

State of New Mexico
Cobre Consolidated School District No. 2

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

For The Fiscal Year Ended June 30, 2012

Cobre Consolidated School District No. 2
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Cobre Consolidated School District No. 2
DIRECTORY OF OFFICIALS
June 30, 2012

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 MONTOYA, 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 and major special revenue funds of Cobre Consolidated School District No. 2 (District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. We 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, 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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, 2012, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparisons for the General Fund, the Entitlement Fund, and the SB-9 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, 2012, 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 10, 2012, 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. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

Stone, McGee & Co CPAs

November 10, 2012

Stone, McGee & Co.
Certified Public Accountants

Cobre Consolidated School District No. 2
STATEMENT OF NET ASSETS
June 30, 2012

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 8,633,929
Property taxes receivable	158,938
Due from other governments	24,418
Inventory	4,563
Bond issue costs	46,962
Capital assets:	
Land	747,139
Furniture and fixtures	4,768,468
Buildings and improvements	47,977,757
Construction in progress	9,698,951
Less accumulated depreciation	(24,109,052)
Total capital assets, net of depreciation	\$ 39,083,263
Total assets	\$ 47,952,073
 Liabilities	
Accounts payable	\$ 231,387
Deferred revenue	236,593
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	850,000
Lease purchase payable	38,115
Accrued interest payable	113,527
Portion due or payable after one year:	
Bonds payable	10,275,000
Lease purchase payable	144,850
Compensated absences	66,242
Total liabilities	\$ 11,955,714
 Net Assets	
Invested in capital assets, net of related debt	\$ 31,838,887
Restricted for:	
Debt service	1,016,026
Capital outlay	801
Other purposes	1,314,461
Unrestricted	1,826,184
Total net assets	\$ 35,996,359

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, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental activities:					
Instruction	\$ 9,305,675	\$ 175,371	\$ 1,938,641	\$ -	\$ (7,191,663)
Support services - Students	1,740,188		360,977		(1,379,211)
Support services - Instruction	511,182		6,964		(504,218)
General administration	797,700	38,567	126,406		(632,727)
School administration	954,172		38,947		(915,225)
Central services	363,090				(363,090)
Operation of plant	2,738,831	12,000	50,730	4,679,964	2,003,863
Food services	857,409	39,074	830,971		12,636
Transportation	867,237		656,957		(210,280)
Other support services	21,974				(21,974)
Interest on long-term debt	309,841				(309,841)
	<u>\$ 18,467,299</u>	<u>\$ 265,012</u>	<u>\$ 4,010,593</u>	<u>\$ 4,679,964</u>	<u>\$ (9,511,730)</u>
Total governmental activities					

General revenues:	
Property taxes:	
Levied for general purposes	\$ 57,262
Levied for debt service	1,233,131
Levied for capital improvements	376,926
State aid - formula grants	12,446,994
Recoveries and refunds	17,872
Unrestricted investment earnings	<u>1,265</u>
 Total general revenues and special items	 <u>\$ 14,133,450</u>
 Change in net assets	 \$ 4,621,720
Net assets - beginning	<u>31,374,639</u>
Net assets - ending	<u><u>\$ 35,996,359</u></u>

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

Cobre Consolidated School District No. 2
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	Entitlement	SB-9	Bond Building
Assets				
Cash and investments	\$ 1,876,202	\$ 185,314	\$ 602,859	\$ 4,153,664
Taxes receivable	8,315		32,349	
Inventory				
Due from other governments				
Total assets	\$ 1,884,517	\$ 185,314	\$ 635,208	\$ 4,153,664
 Liabilities and Fund Balance				
Accounts payable	\$ 39,053	\$ -	\$ 101,257	\$ 89,274
Deferred revenue	7,186	185,314	25,055	
Total liabilities	\$ 46,239	\$ 185,314	\$ 126,312	\$ 89,274
 Fund balance:				
Nonspendable:				
Inventories	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Education			508,896	
Food service				
Social services				
Capital projects				4,064,390
Debt service				
Unassigned	1,838,278			
Total fund balance	\$ 1,838,278	\$ -	\$ 508,896	\$ 4,064,390
Total liabilities and fund balance	\$ 1,884,517	\$ 185,314	\$ 635,208	\$ 4,153,664

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

<u>Debt Service</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ 1,010,092	\$ 805,798	\$ 8,633,929
97,304	20,970	158,938
	4,563	4,563
	<u>24,418</u>	<u>24,418</u>
<u>\$ 1,107,396</u>	<u>\$ 855,749</u>	<u>\$ 8,821,848</u>
\$ -	\$ 1,803	\$ 231,387
<u>76,410</u>	<u>68,537</u>	<u>362,502</u>
<u>\$ 76,410</u>	<u>\$ 70,340</u>	<u>\$ 593,889</u>
\$ -	\$ 4,563	4,563
	324,074	832,970
	320,679	320,679
	131,194	131,194
		4,064,390
1,030,986	4,899	1,035,885
		<u>1,838,278</u>
<u>\$ 1,030,986</u>	<u>\$ 785,409</u>	<u>\$ 8,227,959</u>
<u>\$ 1,107,396</u>	<u>\$ 855,749</u>	<u>\$ 8,821,848</u>

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

June 30, 2012

Total governmental fund balances	\$ 8,227,959
 <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	39,083,263
Bond issue costs are capitalized and amortized over the life of the bonds	46,962
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	125,909
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	(11,125,000)
Lease purchase payable	(182,965)
Accrued interest payable	(113,527)
Compensated absences	<u>(66,242)</u>
 <i>Net assets of governmental activities</i>	 <u><u>\$ 35,996,359</u></u>

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, 2012

	General Fund	Entitlement	SB-9
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Property taxes	\$ 56,747	\$ -	\$ 373,688
Fees and charges	137,327		
State aid	13,110,536		99,683
Federal aid	172,389	429,102	
Earnings on investments	400		40
Miscellaneous	17,872		
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 13,495,271</u>	<u>\$ 429,102</u>	<u>\$ 473,411</u>
Expenditures:			
Current:			
Instruction	\$ 7,226,971	\$ 155,037	\$ -
Support services - Students	1,361,112	233,451	
Support services - Instruction	447,828		
General administration	492,949	40,614	2,626
School administration	902,375		
Central services	358,817		
Operation of plant	1,938,634		389,849
Food service			
Transportation	643,152		
Other support services	21,974		
Debt service:			
Principal			
Interest			
Bond issue costs			
Capital outlay			276,128
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 13,393,812</u>	<u>\$ 429,102</u>	<u>\$ 668,603</u>
Revenues over (under) expenditures	\$ 101,459	\$ -	\$ (195,192)
Other financing sources:			
Bond proceeds			
Bond premiums			
Operating transfers in (out)			
	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	\$ 101,459	\$ -	\$ (195,192)
Fund balance, July 1, 2011	<u>\$ 1,736,819</u>	<u> </u>	<u>\$ 704,088</u>
Fund balance, June 30, 2012	<u>\$ 1,838,278</u>	<u>\$ -</u>	<u>\$ 508,896</u>

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

Bond Building	PSFA Projects	Debt Service	Other Funds	Governmental Funds Total
\$ -	\$ -	\$ 1,099,894	\$ 126,142	\$ 1,656,471
			89,118	226,445
	4,568,218		816,531	18,594,968
			1,979,659	2,581,150
801			24	1,265
				17,872
<u>\$ 801</u>	<u>\$ 4,568,218</u>	<u>\$ 1,099,894</u>	<u>\$ 3,011,474</u>	<u>\$ 23,078,171</u>
\$ -	\$ -	\$ -	\$ 1,006,658	\$ 8,388,666
			110,456	1,705,019
			10,601	458,429
		7,377	87,083	630,649
			38,947	941,322
				358,817
80,978			1,837	2,411,298
			787,072	787,072
			50,000	693,152
				21,974
		1,000,000	236,308	1,236,308
		195,602	15,835	211,437
				-
<u>4,101,093</u>	<u>4,568,218</u>		<u>629,849</u>	<u>9,575,288</u>
<u>\$ 4,182,071</u>	<u>\$ 4,568,218</u>	<u>\$ 1,202,979</u>	<u>\$ 2,974,646</u>	<u>\$ 27,419,431</u>
\$ (4,181,270)	\$ -	\$ (103,085)	\$ 36,828	\$ (4,341,260)
				-
				-
				-
<u>\$ (4,181,270)</u>	<u>\$ -</u>	<u>\$ (103,085)</u>	<u>\$ 36,828</u>	<u>\$ (4,341,260)</u>
<u>\$ 8,245,660</u>		<u>\$ 1,134,071</u>	<u>\$ 748,581</u>	<u>\$ 12,569,219</u>
<u>\$ 4,064,390</u>	<u>\$ -</u>	<u>\$ 1,030,986</u>	<u>\$ 785,409</u>	<u>\$ 8,227,959</u>

Cobre Consolidated School District No. 2
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**
For The Year Ended June 30, 2012

Net change in fund balances-total governmental funds \$ (4,341,260)

*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	9,575,285
Depreciation	(1,758,433)

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	10,848
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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.

