

State of New Mexico  
Cobre Consolidated School District No. 2

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

For The Fiscal Year Ended June 30, 2011

Cobre Consolidated School District No. 2  
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 June 30, 2011

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Cobre Consolidated School District No. 2  
**DIRECTORY OF OFFICIALS**  
June 30, 2011

**BOARD OF EDUCATION**

Frank Cordova	President
Freddie Rodriquez	Vice-President
Frances Kelly	Secretary
Frank Gomez	Member
Ralph Sepulveda	Member

**SCHOOL OFFICIALS**

George Peru	Acting 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 MONTROYA, C.P.A.

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## 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 of Cobre Consolidated School District No. 2 (District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. We 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, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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, 2011, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the General Fund 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, 2011, 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 November 8, 2011, 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

November 8, 2011

Stone, McGee & Co.  
Certified Public Accountants

Cobre Consolidated School District No. 2  
**STATEMENT OF NET ASSETS**  
June 30, 2011

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 15,043,168
Property taxes receivable	158,113
Due from other governments	46,691
Inventory	15,860
Bond issue costs	70,659
Capital assets:	
Land	747,139
Furniture and fixtures	4,749,158
Buildings and improvements	47,523,327
Construction in progress	597,406
Less accumulated depreciation	(22,350,619)
 Total capital assets, net of depreciation	 \$ 31,266,411
 Total assets	 \$ 46,600,902
 <b>Liabilities</b>	
Accounts payable	\$ 2,359,169
Deferred revenue	220,383
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	1,200,000
Lease purchase payable	36,308
Accrued interest payable	38,820
Portion due or payable after one year:	
Bonds payable	11,125,000
Lease purchase payable	182,965
Compensated absences	63,618
 Total liabilities	 \$ 15,226,263
 <b>Net Assets</b>	
Invested in capital assets, net of related debt	\$ 26,973,213
Restricted for:	
Debt service	1,267,947
Capital outlay	65,244
Other purposes	1,388,363
Unrestricted	1,679,872
 Total net assets	 \$ 31,374,639

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, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Total Governmental Activities</u>
Governmental activities:					
Instruction	\$ 9,301,060	\$ 162,296	\$ 2,100,924	\$ -	\$ (7,037,840)
Support services - Students	2,250,220		379,042		(1,871,178)
Support services - Instruction	749,679		15,872		(733,807)
General administration	951,046	43,477	97,886		(809,683)
School administration	1,161,860		45,912		(1,115,948)
Central services	418,895		4,879		(414,016)
Operation of plant	2,503,506	22,916	161,237	898,577	(1,420,776)
Food services	828,061	29,996	818,933		20,868
Transportation	755,422		622,161		(133,261)
Other support services	6,276				(6,276)
Interest on long-term debt	105,717				(105,717)
Total governmental activities	<u>\$ 19,031,742</u>	<u>\$ 258,685</u>	<u>\$ 4,246,846</u>	<u>\$ 898,577</u>	<u>\$ (13,627,634)</u>

General revenues:	
Property taxes:	
Levied for general purposes	\$ 60,294
Levied for debt service	1,127,483
Levied for plant maintenance	499,844
State aid - formula grants	12,448,860
Recoveries and refunds	45,912
Unrestricted investment earnings	<u>2,571</u>
 Total general revenues and special items	 <u>\$ 14,184,964</u>
 Change in net assets	 <u>\$ 557,330</u>
 Net assets - beginning, as originally stated	 \$ 32,784,523
 Restatement (Note 12)	 <u>(1,967,214)</u>
 Net assets - beginning, as restated	 \$ 30,817,309
 Change in net assets	 <u>557,330</u>
 Net assets - ending	 <u>\$ 31,374,639</u>

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

Cobre Consolidated School District No. 2  
**BALANCE SHEETS**  
**GOVERNMENTAL FUNDS**  
June 30, 2011

	General Fund	Bond Building	Other Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 1,765,501	\$ 10,565,968	\$ 2,711,699	\$ 15,043,168
Taxes receivable	8,091		150,022	158,113
Inventory			15,860	15,860
Due from other governments			46,691	46,691
Total assets	\$ 1,773,592	\$ 10,565,968	\$ 2,924,272	\$ 15,263,832
<b>Liabilities and Fund Balance</b>				
Accounts payable	\$ 30,102	\$ 2,320,308	\$ 8,759	\$ 2,359,169
Deferred revenue	6,671		328,773	335,444
Total liabilities	\$ 36,773	\$ 2,320,308	\$ 337,532	\$ 2,694,613
<b>Fund balance:</b>				
Nonspendable:				
Inventories	\$ -	\$ -	\$ 15,860	15,860
Restricted for:				
Education			1,076,829	1,076,829
Food service			226,385	226,385
Social services			47,472	47,472
Capital projects		8,245,660		8,245,660
Debt service			1,220,194	1,220,194
Assigned to:				
Future purchases	30,768			30,768
Unassigned	1,706,051			1,706,051
Total fund balance	\$ 1,736,819	\$ 8,245,660	\$ 2,586,740	\$ 12,569,219
Total liabilities and fund balance	\$ 1,773,592	\$ 10,565,968	\$ 2,924,272	\$ 15,263,832

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

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

June 30, 2011

Total governmental fund balances	\$ 12,569,219
 <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	31,266,411
Bond issue costs are capitalized and amortized over the life of the bonds	70,659
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	115,061
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	(12,325,000)
Lease purchase payable	(219,273)
Accrued interest payable	(38,820)
Compensated absences	(63,618)
	\$ 31,374,639

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**

For the Fiscal Year Ended June 30, 2011

	<u>General Fund</u>	<u>Bond Building</u>	<u>Other Funds</u>	<u>Governmental Funds Total</u>
<b>Revenues:</b>				
Property taxes	\$ 59,998	\$ -	\$ 1,731,544	\$ 1,791,542
Fees and charges	138,978		76,497	215,475
State aid	13,169,729		1,182,666	14,352,395
Federal aid	187,992		3,097,106	3,285,098
Earnings on investments	2,006	298	267	2,571
Miscellaneous	7,154		38,758	45,912
	<u>\$ 13,565,857</u>	<u>\$ 298</u>	<u>\$ 6,126,838</u>	<u>\$ 19,692,993</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	\$ 6,640,001	\$ -	\$ 1,935,289	\$ 8,575,290
Support services - Students	1,704,197		401,399	2,105,596
Support services - Instruction	408,402		15,872	424,274
General administration	751,412		109,244	860,656
School administration	989,402		45,912	1,035,314
Central services	359,782		4,879	364,661
Operation of plant	1,953,781		296,633	2,250,414
Food service			819,022	819,022
Transportation	628,148		64,000	692,148
Other support services	6,276			6,276
<b>Debt service:</b>				
Principal			1,569,634	1,569,634
Interest			101,462	101,462
Capital outlay	14,982	88,654	931,004	1,034,640
Bond issue costs		49,418		
	<u>\$ 13,456,383</u>	<u>\$ 138,072</u>	<u>\$ 6,294,350</u>	<u>\$ 19,888,805</u>
Revenues over (under) expenditures	\$ 109,474	\$ (137,774)	\$ (167,512)	\$ (195,812)
<b>Other financing sources (uses)</b>				
Bond proceeds		10,675,000		10,675,000
Net change in fund balance	<u>\$ 109,474</u>	<u>\$ 10,537,226</u>	<u>\$ (167,512)</u>	<u>\$ 10,479,188</u>

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (concluded)  
For the Fiscal Year Ended June 30, 2011**

	<u>General Fund</u>	<u>Bond Building</u>	<u>Other Funds</u>	<u>Governmental Funds Total</u>
Fund balance, July 1, 2010, as originally stated	\$ 1,506,684	\$ -	\$ 2,550,561	\$ 4,057,245
Restatement (Note 12 )	<u>120,661</u>	<u>(2,291,566)</u>	<u>203,691</u>	<u>(1,967,214)</u>
Fund balance, July 1, 2010, as restated	\$ 1,627,345	\$ (2,291,566)	\$ 2,754,252	\$ 2,090,031
Net change in fund balance	<u>109,474</u>	<u>10,537,226</u>	<u>(167,512)</u>	<u>10,479,188</u>
Fund balance, June 30, 2011	<u><u>\$ 1,736,819</u></u>	<u><u>\$ 8,245,660</u></u>	<u><u>\$ 2,586,740</u></u>	<u><u>\$ 12,569,219</u></u>

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

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, 2011

Net change in fund balances-total governmental funds \$ 10,479,188

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

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	1,034,640
Depreciation	(1,807,803)

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	(103,921)
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Bond proceeds are reported as financing sources in the funds. In the Statement of  
Activities, however, issuing debt increases long-term liabilities. (10,675,000)

Repayment of debt principal is an expenditure in the governmental  
funds, but the repayment reduces long-term liabilities in the  
Statement of Net Assets 1,569,634

Bond issue costs are expenditures in the funds but are capitalized and amortized  
in the Statement of Activities:

Bond issue costs	49,418
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. 10,708

