9,381	\$ -	\$ 29,236	\$ -
Support services - Students					
Support services - Instruction				470	6,978
General administration					
School administration					
Central services					
Transportation	64,000				
Food services			17,498		
Debt service:					
Principle					
Interest					
Capital outlay					
Total expenditures	<u>\$ 238,013</u>	<u>\$ 9,381</u>	<u>\$ 17,498</u>	<u>\$ 29,706</u>	<u>\$ 6,978</u>
Net change in fund balance	\$ -	\$ (5,110)	\$ -	\$ -	\$ -
Fund balance, July 1, 2009		11,656			-
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ 6,546</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Special Revenue Funds			Capital Projects Funds		
Library Book Fund	School Based Health	Energy Efficiency	Bond Building	Special Capital Outlay State	Ed Tech Equipment
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	60,200	48,893		48,905	
			32		3
<u>\$ -</u>	<u>\$ 60,200</u>	<u>\$ 48,893</u>	<u>\$ 32</u>	<u>\$ 48,905</u>	<u>\$ 3</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	62,253				
		33,014			
		13,054			
			161,412	48,905	36,896
<u>\$ -</u>	<u>\$ 62,253</u>	<u>\$ 46,068</u>	<u>\$ 161,412</u>	<u>\$ 48,905</u>	<u>\$ 36,896</u>
\$ -	\$ (2,053)	\$ 2,825	\$ (161,380)	\$ -	\$ (36,893)
23	71,700	18,048	161,380	-	58,474
<u>\$ 23</u>	<u>\$ 69,647</u>	<u>\$ 20,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,581</u>

Cobre Consolidated School District No. 2
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (concluded)
For The Fiscal Year Ended June 30, 2010

	Debt Service Fund	
	Ed Tech	
	Debt Service	Total
Revenues:		
Fees and charges	\$ -	\$ 74,161
Property taxes	76,925	76,925
State aid		478,674
Federal aid		3,699,546
Earnings on investments		80
Total revenues	\$ 76,925	\$ 4,329,386
Expenditures:		
Current:		
Instruction	\$ -	\$ 2,845,106
Support services - Students		219,421
Support services - Instruction		30,710
General administration	720	52,892
School administration		53,903
Central services		5,011
Transportation		64,000
Food services		733,806
Debt service:		
Principle	50,000	83,014
Interest	14,943	27,997
Capital outlay		264,049
Total expenditures	\$ 65,663	\$ 4,379,909
Net change in fund balance	\$ 11,262	\$ (50,523)
Fund balance, July 1, 2009	14,965	\$ 548,626
Fund balance, June 30, 2010	\$ 26,227	\$ 498,103

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

Cobre Consolidated School District No. 2
GENERAL FUND
COMBINING BALANCE SHEET
June 30, 2010

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Total</u>
Assets				
Cash and investments	\$ 1,484,675	\$ -	\$ 44,628	\$ 1,529,303
Taxes receivable	8,396			8,396
Interfund receivable				-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,493,071</u>	<u>\$ -</u>	<u>\$ 44,628</u>	<u>\$ 1,537,699</u>
 Liabilities and Fund Balances				
Accounts payable	\$ 24,640	\$ -	\$ -	\$ 24,640
Deferred revenue	6,375			6,375
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 31,015</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,015</u>
 Fund balance:				
Reserved for inventory	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
General fund	1,462,056		44,628	1,506,684
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>\$ 1,462,056</u>	<u>\$ -</u>	<u>\$ 44,628</u>	<u>\$ 1,506,684</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 1,493,071</u>	<u>\$ -</u>	<u>\$ 44,628</u>	<u>\$ 1,537,699</u>

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

Cobre Consolidated School District No. 2
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Fiscal Year Ended June 30, 2010

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Total</u>
Revenues:				
Property taxes	\$ 63,624	\$ -	\$ -	\$ 63,624
Fees and charges	21,271			21,271
State aid	12,189,644	675,393	54,192	12,919,229
Federal aid	224,394			224,394
Earnings on investments	1,933			1,933
Miscellaneous	234,744			234,744
	<u>12,735,610</u>	<u>675,393</u>	<u>54,192</u>	<u>13,465,195</u>
Total revenues	\$ 12,735,610	\$ 675,393	\$ 54,192	\$ 13,465,195
Expenditures:				
Current:				
Instruction	\$ 6,050,267	\$ -	\$ 74,794	\$ 6,125,061
Support services - Students	1,770,520			1,770,520
Support services - Instruction	408,378			408,378
General administration	840,079			840,079
School administration	940,949			940,949
Central services	375,730			375,730
Operation of plant	2,084,652			2,084,652
Transportation	59,037	675,393		734,430
Capital outlay				-
	<u>12,529,612</u>	<u>675,393</u>	<u>74,794</u>	<u>13,279,799</u>
Total expenditures	\$ 12,529,612	\$ 675,393	\$ 74,794	\$ 13,279,799
Revenues over (under) expenditures	\$ 205,998	\$ -	\$ (20,602)	\$ 185,396
Other financing sources:				
Loan proceeds				-
Operating transfers in (out)				-
				<u>-</u>
Net change in fund balances	\$ 205,998	\$ -	\$ (20,602)	\$ 185,396
Fund balance, July 1, 2009	<u>1,256,058</u>		<u>65,230</u>	<u>1,321,288</u>
Fund balance, June 30, 2010	<u>\$ 1,462,056</u>	<u>\$ -</u>	<u>\$ 44,628</u>	<u>\$ 1,506,684</u>