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	1,236,308
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Bond issue costs are expenditures in the funds but are capitalized and amortized
in the Statement of Activities:

Bond issue costs	
Amortization	(23,697)

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.	(74,707)
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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.	(2,624)
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<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$ 4,621,720</u></u>
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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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 165,304	\$ 165,304	\$ 172,389	\$ 7,085
State sources	13,021,258	13,056,127	13,110,536	54,409
Local sources	81,977	81,977	93,013	11,036
Interest income	2,000	2,000	400	(1,600)
Total revenues	\$ 13,270,539	\$ 13,305,408	\$ 13,376,338	\$ 70,930
Expenditures:				
Current:				
Instruction	\$ 7,523,894	\$ 7,523,894	\$ 7,129,760	\$ 394,134
Support services - Students	1,890,000	1,771,982	1,361,112	410,870
Support services - Instruction	453,000	488,864	447,828	41,036
General administration	805,000	816,599	493,196	323,403
School administration	1,066,000	1,043,171	902,811	140,360
Central services	392,000	396,451	356,879	39,572
Operation of plant	2,151,000	2,231,913	1,926,666	305,247
Pupil transportation	603,088	645,977	643,152	2,825
Other support services	40,071	40,071	17,710	22,361
Capital outlay	-	-	-	-
Total expenditures	\$ 14,924,053	\$ 14,958,922	\$ 13,279,114	\$ 1,679,808
Net change in fund balance	\$ (1,653,514)	\$ (1,653,514)	\$ 97,224	\$ 1,750,738
Fund balance, July 1, 2011	1,653,514	1,653,514	1,619,922	(33,592)
Fund balance, June 30, 2012	\$ -	\$ -	\$ 1,717,146	\$ 1,717,146

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 392,000	\$ 439,946	\$ 429,620	\$ (10,326)
Expenditures:				
Current:				
Instruction	\$ 95,000	\$ 156,091	\$ 155,555	\$ 536
Support services - Students	165,064	236,518	233,451	3,067
General administration	22,060	47,337	40,614	6,723
School administration	109,876			-
Total expenditures	\$ 392,000	\$ 439,946	\$ 429,620	\$ 10,326
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 99,683	\$ 99,683	\$ -
Local sources	397,235	397,235	375,601	(21,634)
Earnings on investments			40	40
	<u>397,235</u>	<u>496,918</u>	<u>475,324</u>	<u>(21,594)</u>
Total revenues	<u>\$ 397,235</u>	<u>\$ 496,918</u>	<u>\$ 475,324</u>	<u>\$ (21,594)</u>
Expenditures:				
Current:				
Operation of plant	\$ 461,000	\$ 558,736	\$ -	\$ 558,736
Administration	3,000	3,000	2,626	374
Capital outlay	656,480	658,427	571,735	86,692
	<u>1,120,480</u>	<u>1,220,163</u>	<u>574,361</u>	<u>645,802</u>
Total expenditures	<u>\$ 1,120,480</u>	<u>\$ 1,220,163</u>	<u>\$ 574,361</u>	<u>\$ 645,802</u>
Net change in fund balance	\$ (723,245)	\$ (723,245)	\$ (99,037)	\$ 624,208
Fund balance, July 1, 2011	<u>723,245</u>	<u>723,245</u>	<u>701,896</u>	<u>(21,349)</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 602,859</u>	<u>\$ 602,859</u>

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

Cobre Consolidated School District No. 2
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2012

	<u>Agency Funds</u>
Assets	
Cash and investments	<u>\$ 134,528</u>
Total assets	<u><u>\$ 134,528</u></u>
Liabilities	
Deposits held for others	<u>\$ 134,528</u>
Total liabilities	<u><u>\$ 134,528</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, 2012

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.

A. REPORTING ENTITY

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

B. BASIS OF PRESENTATION

Government-wide Financial Statements:

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

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into two major categories:

governmental, and fiduciary. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Capital Project Fund

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

Debt Service Fund

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

Fiduciary Funds

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

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

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

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being

held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated in to the government-wide statements.

Major Fund Descriptions

General – See above description.

Entitlement – Entitlement funds are used to account for federal resources administered by the New Mexico State Department of Education to provide for the special education needs of 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).

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).

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.

Debt Service – See above description.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

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

BASIS OF ACCOUNTING

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

1. Accrual:

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

2. Modified Accrual:

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

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

Property tax receivables are recognized net of estimated refunds and uncollectible amounts in the period for which the taxes are levied, even if they are not available. Property taxes not collected within 60 days of year end are reported as deferred revenue 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 is incurred and for purposes for which both restricted and unrestricted net assets are available.

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

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

The District does not allocate indirect costs.

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

D. BUDGETS

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

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

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

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

E. CASH AND INVESTMENTS

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

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

F. INVENTORIES

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

G. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000.00 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

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

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

H. LONG-TERM DEBT

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

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

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

I. COMPENSATED ABSENCES

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

J. EQUITY CLASSIFICATIONS

Government-wide Statements

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

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

Fund Statements

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.

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to remain intact.
- 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.
- 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, 2012 was \$.304 per \$1,000 for non-residential property and \$.296 for residential property. The District's tax rate for debt service was \$5.50 per \$1,000 for both residential and nonresidential property. The District's tax rate for District improvements was \$1.93 per \$1,000 for residential and \$1.98 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, 2012 \$.00 of the governments bank

balance of \$10,090,983 was exposed to custodial credit risk as follows:

Uninsured and collateralized		\$ -0-
Total		<u>\$ -0-</u>
	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits by custodial risk category:		
Insured	\$ 1,541,424	\$ 1,541,424
Collateral held by the pledging bank's agent in the District's name	8,549,559	7,227,033
Uninsured and collateralized	<u>-0-</u>	<u>-0-</u>
	<u>\$10,090,983</u>	<u>\$ 8,768,457</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, 2012, was as follows:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Capital assets not being depreciated:				
Land	\$ 747,139	\$ -0-	\$ -0-	\$ 747,139
Construction progress	<u>597,406</u>	<u>9,423,216</u>	<u>321,668</u>	<u>9,698,954</u>
Total assets not being depreciated	<u>\$ 1,344,545</u>	<u>\$ 9,423,216</u>	<u>\$ 321,668</u>	<u>\$ 10,446,093</u>
Other capital assets:				
Building & improvements	\$ 47,523,327	\$ 454,430	\$	\$ 47,977,757
Furniture and equipment	<u>4,749,158</u>	<u>19,310</u>	<u>-0-</u>	<u>4,768,468</u>
Total other capital assets at historical cost	<u>\$ 52,272,485</u>	<u>\$ 473,740</u>	<u>\$ -0-</u>	<u>\$ 52,746,225</u>
Less accumulated depreciation for:				
Building & improvement	\$ (18,707,822)	\$ (1,510,222)	\$	\$ (20,218,044)
Furniture & equipment	<u>(3,642,797)</u>	<u>(248,211)</u>	<u></u>	<u>(3,891,008)</u>
Total accumulated depreciation	<u>\$(22,350,619)</u>	<u>\$(1,758,433)</u>	<u>\$ -0-</u>	<u>\$ (24,109,052)</u>
Total capital assets, net	<u>\$ 31,266,411</u>	<u>\$ 8,138,523</u>	<u>\$ 321,668</u>	<u>\$ 39,083,266</u>

