

State of New Mexico  
Cobre Consolidated School District No. 2

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

For The Fiscal Year Ended June 30, 2014

Cobre Consolidated School District No. 2  
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Cobre Consolidated School District No. 2  
**DIRECTORY OF OFFICIALS**  
June 30, 2014

**BOARD OF EDUCATION**

Ralph Sepulveda	President
Frank Cordova	Vice-President
Frances Kelly	Secretary
Robert Montoya	Member
Frank Gomez	Member

**SCHOOL OFFICIALS**

Robert Mendoza	Superintendent
Frank Ryan	Director of Finance
Teresa Holguin	Comptroller

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

### Report on Financial Statements

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 the Cobre Consolidated School District No. 2, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Cobre Consolidated School District No. 2's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Cobre Consolidated School District No. 2's nonmajor governmental funds, components of the general fund and the budgetary comparisons for the components of the general fund, the nonmajor special revenue funds, the debt service funds, and the capital projects funds presented as other supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including

the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cobre Consolidated School District No. 2, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund and the components of the general fund of the Cobre Consolidated School District No. 2 as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the components of the general fund, the nonmajor special revenue funds, the debt service funds, and the capital projects funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the Cobre Consolidated School District No. 2's financial statements that collectively comprise the District's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by the Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules presented as other supplemental data as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and the other supplemental data are the responsibility of management and were derived from and related directly to the underlying

accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal awards and the other supplemental data are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2014, on our consideration of the 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 agreement 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cobre Consolidated School District No. 2's internal control over financial reporting and compliance.

*Stone, McGee & Co., CPAs*

Silver City, New Mexico  
October 20, 2014

**Stone, McGee & Co.**  
Certified Public Accountants



Cobre Consolidated School District No. 2  
**STATEMENT OF NET POSITION**  
June 30, 2014

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 4,920,187
Property taxes receivable	170,141
Due from other governments	41,636
Inventory	4,493
Capital assets:	
Land and improvements	747,139
Buildings and improvements	60,347,302
Equipment	4,906,725
Construction in progress	8,040,114
Less accumulated depreciation	(27,463,814)
Total capital assets, net of depreciation	\$ 46,577,466
Total assets	\$ 51,713,923
<b>Liabilities</b>	
Cash overdraft	\$ -
Accounts payable	1,818,798
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	1,000,000
Lease purchase payable	41,948
Accrued interest payable	101,422
Portion due or payable after one year:	
Bonds payable	8,325,000
Lease purchase payable	62,916
Compensated absences	10,951
Total liabilities	\$ 11,361,035
<b>Deferred Inflows of Resources</b>	
Unavailable revenue	\$ 235,318
Total deferred inflows of resources	\$ 235,318
<b>Net Position</b>	
Net investment in capital assets	\$ 37,147,602
Restricted for:	
Capital projects	(30,902)
Debt service	1,170,277
Other purposes	1,220,991
Unrestricted	609,602
Total net position	\$ 40,117,570

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, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position Total Governmental Activities</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Governmental activities:					
Instruction	\$ 8,454,220	\$ 202,991	\$ 1,317,090	\$ -	\$ (6,934,139)
Support services - Students	1,835,590		451,426		(1,384,164)
Support services - Instruction	586,904		21,588		(565,316)
General administration	939,225	18,364	132,183		(788,678)
School administration	907,516		30,693		(876,823)
Central services	391,402		473		(390,929)
Operation of plant	2,737,688	38,850	139,687	4,415,450	1,856,299
Food services	908,654	24,426	852,265		(31,963)
Transportation	956,987		766,732		(190,255)
Other support services	20,789				(20,789)
Interest on long-term debt	249,094				(249,094)
	<u>\$ 17,988,069</u>	<u>\$ 284,631</u>	<u>\$ 3,712,137</u>	<u>\$ 4,415,450</u>	<u>\$ (9,575,851)</u>
Total governmental activities					

General revenues:	
Property taxes:	
Levied for general purposes	\$ 57,545
Levied for debt service	1,256,147
Levied for capital improvements	357,975
State aid - formula grants	11,339,170
Recoveries and refunds	14,300
Unrestricted investment earnings	<u>1,924</u>
 Total general revenues and special items	 <u>\$ 13,027,061</u>
 Change in net position	 <u>\$ 3,451,210</u>
 Net position, beginning of year, as originally stated	 \$ 36,705,084
 Restatement	 <u>(38,724)</u>
 Net position, beginning of year, as restated	 \$ 36,666,360
 Change in net position	 <u>3,451,210</u>
 Net position - end of year, as restated	 <u>\$ 40,117,570</u>

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

Cobre Consolidated School District No. 2  
**BALANCE SHEETS**  
**GOVERNMENTAL FUNDS**  
June 30, 2014

	General Fund	Bond Building	Debt Service
<b>Assets</b>			
Cash and investments	\$ 659,118	\$ 1,737,009	\$ 1,142,694
Property taxes receivable	8,585		119,480
Inventory			
Due from other governments			
Interfund receivable			
Total assets	\$ 667,703	\$ 1,737,009	\$ 1,262,174
<b>Liabilities</b>			
Accounts payable	\$ 47,150	\$ 1,767,911	\$ -
Interfund payable			
Total liabilities	\$ 47,150	\$ 1,767,911	\$ -
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	\$ 7,201	\$ -	\$ 89,278
Total deferred inflows of resources	\$ 7,201	\$ -	\$ 89,278
<b>Fund balance:</b>			
Nonspendable:			
Inventories	\$ -	\$ -	\$ -
Restricted for:			
Education			
Food service			
Social services			
Capital projects		(30,902)	
Debt service			1,172,896
Unassigned	613,352		
Total fund balances	\$ 613,352	\$ (30,902)	\$ 1,172,896
Total liabilities, deferred inflows of resources and fund balances	\$ 667,703	\$ 1,737,009	\$ 1,262,174

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

<u>Other Funds</u>	<u>Governmental Funds</u>
\$ 1,381,366	\$ 4,920,187
42,076	170,141
4,493	4,493
41,636	41,636
	-
<u>\$ 1,469,571</u>	<u>\$ 5,136,457</u>
\$ 3,737	\$ 1,818,798
	-
<u>\$ 3,737</u>	<u>\$ 1,818,798</u>
\$ 267,600	\$ 364,079
<u>\$ 267,600</u>	<u>\$ 364,079</u>
\$ 4,493	\$ 4,493
632,323	632,323
382,988	382,988
176,649	176,649
	(30,902)
1,781	1,174,677
	613,352
<u>\$ 1,198,234</u>	<u>\$ 2,953,580</u>
<u>\$ 1,469,571</u>	<u>\$ 5,136,457</u>

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

June 30, 2014

Total governmental fund balances	\$ 2,953,580
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	46,577,466
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	128,761
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	(9,325,000)
Lease purchase payable	(104,864)
Accrued interest payable	(101,422)
Compensated absences	(10,951)
	\$ 40,117,570
 <i>Net position of governmental activities</i>	 <u><u>\$ 40,117,570</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, 2014