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

Cobre Consolidated School District No. 2
GENERAL FUND/OPERATIONAL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 201,735	\$ 201,735	\$ 224,394	\$ 22,659
State sources	12,729,378	12,729,378	12,189,644	(539,734)
Local sources	105,245	105,245	229,802	124,557
Interest income	10,000	10,000	1,933	(8,067)
 Total revenues	 \$ 13,046,358	 \$ 13,046,358	 \$ 12,645,773	 \$ (400,585)
 Expenditures:				
Current:				
Instruction	\$ 7,368,675	\$ 7,368,675	\$ 6,053,174	\$ 1,315,501
Support services - Students	2,083,226	2,083,226	1,773,520	309,706
Support services - Instruction	413,613	413,613	408,352	5,261
General administration	759,163	759,163	737,913	21,250
School administration	1,055,583	1,055,583	941,699	113,884
Central services	393,350	393,350	375,862	17,488
Operation of plant	2,079,682	2,079,682	2,073,346	6,336
Pupil transportation	75,150	75,150	59,037	16,113
 Total expenditures	 \$ 14,228,442	 \$ 14,228,442	 \$ 12,422,903	 \$ 1,805,539
 Net change in fund balance	 \$ (1,182,084)	 \$ (1,182,084)	 \$ 222,870	 \$ 1,404,954
 Fund balance, July 1, 2009	 1,182,084	 1,182,084	 1,261,805	 79,721
 Fund balance, June 30, 2010	 \$ -	 \$ -	 \$ 1,484,675	 \$ 1,484,675
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ 205,998
Revenue accruals (net)				(89,837)
Expenditure accruals (net)				106,709
 Net change in fund balance, NON-GAAP budgetary basis				 \$ 222,870