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. 15,429

<i>Change in Net Assets of Governmental Activities</i>	<b>\$ 557,330</b>
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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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Federal sources	\$ 202,586	\$ 202,586	\$ 187,992	\$ (14,594)
State sources	13,452,152	13,089,307	13,057,385	(31,922)
Local sources	82,955	82,955	95,006	12,051
Interest income	2,000	2,000	2,006	6
 Total revenues	 \$ 13,739,693	 \$ 13,376,848	 \$ 13,342,389	 \$ (34,459)
 <b>Expenditures:</b>				
<b>Current:</b>				
Instruction	\$ 7,805,288	\$ 7,388,991	\$ 6,538,965	\$ 850,026
Support services - Students	1,959,047	1,959,047	1,704,197	254,850
Support services - Instruction	451,416	446,285	408,496	37,789
General administration	806,719	806,719	752,260	54,459
School administration	995,467	995,467	988,503	6,964
Central services	393,191	393,567	361,544	32,023
Operation of plant	2,217,961	2,217,585	1,848,891	368,694
Pupil transportation	633,759	677,360	628,148	49,212
Other support services	22,103	22,103	5,784	16,319
Capital outlay		14,982	14,982	-
 Total expenditures	 \$ 15,284,951	 \$ 14,922,106	 \$ 13,251,770	 \$ 1,670,336
 Net change in fund balance	 \$ (1,545,258)	 \$ (1,545,258)	 \$ 90,619	 \$ 1,635,877
 Fund balance, July 1, 2010	 1,545,258	 1,545,258	 1,529,303	 (15,955)
 Fund balance, June 30, 2011	 \$ -	 \$ -	 \$ 1,619,922	 \$ 1,619,922
 <b>Budgetary reconciliation:</b>				
Net change in fund balance, GAAP basis				\$ 109,474
Revenue accruals (net)				(223,468)
Expenditure accruals (net)				204,613
 Net change in fund balance, NON-GAAP budgetary basis				 \$ 90,619

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, 2011

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and investments	<u>\$ 121,707</u>
Total assets	<u><u>\$ 121,707</u></u>
<b>Liabilities</b>	
Deposits held for others	<u>\$ 121,707</u>
Total liabilities	<u><u>\$ 121,707</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, 2011

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.

Bond Building – to account for bond proceeds plus any income earned thereon. The proceeds are restricted for the purpose 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. This is a Capital Project Fund.

## **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 in the fund statements. 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

in 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. The District reclassified the Cobre High School Daycare Center to a Special Revenue Fund. This fund was not budgeted during the fiscal year, however, it has been budgeted in the subsequent fiscal year. No budget statement has been 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*

During the year ended June 30, 2011, the District implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

- o Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to remain intact.
- o Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- o Committed fund balance – amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change its constraints.

- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the government body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Education establishes (and modifies or rescinds) fund balance commitments by adoption of a resolution or a vote of the Board. This is typically done through the adoption and amendment of the budget. Assigned fund balance is established by the Board of Education through adoption or amendment of the budget as intended for a specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

## **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, 2011 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, 2011 \$.00 of the governments bank balance of \$17,139,421 was exposed to custodial credit risk as follows:

Uninsured and collateralized	\$	<u>-0-</u>
Total	\$	<u><u>-0-</u></u>
	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits by custodial risk category:		
Insured	\$ 1,774,188	\$ 1,774,188
Collateral held by the pledging bank’s agent in the District’s name	15,365,233	13,390,687
Uninsured and collateralized	<u>-0-</u>	<u>-0-</u>
	<u>\$17,139,421</u>	<u>\$15,164,875</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, 2011, was as follows:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Capital assets not being depreciated:				
Land	\$ 747,139	\$ -0-	\$ -0-	\$ 747,139
Construction progress	<u>-0-</u>	<u>597,406</u>	<u>-0-</u>	<u>597,406</u>
Total assets not being Depreciated	<u>\$ 747,139</u>	<u>\$ 597,406</u>	<u>\$ -0-</u>	<u>\$ 1,344,545</u>
Other capital assets:				
Building & improvements	\$ 47,263,297	\$ 260,030	\$	\$ 47,523,327

Furniture and equipment	<u>4,571,954</u>	<u>177,204</u>	<u>          </u>	<u>4,749,158</u>
Total other capital assets at historical cost	<u>\$ 51,835,251</u>	<u>\$ 437,234</u>	<u>\$ -0-</u>	<u>\$ 52,272,485</u>
Less accumulated depre- ciation for:				
Building & improvement	<u>\$ (17,122,153)</u>	<u>\$ (1,585,669)</u>	<u>\$</u>	<u>\$ (18,707,822)</u>
Furniture & equipment	<u>(3,420,663)</u>	<u>(222,134)</u>	<u>          </u>	<u>(3,642,797)</u>
Total accumulated depre- ciation	<u>\$(20,542,816)</u>	<u>\$ (1,807,803)</u>	<u>\$ -0-</u>	<u>\$ (22,350,619)</u>
Total capital assets, net	<u>\$ 32,039,574</u>	<u>\$ (773,163)</u>	<u>\$ -0-</u>	<u>\$ 31,266,411</u>

Depreciation expense was charged to the governmental activities as follows:

Instruction	\$ 741,199
Student support	144,624
Instructional support	325,405
Administration general	90,390
Administration school	126,546
Central services	54,234
Plant operation	253,092
Transportation	63,274
Food	<u>9,039</u>
	<u>\$ 1,807,803</u>

Note 4 Long-term Debt

Changes in long-term debt were as follows during the year end June 30, 2011:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due In</u> <u>One Year</u>
G.O. Bonds, series 1998	\$ 700,000	\$ -0-	\$ 700,000	\$ -0-	\$ -0-
G.O. Bonds, series 2007	2,100,000		700,000	1,400,000	1,000,000
G.O. Bonds, series 2008	385,000		135,000	250,000	200,000
G.O. Bonds, 6/10/2011		10,675,000	-0-	10,675,000	-0-
Compensated absences payable	<u>79,047</u>	<u>69,360</u>	<u>84,789</u>	<u>63,618</u>	<u>-0-</u>
	<u>\$ 3,264,047</u>	<u>\$ 10,744,360</u>	<u>\$ 1,619,789</u>	<u>\$ 12,388,618</u>	<u>\$ 1,200,000</u>

Annual debt service for bonds payable requirements are as follows:

Due in fiscal year ending June 30:

	<u>Principal</u>	<u>Interest</u>
2012	\$ 1,200,000	\$ 201,677
2013	850,000	261,092
2014	950,000	246,936
2015	1,000,000	235,863
2016	1,050,000	220,325
2017-2021	5,275,000	732,304
2022-2026	<u>2,000,000</u>	<u>71,205</u>
	<u>\$ 12,325,000</u>	<u>\$ 1,969,402</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:

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
NMB&T	\$ 253,907	\$ -0-	\$ 34,634	\$ 219,273	\$ 36,308

Schedule of Payments	2012	\$ 46,068
	2013	46,068
	2014	46,068
	2015	46,068
	2016	46,068
	2017	<u>19,143</u>
	Total lease payments	\$ 249,483
	Less imputed interest	<u>(30,210)</u>
		<u>\$ 219,273</u>

#### GENERAL OBLIGATION BONDS

The bonds and bond interest are paid from property tax levies enacted specifically for the debt retirement. The revenues pledged totaled \$14,294,402 at June 30, 2011, and equal 100% of the tax levies enacted to repay the bonded indebtedness. The bonds were sold to erect and furnish facilities for the District. Interest rates range from .671% to 4.15% for individually scheduled retirements, and maturity dates range from 2013 through 2023. The property tax levies expire when the related bond indebtedness is repaid.

During the year ended June 30, 2011, the District recognized \$1,213,696 in property taxes pledged to retire the bonded indebtedness, and retired \$1,625,028 in bond principal and interest.

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](http://www.nmerb.org).

Funding Policy

Effective July 1, 2009 through June 30, 2011, 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. Effective July 1, 2011 plan members are 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 are required to contribute 11.15% of their gross salary. The Cobre Consolidated School District No. 2 is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 9.15% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the 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, 2011, 2010, and 2009 were \$1,828,383, \$1,899,539, and \$1,897,295 respectively, which equal the amount of the required 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](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the Statute required each participating employer to contribute 1.666% of each participating employee's annual salary; each participating employee is required to contribute .8333% of their salary. In the fiscal years ending June 30, 2012 and June 30, 2013 the contribution rates for employees and employers will rise as follows:

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

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY12	1.834%	.917%
FY13	2.000%	1.000%

Also, employers joining the program after 1/1/1998 are 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, 2011, 2010, and 2009 were \$150,454, \$122,016, and \$127,697, 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 Inter-Fund Activity

There were no Inter-fund balances as of June 30, 2011.

There were no inter-fund transfers during the year ended June 30, 2011.

Note 10 Restricted Net Assets

At June 30, 2011, net assets restricted for other purposes included the following balances in special revenue funds:

Medicaid	\$ 47,472
Cafeteria	242,245
Athletics	40,577
PED:	
SB-9	704,088
School Based Health	66,652
Cobre High School Daycare	233,698
Others	<u>53,631</u>
	<u>\$ 1,388,363</u>

The District reports restricted assets of \$2,721,554, of which \$2,680,977 is restricted by enabling legislation.