	General Fund	Bond Building	Debt Service
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues:			
Property taxes	\$ 57,123	\$ -	\$ 1,241,366
Fees and charges	176,801		
State aid	12,231,619	4,283,932	
Federal aid	125,335		
Earnings on investments	710	825	120
Miscellaneous	12,708		
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total revenues	<u>\$ 12,604,296</u>	<u>\$ 4,284,757</u>	<u>\$ 1,241,486</u>
Expenditures:			
Current:			
Instruction	\$ 6,494,093	\$ -	\$ -
Support services - Students	1,344,676		
Support services - Instruction	516,078		
General administration	658,338		7,089
School administration	864,513		
Central services	383,196		
Operation of plant	2,147,311		
Food service			
Transportation	701,547		
Other support services	20,789		
Debt service:			
Principal			950,000
Interest			246,934
Bond issue costs			
Capital outlay		7,481,711	
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenditures	<u>\$ 13,130,541</u>	<u>\$ 7,481,711</u>	<u>\$ 1,204,023</u>
Revenues over (under) expenditures	\$ (526,245)	\$ (3,196,954)	\$ 37,463
Other financing sources:			
Bond proceeds			
Bond premiums			
Operating transfers in (out)			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net change in fund balance	\$ (526,245)	\$ (3,196,954)	\$ 37,463
Fund balance, July 1, 2013	<u>\$ 1,139,597</u>	<u>\$ 3,166,052</u>	<u>\$ 1,135,433</u>
Fund balance, June 30, 2014	<u>\$ 613,352</u>	<u>\$ (30,902)</u>	<u>\$ 1,172,896</u>

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

<u>Other Funds</u>	<u>Governmental Funds Total</u>
\$ 364,565	\$ 1,663,054
89,467	266,268
771,925	17,287,476
2,072,309	2,197,644
269	1,924
1,592	14,300
<u>\$ 3,300,127</u>	<u>\$ 21,430,666</u>
\$ 1,165,305	\$ 7,659,398
458,089	1,802,765
21,588	537,666
134,290	799,717
30,693	895,206
	383,196
278,545	2,425,856
843,003	843,003
87,209	788,756
	20,789
39,986	989,986
6,082	253,016
	-
88,012	7,569,723
<u>\$ 3,152,802</u>	<u>\$ 24,969,077</u>
\$ 147,325	\$ (3,538,411)
	-
	-
	-
<u>\$ 147,325</u>	<u>\$ (3,538,411)</u>
<u>\$ 1,050,909</u>	<u>\$ 6,491,991</u>
<u>\$ 1,198,234</u>	<u>\$ 2,953,580</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, 2014

Net change in fund balances-total governmental funds \$ (3,538,411)

*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	7,569,733
Depreciation	(1,641,273)

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	8,613
----------------	-------

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

989,986

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.

3,922

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.

58,640

*Change in Net Position of Governmental Activities*

\$ 3,451,210

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Federal sources	\$ 35,000	\$ 35,000	\$ 121,335	\$ 86,335
State sources	11,485,913	12,170,618	12,231,619	61,001
Local sources	67,945	67,945	170,851	102,906
Interest income	1,000	1,000	710	(290)
<b>Total revenues</b>	<b>\$ 11,589,858</b>	<b>\$ 12,274,563</b>	<b>\$ 12,524,515</b>	<b>\$ 249,952</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	\$ 6,932,394	\$ 6,569,646	\$ 6,414,658	\$ 154,988
Support services - Students	1,405,197	1,378,446	1,344,676	33,770
Support services - Instruction	484,870	533,416	515,239	18,177
General administration	525,381	686,810	659,664	27,146
School administration	727,168	892,111	865,396	26,715
Central services	370,429	392,348	383,256	9,092
Operation of plant	2,235,011	2,253,873	2,156,458	97,415
Pupil transportation	34,500	714,483	701,956	12,527
Other support services	35,516	14,038	8,720	5,318
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>\$ 12,750,466</b>	<b>\$ 13,435,171</b>	<b>\$ 13,050,023</b>	<b>\$ 385,148</b>
Net change in fund balance	\$ (1,160,608)	\$ (1,160,608)	\$ (525,508)	\$ 635,100
Fund balance, July 1, 2013	1,160,608	1,160,608	1,187,080	26,472
Fund balance, June 30, 2014	\$ -	\$ -	\$ 661,572	\$ 661,572
Net change in fund balance, GAAP				\$ (523,791)
Revenue accruals (net)				(39)
Expenditure accruals (net)				(1,678)
Net change in fund balance, NON-GAAP budgetary basis				<u>\$ (525,508)</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, 2014

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and investments	<u>\$ 136,750</u>
Total assets	<u><u>\$ 136,750</u></u>
 <b>Liabilities</b>	
Deposits held for others	<u>\$ 136,750</u>
Total liabilities	<u><u>\$ 136,750</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, 2014

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). 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 GAAP, 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 GAAP, the District has no component units.

**B. BASIS OF PRESENTATION**

*Government-wide Financial Statements:*

The Statement of Net Position 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 position and changes in net position and are reported using accounting principles similar to proprietary funds.

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

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

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

### *Major Fund Descriptions*

*General* – See above description.

**Bond Building** – to account for bond proceeds plus any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings or purchasing or improving school grounds or any combination thereof as approved by the voters of the District. This is a Capital Project Fund.

**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 Position 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, deferred outflows of resources, liabilities and deferred inflows of resources 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 position (or cost recovery), and financial position. All assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflows of resources resulting from non-exchange transactions are recognized when the earnings progress is complete.

## **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. Revenues, expenses, gains, losses, assets,

deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**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 deferred outflows of resources by the provider and deferred inflows of resources by the recipient. Grant revenues not collected within 60 days of year end are recorded as receivables and deferred inflows of resources. Such amounts are recorded net of estimated uncollectible accounts.

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 inflows of resources in the fund statements. Property taxes are considered fully collectible.

In the government –wide Statement of Net Position, 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 position is reported in three parts – net investment in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources when an expense is incurred and for purposes for which both restricted and unrestricted net positions 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 position 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. Included in the General Fund are activity funds which, although not budgeted by the District are considered District funds. Therefore, these non-budgeted activity accounts are excluded from the budgetary comparison statement. Included in the day care fund are amounts carried in non-budgeted activity funds. These non-budgeted funds are excluded from the budgetary comparison statement.

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. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period, and so will be recognized as an outflow or resource (expenses/expenditures) until then. The Government had no items that qualify for reporting in the category.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate

financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The Government has two types of items, one of which arises under the full accrual basis of accounting and both of which arise under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item unavailable revenue, has reported in both the statement of net position and the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Government reports unavailable revenue from the following sources:

<u>Governmental Funds Balance Sheet</u>					
	<u>Statement of net Position</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Non-Major Govern- mental Funds</u>	<u>Total</u>
Advances received Under expenditure Drive grants	\$ 235,318	\$	\$	\$ 235,318	\$ 235,318
Property taxes	<u>                    </u>	<u>7,201</u>	<u>89,278</u>	<u>32,282</u>	<u>128,761</u>
Total	<u>\$ 235,318</u>	<u>\$ 7,201</u>	<u>\$ 89,278</u>	<u>\$ 267,600</u>	<u>\$ 364,077</u>

## K. EQUITY CLASSIFICATIONS

### *Government-wide Statements*

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

- a. Net investment in capital assets – 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 position – 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 position – all other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

### *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). Expenditures incurred are normally paid from the most highly constrained fund balance.

### **L. 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, 2014 was .374 per \$1,000 for non-residential property and .261 for residential property. The

District's tax rate for debt service was \$2.691 per \$1,000 for both residential and nonresidential property. The District's tax rate for District improvements was \$1.94 per \$1,000 for residential and \$1.94 for nonresidential property.