Depreciation expense was charged to the governmental activities as follows:

Instruction	\$ 914,385
Student support	35,169
Instructional support	52,753
Administration general	167,051
Administration school	12,850
Central services	4,273
Plant operation	327,530
Transportation	174,085
Food	<u>70,337</u>
	<u>\$ 1,758,433</u>

Note 4 Long-term Debt

Changes in long-term debt were as follows during the year end June 30, 2012:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Due In</u> <u>One Year</u>
G.O. Bonds, series 2007	\$ 1,400,000	\$ -0-	\$ 1,000,000	\$ 400,000	\$ 400,000
G.O. Bonds, series 2008	250,000	-0-	200,000	50,000	50,000
G.O. Bonds, 6/10/2011	10,675,000	-0-	-0-	10,675,000	400,000
Compensated absences payable	<u>63,618</u>	<u>79,553</u>	<u>76,929</u>	<u>66,242</u>	<u>-0-</u>
	<u>\$12,388,618</u>	<u>\$ 79,553</u>	<u>\$ 1,276,929</u>	<u>\$11,191,242</u>	<u>\$ 850,000</u>

Annual debt service for bonds payable requirements are as follows:

Due in fiscal year ending June 30:

	<u>Principal</u>	<u>Interest</u>
2013	\$ 850,000	\$ 261,092
2014	950,000	246,936
2015	1,000,000	235,863
2016	1,050,000	220,325
2017	1,075,000	200,533
2018-2022	5,200,000	585,126
2023-2027	<u>1,000,000</u>	<u>17,850</u>
	<u>\$ 11,125,000</u>	<u>\$ 1,767,725</u>

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

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

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

	Balance <u>June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2012</u>	Amounts Due Within <u>One Year</u>
NMB&T	\$ 219,273	\$ -0-	\$ 36,308	\$ 182,965	\$ 38,115

Schedule of Payments	2013	\$ 46,068
	2014	46,068
	2015	46,068
	2016	46,068
	2017	<u>19,143</u>
	Total lease payments	\$ 203,415
	Less imputed interest	<u>(20,450)</u>
		<u>\$ 182,965</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 \$12,892,725 at June 30, 2012, 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, 2012, the District recognized \$1,233,131 in property taxes pledged to retire the bonded indebtedness, and retired \$1,401,677 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.

Funding Policy

Plan members earning \$20,000 or less annually are required by statute to contribute 7.9% of their gross salary. Plan members earning over \$20,000 annually were required to contribute 11.15% of their gross salary in fiscal year 2012 and will be required to contribute 9.40% of their gross salary in fiscal year 2013. Cobre Consolidated School District No. 2 has been and is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, in fiscal years 2012 and 2013. In fiscal year 2012 Cobre Consolidated School District No. 2 contributed 9.15% of the gross covered salary of employees earning more than \$20,000 annually. In fiscal year 2013 Cobre Consolidated School District No.2 will contribute 10.9% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and 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. Cobre Consolidated School District No. 2's contributions to ERB for the fiscal years ending June 30, 2012, 2011, and 2010, were \$1,743,101, \$1,828,383, and \$1,899,539, 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.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2012, the Statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee is required to contribute .917% of their salary. In the fiscal year ending June 30, 2012 the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
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, 2012, 2011, and 2010 were \$157,874, \$150,454, and \$122,016, 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, 2012.

There were no inter-fund transfers during the year ended June 30, 2012.

Note 10 Restricted Net Assets

At June 30, 2012, net assets restricted for other purposes included the following balances in special revenue funds:

Medicaid	\$ 68,635
Cafeteria	325,242
Athletics	50,938
PED:	
SB-9	508,896
School Based Health	62,559
Cobre High School Daycare	246,613
Others	<u>51,578</u>
	<u>\$ 1,314,461</u>

The District reports restricted assets of \$2,331,288 of which \$2,280,350 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 Budgetary Reconciliations

The Statements of Revenues, Expenditures and Changes in Fund Balance Budget (NON-GAAP Budgetary Basis) and Actual present comparisons of legally adopted budgets with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of revenues and other sources over (under) expenditures and other uses by General and Major Special Revenue Funds for the year ended June 30, 2012 is as follows:

	<u>General Fund</u>	<u>Entitlement</u>	<u>SB-9</u>
Revenues over (under) expenditures (GAAP) basis	\$ 101,459	\$ -0-	\$ (195,192)
Increases (decreases):			
Revenue accruals (net)	(118,933)	(518)	1,913
Expenditures accrual (net)	<u>114,698</u>	<u>518</u>	<u>94,242</u>
Revenues over (under) expenditures (NON-GAAP) budgetary basis	<u>\$ 97,224</u>	<u>\$ -0-</u>	<u>\$ (99,037)</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.

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, 2012

	Special Revenue Funds			
	Cafeteria	Athletics	Preschool	Child and Adult Food
Assets				
Cash and investments	\$ 321,223	\$ 51,090	\$ 21,676	\$ 22,710
Inventory	4,563			
Taxes receivable				
Due from other governments				
Total assets	<u>\$ 325,786</u>	<u>\$ 51,090</u>	<u>\$ 21,676</u>	<u>\$ 22,710</u>
Liabilities and Fund Balance				
Accounts payable	\$ 544	\$ 152	\$ 1,107	\$ -
Deferred revenue			20,569	22,710
Total liabilities	<u>\$ 544</u>	<u>\$ 152</u>	<u>\$ 21,676</u>	<u>\$ 22,710</u>
Fund balance:				
Nonspendable:				
Inventory	\$ 4,563	\$ -	\$ -	\$ -
Restricted for:				
Education		\$ 50,938		
Food service	320,679			
Social services				
Capital projects				
Debt service				
Total fund balance	<u>\$ 325,242</u>	<u>\$ 50,938</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and fund balance	<u>\$ 325,786</u>	<u>\$ 51,090</u>	<u>\$ 21,676</u>	<u>\$ 22,710</u>

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

Special Revenue Funds					Debt Service Funds	Total
GRADS	Medicaid	School Based Health	CHS Daycare Center	Energy Efficiency	Ed Tech Debt Service	
\$ 8,000	\$ 44,217	\$ 62,559	\$ 246,613	\$ 26,523	\$ 1,187	\$ 805,798
	24,418				20,970	4,563
<u>\$ 8,000</u>	<u>\$ 68,635</u>	<u>\$ 62,559</u>	<u>\$ 246,613</u>	<u>\$ 26,523</u>	<u>\$ 22,157</u>	<u>\$ 855,749</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,803
<u>8,000</u>					<u>17,258</u>	<u>68,537</u>
<u>\$ 8,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,258</u>	<u>\$ 70,340</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,563
			\$ 246,613	\$ 26,523		324,074
	\$ 68,635	\$ 62,559				320,679
						131,194
					4,899	-
<u>\$ -</u>	<u>\$ 68,635</u>	<u>\$ 62,559</u>	<u>\$ 246,613</u>	<u>\$ 26,523</u>	<u>\$ 4,899</u>	<u>\$ 785,409</u>
<u>\$ 8,000</u>	<u>\$ 68,635</u>	<u>\$ 62,559</u>	<u>\$ 246,613</u>	<u>\$ 26,523</u>	<u>\$ 22,157</u>	<u>\$ 855,749</u>