Note 11 Jointly Governed Organizations

The District participates in the Southwest Regional Education Center No. 10. This regional cooperative center was formed to consolidate the application for and the processing of supplementary federal and state funds. Representatives of the independent school districts, which are members, govern the Center.

The Center obtains grants and allocates them to the member districts. The District has no ongoing financial interest or responsibility in the Center.

Separately issued financial statements of the Center are available from the Center at P.O. Box 952, Truth or Consequences, New Mexico 87901

Note 12 Restatement

During the year ended June 30, 2011, the District reviewed its fund classification of certain activity accounts, and reclassified them according to generally accepted accounting principles. The following restatements of fund balance were the result of these reclassifications:

<u>General</u>	<u>Daycare Center</u>
<u>\$ 120,661</u>	<u>\$ 203,691</u>

During the 2008-2009 year, the District received an advance on a PSFA award in the amount of \$2,291,566. The terms of the advance was tied to the successful passing of a bond issue by the voters of the District. In the current fiscal year, the voters of the District passed a bond issue in the amount of \$10,675,000. The PSFA advance is to be repaid with proceeds of this bond issue. Fund balance in the Bond Building Fund has been restated to show the effects of this change.

Restatements for the Statement of Activities are as follows:

General	\$ 120,661
Daycare Center Fund	203,691
Bond Building Fund	<u>(2,291,566)</u>
	<u>\$2,967,214</u>

## **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, 20 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.

**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.

**Carl Perkins** – Fund used to account for federal resources for support for vocational and technical education programs that improve the academic vocational and technical skills of students (Carl D. Perkins Vocational and Applied Technology Education Act of 1988, P.L. 105-332).

**Cobre High School Daycare Center** – To account for the federal resources to provide daycare services for the District.

**SB-9** - Created by State law to account for the District's tax levy restricted solely for improvements to the physical plant (NMSA 1978 22-25-1).

## 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, 2011

	Special Revenue Funds			
	Cafeteria	Athletics	Title I	Entitlement
<b>Assets</b>				
Cash and investments	\$ 209,432	\$ 40,577	\$ -	\$ 185,314
Inventory	15,860			
Taxes receivable				
Due from other governments	17,036		758	
Total assets	\$ 242,328	\$ 40,577	\$ 758	\$ 185,314
<b>Liabilities and Fund Balance</b>				
Accounts payable	\$ 83	\$ -	\$ 758	\$ -
Deferred revenue				185,314
Total liabilities	\$ 83	\$ -	\$ 758	\$ 185,314
Fund balance:				
Nonspendable:				
Inventory	\$ 15,860	\$ -	\$ -	\$ -
Restricted for:				
Education		\$ 40,577		
Food service	226,385			
Social services				
Capital projects				
Debt service				
Total fund balance	\$ 242,245	\$ 40,577	\$ -	\$ -
Total liabilities and fund balance	\$ 242,328	\$ 40,577	\$ 758	\$ 185,314

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

Special Revenue Funds

<u>Competitive</u>	<u>Preschool</u>	<u>Education Technology</u>	<u>Title V</u>	<u>English Language</u>	<u>Teacher Training</u>	<u>Rural Schools</u>
\$ 1,829	\$ 21,676	\$ 1,541	\$ 81	\$ -	\$ -	\$ 2,000
				423	355	
<u>\$ 1,829</u>	<u>\$ 21,676</u>	<u>\$ 1,541</u>	<u>\$ 81</u>	<u>\$ 423</u>	<u>\$ 355</u>	<u>\$ 2,000</u>
\$ -	\$ 58	\$ -	\$ -	\$ 423	\$ 355	\$ -
1,829	21,618	1,541	81			2,000
<u>\$ 1,829</u>	<u>\$ 21,676</u>	<u>\$ 1,541</u>	<u>\$ 81</u>	<u>\$ 423</u>	<u>\$ 355</u>	<u>\$ 2,000</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 1,829</u>	<u>\$ 21,676</u>	<u>\$ 1,541</u>	<u>\$ 81</u>	<u>\$ 423</u>	<u>\$ 355</u>	<u>\$ 2,000</u>

Cobre Consolidated School District No. 2  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS (continued)**  
June 30, 2011

	Special Revenue Funds			
	Carl Perkins	GRADS	Medicaid	Technology For Education
<b>Assets</b>				
Cash and investments	\$ -	\$ 8,000	\$ 19,420	\$ 3,614
Inventory				
Taxes receivable				
Due from other governments	67		28,052	
Total assets	\$ 67	\$ 8,000	\$ 47,472	\$ 3,614
<b>Liabilities and Fund Balance</b>				
Accounts payable	\$ 67	\$ -	\$ -	\$ -
Deferred revenue		8,000		
Total liabilities	\$ 67	\$ 8,000	\$ -	\$ -
Fund balance:				
Nonspendable:				
Inventory	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Education				3,614
Food service				
Social services			47,472	
Capital projects				
Debt service				
Total fund balance	\$ -	\$ -	\$ 47,472	\$ 3,614
Total liabilities and fund balance	\$ 67	\$ 8,000	\$ 47,472	\$ 3,614

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

Special Revenue Funds					
Incentives for Sch Improvement	Teacher Mentoring	Library Book Fund	School Based Health	CHS Day Care Center	SB-9
\$ 4,042	\$ 437	\$ 23	\$ 66,652	\$ 233,698	\$ 701,896
					31,024
<u>\$ 4,042</u>	<u>\$ 437</u>	<u>\$ 23</u>	<u>\$ 66,652</u>	<u>\$ 233,698</u>	<u>\$ 732,920</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,015
					21,817
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,832</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,042	437	23	66,652	233,698	704,088
<u>\$ 4,042</u>	<u>\$ 437</u>	<u>\$ 23</u>	<u>\$ 66,652</u>	<u>\$ 233,698</u>	<u>\$ 704,088</u>
<u>\$ 4,042</u>	<u>\$ 437</u>	<u>\$ 23</u>	<u>\$ 66,652</u>	<u>\$ 233,698</u>	<u>\$ 732,920</u>

Cobre Consolidated School District No. 2  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS (concluded)**  
June 30, 2011

	Special Revenue Funds	Debt Service Funds		
	Energy Efficiency	Debt Service	Ed Tech Debt Service	Total
<b>Assets</b>				
Cash and investments	\$ 23,698	\$ 1,108,306	\$ 79,463	\$ 2,711,699
Inventory				15,860
Taxes receivable		95,045	23,953	150,022
Due from other governments				46,691
Total assets	\$ 23,698	\$ 1,203,351	\$ 103,416	\$ 2,924,272
<b>Liabilities and Fund Balance</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 8,759
Deferred revenue		69,280	17,293	328,773
Total liabilities	\$ -	\$ 69,280	\$ 17,293	\$ 337,532
Fund balance:				
Nonspendable:				
Inventory	\$ -	\$ -	\$ -	\$ 15,860
Restricted for:				
Education	23,698			1,076,829
Food service				226,385
Social services				47,472
Capital projects				-
Debt service		1,134,071	86,123	1,220,194
Total fund balance	\$ 23,698	\$ 1,134,071	\$ 86,123	\$ 2,586,740
Total liabilities and fund balance	\$ 23,698	\$ 1,203,351	\$ 103,416	\$ 2,924,272

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, 2011

	Special Revenue Funds			
	Cafeteria	Athletics	Title I	Entitlement
Revenues:				
Fees and charges	\$ 29,996	\$ 35,585	\$ -	\$ -
Property taxes				
State aid				
Federal aid	765,706		598,181	345,282
Earnings on investments	98			
Miscellaneous	49			
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>\$ 795,849</u>	<u>\$ 35,585</u>	<u>\$ 598,181</u>	<u>\$ 345,282</u>
Expenditures:				
Current:				
Instruction	\$ -	\$ 25,362	\$ 550,166	\$ 158,444
Support services - Students				138,134
Support services - Instruction			2,006	
General administration			16,679	48,704
School administration			24,451	
Central services			4,879	
Operation of plant				
Transportation				
Food services	765,795			
Debt service:				
Principle				
Interest				
Capital outlay				
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>\$ 765,795</u>	<u>\$ 25,362</u>	<u>\$ 598,181</u>	<u>\$ 345,282</u>
Net change in fund balance	<u>\$ 30,054</u>	<u>\$ 10,223</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, July 1, 2010, as originally stated	\$ 212,191	\$ 30,354	\$ -	\$ -
Restatement (Note 12)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, July 1, 2010, as restated	\$ 212,191	\$ 30,354	\$ -	\$ -
Net change in fund balance	<u>30,054</u>	<u>10,223</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2011	<u>\$ 242,245</u>	<u>\$ 40,577</u>	<u>\$ -</u>	<u>\$ -</u>

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

Special Revenue Funds

Preschool	Voluntary Early Intervention	Fruits and Vegetables	Idea B Risk Pool	English Language	Teacher Training	Safe and Drug Free Schools
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14,279	40,000	36,527	1,279	69,508	136,122	8,980
<u>\$ 14,279</u>	<u>\$ 40,000</u>	<u>\$ 36,527</u>	<u>\$ 1,279</u>	<u>\$ 69,508</u>	<u>\$ 136,122</u>	<u>\$ 8,980</u>
\$ 4,594	\$ - 40,000	\$ -	\$ 684 595	\$ 66,010	\$ 104,600 3,021 484	\$ 8,729
130				2,240 1,258	8,355 19,662	251
		36,527				
9,555						
<u>\$ 14,279</u>	<u>\$ 40,000</u>	<u>\$ 36,527</u>	<u>\$ 1,279</u>	<u>\$ 69,508</u>	<u>\$ 136,122</u>	<u>\$ 8,980</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2011