**M. 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.

**N. 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, 2014 \$2,707,768 of the governments bank balance of \$6,994,969 was exposed to custodial credit risk as follows:

Uninsured and collateralized	<u>\$ 2,707,768</u>	
Total		<u>\$ 2,707,768</u>
	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits by custodial risk category:		
Insured	\$ 250,000	\$ 250,000
Collateral held by the pledging bank's agent in the District's name	4,037,201	4,037,201
Uninsured and collateralized	<u>2,707,768</u>	<u>769,736</u>
	<u>\$ 6,994,969</u>	<u>\$ 5,056,937</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, 2014, was as follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Capital assets not being depreciated:				
Land	\$ 747,139	\$ -0-	\$ -0-	\$ 747,139
Construction progress	<u>570,561</u>	<u>7,485,312</u>	<u>15,759</u>	<u>8,040,114</u>
Total assets not being Depreciated	<u>\$ 1,317,700</u>	<u>\$ 7,485,312</u>	<u>\$ 15,759</u>	<u>\$ 8,787,253</u>
Other capital assets:				
Building & improvements	\$ 60,331,543	\$ 15,759	\$	\$ 60,347,302
Furniture and equipment	<u>4,822,314</u>	<u>84,411</u>	<u>-0-</u>	<u>4,906,725</u>
Total other capital assets at historical cost	<u>\$ 65,153,857</u>	<u>\$ 100,170</u>	<u>\$ -0-</u>	<u>\$ 65,254,027</u>
Less accumulated depreciation for:				
Building & improvement	\$ (21,286,704)	\$ (1,529,428)	\$	\$ (22,816,132)
Furniture & equipment	<u>(4,535,837)</u>	<u>(111,845)</u>	<u></u>	<u>(4,647,682)</u>
Total accumulated depreciation	<u>\$(25,822,541)</u>	<u>\$ (1,641,273)</u>	<u>\$ -0-</u>	<u>\$ (27,463,814)</u>
Total capital assets, net	<u>\$ 40,649,016</u>	<u>\$ 5,944,209</u>	<u>\$ 15,759</u>	<u>\$ 46,577,466</u>

Depreciation expense was charged to the governmental activities as follows:

Instruction	\$ 853,462
Student support	32,825
Instructional support	49,238
Administration general	139,508
Administration school	12,310
Central services	8,206
Plant operation	311,842
Transportation	168,231
Food	<u>65,651</u>
	<u>\$ 1,641,273</u>

The District has construction commitments totaling approximately \$2,000,000 at June 30, 2014.

Note 4 Long-term Debt

Changes in long-term debt were as follows during the year end June 30, 2014:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due In</u> <u>One Year</u>
G.O. Bonds, 6/10/2011	\$ <u>10,375,000</u>	\$ _____	\$ <u>950,000</u>	\$ <u>9,325,000</u>	\$ <u>1,000,000</u>
Compensated absences payable	\$ <u>69,591</u>	\$ <u>67,873</u>	\$ <u>126,513</u>	\$ <u>10,951</u>	\$ <u>-0-</u>

Annual debt service for bonds payable requirements are as follows:

Due in fiscal year ending June 30:

	<u>Principal</u>	<u>Interest</u>
2015	\$ 1,000,000	\$ 235,863
2016	1,050,000	220,325
2017	1,075,000	200,533
2018	1,100,000	176,738
2019	1,100,000	148,842
2020-2024	<u>4,000,000</u>	<u>277,396</u>
	<u>\$ 9,325,000</u>	<u>\$ 1,259,697</u>

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

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

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

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
NMB&T	\$ 144,850	\$ -0-	\$ 39,986	\$ 104,864	\$ 41,948
Schedule of Payments				2015	\$ 46,068
				2016	46,068
				2017	<u>19,143</u>
Total lease payments					\$ 111,279
Less imputed interest					<u>(6,415)</u>
					<u>\$ 104,864</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 \$10,584,697 at June 30, 2014, 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 3.57% for individually scheduled retirements, and maturity dates range from 2014 through 2023. The property tax levies expire when the related bond indebtedness is repaid.

During the year ended June 30, 2014, the District recognized \$1,241,366 in property taxes pledged to retire the bonded indebtedness, and retired \$1,196,936 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 some state agency employees) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

Funding Policy

Member Contributions

Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 10.1% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

#### Employer Contributions

In fiscal year 2014, the Cobre Consolidated School District No. 2 was required to contribute 13.15% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 10.1% of the gross covered salary for employees whose annual salary is more than \$20,000.

In the future, Cobre Consolidated School District No. 2 will contribute the following percentages of the gross covered salary of employees: 13.9% of gross covered salary in fiscal year 2015.

The contribution requirements of plan members and the Cobre Consolidated School District No. 2 are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Cobre Consolidated School District No. 2's contributions to ERB for the fiscal years ending June 30, 2014, 2013, and 2012, were \$1,882,986, \$1,683,438, and \$1,743,101, 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; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority, 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 RHA 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 administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the Board.

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. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans, 3,4, or 5; municipal fire member coverage plan 3,4, or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; and each participating employee was required to contribute 1.0% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the Authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Cobre Consolidated School District No. 2's contributions to the RHCA for the years ended June 30, 2014, 2013, and 2012 were \$246,134, \$249,545, and \$236,811, 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 exceeded 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.

During the year ending June 30, 2015 the District will be required to report a material liability for pension plan participation, due to the adoption of new reporting standards. Currently, the amount is not estimable.

Note 9 Interfund Activity

At June 30, 2014 there were no interfund receivables/payables.

There were no interfund transfers during the year ended June 30, 2014.

Note 10 Restricted Net Position

At June 30, 2014, net positions restricted for other purposes included the following balances in special revenue funds:

Medicaid	\$ 114,090
Cafeteria	387,481
Athletics	41,392
PED:	
SB-9	402,052
School Based Health	62,559
Cobre High School Daycare	181,244
Energy Efficiency	<u>32,173</u>
	<u>\$ 1,220,991</u>

The District reports restricted positions of \$2,360,366 of which \$2,318,974 is restricted by enabling legislation.

Note 11 Jointly Governed Organizations

The District participates in the Southwest Regional Education Cooperative 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 Cooperative.

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

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

Note 12 Evaluation of Subsequent Events

The District has evaluated subsequent events through October 20, 2014, the date which the financial statements were available to be issued.

Note 13 Deficit Fund Balance

The District had a deficit fund balance of \$30,902 in the bond building fund as of June 30, 2014. The deficit is the result of excess capital project spending. Transfers will be made as necessary to reduce the deficit.

Note 14 Restatement

During the fiscal year ended June 30, 2014, the District adopted GASBS No. 65, which created additional net position and balance sheet categories as explained in Note 1.

As a part of this statement, costs associated with the sale of bonds or loan acquisition are no longer capitalized, but are expensed as incurred. This results in the District being required to restate its government-wide net position at July 1, 2013, by the amount of previously capitalized bond costs.

Unamortized bond issue costs, June 30, 2013	<u>\$ 38,724</u>
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## **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** – 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** – 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).

**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.

**SB-9** – Created by State Law to account for the Districts tax levy restricted solely for improvements to the physical plant NMSA 1978 22-25-1.

**Reads to Lead** – To provide reading coaches to provide technical assistance and professional development to staff in the District.