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, 2012

	Special Revenue Funds			
	Cafeteria	Athletics	Title I	Competitive
Revenues:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges	39,074	35,711		
State aid				
Federal aid	797,954		565,187	1,829
Earnings on investments	24			
Miscellaneous				
Total revenues	\$ 837,052	\$ 35,711	\$ 565,187	\$ 1,829
Expenditures:				
Current:				
Instruction	\$ -	\$ 25,350	\$ 463,389	\$ 1,829
Support services - Students			295	
Support services - Instruction				
General administration			75,788	
School administration			25,715	
Operation of plant				
Food services	754,055			
Transportation				
Debt service:				
Principle				
Interest				
Capital outlay				
Total expenditures	\$ 754,055	\$ 25,350	\$ 565,187	\$ 1,829
Revenues over (under) expenditures	\$ 82,997	\$ 10,361	\$ -	\$ -
Other financing sources (uses):				
Transfer in				
Net change in fund balance	\$ 82,997	\$ 10,361	\$ -	\$ -
Fund balance, July 1, 2011	242,245	40,577		
Fund balance, June 30, 2012	<u>\$ 325,242</u>	<u>\$ 50,938</u>	<u>\$ -</u>	<u>\$ -</u>

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

Special Revenue Funds

Preschool	Education Techonology	Title V	English Language	Teacher Training	Rural Schools
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,808	1,541	81	3,552	127,334	2,000
<u>\$ 5,808</u>	<u>\$ 1,541</u>	<u>\$ 81</u>	<u>\$ 3,552</u>	<u>\$ 127,334</u>	<u>\$ 2,000</u>
\$ 4,824	\$ 1,541	\$ 81	\$ 3,107	\$ 106,219	\$ 2,000
984			133	123	
			312	8,072	
				12,920	
<u>\$ 5,808</u>	<u>\$ 1,541</u>	<u>\$ 81</u>	<u>\$ 3,552</u>	<u>\$ 127,334</u>	<u>\$ 2,000</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 SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
For The Fiscal Year Ended June 30, 2012

	Special Revenue Funds			
	Carl Perkins	Preschool Stimulus	Entitlement Stimulus	Child and Adult Food
Revenues:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges				
State aid				
Federal aid	20,808	1,055	78,758	8,822
Earnings on investments				
Miscellaneous				
Total revenues	<u>\$ 20,808</u>	<u>\$ 1,055</u>	<u>\$ 78,758</u>	<u>\$ 8,822</u>
Expenditures:				
Current:				
Instruction	\$ 20,114	\$ 1,055	\$ 38	\$ -
Support services - Students				8,822
Support services - Instruction				
General administration	694			
School administration				
Operation of plant				
Food services				
Transportation				
Debt service:				
Principle				
Interest				
Capital outlay			78,720	
Total expenditures	<u>\$ 20,808</u>	<u>\$ 1,055</u>	<u>\$ 78,758</u>	<u>\$ 8,822</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer in				
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011				
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Special Revenue funds

<u>Medicaid</u>	<u>Education Job Fund</u>	<u>Dual Credit Instruction</u>	<u>Technology For Education</u>	<u>Incentives For School Imp</u>	<u>Pre-K Initiative</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
109,333	5,350	7,872			195,080
<u>\$ 109,333</u>	<u>\$ 5,350</u>	<u>\$ 7,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,080</u>
\$ - 88,170	\$ 5,350	\$ 7,872	\$ - 3,614	\$ 4,042	\$ 145,080
					50,000
<u>\$ 88,170</u>	<u>\$ 5,350</u>	<u>\$ 7,872</u>	<u>\$ 3,614</u>	<u>\$ 4,042</u>	<u>\$ 195,080</u>
\$ 21,163	\$ -	\$ -	\$ (3,614)	\$ (4,042)	\$ -
<u>\$ 21,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,614)</u>	<u>\$ (4,042)</u>	<u>\$ -</u>
47,472			3,614	4,042	
<u>\$ 68,635</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Cobre Consolidated School District No. 2
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
For The Fiscal Year Ended June 30, 2012

	Special Revenue Funds			
	Teacher Mentoring	GOB Pre-K Classrooms	Even Start Family Lit	Library Books
Revenues:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges				
State aid		539,066	6,841	
Federal aid				
Earnings on investments				
Miscellaneous				
Total revenues	\$ -	\$ 539,066	\$ 6,841	\$ -
Expenditures:				
Current:				
Instruction	\$ 437	\$ -	\$ -	\$ -
Support services - Students				
Support services - Instruction			6,841	23
General administration				
School administration				
Operation of plant				
Food services				
Transportation				
Debt service:				
Principle				
Interest				
Capital outlay		539,066		
Total expenditures	\$ 437	\$ 539,066	\$ 6,841	\$ 23
Revenues over (under) expenditures	\$ (437)	\$ -	\$ -	\$ (23)
Other financing sources (uses):				
Transfer in				
Net change in fund balance	\$ (437)	\$ -	\$ -	\$ (23)
Fund balance, July 1, 2011	437			23
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -

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

Special Revenue Funds

2008 GO Bond	School Based Health	CHS Daycare Center	Discretionary	Energy Efficiency
\$ -	\$ -	\$ -	\$ -	\$ -
6,716		14,333		48,893
		245,247	5,000	
<u>\$ 6,716</u>	<u>\$ -</u>	<u>\$ 259,580</u>	<u>\$ 5,000</u>	<u>\$ 48,893</u>
\$ -	\$ -	\$ 210,407	\$ 3,923	\$ -
6,716	4,093	1,404	956	
			121	
		1,837		
		33,017		
				36,308
				9,760
<u>\$ 6,716</u>	<u>\$ 4,093</u>	<u>\$ 246,665</u>	<u>\$ 5,000</u>	<u>\$ 46,068</u>
\$ -	\$ (4,093)	\$ 12,915	\$ -	\$ 2,825
\$ -	\$ (4,093)	\$ 12,915	\$ -	\$ 2,825
	66,652	233,698		23,698
<u>\$ -</u>	<u>\$ 62,559</u>	<u>\$ 246,613</u>	<u>\$ -</u>	<u>\$ 26,523</u>

Cobre Consolidated School District No. 2
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (concluded)
For The Fiscal Year Ended June 30, 2012

	Capital Projects Funds	Debt Service Funds	
	Special Capital Outaly State	Ed Tech Debt Service	Total
Revenues:			
Property Taxes	\$ -	\$ 126,142	\$ 126,142
Fees and charges			89,118
State aid	12,063		816,531
Federal aid			1,979,659
Earnings on investments			24
Miscellaneous			-
Total revenues	\$ 12,063	\$ 126,142	\$ 3,011,474
Expenditures:			
Current:			
Instruction	\$ -	\$ -	\$ 1,006,658
Support services - Students			110,456
Support services - Instruction			10,601
General administration		1,291	87,083
School administration			38,947
Operation of plant			1,837
Food services			787,072
Transportation			50,000
Debt service:			
Principle		200,000	236,308
Interest		6,075	15,835
Capital outlay	12,063		629,849
Total expenditures	\$ 12,063	\$ 207,366	\$ 2,974,646
Revenues over (under) expenditures	\$ -	\$ (81,224)	\$ 36,828
Other financing sources (uses):			
Transfer in			-
Net change in fund balance	\$ -	\$ (81,224)	\$ 36,828
Fund balance, July 1, 2011		86,123	748,581
Fund balance, June 30, 2012	\$ -	\$ 4,899	\$ 785,409

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

Cobre Consolidated School District No. 2
GENERAL FUND
COMBINING BALANCE SHEET
June 30, 2012

	Operational	Transportation	Activity
Assets			
Cash and investments	\$ 1,678,256	\$ -	\$ 159,056
Taxes receivable	8,315		
Interfund receivable			
	\$ 1,686,571	\$ -	\$ 159,056
Total assets	\$ 1,686,571	\$ -	\$ 159,056
 Liabilities and Fund Balances			
Accounts payable	\$ 39,053	\$ -	\$ -
Deferred revenue	7,186		
	\$ 46,239	\$ -	\$ -
Total liabilities	\$ 46,239	\$ -	\$ -
Fund balance:			
Unassigned	\$ 1,640,332	\$ -	\$ 159,056
	\$ 1,640,332	\$ -	\$ 159,056
Total fund balances	\$ 1,640,332	\$ -	\$ 159,056
Total liabilities and fund balances	\$ 1,686,571	\$ -	\$ 159,056