	Special Revenue Funds			
	Carl Perkins	Title I Stimulus	Preschool Stimulus	Elementary Breakfast
Revenues:				
Fees and charges	\$ -	\$ -	\$ -	\$ -
Property taxes				
State aid				
Federal aid	18,684	228,815	3,491	16,700
Earnings on investments				
Miscellaneous				
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	<u>\$ 18,684</u>	<u>\$ 228,815</u>	<u>\$ 3,491</u>	<u>\$ 16,700</u>
Expenditures:				
Current:				
Instruction	\$ 67	\$ 220,600	\$ 3,300	\$ -
Support services - Students	18,098	983		
Support services - Instruction				
General administration	519	6,691	191	
School administration		541		
Central services				
Operation of plant				
Transportation				
Food services				16,700
Debt service:				
Principle				
Interest				
Capital outlay				
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	<u>\$ 18,684</u>	<u>\$ 228,815</u>	<u>\$ 3,491</u>	<u>\$ 16,700</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, July 1, 2010, as originally stated	\$ -	\$ -	\$ -	\$ -
Restatement (Note 12)				
Fund balance, July 1, 2010, as restated	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Special Revenue Funds

Entitlement Stimulus	School Improve Stimulus	Pre K Stimulus	Medicaid	State Equalization Stimulus	Education Job Fund	Dual Credit Instruction
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
168,078	751	32,000	81,620	134,105	361,322	10,160
<u>\$ 168,078</u>	<u>\$ 751</u>	<u>\$ 32,000</u>	<u>\$ 81,620</u>	<u>\$ 134,105</u>	<u>\$ 361,322</u>	<u>\$ 10,160</u>
\$ 81,332 41,591 14,080	\$ 751	\$ -	\$ - 100,982	\$ 134,105	\$ 361,322	\$ 10,160
31,075		32,000				
<u>\$ 168,078</u>	<u>\$ 751</u>	<u>\$ 32,000</u>	<u>\$ 100,982</u>	<u>\$ 134,105</u>	<u>\$ 361,322</u>	<u>\$ 10,160</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,362)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 66,834	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ 66,834	\$ -	\$ -	\$ -
-	-	-	(19,362)	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,472</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, 2011

	Special Revenue Funds				
	<u>Technology For Education</u>	<u>Incentives For School Imp</u>	<u>Pre K Initiative</u>	<u>Teacher Mentoring</u>	<u>Library Book Fund</u>
Revenues:					
Fees and charges	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes					
State aid			156,654		
Federal aid					
Earnings on investments					
Miscellaneous					
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,654</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:					
Current:					
Instruction	\$ 21,810	\$ 14,361	\$ 124,608	\$ 6,109	\$ -
Support services - Students					
Support services - Instruction					
General administration			46		
School administration					
Central services					
Operation of plant					
Transportation			32,000		
Food services					
Debt service:					
Principle					
Interest					
Capital outlay					
Total expenditures	<u>\$ 21,810</u>	<u>\$ 14,361</u>	<u>\$ 156,654</u>	<u>\$ 6,109</u>	<u>\$ -</u>
Net change in fund balance	<u>\$ (21,810)</u>	<u>\$ (14,361)</u>	<u>\$ -</u>	<u>\$ (6,109)</u>	<u>\$ -</u>
Fund balance, July 1, 2010, as originally stat	\$ 25,424	\$ 18,403	\$ -	\$ 6,546	\$ 23
Restatement (Note 12 )					
Fund balance, July 1, 2010, as restated	\$ 25,424	\$ 18,403	\$ -	\$ 6,546	\$ 23
Net change in fund balance	<u>(21,810)</u>	<u>(14,361)</u>	<u>-</u>	<u>(6,109)</u>	<u>-</u>
Fund balance, June 30, 2011	<u>\$ 3,614</u>	<u>\$ 4,042</u>	<u>\$ -</u>	<u>\$ 437</u>	<u>\$ 23</u>

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

Special Revenue Funds					Capital Projects Funds
2008 GO Bond	School Based Health	CHS Day Care Center	SB-9	Energy Efficiency	PSFA
\$ -	\$ -	\$ 10,916	\$ -	\$ -	\$ -
13,382	55,000		517,848		
		35,676	232,383	48,893	528,750
			160		
			38,709		
<u>\$ 13,382</u>	<u>\$ 55,000</u>	<u>\$ 46,592</u>	<u>\$ 789,100</u>	<u>\$ 48,893</u>	<u>\$ 528,750</u>
\$ -	\$ -	\$ 16,585	\$ -	\$ -	\$ -
13,382	57,995				
			2,573		
			296,633		
				34,634	
				11,434	
			224,180		528,750
<u>\$ 13,382</u>	<u>\$ 57,995</u>	<u>\$ 16,585</u>	<u>\$ 523,386</u>	<u>\$ 46,068</u>	<u>\$ 528,750</u>
<u>\$ -</u>	<u>\$ (2,995)</u>	<u>\$ 30,007</u>	<u>\$ 265,714</u>	<u>\$ 2,825</u>	<u>\$ -</u>
\$ -	\$ 69,647	\$ -	\$ 438,374	\$ 20,873	\$ -
		203,691			
\$ -	\$ 69,647	\$ 203,691	\$ 438,374	\$ 20,873	\$ -
-	(2,995)	30,007	265,714	2,825	-
<u>\$ -</u>	<u>\$ 66,652</u>	<u>\$ 233,698</u>	<u>\$ 704,088</u>	<u>\$ 23,698</u>	<u>\$ -</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, 2011

5

	Capital Projects Funds		Debt Service Funds	
	Special Capital Outlay State	Ed Tech Equipment	Debt Service	Ed Tech Debt Service
Revenues:				
Fees and charges	\$ -	\$ -	\$ -	\$ -
Property taxes			1,004,587	209,109
State aid	137,444			
Federal aid				
Earnings on investments		9		
Miscellaneous				
Total revenues	\$ 137,444	\$ 9	\$ 1,004,587	\$ 209,109
Expenditures:				
Current:				
Instruction	\$ -	\$ 21,590	\$ -	\$ -
Support services - Students				
Support services - Instruction				
General administration			6,706	2,079
School administration				
Central services				
Operation of plant				
Transportation				
Food services				
Debt service:				
Principle			1,400,000	135,000
Interest			77,894	12,134
Capital outlay	137,444			
Total expenditures	\$ 137,444	\$ 21,590	\$ 1,484,600	\$ 149,213
Net change in fund balance	\$ -	\$ (21,581)	\$ (480,013)	\$ 59,896
Fund balance, July 1, 2010, as originally stated	\$ -	\$ 21,581	\$ 1,614,084	\$ 26,227
Restatement (Note 12 )				
Fund balance, July 1, 2010, as restated	\$ -	\$ 21,581	\$ 1,614,084	\$ 26,227
Net change in fund balance	-	(21,581)	(480,013)	59,896
Fund balance, June 30, 2011	\$ -	\$ -	\$ 1,134,071	\$ 86,123

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

<u>Total</u>	
\$	76,497
	1,731,544
	1,182,666
	3,097,106
	267
	<u>38,758</u>
<u>\$</u>	<u>6,126,838</u>

\$	1,935,289
	401,399
	15,872
	109,244
	45,912
	4,879
	296,633
	64,000
	819,022
	1,569,634
	101,462
	<u>931,004</u>

\$ 6,294,350

\$ (167,512)

\$ 2,550,561

203,691

\$ 2,754,252

(167,512)

\$ 2,586,740

Cobre Consolidated School District No. 2  
**GENERAL FUND**  
**COMBINING BALANCE SHEET**  
June 30, 2011

	Operational	Transportation	Activity
<b>Assets</b>			
Cash and investments	\$ 1,618,239	\$ -	\$ 145,579
Taxes receivable	8,091		
Interfund receivable			
	<b>\$ 1,626,330</b>	<b>\$ -</b>	<b>\$ 145,579</b>
<b>Total assets</b>	<b>\$ 1,626,330</b>	<b>\$ -</b>	<b>\$ 145,579</b>
 <b>Liabilities and Fund Balances</b>			
Accounts payable	\$ 30,102	\$ -	\$ -
Deferred revenue	6,671		
	<b>\$ 36,773</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total liabilities</b>	<b>\$ 36,773</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund balance:</b>			
Assigned to:			
Future purchases	\$ 30,768	\$ -	\$ -
Unassigned	1,558,789		145,579
	<b>\$ 1,589,557</b>	<b>\$ -</b>	<b>\$ 145,579</b>
<b>Total fund balances</b>	<b>\$ 1,589,557</b>	<b>\$ -</b>	<b>\$ 145,579</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,626,330</b>	<b>\$ -</b>	<b>\$ 145,579</b>