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

**Grads** - 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.

**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, and to repay debt associated with the retrofit

**Child Care Block Grant** – 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.

## 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, 2014

	Special Revenue Funds			
	Cafeteria	Athletics	Title I	Entitlement
<b>Assets</b>				
Cash and investments	\$ 382,988	\$ 41,392	\$ 2,000	\$ 185,314
Inventory	4,493			
Property taxes receivable				
Interfund receivable				
Due from other governments				
Total assets	\$ 387,481	\$ 41,392	\$ 2,000	\$ 185,314
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 35
Interfund payable				
Total liabilities	\$ -	\$ -	\$ -	\$ 35
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	\$ -	\$ -	\$ 2,000	\$ 185,279
Total deferred inflows of resources	\$ -	\$ -	\$ 2,000	\$ 185,279
<b>Fund balance:</b>				
Nonspendable:				
Inventories	\$ 4,493	\$ -	\$ -	\$ -
Restricted for:				
Education		41,392		
Social services				
Food service	382,988			
Debt service				
Unassigned				
Total fund balances	\$ 387,481	\$ 41,392	\$ -	\$ -
Total liabilities, deferred inflows of resources, and fund balances	\$ 387,481	\$ 41,392	\$ 2,000	\$ 185,314

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

Special Revenue Funds

<u>Preschool</u>	<u>English Language</u>	<u>Child and Adult Food</u>	<u>GRADS</u>	<u>Medicaid</u>	<u>School Based Health</u>	<u>Day Care</u>
\$ 21,676	\$ -	\$ 18,363	\$ 8,000	\$ 76,156	\$ 62,559	\$ 181,244
	290			41,346		
<u>\$ 21,676</u>	<u>\$ 290</u>	<u>\$ 18,363</u>	<u>\$ 8,000</u>	<u>\$ 117,502</u>	<u>\$ 62,559</u>	<u>\$ 181,244</u>
\$ -	\$ 290	\$ -	\$ -	\$ 3,412	\$ -	\$ -
<u>\$ -</u>	<u>\$ 290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,412</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 21,676</u>	<u>\$ -</u>	<u>\$ 18,363</u>	<u>\$ 8,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 21,676</u>	<u>\$ -</u>	<u>\$ 18,363</u>	<u>\$ 8,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
				114,090	62,559	181,244
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,090</u>	<u>\$ 62,559</u>	<u>\$ 181,244</u>
<u>\$ 21,676</u>	<u>\$ 290</u>	<u>\$ 18,363</u>	<u>\$ 8,000</u>	<u>\$ 117,502</u>	<u>\$ 62,559</u>	<u>\$ 181,244</u>

Cobre Consolidated School District No. 2  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (concluded)**  
June 30, 2014

	Special Revenue Funds		Debt Service Funds	Total
	SB-9	Energy Efficiency	Ed Tech Debt Service	
Cash and investments	\$ 368,765	\$ 32,173	\$ 736	\$ 1,381,366
Inventory				4,493
Property taxes receivable	33,287		8,789	42,076
Interfund receivable				-
Due from other governments				41,636
<b>Total assets</b>	<b><u>\$ 402,052</u></b>	<b><u>\$ 32,173</u></b>	<b><u>\$ 9,525</u></b>	<b><u>\$ 1,469,571</u></b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 3,737
Interfund payable				-
<b>Total liabilities</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,737</u></b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	\$ 24,538	\$ -	\$ 7,744	\$ 267,600
<b>Total deferred inflows of resources</b>	<b><u>\$ 24,538</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,744</u></b>	<b><u>\$ 267,600</u></b>
<b>Fund balance:</b>				
<b>Nonspendable:</b>				
Inventories	\$ -	\$ -	\$ -	\$ 4,493
<b>Restricted for:</b>				
Education	377,514	32,173		632,323
Social services				176,649
Food service				382,988
Debt service			1,781	1,781
Unassigned				-
<b>Total fund balances</b>	<b><u>\$ 377,514</u></b>	<b><u>\$ 32,173</u></b>	<b><u>\$ 1,781</u></b>	<b><u>\$ 1,198,234</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b><u>\$ 402,052</u></b>	<b><u>\$ 32,173</u></b>	<b><u>\$ 9,525</u></b>	<b><u>\$ 1,469,571</u></b>

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

Cobre Consolidated School District No. 2  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
For The Fiscal Year Ended June 30, 2014

	Special Revenue Funds				
	Cafeteria	Athletics	Title I	Entitlement	Preschool
Revenues:					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and charges	24,426	53,444			
State aid					
Federal aid	802,036		518,299	419,468	5,900
Earnings on investments	93	18			
Miscellaneous		1,592			
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	<u>\$ 826,555</u>	<u>\$ 55,054</u>	<u>\$ 518,299</u>	<u>\$ 419,468</u>	<u>\$ 5,900</u>
Expenditures:					
Current:					
Instruction	\$ -	\$ 69,074	\$ 423,665	\$ 118,704	\$ 4,488
Support services - Students			784	270,564	
Support services - Instruction					
General administration			93,607	30,200	1,412
School administration			243		
Operation of plant					
Food services	792,774				
Transportation					
Other support services					
Debt service:					
Principle					
Interest					
Capital outlay	38,372				
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	<u>\$ 831,146</u>	<u>\$ 69,074</u>	<u>\$ 518,299</u>	<u>\$ 419,468</u>	<u>\$ 5,900</u>
Revenues over (under) expenditures	\$ (4,591)	\$ (14,020)	\$ -	\$ -	\$ -
Other financing sources (uses):					
Transfer in					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	\$ (4,591)	\$ (14,020)	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	392,072	55,412			
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, June 30, 2014	<u>\$ 387,481</u>	<u>\$ 41,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Special Revenue Funds

Risk Pool	English Language	Teacher Training	Child and Adult Food	Medicaid
\$ -	\$ -	\$ -	\$ -	\$ -
2,764	10,040	105,536	9,454	135,658
<u>\$ 2,764</u>	<u>\$ 10,040</u>	<u>\$ 105,536</u>	<u>\$ 9,454</u>	<u>\$ 135,658</u>
\$ 89 2,675	\$ 7,085	\$ 93,375 649	\$ - 9,400	\$ - 90,806
	1,866 1,089	3,827 7,685	54	
<u>\$ 2,764</u>	<u>\$ 10,040</u>	<u>\$ 105,536</u>	<u>\$ 9,454</u>	<u>\$ 90,806</u>
\$ -	\$ -	\$ -	\$ -	\$ 44,852
\$ -	\$ -	\$ -	\$ -	\$ 44,852
				<u>69,238</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,090</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, 2014

	Special Revenue Funds			
	Reads to Lead	Dual Credit	Elementary Breakfast	Kindergarten 3+
Revenues:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges				
State aid	98,545	8,100	16,647	191,062
Federal aid				
Earnings on investments				
Miscellaneous				
Total revenues	\$ 98,545	\$ 8,100	\$ 16,647	\$ 191,062
Expenditures:				
Current:				
Instruction	\$ 98,480	\$ 8,100	\$ -	\$ 145,185
Support services - Students	65			2,059
Support services - Instruction				
General administration				744
School administration				21,212
Operation of plant				473
Food services			16,647	
Transportation				21,389
Other support services				
Debt service:				
Principle				
Interest				
Capital outlay				
Total expenditures	\$ 98,545	\$ 8,100	\$ 16,647	\$ 191,062
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer in				
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013				
Fund balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -

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

Special Revenue funds

Pre-K Initiative	Next Generation Assessments	2010 GO Bonds Library	2012 GO Bond Library	School Based Health	Day Care
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
245,820	9,755	2,616	18,972		11,597
					63,154
<u>\$ 245,820</u>	<u>\$ 9,755</u>	<u>\$ 2,616</u>	<u>\$ 18,972</u>	<u>\$ -</u>	<u>\$ 74,751</u>
\$ 179,063	\$ 9,755	\$ -	\$ -	\$ -	\$ 8,242
473		2,616	18,972		81,087
464					
65,820					33,582
<u>\$ 245,820</u>	<u>\$ 9,755</u>	<u>\$ 2,616</u>	<u>\$ 18,972</u>	<u>\$ -</u>	<u>\$ 122,911</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (48,160)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (48,160)
				62,559	229,404
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,559</u>	<u>\$ 181,244</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, 2014