The accompanying notes are an integral part of these financial statements

Cobre Consolidated School District No. 2
GENERAL FUND/TRANSPORTATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 688,364	\$ 688,364	\$ 675,393	\$ (12,971)
Expenditures:				
Current:				
Pupil transportation	<u>688,364</u>	<u>688,364</u>	<u>675,393</u>	<u>12,971</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Cobre Consolidated School District No. 2
GENERAL FUND/INSTRUCTIONAL MATERIALS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 119,422	\$ 54,192	\$ (65,230)
 Expenditures:				
Current:				
Instruction	\$ -	\$ 119,422	\$ 74,794	\$ 44,628
Support services - Instruction	-	-	-	-
 Total expenditures	<u>\$ -</u>	<u>\$ 119,422</u>	<u>\$ 74,794</u>	<u>\$ 44,628</u>
 Net change in fund balance	\$ -	\$ -	\$ (20,602)	\$ (20,602)
 Fund balance, July 1, 2009	<u> </u>	<u> </u>	<u>65,230</u>	<u>65,230</u>
 Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,628</u>	<u>\$ 44,628</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (20,602)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
 Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (20,602)</u>	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - CAFETERIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 726,000	\$ 726,000	\$ 697,487	\$ (28,513)
Local sources	46,000	46,000	41,284	(4,716)
Earnings on investments	<u>100</u>	<u>100</u>	<u>45</u>	<u>(55)</u>
Total revenues	<u>\$ 772,100</u>	<u>\$ 772,100</u>	<u>\$ 738,816</u>	<u>\$ (33,284)</u>
Expenditures:				
Current:				
Food services	\$ 837,094	\$ 837,094	\$ 637,682	\$ 199,412
Capital outlay				-
Total expenditures	<u>\$ 837,094</u>	<u>\$ 837,094</u>	<u>\$ 637,682</u>	<u>\$ 199,412</u>
Net change in fund balance	\$ (64,994)	\$ (64,994)	\$ 101,134	\$ 166,128
Fund balance, July 1, 2009	<u>64,994</u>	<u>64,994</u>	<u>61,354</u>	<u>(3,640)</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,488</u>	<u>\$ 162,488</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 125,615	
Revenue accruals (net)			(66,598)	
Expenditure accruals (net)			<u>42,117</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 101,134</u>	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - ATHLETICS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ 45,000	\$ 45,000	\$ 32,877	\$ (12,123)
Expenditures:				
Current:				
Instruction	78,174	78,174	22,969	55,205
Net change in fund balance	\$ (33,174)	\$ (33,174)	\$ 9,908	\$ 43,082
Fund balance, July 1, 2009	33,174	33,174	20,446	(12,728)
Fund balance, June 30, 2010	\$ -	\$ -	\$ 30,354	\$ 30,354
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 9,908	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 9,908	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - TITLE I
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 671,039	\$ 886,308	\$ 874,457	\$ (11,851)
Expenditures:				
Current:				
Instruction	\$ 488,239	\$ 806,131	\$ 800,964	\$ 5,167
Support services - Students	6,710	3,117	110	3,007
Support services - Instruction	47,187	25,538	22,041	3,497
General administration	15,343	21,180	21,060	120
School administration	113,560	25,271	25,271	-
Central services	5,071	5,071	5,011	60
Total expenditures	\$ 671,039	\$ 886,308	\$ 874,457	\$ 11,851
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(161)	
Expenditure accruals (net)			161	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - PRESCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 28,368	\$ 29,249	\$ 15,025	\$ (14,224)
Expenditures:				
Current:				
Instruction	\$ 21,000	\$ 21,881	\$ 14,387	\$ 7,494
Support services - Students	6,693	6,693	294	6,399
General administration	675	675	344	331
Total expenditures	\$ 28,368	\$ 29,249	\$ 15,025	\$ 14,224
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009			21,676	21,676
Fund balance, June 30, 2010	\$ -	\$ -	\$ 21,676	\$ 21,676
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			309	
Expenditure accruals (net)			(309)	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - SAFE AND DRUG FREE SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 8,987	\$ 12,114	\$ 2,029	\$ (10,085)
Expenditures:				
Current:				
Instruction	\$ 7,803	\$ 10,930	\$ 2,009	\$ 8,921
General administration	1,184	1,184	20	1,164
Total expenditures	\$ 8,987	\$ 12,114	\$ 2,029	\$ 10,085
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - ENHANCING EDUCATION THROUGH TECHNOLOGY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Students	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>1,541</u>	<u>1,541</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,541</u></u>	<u><u>\$ 1,541</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - ENGLISH LANGUAGE ACQUISITION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 16,720	\$ 89,685	\$ 74,457	\$ (15,228)
Expenditures:				
Current:				
Instruction	\$ 13,995	\$ 87,089	\$ 66,554	\$ 20,535
General administration	725	1,699	1,699	-
School administration	2,000	897	897	-
Total expenditures	\$ 16,720	\$ 89,685	\$ 69,150	\$ 20,535
Net change in fund balance	\$ -	\$ -	\$ 5,307	\$ 5,307
Fund balance, July 1, 2009	-	-	(5,307)	(5,307)
Fund balance, June 30, 2010	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			4,618	
Expenditure accruals (net)			689	
Net change in fund balance, NON-GAAP budgetary basis			\$ 5,307	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - TITLE V
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Students				-
General administration				-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	81	81
Fund balance, June 30, 2010	\$ -	\$ -	\$ 81	\$ 81
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - RURAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Operation of plant	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	<u>2,000</u>	<u>2,000</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ -</u>	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - TEACHER/PRINCIPAL TRAINING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 149,565	\$ 149,565	\$ 140,999	\$ (8,566)
Expenditures:				
Current:				
Instruction	\$ 146,065	\$ 135,530	\$ 127,326	\$ 8,204
Support services - Students		3,487	3,365	122
Support services - Instruction				-
General administration	3,500	4,639	4,426	213
School administration		5,909	5,882	27
Total expenditures	\$ 149,565	\$ 149,565	\$ 140,999	\$ 8,566
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - COMPETITIVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
General administration	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	1,826	1,826
Fund balance, June 30, 2010	\$ -	\$ -	\$ 1,826	\$ 1,826
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - MEDICAID
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 205,437	\$ 205,437	\$ 98,297	\$ (107,140)
Expenditures:				
Current:				
Support services - Students	205,437	205,437	98,445	106,992
Net change in fund balance	\$ -	\$ -	\$ (148)	\$ (148)
Fund balance, July 1, 2009	-	-	50,815	50,815
Fund balance, June 30, 2010	\$ -	\$ -	\$ 50,667	\$ 50,667
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 16,019	
Revenue accruals (net)			(18,581)	
Expenditure accruals (net)			2,414	
Net change in fund balance, NON-GAAP budgetary basis			\$ (148)	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - GRADS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ 7,273	\$ 7,273
Expenditures:				
Capital outlay	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ 7,273	\$ 7,273
Fund balance, July 1, 2009	-	-	727	727
Fund balance, June 30, 2010	\$ -	\$ -	\$ 8,000	\$ 8,000
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			7,273	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 7,273	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - VOLUNTARY EARLY INTERVENING SERVICES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Expenditures:				
Current:				
Instruction	\$ 60,000	\$ 59,981	\$ 59,981	\$ -
Support services - Students				-
General administration		19	19	-
Total expenditures	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - FRESH FRUITS AND VEGETABLES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 37,600	\$ 36,509	\$ (1,091)
Expenditures:				
Current:				
General administration	\$ -	\$ -	\$ -	\$ -
Food services	-	37,600	36,509	1,091
Total expenditures	\$ -	\$ 37,600	\$ 36,509	\$ 1,091
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - IDEA B RISK POOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 3,809	\$ 2,731	\$ (1,078)
Expenditures:				
Current:				
Instruction	\$ -	\$ 1,622	\$ 937	\$ 685
Support services - Students		2,187	1,794	393
Total expenditures	\$ -	\$ 3,809	\$ 2,731	\$ 1,078
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - TITLE I SCHOOL IMPROVEMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 72,691	\$ 72,355	\$ (336)
Expenditures:				
Current:				
Instruction	\$ -	\$ 70,991	\$ 70,701	\$ 290