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

<u>Instructional Materials</u>	<u>Total</u>
\$ 38,890	\$ 1,876,202 8,315 -
<u>\$ 38,890</u>	<u>\$ 1,884,517</u>
\$ -	\$ 39,053 7,186
<u>\$ -</u>	<u>\$ 46,239</u>
<u>\$ 38,890</u>	<u>\$ 1,838,278</u>
<u>\$ 38,890</u>	<u>\$ 1,838,278</u>
<u><u>\$ 38,890</u></u>	<u><u>\$ 1,884,517</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>
Revenues:			
Property taxes	\$ 56,747	\$ -	\$ -
Fees and charges	18,103		
State aid	12,446,994	606,957	56,585
Federal aid	172,389		
Earnings on investments	400		
Miscellaneous	17,872		
	<hr/>	<hr/>	<hr/>
Total revenues	\$ 12,712,505	\$ 606,957	\$ 56,585
Expenditures:			
Current:			
Instruction	\$ 7,101,846	\$ -	\$ 19,378
Support services - Students	1,361,112		
Support services - Instruction	447,828		
General administration	492,949		
School administration	902,375		
Central services	358,817		
Operation of plant	1,938,634		
Transportation	36,195	606,957	
Food services			
Other support services	21,974		
Capital outlay			
	<hr/>	<hr/>	<hr/>
Total expenditures	\$ 12,661,730	\$ 606,957	\$ 19,378
Revenues over (under) expenditures	\$ 50,775	\$ -	\$ 37,207
Other financing sources:			
Loan proceeds			
Operating transfers in (out)			
	<hr/>	<hr/>	<hr/>
Net change in fund balance	\$ 50,775	\$ -	\$ 37,207
Fund balance, July 1, 2011	1,589,557		1,683
	<hr/>	<hr/>	<hr/>
Fund balance, June 30, 2012	\$ 1,640,332	\$ -	\$ 38,890

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

<u>Activity Funds</u>	<u>Total</u>
\$ -	\$ 56,747
119,224	137,327
	13,110,536
	172,389
	400
	17,872
\$ 119,224	\$ 13,495,271
\$ 105,747	\$ 7,226,971
	1,361,112
	447,828
	492,949
	902,375
	358,817
	1,938,634
	643,152
	-
	21,974
	-
\$ 105,747	\$ 13,393,812
\$ 13,477	\$ 101,459
	-
	-
\$ 13,477	\$ 101,459
145,579	1,736,819
\$ 159,056	\$ 1,838,278

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 165,304	\$ 165,304	\$ 172,389	\$ 7,085
State sources	12,403,205	12,403,205	12,446,994	43,789
Local sources	81,977	81,977	93,013	11,036
Interest income	2,000	2,000	400	(1,600)
 Total revenues	 \$ 12,652,486	 \$ 12,652,486	 \$ 12,712,796	 \$ 60,310
 Expenditures:				
Current:				
Instruction	\$ 7,477,929	\$ 7,477,929	\$ 7,110,382	\$ 367,547
Support services - Students	1,890,000	1,771,982	1,361,112	410,870
Support services - Instruction	453,000	488,864	447,828	41,036
General administration	805,000	816,599	493,196	323,403
School administration	1,066,000	1,043,171	902,811	140,360
Central services	392,000	396,451	356,879	39,572
Operation of plant	2,151,000	2,231,913	1,926,666	305,247
Pupil transportation	31,000	39,020	36,195	2,825
Other support services	40,071	40,071	17,710	22,361
Capital outlay				-
 Total expenditures	 \$ 14,306,000	 \$ 14,306,000	 \$ 12,652,779	 \$ 1,653,221
 Net change in fund balance	 \$ (1,653,514)	 \$ (1,653,514)	 \$ 60,017	 \$ 1,713,531
 Fund balance, July 1, 2011	 1,653,514	 1,653,514	 1,618,239	 (35,275)
 Fund balance, June 30, 2012	 \$ -	 \$ -	 \$ 1,678,256	 \$ 1,678,256
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis				\$ 50,775
Revenue accruals (net)				291
Expenditure accruals (net)				8,951
 Net change in fund balance, NON-GAAP budgetary basis				 \$ 60,017