	Special Revenue Funds		Debt Service Funds	Total
	SB-9	Energy Efficiency	Ed Tech Debt Service	
<b>Revenues:</b>				
Property Taxes	\$ 355,729	\$ -	\$ 8,836	\$ 364,565
Fees and charges				89,467
State aid	131,515	48,893		771,925
Federal aid				2,072,309
Earnings on investments	158			269
Miscellaneous				1,592
<b>Total revenues</b>	<b>\$ 487,402</b>	<b>\$ 48,893</b>	<b>\$ 8,836</b>	<b>\$ 3,300,127</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	\$ -	\$ -	\$ -	\$ 1,165,305
Support services - Students				458,089
Support services - Instruction				21,588
General administration	2,006		101	134,290
School administration				30,693
Operation of plant	278,072			278,545
Food services				843,003
Transportation				87,209
Other support services				-
<b>Debt service:</b>				
Principle		39,986		39,986
Interest		6,082		6,082
Capital outlay	49,640			88,012
<b>Total expenditures</b>	<b>\$ 329,718</b>	<b>\$ 46,068</b>	<b>\$ 101</b>	<b>\$ 3,152,802</b>
Revenues over (under) expenditures	\$ 157,684	\$ 2,825	\$ 8,735	\$ 147,325
<b>Other financing sources (uses):</b>				
Transfer in				-
Net change in fund balance	\$ 157,684	\$ 2,825	\$ 8,735	\$ 147,325
Fund balance, July 1, 2013	219,830	29,348	(6,954)	1,050,909
Fund balance, June 30, 2014	<u>\$ 377,514</u>	<u>\$ 32,173</u>	<u>\$ 1,781</u>	<u>\$ 1,198,234</u>

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



Cobre Consolidated School District No. 2  
**GENERAL FUND**  
**COMBINING BALANCE SHEET**  
June 30, 2014

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>
<b>Assets</b>			
Cash and investments	\$ 484,555	\$ -	\$ 16,293
Taxes receivable	8,585		
Due from other governments			
Interfund receivable			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 493,140</u>	<u>\$ -</u>	<u>\$ 16,293</u>
 <b>Liabilities</b>			
Accounts payable	\$ 47,150	\$ -	\$ -
Interfund payable			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>\$ 47,150</u>	<u>\$ -</u>	<u>\$ -</u>
 <b>Deferred Inflows of Resources</b>			
Unavailable revenue	\$ 7,201		
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total deferred inflows of resources	<u>\$ 7,201</u>	<u>\$ -</u>	<u>\$ -</u>
 <b>Fund balance:</b>			
Unassigned	\$ 438,789		\$ 16,293
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>\$ 438,789</u>	<u>\$ -</u>	<u>\$ 16,293</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 493,140</u>	<u>\$ -</u>	<u>\$ 16,293</u>

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

<u>Non - Instructional Support</u>	<u>Total</u>
\$ 158,270	\$ 659,118 8,585 - -
<u>\$ 158,270</u>	<u>\$ 667,703</u>
\$ -	\$ 47,150 -
<u>\$ -</u>	<u>\$ 47,150</u>
-	\$ 7,201
<u>\$ -</u>	<u>\$ 7,201</u>
<u>\$ 158,270</u>	<u>\$ 613,352</u>
<u>\$ 158,270</u>	<u>\$ 613,352</u>
<u><u>\$ 158,270</u></u>	<u><u>\$ 667,703</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, 2014

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>
Revenues:			
Property taxes	\$ 57,123	\$ -	\$ -
Fees and charges	97,059		
State aid	11,478,857	679,525	73,237
Federal aid	125,335		
Earnings on investments	710		
Miscellaneous	12,708		
	<hr/>	<hr/>	<hr/>
Total revenues	\$ 11,771,792	\$ 679,525	\$ 73,237
Expenditures:			
Current:			
Instruction	\$ 6,309,366	\$ -	\$ 102,531
Support services - Students	1,344,676		
Support services - Instruction	516,078		
General administration	658,338		
School administration	864,513		
Central services	383,196		
Operation of plant	2,147,311		
Transportation	22,022	679,525	
Food services			
Other support services	20,789		
Capital outlay			
	<hr/>	<hr/>	<hr/>
Total expenditures	\$ 12,266,289	\$ 679,525	\$ 102,531
Revenues over (under) expenditures	\$ (494,497)	\$ -	\$ (29,294)
Other financing sources:			
Loan proceeds			
Operating transfers in (out)			
	<hr/>	<hr/>	<hr/>
Net change in fund balance	\$ (494,497)	\$ -	\$ (29,294)
Fund balance, July 1, 2013	933,286		45,587
	<hr/>	<hr/>	<hr/>
Fund balance, June 30, 2014	\$ 438,789	\$ -	\$ 16,293
	<hr/>	<hr/>	<hr/>

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

<u>Activity Funds</u>	<u>Total</u>
\$ -	\$ 57,123
79,742	176,801
	12,231,619
	125,335
	710
	<u>12,708</u>
<u>\$ 79,742</u>	<u>\$ 12,604,296</u>
\$ 82,196	\$ 6,494,093
	1,344,676
	516,078
	658,338
	864,513
	383,196
	2,147,311
	701,547
	-
	20,789
	<u>-</u>
<u>\$ 82,196</u>	<u>\$ 13,130,541</u>
\$ (2,454)	\$ (526,245)
	-
	<u>-</u>
<u>\$ (2,454)</u>	<u>\$ (526,245)</u>
<u>160,724</u>	<u>1,139,597</u>
<u>\$ 158,270</u>	<u>\$ 613,352</u>

Cobre Consolidated School District No. 2  
**GENERAL FUND/OPERATIONAL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Federal sources	\$ 35,000	\$ 35,000	\$ 121,335	\$ 86,335
State sources	11,420,425	11,420,425	11,478,857	58,432
Local sources	67,945	67,945	170,851	102,906
Interest income	1,000	1,000	710	(290)
<b>Total revenues</b>	<b>\$ 11,524,370</b>	<b>\$ 11,524,370</b>	<b>\$ 11,771,753</b>	<b>\$ 247,383</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	\$ 6,821,318	\$ 6,458,570	\$ 6,312,127	\$ 146,443
Support services - Students	1,405,197	1,378,446	1,344,676	33,770
Support services - Instruction	484,870	533,416	515,239	18,177
General administration	525,381	686,810	659,664	27,146
School administration	727,168	892,111	865,396	26,715
Central services	370,429	392,348	383,256	9,092
Operation of plant	2,235,011	2,253,873	2,156,458	97,415
Pupil transportation	34,500	29,778	22,431	7,347
Other support services	35,516	14,038	8,720	5,318
Capital outlay				-
<b>Total expenditures</b>	<b>\$ 12,639,390</b>	<b>\$ 12,639,390</b>	<b>\$ 12,267,967</b>	<b>\$ 371,423</b>
Net change in fund balance	\$ (1,115,020)	\$ (1,115,020)	\$ (496,214)	\$ 618,806
Fund balance, July 1, 2013	1,115,020	1,115,020	980,769	(134,251)
Fund balance, June 30, 2014	\$ -	\$ -	\$ 484,555	\$ 484,555
<b>Budgetary reconciliation:</b>				
Net change in fund balance, GAAP basis				\$ (494,497)
Revenue accruals (net)				(39)
Expenditure accruals (net)				(1,678)
Net change in fund balance, NON-GAAP budgetary basis				<u>\$ (496,214)</u>

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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 684,705	\$ 679,525	\$ (5,180)
Expenditures:				
Current:				
Pupil transportation	-	684,705	679,525	5,180
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ -</u>	