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

<u>Instructional Materials</u>	<u>Total</u>
\$ 1,683	\$ 1,765,501 8,091 -
<u>\$ 1,683</u>	<u>\$ 1,773,592</u>
\$ -	\$ 30,102 6,671
<u>\$ -</u>	<u>\$ 36,773</u>
\$ - 1,683	\$ 30,768 1,706,051
<u>\$ 1,683</u>	<u>\$ 1,736,819</u>
<u><u>\$ 1,683</u></u>	<u><u>\$ 1,773,592</u></u>

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, 2011

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>
<b>Revenues:</b>			
Property taxes	\$ 59,998	\$ -	\$ -
Fees and charges	21,492		
State aid	12,561,204	558,161	50,364
Federal aid	187,992		
Earnings on investments	2,006		
Miscellaneous	7,154		
	<hr/>	<hr/>	<hr/>
Total revenues	<u>\$ 12,839,846</u>	<u>\$ 558,161</u>	<u>\$ 50,364</u>
<b>Expenditures:</b>			
<b>Current:</b>			
Instruction	\$ 6,454,124	\$ -	\$ 93,309
Support services - Students	1,704,197		
Support services - Instruction	408,402		
General administration	751,412		
School administration	989,402		
Central services	359,782		
Operation of plant	1,953,781		
Transportation	69,987	558,161	
Other support services	6,276		
Capital outlay	14,982		
	<hr/>	<hr/>	<hr/>
Total expenditures	<u>\$ 12,712,345</u>	<u>\$ 558,161</u>	<u>\$ 93,309</u>
Net change in fund balances	<u>\$ 127,501</u>	<u>\$ -</u>	<u>\$ (42,945)</u>
Fund balance, July 1, 2010, as originally stated	\$ 1,462,056	\$ -	\$ 44,628
Restatement (Note 12)			
Fund balance, July 1, 2010, as restated	\$ 1,462,056	\$ -	\$ 44,628
Net change in fund balances	<hr/>	<hr/>	<hr/>
Fund balance, June 30, 2011	<u>\$ 1,589,557</u>	<u>\$ -</u>	<u>\$ 1,683</u>

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

<u>Activity</u>	<u>Total</u>
\$ -	\$ 59,998
117,486	138,978
	13,169,729
	187,992
	2,006
	7,154
<u>117,486</u>	<u>13,565,857</u>
\$ 92,568	\$ 6,640,001
	1,704,197
	408,402
	751,412
	989,402
	359,782
	1,953,781
	628,148
	6,276
	14,982
<u>92,568</u>	<u>13,456,383</u>
<u>24,918</u>	<u>109,474</u>
\$ -	\$ 1,506,684
<u>120,661</u>	<u>120,661</u>
\$ 120,661	\$ 1,627,345
<u>24,918</u>	<u>109,474</u>
<u>145,579</u>	<u>1,736,819</u>

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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Federal sources	\$ 202,586	\$ 202,586	\$ 187,992	\$ (14,594)
State sources	12,801,084	12,438,239	12,448,860	10,621
Local sources	82,955	82,955	95,006	12,051
Interest income	2,000	2,000	2,006	6
 Total revenues	 \$ 13,088,625	 \$ 12,725,780	 \$ 12,733,864	 \$ 8,084
 <b>Expenditures:</b>				
<b>Current:</b>				
Instruction	\$ 7,711,350	\$ 7,295,053	\$ 6,445,656	\$ 849,397
Support services - Students	1,959,047	1,959,047	1,704,197	254,850
Support services - Instruction	451,416	446,285	408,496	37,789
General administration	806,719	806,719	752,260	54,459
School administration	995,467	995,467	988,503	6,964
Central services	393,191	393,567	361,544	32,023
Operation of plant	2,217,961	2,217,585	1,848,891	368,694
Pupil transportation	32,000	75,601	69,987	5,614
Other support services	22,103	22,103	5,784	16,319
Capital outlay		14,982	14,982	-
 Total expenditures	 \$ 14,589,254	 \$ 14,226,409	 \$ 12,600,300	 \$ 1,626,109
 Net change in fund balance	 \$ (1,500,629)	 \$ (1,500,629)	 \$ 133,564	 \$ 1,634,193
 Fund balance, July 1, 2010	 1,500,629	 1,500,629	 1,484,675	 (15,954)
 Fund balance, June 30, 2011	 \$ -	 \$ -	 \$ 1,618,239	 \$ 1,618,239
 <b>Budgetary reconciliation:</b>				
Net change in fund balance, GAAP basis				\$ 127,501
Revenue accruals (net)				(105,982)
Expenditure accruals (net)				112,045
 Net change in fund balance, NON-GAAP budgetary basis				 \$ 133,564

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 601,759	\$ 601,759	\$ 558,161	\$ (43,598)
Expenditures:				
Current:				
Pupil transportation	<u>601,759</u>	<u>601,759</u>	<u>558,161</u>	<u>43,598</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2011	<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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 49,309	\$ 49,309	\$ 50,364	\$ 1,055
Expenditures:				
Current:				
Instruction	\$ 93,938	\$ 93,938	\$ 93,309	\$ 629
Support services - Instruction				-
Total expenditures	<u>\$ 93,938</u>	<u>\$ 93,938</u>	<u>\$ 93,309</u>	<u>\$ 629</u>
Net change in fund balance	\$ (44,629)	\$ (44,629)	\$ (42,945)	\$ 1,684
Fund balance, July 1, 2010	<u>44,629</u>	<u>44,629</u>	<u>44,628</u>	<u>(1)</u>
Fund balance, June 30, 2011	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,683</u></u>	<u><u>\$ 1,683</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (42,945)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (42,945)</u></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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 689,327	\$ 689,327	\$ 690,711	\$ 1,384
State sources	31,969	31,969	26,620	(5,349)
Local sources	38,945	38,945	30,045	(8,900)
Earnings on investments	<u>44</u>	<u>44</u>	<u>98</u>	<u>54</u>
Total revenues	<u>\$ 760,285</u>	<u>\$ 760,285</u>	<u>\$ 747,474</u>	<u>\$ (12,811)</u>
Expenditures:				
Current:				
Food services	\$ 916,587	\$ 916,587	\$ 700,530	\$ 216,057
Capital outlay				-
Total expenditures	<u>\$ 916,587</u>	<u>\$ 916,587</u>	<u>\$ 700,530</u>	<u>\$ 216,057</u>
Net change in fund balance	\$ (156,302)	\$ (156,302)	\$ 46,944	\$ 203,246
Fund balance, July 1, 2010	<u>156,302</u>	<u>156,302</u>	<u>162,488</u>	<u>6,186</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,432</u>	<u>\$ 209,432</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 30,054	
Revenue accruals (net)			(48,375)	
Expenditure accruals (net)			<u>65,265</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 46,944</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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ 35,000	\$ 35,000	\$ 35,585	\$ 585
Expenditures:				
Current:				
Instruction	63,789	63,789	25,362	38,427
Net change in fund balance	\$ (28,789)	\$ (28,789)	\$ 10,223	\$ 39,012
Fund balance, July 1, 2010	28,789	28,789	30,354	1,565
Fund balance, June 30, 2011	\$ -	\$ -	\$ 40,577	\$ 40,577
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 10,223	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 10,223	

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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 635,124	\$ 618,554	\$ 597,584	\$ (20,970)
Expenditures:				
Current:				
Instruction	\$ 549,441	\$ 568,943	\$ 549,569	\$ 19,374
Support services - Students				-
Support services - Instruction		2,481	2,006	475
General administration	17,720	17,720	16,679	1,041
School administration	67,963	24,521	24,451	70
Central services	-	4,889	4,879	10
Total expenditures	\$ 635,124	\$ 618,554	\$ 597,584	\$ 20,970
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(597)	
Expenditure accruals (net)			597	
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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 15,888	\$ 30,112	\$ 14,221	\$ (15,891)
Expenditures:				
Current:				
Instruction	\$ 10,000	\$ 25,000	\$ 14,091	\$ 10,909
Support services - Students	5,000	4,224		4,224
General administration	888	888	130	758
Total expenditures	\$ 15,888	\$ 30,112	\$ 14,221	\$ 15,891
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010			21,676	21,676
Fund balance, June 30, 2011	\$ -	\$ -	\$ 21,676	\$ 21,676
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(58)	
Expenditure accruals (net)			58	
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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 8,987	\$ 8,980	\$ (7)
Expenditures:				
Current:				
Instruction	\$ -	\$ 8,729	\$ 8,729	\$ -
General administration		258	251	7
Total expenditures	\$ -	\$ 8,987	\$ 8,980	\$ 7
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Students	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	<u>          </u>	<u>          </u>	<u>1,541</u>	<u>1,541</u>
Fund balance, June 30, 2011	<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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 15,197	\$ 69,774	\$ 69,774	\$ -
Expenditures:				
Current:				
Instruction	\$ 14,893	\$ 66,276	\$ 66,276	\$ -
General administration	304	2,240	2,240	-
School administration		1,258	1,258	-
Total expenditures	\$ 15,197	\$ 69,774	\$ 69,774	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			266	
Expenditure accruals (net)			(266)	
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 V INNOVATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2011

	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, 2010	-	-	81	81
Fund balance, June 30, 2011	\$ -	\$ -	\$ 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, 2011