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 572,088	\$ 606,957	\$ 606,957	\$ -
Expenditures:				
Current:				
Pupil transportation	<u>572,088</u>	<u>606,957</u>	<u>606,957</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2012	<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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 45,965	\$ 45,965	\$ 56,585	\$ 10,620
 Expenditures:				
Current:				
Instruction	\$ 45,965	\$ 45,965	\$ 19,378	\$ 26,587
Support services - Instruction				-
Total expenditures	\$ 45,965	\$ 45,965	\$ 19,378	\$ 26,587
Net change in fund balance	\$ -	\$ -	\$ 37,207	\$ 37,207
Fund balance, July 1, 2011			1,683	1,683
Fund balance, June 30, 2012	\$ -	\$ -	\$ 38,890	\$ 38,890
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 37,207	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 37,207	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 700,000	\$ 700,000	\$ 766,002	\$ 66,002
State sources	27,000	27,000		(27,000)
Local sources	34,000	34,000	39,074	5,074
Earnings on investments	100	100	24	(76)
Total revenues	\$ 761,100	\$ 761,100	\$ 805,100	\$ 44,000
Expenditures:				
Current:				
Food services	\$ 928,000	\$ 928,000	\$ 693,309	\$ 234,691
Capital outlay				-
Total expenditures	\$ 928,000	\$ 928,000	\$ 693,309	\$ 234,691
Net change in fund balance	\$ (166,900)	\$ (166,900)	\$ 111,791	\$ 278,691
Fund balance, July 1, 2011	166,900	166,900	209,432	42,532
Fund balance, June 30, 2012	\$ -	\$ -	\$ 321,223	\$ 321,223
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 82,997	
Revenue accruals (net)			(31,952)	
Expenditure accruals (net)			60,746	
Net change in fund balance, NON-GAAP budgetary basis			\$ 111,791	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ 36,000	\$ 36,000	\$ 35,711	\$ (289)
Expenditures:				
Current:				
Instruction	80,000	80,000	25,198	54,802
Net change in fund balance	\$ (44,000)	\$ (44,000)	\$ 10,513	\$ 54,513
Fund balance, July 1, 2011	44,000	44,000	40,577	(3,423)
Fund balance, June 30, 2012	\$ -	\$ -	\$ 51,090	\$ 51,090
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 10,361	
Revenue accruals (net)			-	
Expenditure accruals (net)			152	
Net change in fund balance, NON-GAAP budgetary basis			\$ 10,513	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 601,704	\$ 597,532	\$ 565,945	\$ (31,587)
Expenditures:				
Current:				
Instruction	\$ 460,597	\$ 480,939	\$ 464,147	\$ 16,792
Support services - Students	6,017	6,017	295	5,722
General administration	83,063	79,791	75,788	4,003
School administration	52,027	30,785	25,715	5,070
Central services				-
Total expenditures	\$ 601,704	\$ 597,532	\$ 565,945	\$ 31,587
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			758	
Expenditure accruals (net)			(758)	
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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 14,870	\$ 30,761	\$ 4,759	\$ (26,002)
Expenditures:				
Current:				
Instruction	\$ 4,870	\$ 13,261	\$ 3,775	\$ 9,486
General administration	10,000	17,500	984	16,516
Total expenditures	\$ 14,870	\$ 30,761	\$ 4,759	\$ 26,002
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(1,049)	
Expenditure accruals (net)			1,049	
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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 1,542	\$ 1,542	\$ -	\$ (1,542)
Expenditures:				
Current:				
Instruction	\$ 1,542	\$ 1,542	\$ 1,541	\$ 1
Support services - Students				-
Total expenditures	<u>\$ 1,542</u>	<u>\$ 1,542</u>	<u>\$ 1,541</u>	<u>\$ 1</u>
Net change in fund balance	\$ -	\$ -	\$ (1,541)	\$ (1,541)
Fund balance, July 1, 2011			<u>1,541</u>	<u>1,541</u>
Fund balance, June 30, 2012	<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)			(1,541)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (1,541)</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 11,169	\$ 14,372	\$ 3,975	\$ (10,397)
Expenditures:				
Current:				
Instruction	\$ 9,946	\$ 13,446	\$ 3,530	\$ 9,916
General administration	223	223	133	90
School administration	1,000	703	312	391
Total expenditures	\$ 11,169	\$ 14,372	\$ 3,975	\$ 10,397
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			423	
Expenditure accruals (net)			(423)	
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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 81	\$ -	\$ (81)
Expenditures:				
Current:				
Instruction	\$ -	\$ 81	\$ 81	\$ -
Support services - Students				-
General administration				-
Total expenditures	\$ -	\$ 81	\$ 81	\$ -
Net change in fund balance	\$ -	\$ -	\$ (81)	\$ (81)
Fund balance, July 1, 2011	-	-	81	81
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(81)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (81)	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 2,000	\$ -	\$ (2,000)
Expenditures:				
Current:				
Instruction	\$ -	\$ 2,000	\$ 2,000	\$ -
Operation of plant	-	-	-	-
Total expenditures	\$ -	\$ 2,000	\$ 2,000	\$ -
Net change in fund balance	\$ -	\$ -	\$ (2,000)	\$ (2,000)
Fund balance, July 1, 2011	-	-	2,000	2,000
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(2,000)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (2,000)	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 129,187	\$ 157,162	\$ 127,689	\$ (29,473)
Expenditures:				
Current:				
Instruction	\$ 124,730	\$ 113,136	\$ 106,219	\$ 6,917
Support services - Instruction	-	700	123	577
General administration	4,457	8,274	8,072	202
School administration	-	35,052	13,275	21,777
Total expenditures	\$ 129,187	\$ 157,162	\$ 127,689	\$ 29,473
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 1,829	\$ -	\$ (1,829)
Expenditures:				
Current:				
Instruction	\$ -	\$ 1,829	\$ 1,829	\$ -
General administration	-	-	-	-
Total expenditures	\$ -	\$ 1,829	\$ 1,829	\$ -
Net change in fund balance	\$ -	\$ -	\$ (1,829)	\$ (1,829)
Fund balance, July 1, 2011	-	-	1,829	1,829
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(1,829)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (1,829)	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 116,000	\$ 116,000	\$ 112,967	\$ (3,033)
Expenditures:				
Current:				
Support services - Students	116,000	116,000	88,170	27,830
Net change in fund balance	\$ -	\$ -	\$ 24,797	\$ 24,797
Fund balance, July 1, 2011	-	-	19,420	19,420
Fund balance, June 30, 2012	\$ -	\$ -	\$ 44,217	\$ 44,217
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 21,163	
Revenue accruals (net)			3,634	
Expenditure accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ 24,797	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 8,000	\$ 8,000	\$ -	\$ (8,000)
Expenditures:				
Current:				
Instruction	8,000	8,000	-	8,000
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	-	-	8,000	8,000
Fund balance, June 30, 2012	\$ -	\$ -	\$ 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 - 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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 38,064	\$ 33,017	\$ (5,047)
Expenditures:				
Current:				
General administration	\$ -	\$ -	\$ -	\$ -
Food services	-	38,064	33,017	5,047
Total expenditures	\$ -	\$ 38,064	\$ 33,017	\$ 5,047
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - TITLE I SCHOOL IMPROVEMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 4,042	\$ -	\$ (4,042)
Expenditures:				
Current:				
Instruction	\$ -	\$ 4,042	\$ 4,042	\$ -
Operation of plant	-	-	-	-
Total expenditures	\$ -	\$ 4,042	\$ 4,042	\$ -
Net change in fund balance	\$ -	\$ -	\$ (4,042)	\$ (4,042)
Fund balance, July 1, 2011	-	-	4,042	4,042
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (4,042)	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (4,042)	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 78,758	\$ 78,758	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ 38	\$ 38	\$ -
Capital outlay		78,720	78,720	-
Total expenditures	\$ -	\$ 78,758	\$ 78,758	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 1,056	\$ 1,055	\$ (1)
Expenditures:				
Current:				
Instruction	\$ -	\$ 1,056	\$ 1,055	\$ 1
General administration				-
Total expenditures	\$ -	\$ 1,056	\$ 1,055	\$ 1
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
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 - DISCRETIONARY IDEA B
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 5,000	\$ 5,000	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ 3,923	\$ 3,923	\$ -
Support services - Students		956	956	-
General administration		121	121	-
Total expenditures	\$ -	\$ 5,000	\$ 5,000	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 5,351	\$ 5,350	\$ (1)
Expenditures:				
Current:				
Instruction	-	5,351	5,350	1
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 11,334	\$ 7,872	\$ (3,462)
Expenditures:				
Current:				
Instruction	\$ -	\$ 11,334	\$ 7,872	\$ 3,462
School administration				-
Total expenditures	<u>\$ -</u>	<u>\$ 11,334</u>	<u>\$ 7,872</u>	<u>\$ 3,462</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2012	<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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Instruction		3,615	3,614	1
Total expenditures	\$ -	\$ 3,615	\$ 3,614	\$ 1
Net change in fund balance	\$ -	\$ (3,615)	\$ (3,614)	\$ 1
Fund balance, July 1, 2011	-	3,615	3,614	(1)
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (3,614)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (3,614)</u>	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - EVEN START FAMILY LITERACY PED
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 13,133	\$ 13,133	\$ 6,841	\$ (6,292)
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Instruction	13,133	13,133	6,841	6,292
Total expenditures	\$ 13,133	\$ 13,133	\$ 6,841	\$ 6,292
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	-	-		-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
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 - 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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 195,080	\$ 195,080	\$ 195,080	\$ -
Expenditures:				
Current:				
Instruction	\$ 145,080	\$ 145,080	\$ 145,080	\$ -
Transportation	50,000	50,000	50,000	-
Total expenditures	\$ 195,080	\$ 195,080	\$ 195,080	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 442	\$ -	\$ (442)
Expenditures:				
Current:				
Instruction	\$ -	\$ 442	\$ 437	\$ 5
General administration				-
Total expenditures	\$ -	\$ 442	\$ 437	\$ 5
Net change in fund balance	\$ -	\$ -	\$ (437)	\$ (437)
Fund balance, July 1, 2011	-		437	437
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (437)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (437)	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - GOB PRE-K CLASSROOMS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 749,205	\$ 539,066	\$ (210,139)
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Capital outlay		749,205	539,066	210,139
Total expenditures	\$ -	\$ 749,205	\$ 539,066	\$ 210,139
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
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 - CHILD CARE BLOCK GRANT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 29,833	\$ 212,230	\$ 182,397
Expenditures:				
Current:				
Support services - Students	\$ -	\$ 20,833	\$ 1,404	\$ 19,429
Operation of plant		9,000	1,837	7,163
Total expenditures	\$ -	\$ 29,833	\$ 3,241	\$ 26,592
Net change in fund balance	\$ -	\$ -	\$ 208,989	\$ 208,989
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ 208,989	\$ 208,989
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			208,989	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 208,989	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 6,729	\$ 6,716	\$ (13)
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Instruction		6,729	6,716	13
Total expenditures	\$ -	\$ 6,729	\$ 6,716	\$ 13
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 24	\$ -	\$ (24)
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Instruction		24	23	1
Total expenditures	\$ -	\$ 24	\$ 23	\$ 1
Net change in fund balance	\$ -	\$ -	\$ (23)	\$ (23)
Fund balance, July 1, 2011	-	-	23	23
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (23)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (23)</u>	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 126,652	\$ 126,652	\$ -	\$ (126,652)
Expenditures:				
Current:				
Support services - Students	\$ 126,652	\$ 126,652	\$ 4,093	\$ 122,559
Capital outlay				-
Total expenditures	\$ 126,652	\$ 126,652	\$ 4,093	\$ 122,559
Net change in fund balance	\$ -	\$ -	\$ (4,093)	\$ (4,093)
Fund balance, July 1, 2011	-	-	66,652	66,652
Fund balance, June 30, 2012	\$ -	\$ -	\$ 62,559	\$ 62,559
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (4,093)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (4,093)	