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

Cobre Consolidated School District No. 2  
**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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 65,488	\$ 65,488	\$ 73,237	\$ 7,749
Expenditures:				
Current:				
Instruction	\$ 111,076	\$ 111,076	\$ 102,531	\$ 8,545
Support services - Instruction				-
Total expenditures	<u>\$ 111,076</u>	<u>\$ 111,076</u>	<u>\$ 102,531</u>	<u>\$ 8,545</u>
Net change in fund balance	\$ (45,588)	\$ (45,588)	\$ (29,294)	\$ 16,294
Fund balance, July 1, 2013	<u>45,588</u>	<u>45,588</u>	<u>45,587</u>	<u>(1)</u>
Fund balance, June 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,293</u></u>	<u><u>\$ 16,293</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (29,294)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (29,294)</u></u>	

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

Cobre Consolidated School District No. 2  
**SPECIAL REVENUE FUND - CAFETERIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 800,000	\$ 800,000	\$ 755,520	\$ (44,480)
State sources				-
Local sources	39,000	39,000	24,426	(14,574)
Earnings on investments	100	100	93	(7)
Total revenues	\$ 839,100	\$ 839,100	\$ 780,039	\$ (59,061)
Expenditures:				
Current:				
Food services	\$ 1,130,396	\$ 1,130,396	\$ 785,240	\$ 345,156
Capital outlay				-
Total expenditures	\$ 1,130,396	\$ 1,130,396	\$ 785,240	\$ 345,156
Net change in fund balance	\$ (291,296)	\$ (291,296)	\$ (5,201)	\$ 286,095
Fund balance, July 1, 2013	291,296	291,296	388,189	96,893
Fund balance, June 30, 2014	\$ -	\$ -	\$ 382,988	\$ 382,988
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (4,591)	
Revenue accruals (net)			(46,516)	
Expenditure accruals (net)			45,906	
Net change in fund balance, NON-GAAP budgetary basis			\$ (5,201)	

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ 53,100	\$ 53,100	\$ 55,054	\$ 1,954
Expenditures:				
Current:				
Instruction	117,685	117,685	69,074	48,611
Net change in fund balance	\$ (64,585)	\$ (64,585)	\$ (14,020)	\$ 50,565
Fund balance, July 1, 2013	64,585	64,585	55,412	(9,173)
Fund balance, June 30, 2014	\$ -	\$ -	\$ 41,392	\$ 41,392
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (14,020)	
Revenue accruals (net)				
Expenditure accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ (14,020)	

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 493,637	\$ 592,722	\$ 518,723	\$ (73,999)
Expenditures:				
Current:				
Instruction	\$ 411,572	\$ 481,147	\$ 424,089	\$ 57,058
Support services - Students	-	10,338	784	9,554
General administration	65,000	100,994	93,607	7,387
School administration	17,065	243	243	-
Central services	-	-	-	-
Total expenditures	\$ 493,637	\$ 592,722	\$ 518,723	\$ 73,999
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			424	
Expenditure accruals (net)			(424)	
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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 14,255	\$ 30,761	\$ 5,900	\$ (24,861)
Expenditures:				
Current:				
Instruction	\$ 10,000	\$ 15,000	\$ 4,488	\$ 10,512
Support services - Students	3,810	9,085		9,085
General administration	445	6,676	1,412	5,264
Total expenditures	\$ 14,255	\$ 30,761	\$ 5,900	\$ 24,861
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2  
**SPECIAL REVENUE FUND - SB-9**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 131,515	\$ 131,515	\$ -
Local sources	306,247	306,247	355,664	49,417
Earnings on investments	<u>600</u>	<u>600</u>	<u>158</u>	<u>(442)</u>
Total revenues	<u>\$ 306,847</u>	<u>\$ 438,362</u>	<u>\$ 487,337</u>	<u>\$ 48,975</u>
Expenditures:				
Current:				
Operation of plant	\$ 306,321	\$ 403,698	\$ 268,166	\$ 135,532
Administration	2,001	2,007	2,006	1
Capital outlay	<u>280,000</u>	<u>314,132</u>	<u>59,546</u>	<u>254,586</u>
Total expenditures	<u>\$ 588,322</u>	<u>\$ 719,837</u>	<u>\$ 329,718</u>	<u>\$ 390,119</u>
Net change in fund balance	\$ (281,475)	\$ (281,475)	\$ 157,619	\$ 439,094
Fund balance, July 1, 2013	<u>281,475</u>	<u>281,475</u>	<u>211,146</u>	<u>(70,329)</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 368,765</u>	<u>\$ 368,765</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 157,684	
Revenue accruals (net)			(65)	
Expenditure accruals (net)			<u>                    </u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 157,619</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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 8,955	\$ 12,364	\$ 9,750	\$ (2,614)
Expenditures:				
Current:				
Instruction	\$ 8,776	\$ 8,908	\$ 6,795	\$ 2,113
General administration	179	2,228	1,866	362
School administration		1,228	1,089	139
Total expenditures	\$ 8,955	\$ 12,364	\$ 9,750	\$ 2,614
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(290)	
Expenditure accruals (net)			290	
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/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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 113,648	\$ 153,351	\$ 105,536	\$ (47,815)
Expenditures:				
Current:				
Instruction	\$ 106,102	\$ 112,792	\$ 93,375	\$ 19,417
Support services - Students	-	3,000	649	2,351
General administration	3,546	5,716	3,827	1,889
School administration	4,000	31,843	7,685	24,158
Total expenditures	\$ 113,648	\$ 153,351	\$ 105,536	\$ 47,815
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -
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 - NM READS TO LEAD K-3**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 98,546	\$ 98,545	\$ (1)
Expenditures:				
Current:				
Instruction	\$ -	\$ 98,481	\$ 98,480	\$ 1
Support services - Students		65	65	-
Total expenditures	\$ -	\$ 98,546	\$ 98,545	\$ 1
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cobre Consolidated School District No. 2  
**SPECIAL REVENUE FUND - MEDICAID**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 108,656	\$ 108,656	\$ 121,840	\$ 13,184
Expenditures:				
Current:				
Support services - Students	\$ 108,656	\$ 108,656	\$ 87,394	\$ 21,262
Other support services	-	-	-	-
Total expenditures	\$ 108,656	\$ 108,656	\$ 87,394	\$ 21,262
Net change in fund balance	\$ -	\$ -	\$ 34,446	\$ 34,446
Fund balance, July 1, 2013	-	-	41,710	41,710
Fund balance, June 30, 2014	\$ -	\$ -	\$ 76,156	\$ 76,156
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 44,852	
Revenue accruals (net)			(13,818)	
Expenditure accruals (net)			3,412	
Net change in fund balance, NON-GAAP budgetary basis			\$ 34,446	

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



Cobre Consolidated School District No. 2  
**SPECIAL REVENUE FUND - IDEA B RISK POOL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 2,764	\$ 2,764	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ 89	\$ 89	\$ -
Support services - Students		2,675	2,675	-
School administration	-	-	-	-
Total expenditures	\$ -	\$ 2,764	\$ 2,764	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -
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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 8,100	\$ 8,100	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ 8,100	\$ 8,100	\$ -
School administration	-	-	-	-
Total expenditures	\$ -	\$ 8,100	\$ 8,100	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -
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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 245,820	\$ 245,820	\$ 245,820	\$ -
Expenditures:				
Current:				
Instruction	\$ 180,000	\$ 179,063	\$ 179,063	\$ -
Support services - Students				-
General administration		473	473	-
School administration		464	464	-
Operation of plant				-
Transportation	65,820	65,820	65,820	-
Total expenditures	\$ 245,820	\$ 245,820	\$ 245,820	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -
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 - 2010 GO BONDS STUDENT LIBRARY SB1**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 6,292	\$ 6,292	\$ 2,616	\$ (3,676)
Expenditures:				
Current:				
Support services - Instruction	\$ 6,292	\$ 6,292	\$ 2,616	\$ 3,676
Capital outlay				-
Total expenditures	<u>\$ 6,292</u>	<u>\$ 6,292</u>	<u>\$ 2,616</u>	<u>\$ 3,676</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2014	<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 - DAY CARE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 297,021	\$ 333,721	\$ 63,154	\$ (270,567)
Expenditures:				
Current:				
Instruction	\$ -	\$ -		\$ -
Support services - Students	294,521	294,521	81,087	213,434
Operation of plant	2,500	2,500		2,500
Food services		36,700	33,582	3,118
Total expenditures	\$ 297,021	\$ 333,721	\$ 114,669	\$ 219,052
Net change in fund balance	\$ -	\$ -	\$ (51,515)	\$ (51,515)
Fund balance, July 1, 2013	-	-	191,669	191,669
Fund balance, June 30, 2014	\$ -	\$ -	\$ 140,154	\$ 140,154
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (48,160)	
Non-budgeted revenue			(11,597)	
Non-budgeted expenditures			8,242	
Net change in fund balance, NON-GAAP budgetary basis			\$ (51,515)	