Operation of plant		1,700	1,654	46
Total expenditures	\$ -	\$ 72,691	\$ 72,355	\$ 336
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - TITLE I STIMULUS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 190,653	\$ 397,729	\$ 168,904	\$ (228,825)
Expenditures:				
Current:				
Instruction	\$ 173,512	\$ 350,400	\$ 151,851	\$ 198,549
Support services - Students	2,093	2,303	2,303	-
Support services - Instruction				-
General administration	4,548	9,486	3,741	5,745
School administration	10,500	35,540	10,379	25,161
Central services				-
Total expenditures	<u>\$ 190,653</u>	<u>\$ 397,729</u>	<u>\$ 168,274</u>	<u>\$ 229,455</u>
Net change in fund balance	\$ -	\$ -	\$ 630	\$ 630
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>(630)</u>	<u>(630)</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			620	
Expenditure accruals (net)			<u>10</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 630</u></u>	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - ENTITLEMENT STIMULUS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 171,085	\$ 363,560	\$ 116,725	\$ (246,835)
Expenditures:				
Current:				
Instruction	\$ 40,000	\$ 132,085	\$ 33,806	\$ 98,279
Support services - Students	40,000	48,886	48,443	443
Support services - Instruction				-
General administration	31,085	62,589	17,640	44,949
School administration				-
Capital outlay	60,000	120,000	16,836	103,164
Total expenditures	\$ 171,085	\$ 363,560	\$ 116,725	\$ 246,835
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - PRESCHOOL STIMULUS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 7,528	\$ 14,806	\$ 6,897	\$ (7,909)
Expenditures:				
Current:				
Instruction	\$ 7,528	\$ 14,466	\$ 6,739	\$ 7,727
General administration		340	158	182
Total expenditures	\$ 7,528	\$ 14,806	\$ 6,897	\$ 7,909
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - EARLY INTERVENTION STIMULUS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 30,000	\$ 28,671	\$ (1,329)
Expenditures:				
Current:				
Instruction	\$ -	\$ 29,310	\$ 28,015	\$ 1,295
General administration		690	656	34
Total expenditures	\$ -	\$ 30,000	\$ 28,671	\$ 1,329
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - TITLE I SCHOOL IMPROVEMENT STIMULUS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 20,000	\$ 19,249	\$ (751)
Expenditures:				
Current:				
Instruction	\$ -	\$ 19,540	\$ 18,809	\$ 731
General administration		460	440	20
Total expenditures	\$ -	\$ 20,000	\$ 19,249	\$ 751
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - STATE EQUALIZATION STIMULUS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 1,190,576	\$ 1,201,598	\$ 1,201,598	\$ -
Expenditures:				
Current:				
Instruction	1,190,576	1,201,598	1,201,598	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - WALLACE FOUNDATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 10,279	\$ 8,242	\$ (2,037)
 Expenditures:				
Current:				
General administration	\$ -	\$ 350	\$ 315	\$ 35
School administration		<u>9,929</u>	<u>7,927</u>	<u>2,002</u>
Total expenditures	<u>\$ -</u>	<u>\$ 10,279</u>	<u>\$ 8,242</u>	<u>\$ 2,037</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - DUAL CREDIT INSTRUCTIONAL MATERIALS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 16,000	\$ 15,968	\$ (32)
Expenditures:				
Current:				
Instruction	\$ -	\$ 16,000	\$ 15,968	\$ 32
School administration				-
Total expenditures	\$ -	\$ 16,000	\$ 15,968	\$ 32
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - TECHNOLOGY FOR EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 9,177	\$ -	\$ (9,177)
Expenditures:				
Current:				
Instruction	\$ -	\$ 7,924	\$ 424	\$ 7,500
Support services - Instruction		1,253	1,221	32
Total expenditures	\$ -	\$ 9,177	\$ 1,645	\$ 7,532
Net change in fund balance	\$ -	\$ -	\$ (1,645)	\$ (1,645)
Fund balance, July 1, 2009	-	-	27,069	27,069
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,424</u>	<u>\$ 25,424</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (1,645)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (1,645)</u>	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - INCENTIVES FOR SCHOOL IMPROVEMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 34,219	\$ -	\$ (34,219)
Expenditures:				
Current:				
Instruction	\$ -	\$ 30,669	\$ 12,269	\$ 18,400
School administration		3,550	3,547	3
Total expenditures	<u>\$ -</u>	<u>\$ 34,219</u>	<u>\$ 15,816</u>	<u>\$ 18,403</u>
Net change in fund balance	\$ -	\$ -	\$ (15,816)	\$ (15,816)
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>34,219</u>	<u>34,219</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 18,403</u></u>	<u><u>\$ 18,403</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (9,071)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>(6,745)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (15,816)</u></u>	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - PRE K INITIATIVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 238,060	\$ 238,060	\$ 238,013	\$ (47)
Expenditures:				
Current:				
Instruction	\$ 174,060	\$ 174,060	\$ 174,013	\$ 47
Transportation	64,000	64,000	64,000	-
Total expenditures	\$ 238,060	\$ 238,060	\$ 238,013	\$ 47
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - TEACHER MENTORING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 14,297	\$ 4,271	\$ (10,026)
Expenditures:				
Current:				
Instruction	\$ -	\$ 14,297	\$ 9,381	\$ 4,916
General administration	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ 14,297</u>	<u>\$ 9,381</u>	<u>\$ 4,916</u>
Net change in fund balance	\$ -	\$ -	\$ (5,110)	\$ (5,110)
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>11,656</u>	<u>11,656</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,546</u></u>	<u><u>\$ 6,546</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (5,110)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (5,110)</u></u>	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - ELEMENTARY BREAKFAST
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 17,498	\$ 17,498	\$ -
Expenditures:				
Current:				
Food services	\$ -	\$ 17,498	\$ 17,498	\$ -
Capital outlay	-	-	-	-
Total expenditures	\$ -	\$ 17,498	\$ 17,498	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	-	-
Fund balance, June 30, 2010	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - SCHOOLS IN NEED OF IMPROVEMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 30,000	\$ 30,000	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ 29,530	\$ 29,236	\$ 294
Support services - Instruction		470	470	-
Total expenditures	\$ -	\$ 30,000	\$ 29,706	\$ 294
Net change in fund balance	\$ -	\$ -	\$ 294	\$ 294
Fund balance, July 1, 2009	-	-	(294)	(294)
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			294	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 294</u>	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - LIBRARY SB301
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 6,980	\$ 13,976	\$ 6,996
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Instruction		6,980	6,978	2
Total expenditures	\$ -	\$ 6,980	\$ 6,978	\$ 2
Net change in fund balance	\$ -	\$ -	\$ 6,998	\$ 6,998
Fund balance, July 1, 2009	-	-	(6,998)	(6,998)
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			6,998	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 6,998</u>	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - LIBRARY BOOK FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Instruction	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	-	-	23	23
Fund balance, June 30, 2010	\$ -	\$ -	\$ 23	\$ 23
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - SCHOOL BASED HEALTH
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 94,417	\$ 154,417	\$ 60,200	\$ (94,217)
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Students	94,417	154,417	62,253	92,164
Total expenditures	\$ 94,417	\$ 154,417	\$ 62,253	\$ 92,164
Net change in fund balance	\$ -	\$ -	\$ (2,053)	\$ (2,053)
Fund balance, July 1, 2009	-	-	71,700	71,700
Fund balance, June 30, 2010	\$ -	\$ -	\$ 69,647	\$ 69,647
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (2,053)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (2,053)	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - ED TECH EQUIPMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Earnings on investments	\$ -	\$ -	\$ 3	\$ 3
Expenditures:				
Capital outlay	<u>87,367</u>	<u>87,367</u>	<u>36,896</u>	<u>50,471</u>
Total expenditures	<u>\$ 87,367</u>	<u>\$ 87,367</u>	<u>\$ 36,896</u>	<u>\$ 50,471</u>
Net change in fund balance	\$ (87,367)	\$ (87,367)	\$ (36,893)	\$ 50,474
Fund balance, July 1, 2009	<u>87,367</u>	<u>87,367</u>	<u>58,474</u>	<u>(28,893)</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 21,581</u></u>	<u><u>\$ 21,581</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP			\$ (36,893)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (36,893)</u></u>	