	<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, 2010	-	-	<u>2,000</u>	<u>2,000</u>
Fund balance, June 30, 2011	<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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 148,794	\$ 163,107	\$ 135,767	\$ (27,340)
Expenditures:				
Current:				
Instruction	\$ 137,024	\$ 127,306	\$ 104,600	\$ 22,706
Support services - Students		3,021	3,021	-
Support services - Instruction		750	484	266
General administration	6,770	9,097	8,355	742
School administration	5,000	22,933	19,307	3,626
Total expenditures	\$ 148,794	\$ 163,107	\$ 135,767	\$ 27,340
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(355)	
Expenditure accruals (net)			355	
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, 2011

	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, 2010	-	-	1,829	1,829
Fund balance, June 30, 2011	\$ -	\$ -	\$ 1,829	\$ 1,829
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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 115,089	\$ 115,089	\$ 72,149	\$ (42,940)
Expenditures:				
Current:				
Support services - Students	115,089	115,089	103,396	11,693
Net change in fund balance	\$ -	\$ -	\$ (31,247)	\$ (31,247)
Fund balance, July 1, 2010	-	-	50,667	50,667
Fund balance, June 30, 2011	\$ -	\$ -	\$ 19,420	\$ 19,420
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (19,362)	
Revenue accruals (net)			(9,471)	
Expenditure accruals (net)			(2,414)	
Net change in fund balance, NON-GAAP budgetary basis			\$ (31,247)	

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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -		\$ -
Expenditures:				
Capital outlay	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	-	-	8,000	8,000
Fund balance, June 30, 2011	\$ -	\$ -	\$ 8,000	\$ 8,000
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 - 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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Expenditures:				
Current:				
Instruction	\$ 40,000	\$ -	\$ -	\$ -
Support services - Students		40,000	40,000	-
General administration				-
Total expenditures	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010				-
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 36,700	\$ 36,527	\$ (173)
Expenditures:				
Current:				
General administration	\$ -	\$ -	\$ -	\$ -
Food services		36,700	36,527	173
Total expenditures	<u>\$ -</u>	<u>\$ 36,700</u>	<u>\$ 36,527</u>	<u>\$ 173</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund balance, June 30, 2011	<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 - 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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 3,032	\$ 1,279	\$ (1,753)
Expenditures:				
Current:				
Instruction	\$ -	\$ 684	\$ 684	\$ -
Support services - Students		2,348	595	1,753
Total expenditures	\$ -	\$ 3,032	\$ 1,279	\$ 1,753
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010				-
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
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 - 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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ 18,403	\$ 14,361	\$ 4,042
Operation of plant	-	-	-	-
Total expenditures	\$ -	\$ 18,403	\$ 14,361	\$ 4,042
Net change in fund balance	\$ -	\$ (18,403)	\$ (14,361)	\$ 4,042
Fund balance, July 1, 2010	-	18,403	14,361	(4,042)
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (14,361)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (14,361)	

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 222,560	\$ 228,825	\$ 228,825	\$ -
Expenditures:				
Current:				
Instruction	\$ 216,351	\$ 220,610	\$ 220,610	\$ -
Support services - Students		983	983	-
Support services - Instruction				-
General administration	6,209	6,691	6,691	-
School administration		541	541	-
Central services				-
Total expenditures	<u>\$ 222,560</u>	<u>\$ 228,825</u>	<u>\$ 228,825</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2011	<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)			10	
Expenditure accruals (net)			<u>(10)</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 - 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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 246,836	\$ 168,078	\$ (78,758)
Expenditures:				
Current:				
Instruction	\$ -	\$ 81,369	\$ 81,332	\$ 37
Support services - Students		41,591	41,591	-
Support services - Instruction				-
General administration		14,080	14,080	-
School administration				-
Capital outlay		109,796	31,075	78,721
Total expenditures	\$ -	\$ 246,836	\$ 168,078	\$ 78,758
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 7,909	\$ 6,854	\$ (1,055)
Expenditures:				
Current:				
Instruction	\$ -	\$ 7,689	\$ 6,663	\$ 1,026
General administration		220	191	29
Total expenditures	<u>\$ -</u>	<u>\$ 7,909</u>	<u>\$ 6,854</u>	<u>\$ 1,055</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2011	<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)			3,363	
Expenditure accruals (net)			<u>(3,363)</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 - PRE K STIMULUS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 32,000	\$ 32,000	\$ -
Expenditures:				
Current:				
Student transportation	-	32,000	32,000	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 751	\$ 751	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ 751	\$ 751	\$ -
General administration	-	-	-	-
Total expenditures	\$ -	\$ 751	\$ 751	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 133,574	\$ 134,106	\$ 134,105	\$ (1)
Expenditures:				
Current:				
Instruction	133,574	134,106	134,105	1
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
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 - EDUCATION JOB FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 361,322	\$ 361,322	\$ -
Expenditures:				
Current:				
Instruction	-	361,322	361,322	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
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 - 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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 19,961	\$ 10,160	\$ (9,801)
Expenditures:				
Current:				
Instruction	\$ -	\$ 19,961	\$ 10,160	\$ 9,801
School administration				-
Total expenditures	<u>\$ -</u>	<u>\$ 19,961</u>	<u>\$ 10,160</u>	<u>\$ 9,801</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2011	<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 - 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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 65,675	\$ 65,675	\$ -	\$ (65,675)
Expenditures:				
Current:				
Instruction	\$ 65,675	\$ 65,675	\$ 21,810	\$ 43,865
Support services - Instruction				-
Total expenditures	\$ 65,675	\$ 65,675	\$ 21,810	\$ 43,865
Net change in fund balance	\$ -	\$ -	\$ (21,810)	\$ (21,810)
Fund balance, July 1, 2010	-	-	25,424	25,424
Fund balance, June 30, 2011	\$ -	\$ -	\$ 3,614	\$ 3,614
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (21,810)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (21,810)	

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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 375,565	\$ 384,547	\$ 345,583	\$ (38,964)
Expenditures:				
Current:				
Instruction	\$ 152,437	\$ 161,419	\$ 158,486	\$ 2,933
Support services - Students	130,000	154,726	138,393	16,333
General administration	93,128	68,402	48,704	19,698
Operation of plant				-
Total expenditures	\$ 375,565	\$ 384,547	\$ 345,583	\$ 38,964
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			301	
Expenditure accruals (net)			(301)	
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 - 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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 188,654	\$ 156,654	\$ 156,654	\$ -
Expenditures:				
Current:				
Instruction	\$ 156,654	\$ 124,608	\$ 124,608	\$ -
General administration		46	46	-
Transportation	32,000	32,000	32,000	-
Total expenditures	\$ 188,654	\$ 156,654	\$ 156,654	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ 6,546	\$ 6,109	\$ 437
General administration	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ 6,546</u>	<u>\$ 6,109</u>	<u>\$ 437</u>
Net change in fund balance	\$ -	\$ (6,546)	\$ (6,109)	\$ 437
Fund balance, July 1, 2010	<u>-</u>	<u>6,546</u>	<u>6,546</u>	<u>-</u>
Fund balance, June 30, 2011	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 437</u></u>	<u><u>\$ 437</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (6,109)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (6,109)</u></u>	

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

Cobre Consolidated School District No. 2  
**SPECIAL REVENUE FUND - ELEMENTARY SCHOOL BREAKFAST STIMULUS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 16,700	\$ 16,700	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Food services		16,700	16,700	-
Total expenditures	\$ -	\$ 16,700	\$ 16,700	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
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 - 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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 103,992	\$ 233,802	\$ 232,383	\$ (1,419)
Local sources	422,513	522,513	560,496	37,983
Earnings on investments	200	200	160	(40)
Total revenues	\$ 526,705	\$ 756,515	\$ 793,039	\$ 36,524
Expenditures:				
Current:				
Operation of plant	\$ 410,136	\$ 587,872	\$ 304,768	\$ 283,104
Administration	2,000	2,573	2,573	-
Capital outlay	654,480	705,981	212,165	493,816
Total expenditures	\$ 1,066,616	\$ 1,296,426	\$ 519,506	\$ 776,920
Net change in fund balance	\$ (539,911)	\$ (539,911)	\$ 273,533	\$ 813,444
Fund balance, July 1, 2010	539,911	539,911	428,363	(111,548)
Fund balance, June 30, 2011	\$ -	\$ -	\$ 701,896	\$ 701,896
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 265,714	
Revenue accruals (net)			3,939	
Expenditure accruals (net)			3,880	
Net change in fund balance, NON-GAAP budgetary basis			\$ 273,533	

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

Cobre Consolidated School District No. 2  
**SPECIAL REVENUE FUND - 2008 GO BOND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 20,111	\$ 13,382	\$ (6,729)
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Instruction		20,111	13,382	6,729
Total expenditures	\$ -	\$ 20,111	\$ 13,382	\$ 6,729
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
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 - 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, 2011

	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, 2010	-	-	23	23
Fund balance, June 30, 2011	\$ -	\$ -	\$ 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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 129,647	\$ 129,647	\$ 55,000	\$ (74,647)
Expenditures:				
Current:				
Support services - Students	\$ 60,000	\$ 129,647	\$ 57,995	\$ 71,652
Capital outlay	69,647			-
Total expenditures	\$ 129,647	\$ 129,647	\$ 57,995	\$ 71,652
Net change in fund balance	\$ -	\$ -	\$ (2,995)	\$ (2,995)
Fund balance, July 1, 2010	-	-	69,647	69,647
Fund balance, June 30, 2011	\$ -	\$ -	\$ 66,652	\$ 66,652
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (2,995)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (2,995)	