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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Support services - Students	\$ 62,559	\$ 62,559	\$ -	\$ 62,559
Capital outlay				-
Total expenditures	<u>\$ 62,559</u>	<u>\$ 62,559</u>	<u>\$ -</u>	<u>\$ 62,559</u>
Net change in fund balance	\$ (62,559)	\$ (62,559)	\$ -	\$ 62,559
Fund balance, July 1, 2013	<u>62,559</u>	<u>62,559</u>	<u>62,559</u>	<u>-</u>
Fund balance, June 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 62,559</u></u>	<u><u>\$ 62,559</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 - 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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 26,467	\$ 26,467	\$ 4,121	\$ (22,346)
Expenditures:				
Current:				
Support services - Students	\$ 26,467	\$ 26,367	\$ 9,400	\$ 16,967
General administration		100	54	46
Total expenditures	\$ 26,467	\$ 26,467	\$ 9,454	\$ 17,013
Net change in fund balance	\$ -	\$ -	\$ (5,333)	\$ (5,333)
Fund balance, July 1, 2013	-	-	23,696	23,696
Fund balance, June 30, 2014	\$ -	\$ -	\$ 18,363	\$ 18,363
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(5,333)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (5,333)	

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

Cobre Consolidated School District No. 2  
**SPECIAL REVENUE FUND - NEXT GENERATION ASSESSMENTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 9,755		\$ (9,755)
Expenditures:				
Current:				
Instruction	\$ -	\$ 9,755		\$ 9,755
Capital outlay				-
Total expenditures	\$ -	\$ 9,755	\$ -	\$ 9,755
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -
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 - 2012 GO BONDS STUDENT LIBRARY SB66**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 19,549	\$ 19,549	\$ 18,972	\$ (577)
Expenditures:				
Current:				
Support services - Instruction	\$ 19,549	\$ 19,549	\$ 18,972	\$ 577
Capital outlay	-	-	-	-
Total expenditures	\$ 19,549	\$ 19,549	\$ 18,972	\$ 577
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -
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 - KINDERGARTEN 3+**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 191,062	\$ 191,062	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ 145,185	\$ 145,185	\$ -
Support services - Students		2,059	2,059	-
General administration		744	744	-
School administration		21,212	21,212	-
Operation of plant		473	473	-
Transportation		21,389	21,389	-
Total expenditures	\$ -	\$ 191,062	\$ 191,062	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -
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 - BREAKFAST FOR ELEMENTARY STUDENTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 18,057	\$ 16,647	\$ (1,410)
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Food services	-	18,057	16,647	1,410
Total expenditures	\$ -	\$ 18,057	\$ 16,647	\$ 1,410
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -
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 - GRADS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	\$ 8,000	\$ 8,000	\$ -	\$ 8,000
Support services - Students				-
School administration				-
Total expenditures	\$ 8,000	\$ 8,000	\$ -	\$ 8,000
Net change in fund balance	\$ (8,000)	\$ (8,000)	\$ -	\$ (8,000)
Fund balance, July 1, 2013	8,000	8,000	8,000	-
Fund balance, June 30, 2014	\$ -	\$ -	\$ 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 - ENTITLEMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 361,990	\$ 420,071	\$ 420,071	\$ -
Expenditures:				
Current:				
Instruction	\$ 129,050	\$ 119,342	\$ 119,342	\$ -
Support services - Students	186,772	270,529	270,529	-
General administration	46,168	30,200	30,200	-
School administration				-
Total expenditures	\$ 361,990	\$ 420,071	\$ 420,071	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -
Net change in fund balance, GAAP			\$ -	
Revenue accruals (net)			603	
Expenditure accruals (net)			(603)	
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 - 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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 48,893	\$ 48,893	\$ 48,893	\$ -
Expenditures:				
Capital outlay	78,242	78,242	46,068	32,174
Net change in fund balance	\$ (29,349)	\$ (29,349)	\$ 2,825	\$ 32,174
Fund balance, July 1, 2013	29,349	29,349	29,348	(1)
Fund balance, June 30, 2014	\$ -	\$ -	\$ 32,173	\$ 32,173
 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  
**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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local sources	\$ 1,197,137	\$ 1,197,137	\$ 1,242,572	\$ 45,435
Expenditures:				
Current:				
Administration	\$ 7,660	\$ 7,660	\$ 7,089	\$ 571
Principal	950,000	950,000	950,000	-
Interest	246,936	246,936	246,934	2
Debt service reserve	1,057,793	1,057,793		1,057,793
Total expenditures	\$ 2,262,389	\$ 2,262,389	\$ 1,204,023	\$ 1,058,366
Net change in fund balance	\$ (1,065,252)	\$ (1,065,252)	\$ 38,549	\$ 1,103,801
Fund balance, July 1, 2013	1,065,252	1,065,252	1,104,145	38,893
Fund balance, June 30, 2014	\$ -	\$ -	\$ 1,142,694	\$ 1,142,694
Budgetary reconciliation:				
Net change in fund balance, GAAP			\$ 37,463	
Revenue accruals (net)			1,086	
Expenditure accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ 38,549	

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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ -	\$ 9,356	\$ 10,100	\$ 744
Expenditures:				
Current:				
Administration	\$ -	\$ 102	\$ 102	\$ -
Principal				-
Interest				-
Debt service reserve		<u>9,254</u>		<u>9,254</u>
Total expenditures	<u>\$ -</u>	<u>\$ 9,356</u>	<u>\$ 102</u>	<u>\$ 9,254</u>
Net change in fund balance	\$ -	\$ -	\$ 9,998	\$ 9,998
Fund balance, July 1, 2013			<u>(9,262)</u>	<u>(9,262)</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 736</u>	<u>\$ 736</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP			\$ 8,735	
Revenue accruals (net)			1,263	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 9,998</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Local sources	\$ -	\$ -	\$ -	\$ -
Earnings on investments	1,062	1,062	825	(237)
<b>Total revenues</b>	<u>\$ 1,062</u>	<u>\$ 1,062</u>	<u>\$ 825</u>	<u>\$ (237)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Operation of plant	\$ -	\$ -	\$ -	\$ -
Bond issue costs				-
Capital outlay	3,283,959	3,283,959	1,473,283	1,810,676
<b>Total expenditures</b>	<u>\$ 3,283,959</u>	<u>\$ 3,283,959</u>	<u>\$ 1,473,283</u>	<u>\$ 1,810,676</u>
Revenues over (under) expenditures	\$ (3,282,897)	\$ (3,282,897)	\$ (1,472,458)	\$ 1,810,439
<b>Other financing sources (uses):</b>				
Bond proceeds			-	-
<b>Net change in fund balance</b>	\$ (3,282,897)	\$ (3,282,897)	\$ (1,472,458)	\$ 1,810,439
Fund balance, July 1, 2013	3,282,897	3,282,897	3,209,467	-
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,737,009</u>	<u>\$ 1,737,009</u>
Net change in fund balance, GAAP			\$ (3,196,954)	
Revenue accruals (net)			(4,283,932)	
Expenditure accruals (net)			<u>6,008,428</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (1,472,458)</u>	