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

Cobre Consolidated School District No. 2
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ 1,554,136	\$ 1,554,136	\$ 2,057,997	\$ 503,861
Expenditures:				
Current:				
Administration	\$ 8,190	\$ 8,190	\$ 5,984	\$ 2,206
Principal	1,420,000	1,420,000	1,420,000	-
Interest	134,136	134,136	134,114	22
Debt service reserve	1,022,608	1,022,608		1,022,608
Total expenditures	<u>\$ 2,584,934</u>	<u>\$ 2,584,934</u>	<u>\$ 1,560,098</u>	<u>\$ 1,024,836</u>
Net change in fund balance	\$ (1,030,798)	\$ (1,030,798)	\$ 497,899	\$ 1,528,697
Fund balance, July 1, 2009	<u>1,030,798</u>	<u>1,030,798</u>	<u>1,069,004</u>	<u>38,206</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,566,903</u>	<u>\$ 1,566,903</u>

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

Cobre Consolidated School District No. 2
EDUCATION TECHNOLOGY DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ 188,244	\$ 188,244	\$ 72,027	\$ (116,217)
Expenditures:				
Current:				
Administration	\$ 1,883	\$ 1,883	\$ 720	\$ 1,163
Principal	50,000	50,000	50,000	-
Interest	14,943	14,943	14,943	-
Debt service reserve	140,525	140,525		140,525
Total expenditures	<u>\$ 207,351</u>	<u>\$ 207,351</u>	<u>\$ 65,663</u>	<u>\$ 141,688</u>
Net change in fund balance	\$ (19,107)	\$ (19,107)	\$ 6,364	\$ 25,471
Fund balance, July 1, 2009	<u>19,107</u>	<u>19,107</u>	<u>14,395</u>	<u>(4,712)</u>
Fund balance, June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,759</u>	<u>\$ 20,759</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP			\$ 11,262	
Revenue accruals (net)			(4,898)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 6,364</u>	

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

Cobre Consolidated School District No. 2
CAPITAL PROJECTS FUND - BOND BUILDING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Earnings on investments	\$ 2,278	\$ 2,278	\$ 32	\$ (2,246)
Expenditures:				
Capital outlay-construction	<u>177,647</u>	<u>177,647</u>	<u>161,412</u>	<u>16,235</u>
Net change in fund balance	\$ (175,369)	\$ (175,369)	\$ (161,380)	\$ 13,989
Fund balance, July 1, 2009	<u>175,369</u>	<u>175,369</u>	<u>161,380</u>	<u>(13,989)</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (161,380)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (161,380)</u></u>	

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

Cobre Consolidated School District No. 2
CAPITAL PROJECTS FUND - SPECIAL CAPITAL OUTLAY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 173,262	\$ 48,905	\$ (124,357)
Expenditures:				
Capital outlay-construction	<u>-</u>	<u>173,262</u>	<u>48,905</u>	<u>124,357</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2010	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Cobre Consolidated School District No. 2
CAPITAL PROJECTS FUND - ENERGY EFFICIENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 48,893	\$ 48,893	\$ 48,893	\$ -
Expenditures:				
Capital outlay	66,942	66,942	46,068	20,874
Net change in fund balance	\$ (18,049)	\$ (18,049)	\$ 2,825	\$ 20,874
Fund balance, July 1, 2009	18,049	18,049	18,048	(1)
Fund balance, June 30, 2010	\$ -	\$ -	\$ 20,873	\$ 20,873
Budgetary reconciliation:				
Net change in fund balance, GAAP			\$ 2,825	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 2,825	