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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Earnings on investments	\$ -	\$ -	\$ 9	\$ 9
Expenditures:				
Capital outlay	30,706	30,706	21,590	9,116
Total expenditures	\$ 30,706	\$ 30,706	\$ 21,590	\$ 9,116
Net change in fund balance	\$ (30,706)	\$ (30,706)	\$ (21,581)	\$ 9,125
Fund balance, July 1, 2010	30,706	30,706	21,581	(9,125)
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP			\$ (21,581)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (21,581)	

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

Cobre Consolidated School District No. 2  
**SPECIAL REVENUE FUND - CARL PERKINS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 19,002	\$ 18,617	\$ (385)
Expenditures:				
Current:				
Instruction	\$ -	\$ 18,458	\$ 18,098	\$ 360
General administration		544	519	25
Total expenditures	\$ -	\$ 19,002	\$ 18,617	\$ 385
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	-	-	-	-
Fund balance, June 30, 2011	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(67)	
Expenditure accruals (net)			67	
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  
**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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ 1,477,894	\$ 1,477,894	\$ 1,026,003	\$ (451,891)
 Expenditures:				
Current:				
Administration	\$ 4,242	\$ 6,706	\$ 6,706	\$ -
Principal	1,400,000	1,400,000	1,400,000	-
Interest	77,894	77,894	77,894	-
Debt service reserve	<u>1,552,780</u>	<u>1,550,316</u>	<u>1,550,316</u>	<u>1,550,316</u>
Total expenditures	<u>\$ 3,034,916</u>	<u>\$ 3,034,916</u>	<u>\$ 1,484,600</u>	<u>\$ 1,550,316</u>
Net change in fund balance	\$ (1,557,022)	\$ (1,557,022)	\$ (458,597)	\$ 1,098,425
Fund balance, July 1, 2010	<u>1,557,022</u>	<u>1,557,022</u>	<u>1,566,903</u>	<u>9,881</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,108,306</u>	<u>\$ 1,108,306</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (480,013)	
Revenue accruals (net)			21,416	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (458,597)</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ 348,531	\$ 348,531	\$ 207,917	\$ (140,614)
Expenditures:				
Current:				
Administration	\$ 3,500	\$ 3,500	\$ 2,079	\$ 1,421
Principal	135,000	135,000	135,000	-
Interest	12,134	12,134	12,134	-
Debt service reserve	<u>209,575</u>	<u>209,575</u>	<u>          </u>	<u>209,575</u>
Total expenditures	<u>\$ 360,209</u>	<u>\$ 360,209</u>	<u>\$ 149,213</u>	<u>\$ 210,996</u>
Net change in fund balance	\$ (11,678)	\$ (11,678)	\$ 58,704	\$ 70,382
Fund balance, July 1, 2010	<u>11,678</u>	<u>11,678</u>	<u>20,759</u>	<u>9,081</u>
Fund balance, June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,463</u>	<u>\$ 79,463</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP			\$ 59,896	
Revenue accruals (net)			(1,192)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 58,704</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
Earnings on investments			298	298
<b>Total revenues</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 298</u>	<u>\$ 298</u>
Expenditures:				
Current:				
Operation of plant	\$ -	\$ -		\$ -
Bond issue costs				-
Capital outlay		10,675,000	109,330	10,565,670
<b>Total expenditures</b>	<u>\$ -</u>	<u>\$ 10,675,000</u>	<u>\$ 109,330</u>	<u>\$10,565,670</u>
Revenues over (under) expenditures	\$ -	\$ (10,675,000)	\$ (109,032)	\$10,565,968
Other financing sources (uses):				
Bond proceeds	-	10,675,000	10,675,000	-
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,565,968</u>	<u>\$10,565,968</u>
Fund balance, July 1, 2010				-
<b>Fund balance, June 30, 2011</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,565,968</u></u>	<u><u>\$10,565,968</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 10,537,226	
Revenue accruals (net)			-	
Expenditure accruals (net)			28,742	
Other financing uses (net)				
<b>Net change in fund balance, NON-GAAP budgetary basis</b>			<u><u>\$ 10,565,968</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 137,444	\$ 137,444	\$ -
Expenditures:				
Capital outlay-construction	<u>-</u>	<u>137,444</u>	<u>137,444</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2011	<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, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 48,893	\$ 48,893	\$ 48,893	\$ -
Expenditures:				
Capital outlay	69,767	69,767	46,068	23,699
Net change in fund balance	\$ (20,874)	\$ (20,874)	\$ 2,825	\$ 23,699
Fund balance, July 1, 2010	20,874	20,874	20,873	(1)
Fund balance, June 30, 2011	\$ -	\$ -	\$ 23,698	\$ 23,698
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 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, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Restatement</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>Assets</b>					
Cash and investments:					
Cobre High School	\$ 59,690	208,269	\$ 197,857	\$ (1,778)	\$ 68,324
Snell Middle School	33,167	41,895	40,886	(6,496)	27,680
Bayard Elementary	5,004	1,428	1,260	(5,004)	168
Central Elementary	36,910	10,874	13,209	(21,350)	13,225
Hurley Elementary	5,538	-	-	(5,496)	42
San Lorenzo Elementary	12,397	-	-	(12,397)	-
All Students	<u>280,964</u>	<u>3,135</u>	<u>          </u>	<u>(271,831)</u>	<u>12,268</u>
 Total assets	 <u>\$ 433,670</u>	 <u>\$ 265,601</u>	 <u>\$ 253,212</u>	 <u>\$ (324,352)</u>	 <u>\$ 121,707</u>
 <b>Liabilities</b>					
Deposits held for others:					
Cobre High School	\$ 59,690	208,269	\$ 197,857	\$ (1,778)	\$ 68,324
Snell Middle School	33,167	41,895	40,886	(6,496)	27,680
Bayard Elementary	5,004	1,428	1,260	(5,004)	168
Central Elementary	36,910	10,874	13,209	(21,350)	13,225
Hurley Elementary	5,538	-	-	(5,496)	42
San Lorenzo Elementary	12,397	-	-	(12,397)	-
All Students	<u>280,964</u>	<u>3,135</u>	<u>          </u>	<u>(271,831)</u>	<u>12,268</u>
 Total liabilities	 <u>\$ 433,670</u>	 <u>\$ 265,601</u>	 <u>\$ 253,212</u>	 <u>\$ (324,352)</u>	 <u>\$ 121,707</u>

Cobre Consolidated School District No. 2  
**SCHEDULE OF DEPOSITORY COLLATERAL**  
 June 30, 2011

	<u>Bank of America</u>	<u>Ambank</u>	<u>Total</u>
Checking and CD's	\$ 1,718,324	\$ 55,864	\$ 1,774,188
Repurchase Deposits	<u>15,365,233</u>		<u>15,365,233</u>
Total on deposit	\$ 17,083,557	\$ 55,864	\$ 17,139,421
Less: FDIC insurance	<u>(1,718,324)</u>	<u>(55,864)</u>	<u>(1,774,188)</u>
Total uninsured public funds	<u>\$ 15,365,233</u>	<u>\$ -</u>	<u>\$ 15,365,233</u>
102% collateralization requirement	\$ 15,672,538	\$ -	\$ 15,672,538
50% collateralization requirement (Section 6-10-17 NMSA)	<u>-</u>	<u>-</u>	<u>-</u>
Total collateralization requirement	<u>\$ 15,672,538</u>	<u>\$ -</u>	<u>\$ 15,672,538</u>
Pledged Securities:			
GNMA 38377GGZ6 2/20/36	\$ 3,928,068		\$ 3,928,068
GNMA 38374DAV1 7/20/36	230,062		230,062
GNMA 38374MG52 3/20/36	10,910,826		10,910,826
GNMA 38374DAV1 7/20/36	<u>603,582</u>		<u>603,582</u>
Total pledged securities	<u>\$ 15,672,538</u>	<u>\$ -</u>	<u>\$ 15,672,538</u>
Pledged securities over (under) requirement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2011

	Type of Account	Bank Balance	Reconciled Balance
<u>Bank of America</u>			
Athletics	Checking	\$ 41,060	\$ 40,577
Food Services	Checking	-	207,233
Federal Projects	Checking	-	394,490
SB-9	Checking	-	647,416
Payroll Clearing	Checking	-	-
Operational	Checking	-	1,609,120
Repurchase Agreement	Repurchase	15,365,233	-
Debt Service	Checking	1,187,769	1,187,769
Non-budget	Checking	480,376	447,319
Repurchase	Checking	9,119	9,119
Bond Building	Checking	-	10,565,968
		<hr/>	<hr/>
Total Bank of America		\$ 17,083,557	\$ 15,109,011
<u>Ambank</u>			
Activity	Checking	\$ 53,665	\$ 53,665
Cafeteria	Checking	2,199	2,199
		<hr/>	<hr/>
Total Ambank		\$ 55,864	\$ 55,864
		<hr/>	<hr/>
Total cash and investments		\$ 17,139,421	\$ 15,164,875
		<hr/> <hr/>	<hr/> <hr/>