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - CHILD AND ADULT FOOD PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 15,843	\$ 31,532	\$ 15,689
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Students		15,843	8,822	7,021
Total expenditures	\$ -	\$ 15,843	\$ 8,822	\$ 7,021
Net change in fund balance	\$ -	\$ -	\$ 22,710	\$ 22,710
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,710</u>	<u>\$ 22,710</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			22,710	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 22,710</u>	

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 18,164	\$ 21,260	\$ 20,875	\$ (385)
Expenditures:				
Current:				
Instruction	\$ 17,537	\$ 20,541	\$ 20,181	\$ 360
General administration	627	719	694	25
Total expenditures	\$ 18,164	\$ 21,260	\$ 20,875	\$ 385
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	-	-	-	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ 1,195,603	\$ 1,195,603	\$ 1,104,765	\$ (90,838)
 Expenditures:				
Current:				
Administration	\$ 7,891	\$ 7,891	\$ 7,377	\$ 514
Principal	1,000,000	1,000,000	1,000,000	-
Interest	195,603	195,603	195,602	1
Debt service reserve	<u>1,120,221</u>	<u>1,120,221</u>	<u>1,120,221</u>	<u>1,120,221</u>
Total expenditures	<u>\$ 2,323,715</u>	<u>\$ 2,323,715</u>	<u>\$ 1,202,979</u>	<u>\$ 1,120,736</u>
Net change in fund balance	\$ (1,128,112)	\$ (1,128,112)	\$ (98,214)	\$ 1,029,898
Fund balance, July 1, 2011	<u>1,128,112</u>	<u>1,128,112</u>	<u>1,108,306</u>	<u>(19,806)</u>
Fund balance, June 30, 2012	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,010,092</u></u>	<u><u>\$ 1,010,092</u></u>

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

Cobre Consolidated School District No. 2
DEBT SERVICE FUND - EDUCATION TECHNOLOGY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ 206,075	\$ 206,075	\$ 129,090	\$ (76,985)
Expenditures:				
Current:				
Administration	\$ 2,061	\$ 2,061	\$ 1,291	\$ 770
Principal	200,000	200,000	200,000	-
Interest	6,075	6,075	6,075	-
Debt service reserve	62,504	62,504		62,504
Total expenditures	<u>\$ 270,640</u>	<u>\$ 270,640</u>	<u>\$ 207,366</u>	<u>\$ 63,274</u>
Net change in fund balance	\$ (64,565)	\$ (64,565)	\$ (78,276)	\$ (13,711)
Fund balance, July 1, 2011	<u>64,565</u>	<u>64,565</u>	<u>79,463</u>	<u>14,898</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,187</u>	<u>\$ 1,187</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP			\$ (81,224)	
Revenue accruals (net)			2,948	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (78,276)</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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
Earnings on investments			801	801
Total revenues	\$ -	\$ -	\$ 801	\$ 801
Expenditures:				
Current:				
Operation of plant	\$ -	\$ -		\$ -
Bond issue costs				-
Capital outlay	10,675,000	10,675,000	6,413,105	4,261,895
Total expenditures	\$ 10,675,000	\$ 10,675,000	\$ 6,413,105	\$ 4,261,895
Revenues over (under) expenditures	\$ (10,675,000)	\$ (10,675,000)	\$ (6,412,304)	\$ 4,262,696
Other financing sources (uses):				
Bond proceeds	10,675,000	10,675,000	-	(10,675,000)
Net change in fund balance	\$ -	\$ -	\$ (6,412,304)	\$ (6,412,304)
Fund balance, July 1, 2011			10,565,968	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ 4,153,664	\$ 4,153,664

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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 43,652	\$ 55,715	\$ 12,063	\$ (43,652)
Expenditures:				
Capital outlay-construction	43,653	55,716	12,063	43,653
Net change in fund balance	\$ (1)	\$ (1)	\$ -	\$ 1
Fund balance, July 1, 2011	1	1	-	(1)
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
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
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, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 48,893	\$ 48,893	\$ 48,893	\$ -
Expenditures:				
Capital outlay	72,592	72,592	46,068	26,524
Net change in fund balance	\$ (23,699)	\$ (23,699)	\$ 2,825	\$ 26,524
Fund balance, July 1, 2011	23,699	23,699	23,698	(1)
Fund balance, June 30, 2012	\$ -	\$ -	\$ 26,523	\$ 26,523
 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, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Balance</u> <u>June 30, 2012</u>
Assets				
Cash and investments:				
Cobre High School	\$ 68,324	\$ 189,241	\$ 178,891	\$ 78,674
Snell Middle School	27,680	51,660	47,858	31,482
Bayard Elementary	168	1,588	1,038	718
Central Elementary	13,225	19,235	20,772	11,688
Hurley Elementary	42	-	-	42
San Lorenzo Elementary	-	-	-	-
All Students	<u>12,268</u>	<u>1,766</u>	<u>2,110</u>	<u>11,924</u>
 Total assets	 <u>\$ 121,707</u>	 <u>\$ 263,490</u>	 <u>\$ 250,669</u>	 <u>\$ 134,528</u>
 Liabilities				
Deposits held for others:				
Cobre High School	\$ 68,324	\$ 189,241	\$ 178,891	\$ 78,674
Snell Middle School	27,680	51,660	47,858	31,482
Bayard Elementary	168	1,588	1,038	718
Central Elementary	13,225	19,235	20,772	11,688
Hurley Elementary	42	-	-	42
San Lorenzo Elementary	-	-	-	-
All Students	<u>12,268</u>	<u>1,766</u>	<u>2,110</u>	<u>11,924</u>
 Total liabilities	 <u>\$ 121,707</u>	 <u>\$ 263,490</u>	 <u>\$ 250,669</u>	 <u>\$ 134,528</u>

Cobre Consolidated School District No. 2
SCHEDULE OF DEPOSITORY COLLATERAL
June 30, 2012

	<u>Bank of America</u>	<u>Ambank</u>	<u>Total</u>
Checking and CD's	\$ 1,513,473	\$ 27,951	\$ 1,541,424
Repurchase Deposits	<u>8,549,559</u>		<u>8,549,559</u>
Total on deposit	\$ 10,063,032	\$ 27,951	\$ 10,090,983
Less: FDIC insurance	<u>(1,513,473)</u>	<u>(27,951)</u>	<u>(1,541,424)</u>
Total uninsured public funds	<u>\$ 8,549,559</u>	<u>\$ -</u>	<u>\$ 8,549,559</u>
102% collateralization requirement	\$ 8,720,550	\$ -	\$ 8,720,550
50% collateralization requirement (Section 6-10-17 NMSA)	<u>-</u>	<u>-</u>	<u>-</u>
Total collateralization requirement	<u>\$ 8,720,550</u>	<u>\$ -</u>	<u>\$ 8,720,550</u>
Pledged Securities:			
FNMA 36230ULV9 2/20/41	\$ 1,281,805		\$ 1,281,805
FNMA 36230MB22 11/20/40	2,407,130		2,407,130
FNMA 36230MB22 11/20/40	303,956		303,956
FNMA 36230ULV9 2/20/41	4,318,156		4,318,156
FNMA 36230MB22 11/20/40	409,503		409,503
Bernalillo, NM 085279PK7 8/1/19		<u>55,569</u>	<u>55,569</u>
Total pledged securities	<u>\$ 8,720,550</u>	<u>\$ 55,569</u>	<u>\$ 8,776,119</u>
Pledged securities over (under) requirement	<u>\$ -</u>	<u>\$ 55,569</u>	<u>\$ 55,569</u>

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

Securities pledged by AmBank are held by the Federal Home Loan Bank in Dallas, TX.