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

Cobre Consolidated School District No. 2
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2010

	Balance July 1, 2009	Receipts	Disburse- ments	Balance June 30, 2010
Assets				
Cash and investments:				
Cobre High School	\$ 73,094	\$ 174,437	\$ 187,841	\$ 59,690
Snell Middle School	31,656	54,596	53,085	33,167
Bayard Elementary	(1,158)	21,279	15,117	5,004
Central Elementary	34,529	30,094	27,713	36,910
Hurley Elementary	9,916	2,134	6,512	5,538
San Lorenzo Elementary	12,016	3,503	3,122	12,397
All Students	227,622	80,545	27,203	280,964
 Total assets	\$ 387,675	\$ 366,588	\$ 320,593	\$ 433,670
 Liabilities				
Deposits held for others:				
Cobre High School	\$ 73,094	\$ 174,437	\$ 187,841	\$ 59,690
Snell Middle School	31,656	54,596	53,085	33,167
Bayard Elementary	(1,158)	21,279	15,117	5,004
Central Elementary	34,529	30,094	27,713	36,910
Hurley Elementary	9,916	2,134	6,512	5,538
San Lorenzo Elementary	12,016	3,503	3,122	12,397
All Students	227,622	80,545	27,203	280,964
 Total liabilities	\$ 387,675	\$ 366,588	\$ 320,593	\$ 433,670

Cobre Consolidated School District No. 2
SCHEDULE OF DEPOSITORY COLLATERAL
 June 30, 2010

	Bank of America
Checking and CD's	\$ 2,093,484
Repurchase Deposits	4,768,022
Total on deposit	\$ 6,861,506
Less: FDIC insurance	(250,000)
Total uninsured public funds	\$ 6,611,506
102% collateralization requirement	\$ 4,863,382
50% collateralization requirement (Section 6-10-17 NMSA)	921,742
Total collateralization requirement	\$ 5,785,124
Pledged Securities:	
FNCL 31416BLCO 8-1-37	\$ 1,456,085
FHLM 3128LDF90 10-1-37	714,406
FHLM 31294KTB1 9-1-18	3,481,740
FHLM 31300LBC8 11-1-35	165,484
FHLM 31300LBC8 11-1-35	31,319
FHLB 31300LBC8 11-1-35	470,434
Total pledged securities	\$ 6,319,468
Pledged securities over (under) requirement	\$ 534,344

Securities pledged are held by the Bank of America Trust Department in Charlotte, NC.
 Safekeeping receipts are held by the District.

Cobre Consolidated School District No. 2
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS
 June 30, 2010

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>Bank of America</u>			
Athletics	Checking	\$ 30,542	\$ 30,354
Food Services	Checking	3	162,488
Federal Projects	Checking	-	511,133
SB-9	Checking	-	373,883
Payroll Clearing	Checking	-	-
Operational	Checking	-	1,478,593
Repurchase Agreement	Repurchase	4,768,022	-
Debt Service	Checking	1,587,662	1,587,662
Non-budget	Checking	469,196	433,670
Repurchase	Checking	6,081	6,081
Bond Building	Checking	-	21,581
		<u> </u>	<u> </u>
Total cash and investments		<u>\$ 6,861,506</u>	<u>\$ 4,605,445</u>

Cobre Consolidated School District No. 2
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2010

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Food Services</u>	<u>Athletics</u>
Total cash and investments as of July 1, 2009	\$ 1,261,805	\$ -	\$ 65,230	\$ 61,354	\$ 20,446
Add: Current year receipts	12,645,773	675,393	54,192	738,816	32,877
Less: Current year expenditures	<u>(12,422,904)</u>	<u>(675,393)</u>	<u>(74,794)</u>	<u>(637,682)</u>	<u>(22,969)</u>
Total cash and investments as of June 30, 2010	<u>\$ 1,484,674</u>	<u>\$ -</u>	<u>\$ 44,628</u>	<u>\$ 162,488</u>	<u>\$ 30,354</u>

Cobre Consolidated School District No. 2
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (continued)
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2010

	<u>Local or State Fund</u>	<u>Bond Building</u>	<u>Special Capital Outlay State</u>	<u>SB-9</u>	<u>Energy Efficiency</u>
Total cash and investments as of July 1, 2009	\$ 71,700	\$ 161,380	\$ -	\$ 183,961	\$ 18,048
Add: Current year receipts	60,200	32	48,905	642,479	48,893
Less: Current year expenditures	<u>(62,254)</u>	<u>(161,412)</u>	<u>(48,905)</u>	<u>(452,557)</u>	<u>(46,068)</u>
Total cash and investments as of June 30, 2010	<u>\$ 69,646</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 373,883</u>	<u>\$ 20,873</u>

Cobre Consolidated School District No. 2
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (concluded)
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2010

	Agency	Total
Total cash and investments as of July 1, 2009	\$ 387,675	\$ 3,698,738
Add: Current year receipts	366,588	21,175,652
Less: Current year expenditures	(320,593)	(20,268,945)
Total cash and investments as of June 30, 2010	\$ 433,670	\$ 4,605,445