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, 2011

	<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, 2010	\$ 1,484,675	\$ -	\$ 44,628	\$ 162,488	\$ 30,354
Add: Current year receipts	12,733,864	558,161	50,364	747,475	35,585
Less: Current year expenditures	<u>(12,600,300)</u>	<u>(558,161)</u>	<u>(93,309)</u>	<u>(700,531)</u>	<u>(25,362)</u>
Total cash and investments as of June 30, 2011	<u>\$ 1,618,239</u>	<u>\$ -</u>	<u>\$ 1,683</u>	<u>\$ 209,432</u>	<u>\$ 40,577</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, 2011

	Federal Flowthrough	Federal Direct	Local Grants	State Flowthrough
Total cash and investments as of July 1, 2010	\$ 212,442	\$ 58,667	\$ -	\$ 50,396
Add: Current year receipts	1,721,540	567,576		180,195
Less: Current year expenditures	<u>(1,721,540)</u>	<u>(598,823)</u>		<u>(222,476)</u>
Total cash and investments as of June 30, 2011	<u>\$ 212,442</u>	<u>\$ 27,420</u>	<u>\$ -</u>	<u>\$ 8,115</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, 2011

	<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, 2010	\$ 69,647	\$ -	\$ -	\$ 373,883	\$ 20,873
Add: Current year receipts	55,000	10,675,298	137,444	793,039	48,893
Less: Current year expenditures	<u>(57,995)</u>	<u>(109,330)</u>	<u>(137,444)</u>	<u>(519,506)</u>	<u>(46,068)</u>
Total cash and investments as of June 30, 2011	<u>\$ 66,652</u>	<u>\$ 10,565,968</u>	<u>\$ -</u>	<u>\$ 647,416</u>	<u>\$ 23,698</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, 2011

	<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, 2010	\$ 21,581	\$ 54,480	\$ 1,566,903	\$ 20,759
Add: Current year receipts	9		1,026,003	207,917
Less: Current year expenditures	<u>(21,590)</u>		<u>(1,484,600)</u>	<u>(149,213)</u>
Total cash and investments as of June 30, 2011	<u>\$ -</u>	<u>\$ 54,480</u>	<u>\$ 1,108,306</u>	<u>\$ 79,463</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, 2011

	Agency	Total
Total cash and investments as of July 1, 2010	\$ 433,670	\$ 4,605,446
Add: Current year receipts	430,928	29,969,291
Less: Current year expenditures	(363,614)	(19,409,862)
Total cash and investments as of June 30, 2011	\$ 500,984	\$ 15,164,875

Cobre Consolidated School District #2  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For The Fiscal Year Ended June 30, 2011

<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>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Passed through N.M. Department of Education:			
Title I Grants to Lea's	84.010	24.101	\$ 598,181
Special Education-Grants to States	84.027	24.106	346,561
ARRA - Special Education-Grants to States, Recovery Act	84.391	24.206	168,078
Special Education-Preschool Grants	84.173	24.109	14,279
ARRA - Special Education-Preschool Grants, Recovery Act	84.392	24.209	3,491
ARRA - State Fiscal Stabilization Fund	84.394	25.250	134,105
Education Job Fund	84.410	25.255	361,322
State Fiscal Stability	84.397	24.290	48,700
ARRA - Title I School Improvement, Recovery Act	84.388	24.262	751
ARRA - Title I Grants to Lea's, Recovery Act	84.389	24.201	228,815
Teacher Quality State Grants	84.367	24.154	136,122
Safe and Drug-Free Schools and Communities	84.186	24.157	8,980
Vocational Education	84.048	24.174	18,684
English Language Acquisition Grants	84.365	24.153	69,508
Special Education - Grants for Infants and Families	84.181	24.112	40,000
			<u>\$ 2,177,577</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Direct Programs:			
Schools and Roads-Grants to States	10.665	N/A	\$ 144,782
Passed through N.M. Department of Education:			
National School Lunch Program	10.555	N/A	440,294
Child and Adult Food	10.558	N/A	5,843
School Breakfast Program	10.553	N/A	275,303
Fresh Fruits and Vegetables Program	10.582	24.118	36,527
Passed through N.M. Department of Human Svc's:			
Emergency Food Assistance Program	10.569	N/A	50,109
			<u>\$ 952,858</u>

Cobre Consolidated School District #2  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS(concluded)**  
 For The Fiscal Year Ended June 30, 2011

<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>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
Passed through N.M. Dept. of Human Services:			
Child Care and Development	93.596	N/A	\$ 29,833
Medical Assistance Program	93.778	25.153	<u>81,620</u>
Total U.S. Department of Agriculture			<u>\$ 111,453</u>
Total expenditures of federal awards			<u><u>\$ 3,241,888</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, 2011

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 \$50,109 in commodities during the 2010-2011 fiscal year.

Note 3      Insurance

The District had the following insurance coverages during the year ended June 30, 2011:

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, 2011

Current  
Year Status

**Findings – Financial Statement Audit**

08-3      Timely deposit of activity receipts      Resolved

**Findings – Major Federal Award Programs**

U.S. Department of Education

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

Condition – This finding was a questioned cost where federal funds were used to supplant, rather than supplement non-federal funding. The questioned costs were \$1,328.

Recommendation – The auditor recommended that federal funds be used only to supplement non-federal funding, and that supervisory personnel be especially sensitive to the use of federal funds when the activity includes both special education and mainstream students. Management concurred with the recommendation and indicated that expenditure eligibility would be emphasized.

Current status – The recommendation was adopted in November, 2010. No similar findings were noted in the 2011 audit.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
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 of Cobre Consolidated School District No. 2 as of and for the year ended June 30, 2011, which collectively comprise Cobre Consolidated School District No. 2's basic financial statements and have issued our report thereon dated November 8, 2011. 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, 2011 and have issued our report thereon dated November 8, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, listed as findings 2011-1 and 2011-2. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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

November 8, 2011

Stone, McGee & Co.  
Certified Public Accountants

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**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, 2011. 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, 2011.

## 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.

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

November 8, 2011

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, 2011

**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. Two significant deficiencies relating to the audit of the financial statements are reported in the "Findings – Financial Statement Audit" section of this report. The deficiencies are not reported as material weaknesses.
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; the nutrition cluster, consisting of the National School Lunch Program, CFDA No. 10.555, and the School Breakfast Program, CFDA No. 10.553; and the Education Jobs Fund, CFDA No. 84.410.
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**

2011-1 Fund Classifications (Significant Deficiency)

Condition – The District has, in prior years, carried its daycare center as an agency fund, rather than as a budgeted special revenue fund. This fund receives federal and local funding which is under the District's control.

Criteria – The PED Manual of Procedures and generally accepted accounting principles require that funds granted to the District for specific purposes be budgeted, and carried as special revenue funds in the District’s reports.

Effect – The presentation of the fund in the financial statements has been incorrect, federal funds expended have not been reported, and PED regulations have been violated.

Cause – When the District first initiated the daycare center, it was funded by local organizations that maintained control of the operation, and it was properly classified as an agency fund. However, as the funding sources and operational control changed, the District did not reclassify the daycare center operations in accordance with generally accepted accounting principles and PED regulations.

Recommendation – We recommend that the District review the funding source and PED requirements when new funds are received, in order to classify the funds appropriately.

Agency Response – The District has in effect a policy to identify and classify funding sources according to PED regulations. This was an unanticipated situation in which the funding source changed from the initial classification of the fund. We will establish a review policy to keep this situation from happening in the future.

#### 2011-2 Liability Recognition (Significant Deficiency)

Condition – The District did not recognize a liability to the Public School Facilities Authority for an advance in the amount of \$2,291,566 received during the 2008-2009 fiscal year. The amount was characterized as revenue, but was an advance to be repaid when the District completed its bond sale.

Criteria – Generally accepted accounting principles require recognition of a liability when the amount received is expected to be repaid.

Effect – Revenues were overstated in the 2008-2009 financial statements, and the liability necessitated restatement of the beginning fund balance in the current year.

Cause – Awards from the Public School Facilities Authority are disbursed directly by the Authority to the vendor. The District does not commonly record these revenues or expenditures in their general ledger, because no cash transactions are generated by the District. Typically, these awards are recorded directly into the financial statements at year end. In this instance, the amounts disbursed by the Authority were both grants and advances, but the District recorded the entire amount disbursed by the Authority as grant revenue.

Recommendation – We recommend that the District record disbursements made by the Authority on the District’s behalf in a sub-ledger, and that this sub-ledger correctly identify the source of the funds as revenue or advances to be repaid. We further recommend that the District include these transactions in their year-end financial statements in the appropriate categories.

Agency response – This transaction was an unusual circumstance. At the time the advance was received, we did not have an approved bond issue with which to repay the advance. There was some confusion as to whether the amount would be repaid if the bond issue was not approved. Therefore, the advance was recorded as revenue during the 2008-2009 fiscal year. However, we will adopt the above recommendation in future transactions.

## **FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS**

None

## **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, 2011. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Frances Kelly	Board Secretary	Cobre Consolidated Schools
George Peru	Acting 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