Safekeeping receipts are held by the District.

Cobre Consolidated School District No. 2
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS
 June 30, 2012

	Type of Account	Bank Balance	Reconciled Balance
<u>Bank of America</u>			
Athletics	Checking	\$ 52,017	\$ 51,090
Food Services	Checking	-	309,769
Federal Projects	Checking	-	673,358
SB-9	Checking	92,360	548,380
Payroll Clearing	Checking	-	-
Operational	Checking	-	1,649,928
Repurchase Agreement	Repurchase	8,549,559	
Debt Service	Checking	1,011,279	1,011,279
Non-budget	Checking	329,490	314,711
Repurchase	Checking	28,327	28,327
Bond Building	Checking	-	4,153,664
		<hr/>	<hr/>
Total Bank of America		\$ 10,063,032	\$ 8,740,506
<u>Ambank</u>			
Activity	Checking	\$ 16,497	\$ 16,497
Cafeteria	Checking	11,454	11,454
		<hr/>	<hr/>
Total Ambank		\$ 27,951	\$ 27,951
		<hr/>	<hr/>
Total cash and investments		\$ 10,090,983	\$ 8,768,457
		<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, 2012

	<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, 2011	\$ 1,618,239	\$ -	\$ 1,683	\$ 209,432	\$ 40,577
Add: Current year receipts	12,712,795	606,957	56,585	805,100	35,711
Less: Current year expenditures	<u>(12,652,778)</u>	<u>(606,957)</u>	<u>(19,379)</u>	<u>(693,309)</u>	<u>(25,198)</u>
Total cash and investments as of June 30, 2012	<u>\$ 1,678,256</u>	<u>\$ -</u>	<u>\$ 38,889</u>	<u>\$ 321,223</u>	<u>\$ 51,090</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, 2012

	Federal Flowthrough	Federal Direct	Local Grants	State Flowthrough
Total cash and investments as of July 1, 2011	\$ 212,442	\$ 27,420	\$ -	\$ 8,116
Add: Current year receipts	1,270,693	362,079		755,575
Less: Current year expenditures	<u>(1,276,144)</u>	<u>(105,583)</u>		<u>(763,691)</u>
Total cash and investments as of June 30, 2012	<u>\$ 206,991</u>	<u>\$ 283,916</u>	<u>\$ -</u>	<u>\$ -</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, 2012

	<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, 2011	\$ 66,652	\$ 10,565,968	\$ -	\$ 647,416	\$ 23,698
Add: Current year receipts		801	12,063	475,324	48,893
Less: Current year expenditures	<u>(4,093)</u>	<u>(6,413,105)</u>	<u>(12,063)</u>	<u>(574,360)</u>	<u>(46,068)</u>
Total cash and investments as of June 30, 2012	<u>\$ 62,559</u>	<u>\$ 4,153,664</u>	<u>\$ -</u>	<u>\$ 548,380</u>	<u>\$ 26,523</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, 2012

	<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, 2011	\$ -	\$ 54,480	\$ 1,108,306	\$ 79,463
Add: Current year receipts			1,104,765	129,090
Less: Current year expenditures			<u>(1,202,979)</u>	<u>(207,366)</u>
Total cash and investments as of June 30, 2012	<u>\$ -</u>	<u>\$ 54,480</u>	<u>\$ 1,010,092</u>	<u>\$ 1,187</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, 2012

	Agency	Total
Total cash and investments as of July 1, 2011	\$ 500,984	\$ 15,164,876
Add: Current year receipts	883,582	19,260,013
Less: Current year expenditures	(1,053,359)	(25,656,432)
Total cash and investments as of June 30, 2012	\$ 331,207	\$ 8,768,457

Cobre Consolidated School District No. 2
SCHEDULE OF JOINT POWERS AGREEMENT
 June 30, 2012

Participants	Cobre Consolidated School District No. 2 and the Southwest Regional Education Center # 10
Responsible parties	The District as well as the SW REC
Description	Participants agree to work together to establish and maintain cooperative programs of educational services under various federal and state authorizing statutes
Effective dates	To be renewed each fiscal year
Total estimated amount of project and amount applicable to District	Varies year to year and is based upon program awards
Amount District contributed in fiscal year	Based upon program awards
Audit responsibility	SW REC
Name of agency where revenues and expenditures are reported	SW REC
Participants	Cobre Consolidated School District No. 2 and SW REC
Beginning and ending dates	Until project is complete
Total cost and amount attributable to the District	Based upon program awards
Audit responsibility	Southwest Regional Education Center #10
Agency that is to account for activity	Southwest Regional Education Center #10

Cobre Consolidated School District #2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2012

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through N.M. Department of Education:			
Title I Grants to Lea's	84.010	24.101	\$ 565,187
Special Education-Grants to States	84.027	24.106	435,931
ARRA - Special Education-Grants to States, Recovery Act	84.391	24.206	78,758
Special Education-Preschool Grants	84.173	24.109	5,808
ARRA - Special Education-Preschool Grants, Recovery Act	84.392	24.209	1,055
Rural Education	84.358	24.160	2,000
Education Job Fund	84.410	25.255	5,350
Education Technology State Grants	84.318	24.134	1,541
Teacher Quality State Grants	84.367	24.154	127,334
Vocational Education	84.048	24.174	20,808
English Language Acquisition Grants	84.365	24.153	3,552
Innovative Strategies - Title V	84.298	24.150	<u>81</u>
Total U.S. Department of Education			<u>\$ 1,247,405</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct Programs:			
Schools and Roads-Grants to States	10.665	N/A	\$ 133,822
Passed through N.M. Department of Education:			
National School Lunch Program	10.555	N/A	466,700
Child and Adult Food	10.558	N/A	8,822
School Breakfast Program	10.553	N/A	282,266
Fresh Fruits and Vegetables Program	10.582	24.118	33,017
Passed through N.M. Department of Human Svc's:			
Emergency Food Assistance Program	10.569	N/A	<u>48,988</u>
Total U.S. Department of Agriculture			<u>\$ 973,615</u>

Cobre Consolidated School District #2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS(concluded)
For The Fiscal Year Ended June 30, 2012

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through N.M. Dept. of Human Services:			
Child Care and Development	93.596	N/A	\$ 212,230
Medical Assistance Program	93.778	25.153	<u>109,333</u>
Total U.S. Department of Agriculture			<u>\$ 321,563</u>
Total expenditures of federal awards			<u><u>\$ 2,542,583</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, 2012

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 \$48,988 in commodities during the 2011-2012 fiscal year.

Note 3 Insurance

The District had the following insurance coverage during the year ended June 30, 2012:

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, 2012

Current
Year Status

Findings – Financial Statement Audit

2011-1	Daycare Center carried as an agency fund, rather than A special revenue fund	Resolved
2011-2	Liability to Public Schools Facilities Authority not recognized	Resolved

Findings – Major Federal Award Programs

None

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

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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 and major special revenue funds of Cobre Consolidated School District No. 2 as of and for the year ended June 30, 2012, which collectively comprise Cobre Consolidated School District No. 2's basic financial statements and have issued our report thereon dated November 10, 2012. 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, 2012 and have issued our report thereon dated November 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a

material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

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 10, 2012

Stone, McGee & Co.
Certified Public Accountants

MIKE STONE, C.P.A.
LINDA STONE McGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
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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, 2012. 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, 2012.

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 10, 2012

Cobre Consolidated School District No. 2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2012

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Cobre Consolidated School District No. 2.
2. No significant deficiencies relating to the audit of the financial statements are reported in the "Findings – Financial Statement Audit" section of this report.
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 nutrition cluster, consisting of the National School Lunch Program, CFDA No. 10.555, and the School Breakfast Program, CFDA No. 10.553.
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

None

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 October 30, 2012. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Frank Cordova	Board President	Cobre Consolidated Schools
Freddie Rodriguez	Board Vice-President	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