Cobre Consolidated School District No. 2
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (continued)
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2010

	<u>Federal Flowthrough</u>	<u>Federal Direct</u>	<u>Local Grants</u>	<u>State Flowthrough</u>
Total cash and investments as of July 1, 2009	\$ 153,569	\$ 51,542	\$ -	\$ 65,675
Add: Current year receipts	2,096,046	1,307,169	8,242	320,020
Less: Current year expenditures	<u>(2,037,173)</u>	<u>(1,300,043)</u>	<u>(8,242)</u>	<u>(335,299)</u>
Total cash and investments as of June 30, 2010	<u>\$ 212,442</u>	<u>\$ 58,668</u>	<u>\$ -</u>	<u>\$ 50,396</u>

Cobre Consolidated School District No. 2
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (continued)
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2010

	<u>Ed Tech Equipment Act</u>	<u>PSCOC 20%</u>	<u>Debt Service</u>	<u>Ed Tech Debt Service</u>
Total cash and investments as of July 1, 2009	\$ 58,474	\$ 54,480	\$ 1,069,004	\$ 14,395
Add: Current year receipts	3		2,057,997	72,027
Less: Current year expenditures	<u>(36,896)</u>		<u>(1,560,098)</u>	<u>(65,663)</u>
Total cash and investments as of June 30, 2010	<u>\$ 21,581</u>	<u>\$ 54,480</u>	<u>\$ 1,566,903</u>	<u>\$ 20,759</u>

Cobre Consolidated School District #2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2010

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through N.M. Department of Education:			
Title I Grants to Lea's	84.010	24.101	\$ 874,618
Special Education-Grants to States	84.027	24.106	419,511
ARRA - Special Education-Grants to States, Recovery Act	84.391	24.206	116,725
Special Education-Preschool Grants	84.173	24.109	14,716
ARRA - Special Education-Preschool Grants, Recovery Act	84.392	24.209	10,260
ARRA - State Fiscal Stabilization Fund	84.394	25.250	1,201,598
Title I School Improvement	84.377	24.162	72,355
ARRA - Title I School Improvement, Recovery Act	84.388	24.262	19,249
ARRA - Title I Grants to Lea's, Recovery Act	84.389	24.201	168,284
Teacher Quality State Grants	84.367	24.154	140,999
Safe and Drug-Free Schools and Communities	84.186	24.157	2,029
English Language Acquisition Grants	84.365	24.153	69,839
Special Education - Grants for Infants and Families	84.181	24.112	60,000
ARRA - Special Education - Grants for Infants and Families	84.393	24.212	<u>28,671</u>
Total U.S. Department of Education			<u>\$ 3,198,854</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct Programs:			
Schools and Roads-Grants to States	10.665	N/A	\$ 180,650
Passed through N.M. Department of Education:			
National School Lunch Program	10.555	N/A	424,492
Summer Food	10.559	N/A	22,903
School Breakfast Program	10.553	N/A	268,862
Fresh Fruits and Vegetables Program	10.582	24.118	36,509
Passed through N.M. Department of Human Svc's:			
Emergency Food Assistance Program	10.569	N/A	<u>47,828</u>
Total U.S. Department of Agriculture			<u>\$ 981,244</u>

Cobre Consolidated School District #2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS(concluded)
 For The Fiscal Year Ended June 30, 2010

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
 <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through N.M. Dept. of Human Services: Medical Assistance Program	93.778	25.153	<u>\$ 116,878</u>
 Total expenditures of federal awards			 <u><u>\$ 4,296,976</u></u>

See the accompanying notes to Schedule of Expenditures of Federal Awards.

Cobre Consolidated School District No. 2
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ending June 30, 2010

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Cobre Consolidated School District No. 2, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 Emergency Food Assistance

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. The District received \$47,828 in commodities during the 2009-2010 fiscal year.

Note 3 Insurance

The District had the following insurance coverages during the year ended June 30, 2010:

Worker's compensation	\$ 1,050,000
Property damage	500,000,000
Liability	10,000,000
Vehicle	1,000,000

Cobre Consolidated School District No. 2
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2010

Current
Year Status

Findings – Financial Statement Audit

07-2	I-9s missing from employee files	Resolved
08-3	Timely deposit of activity receipts	Repeated
08-5	Purchase of Wal-mart gift cards	Resolved
09-1	One purchase without supporting documentation	Resolved
09-2	Overdrawn activity funds	Resolved

Findings – Major Federal Award Programs

NONE

MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
KELLEY WYATT, C.P.A.

RYAN MONTOYA, C.P.A.

1311 N. GRANT ST.
P.O. BOX 2828
SILVER CITY, NEW MEXICO 88062
TELEPHONE (575) 388-1777
(575) 538-3795
FAX (575) 388-5040
E-MAIL: stonemcgee@qwestoffice.net

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

Hector H. Balderas, State Auditor
and
Board of Education
Cobre Consolidated School District No. 2
Bayard, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of Cobre Consolidated School District No. 2 as of and for the year ended June 30, 2010, which collectively comprise Cobre Consolidated School District No. 2's basic financial statements and have issued our report thereon dated October 29, 2010. We have also audited the financial statements of each of the District's non-major governmental funds and related budgetary comparisons presented as other supplementary information as of and for the year ended June 30, 2010 and have issued our report thereon dated October 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cobre Consolidated School District No. 2's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cobre Consolidated School District No. 2's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cobre Consolidated School District No. 2'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 corrected on a timely basis.

Our consideration of the 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cobre Consolidated School District No. 2's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as items 08-3.

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

This report is intended solely for the information and use of management, the Board of Education and its audit committee, others within the organization, the Public Education Department, the New Mexico State Auditor, the New Mexico Legislature, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Stone, McGee & Co CPAs

October 29, 2010

MIKE STONE, C.P.A.
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SILVER CITY, NEW MEXICO 88062
TELEPHONE (575) 388-1777
(575) 538-3795
FAX (575) 388-5040
E-MAIL: stonemcgee@qwestoffice.net

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Hector H. Balderas, State Auditor
and
Board of Education
Cobre Consolidated School District No. 2
Bayard, New Mexico

Compliance

We have audited Cobre Consolidated School District No. 2's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Cobre Consolidated School District No. 2's major federal programs for the year ended June 30, 2010. Cobre Consolidated School District No. 2's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Cobre Consolidated School District No. 2's management. Our responsibility is to express an opinion on Cobre Consolidated School District No. 2's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cobre Consolidated School District No. 2's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Cobre Consolidated School District No. 2's compliance with those requirements.

In our opinion, Cobre Consolidated School District No. 2 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be

reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2010-1.

Internal Control Over Compliance

Management of Cobre Consolidated School District No. 2 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Cobre Consolidated School District No. 2's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cobre Consolidated School District No. 2's internal control over compliance.

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

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

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

This report is intended solely for the information and use of management, the Board of Education and its audit committee, others within the entity, the Public Education Department, the New Mexico State Auditor, the New Mexico Legislature, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Stone, McGee & Co CPAs

October 29, 2010

Stone, McGee & Co.
Certified Public Accountants

Cobre Consolidated School District No. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2010

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Cobre Consolidated School District No. 2.
2. No significant deficiencies relating to the audit of the financial statements is reported in the *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Bases on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Cobre Consolidated School District No. 2, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies related to the audit of the major federal award programs are reported in the *Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for Cobre Consolidated School District No. 2 expresses an unqualified opinion on all major programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 were noted during the audit.
7. The programs tested as major programs included: The Title I Cluster, consisting of Title I Grants to Lea's, CFDA No. 84.010 and ARRA Title I Grants to LEA's, CFDA No. 84.389; the special education cluster, consisting of Special Education-Grants to States, CFDA No.84.027, ARRA Special Education-Grants to States, CFDA No. 84.391, Special Education-Preschool Grants, CFDA No. 84-173, ARRA Special Education-Preschool Grants, CFDA No.84.392, and; ARRA State Fiscal Stabilization Fund, CFDA No. 84.394.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. Cobre Consolidated School District No. 2 was determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

08-3 Timely deposit of Activity Receipts

Condition – The District is not depositing activity funds on a timely basis. In 48 of 48 receipts tested, the funds were not deposited within 24 hours, and in some cases, were deposited 3 days to two months late.

Criteria – The PED Manual of Procedures requires deposit of funds within 24 hours, or one banking day of receipt.

Effect – There is an increased likelihood of loss of funds, and the internal control over activity receipts has been compromised.

Cause – Individuals with the responsibility for making the required deposits lack the requisite training and supervision to comply with the internal control system.

Recommendation – We recommend that the District hold a training session with receipting personnel annually, and that principals at the various schools be instructed to review receipting procedures with the appropriate personnel monthly.

Agency Response – The District will adopt the aforementioned recommendation.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

U.S. Department of Education, passed through the N.M. Public Education Department

2010-1 Special Education – Grants to States, CFDA No. 84.027

Condition – District personnel utilized special education funds to fund a field trip attended by both special education students and mainstream students.

Criteria – Federal Funds can only be used to supplement, not supplant, non-federal funds.

Effect – The cost of the trip may be disallowed, and federal regulations have been violated.

Cause – The trip was approved by the Special Education Coordinator, who felt it was a qualifying expenditure.

Context – The trip was for 36 people, of which only 6-10 were special education students. The cost of the trip was approximately \$1,328, and included the purchase of personal items totaling \$30. Questioned costs are \$1328.

Recommendation – We recommend that expenditures of federal funds be made in accordance with the terms of the grant awards, and we further recommend that trips financed from federal funds be exclusively for special education children, or, in the alternative, that the cost be shared proportionately from non-federal funds. Supervisory personnel should be especially sensitive to the expenditure of federal funds, and insure that the expenditure is a qualifying expenditure prior to authorizing such expenditure.

Agency Response – Supervisory District personnel will emphasize the eligibility of expenditures from federal funds in the initiation and approval stages of purchasing.

OTHER – FINANCIAL STATEMENT PREPARATION

The financial statements were prepared by Stone, McGee & Co., C.P.A.'s.

EXIT CONFERENCE

The contents of this report were discussed November 4, 2010. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Frances O. Kelley	Board Member	Cobre Consolidated Schools
Tina Rodruguez	Audit Committee Member	Cobre Consolidated Schools
Dane Kennon	Superintendent	Cobre Consolidated Schools
Frank Ryan	Business Manager	Cobre Consolidated Schools
Teresa Holguin	Accountant	Cobre Consolidated Schools
Mike Stone	Shareholder	Stone, McGee &Co., CPA's