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, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>Assets</b>				
Cash and investments:				
Cobre High School	\$ 111,899	\$ 228,599	\$ 257,505	\$ 82,993
Snell Middle School	37,982	59,830	66,599	31,213
Bayard Elementary	1,354	2,331	1,997	1,688
Central Elementary	11,794	8,283	14,380	5,697
Hurley Elementary	42	-	-	42
San Lorenzo Elementary	-	-	-	-
All Students	<u>14,581</u>	<u>1,861</u>	<u>1,325</u>	<u>15,117</u>
 Total assets	 <u>\$ 177,652</u>	 <u>\$ 300,904</u>	 <u>\$ 341,806</u>	 <u>\$ 136,750</u>
 <b>Liabilities</b>				
Deposits held for others:				
Cobre High School	\$ 111,899	\$ 228,599	\$ 257,505	\$ 82,993
Snell Middle School	37,982	59,830	66,599	31,213
Bayard Elementary	1,354	2,331	1,997	1,688
Central Elementary	11,794	8,283	14,380	5,697
Hurley Elementary	42	-	-	42
San Lorenzo Elementary	-	-	-	-
All Students	<u>14,581</u>	<u>1,861</u>	<u>1,325</u>	<u>15,117</u>
 Total liabilities	 <u>\$ 177,652</u>	 <u>\$ 300,904</u>	 <u>\$ 341,806</u>	 <u>\$ 136,750</u>

Cobre Consolidated School District No. 2  
**SCHEDULE OF DEPOSITORY COLLATERAL**  
June 30, 2014

	Ambank	Total
Checking and CD's	\$ 6,994,969	\$ 6,994,969
Total on deposit	\$ 6,994,969	\$ 6,994,969
Less: FDIC insurance	(250,000)	(250,000)
Total uninsured public funds	\$ 6,744,969	\$ 6,744,969
50% collateralization requirement (Section 6-10-17 NMSA)	3,372,485	3,372,485
Pledged Securities:		
Carlsbad, NM 142735DG1 8/1/16	\$ 241,509	\$ 241,509
FNMA 3136G14N6 6/28/17	992,274	992,274
Ruidoso, NM 781338HQ4 8/1/20	419,760	419,760
Gadsden, NM 362550MF9 8/15/22	1,054,970	1,054,970
MBS FHLMC 3128MC6M2 5/1/26	503,036	503,036
MBS FNMA 3138E0SD2 12/1/26	771,718	771,718
Bernalillo, NM 085279PK7 8/1/19	53,934	53,934
Total pledged securities	\$ 4,037,201	\$ 4,037,201
Pledged securities over (under) requirement	\$ 664,717	\$ 664,717

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, 2014

<u>Ambank</u>	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
Operational	Checking	\$ 649,994	\$ 484,555
Cafeteria	Checking	370,327	382,988
Payroll	Checking	1,725,817	-
Debt Service	Checking	1,143,430	1,143,430
SB-9	Checking	411,792	314,159
Bond Building	Checking	1,914,212	1,737,009
Special Projects	Checking	343,384	617,294
Athletics	Checking	43,102	41,392
Activity	Checking	392,911	336,110
Total Ambank		<u>\$ 6,994,969</u>	<u>\$ 5,056,937</u>
Total cash and investments		<u><u>\$ 6,994,969</u></u>	<u><u>\$ 5,056,937</u></u>

Cobre Consolidated School District No. 2  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**  
**ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION**  
For The Fiscal Year Ended June 30, 2014

	<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, 2013	\$ 980,769	\$ -	\$ 45,587	\$ 388,189	\$ 55,412
Add: Current year receipts	11,771,236	679,525	73,237	780,039	55,054
Less: Current year expenditures	<u>(12,267,450)</u>	<u>(679,525)</u>	<u>(102,531)</u>	<u>(785,240)</u>	<u>(69,074)</u>
Total cash and investments as of June 30, 2014	<u>\$ 484,555</u>	<u>\$ -</u>	<u>\$ 16,293</u>	<u>\$ 382,988</u>	<u>\$ 41,392</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, 2014

	<u>Agency</u>	<u>Federal Flowthrough</u>	<u>Federal Direct</u>	<u>State Flowthrough</u>
Total cash and investments as of July 1, 2013	\$ 376,111	\$ 208,991	\$ 265,075	\$ -
Add: Current year receipts	354,063	1,096,326	155,533	591,517
Less: Current year expenditures	<u>(394,064)</u>	<u>(1,096,326)</u>	<u>(177,936)</u>	<u>(591,517)</u>
Total cash and investments as of June 30, 2014	<u>\$ 336,110</u>	<u>\$ 208,991</u>	<u>\$ 242,672</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, 2014

	<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, 2013	\$ 62,559	\$ 3,209,467	\$ -	\$ 156,661	\$ 29,348
Add: Current year receipts		825		487,216	48,893
Less: Current year expenditures		<u>(1,473,283)</u>		<u>(329,718)</u>	<u>(46,068)</u>
Total cash and investments as of June 30, 2014	<u>\$ 62,559</u>	<u>\$ 1,737,009</u>	<u>\$ -</u>	<u>\$ 314,159</u>	<u>\$ 32,173</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, 2014

	<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, 2013	\$ -	\$ 54,485	\$ 1,104,145	\$ (9,262)
Add: Current year receipts		121	1,242,572	10,099
Less: Current year expenditures			<u>(1,204,023)</u>	<u>(101)</u>
Total cash and investments as of June 30, 2014	<u>\$ -</u>	<u>\$ 54,606</u>	<u>\$ 1,142,694</u>	<u>\$ 736</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, 2014

	<u>Total</u>
Total cash and investments as of July 1, 2013	\$ 6,927,537
Add: Current year receipts	17,346,256
Less: Current year expenditures	<u>(19,216,856)</u>
Total cash and investments as of June 30, 2014	<u>\$ 5,056,937</u>

Cobre Consolidated School District No. 2  
**SCHEDULE OF JOINT POWERS AGREEMENT**  
 June 30, 2014

Participants	Cobre Consolidated School District No. 2 and the Southwest Regional Education Cooperative # 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 Cooperative #10
Agency that is to account for activity	Southwest Regional Education Cooperative #10

Cobre Consolidated School District #2  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For The Fiscal Year Ended June 30, 2014

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
 <b><u>U.S. DEPARTMENT OF EDUCATION</u></b> 			
Passed through N.M. Department of Education:			
Title I Grants to Lea's	84.010	24.101	\$ 518,299
Special Education-Grants to States	84.027	24.106	422,232
Special Education-Preschool Grants	84.173	24.109	5,900
GRADS	N/A	N/A	4,000
Teacher Quality State Grants	84.367	24.154	105,536
English Language Acquisition Grants	84.365	24.153	<u>10,040</u>
Total U.S. Department of Education			<u>\$ 1,066,007</u>
 <b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b> 			
Direct Programs:			
Schools and Roads-Grants to States	10.665	N/A	\$ 102,971
Passed through N.M. Department of Education:			
National School Lunch Program	10.555	N/A	467,922
Child and Adult Food	10.558	N/A	9,454
School Breakfast Program	10.553	N/A	287,598
Fresh Fruits and Vegetables Program	10.582	24.118	33,582
Passed through N.M. Department of Human Svc's:			
Emergency Food Assistance Program	10.569	N/A	<u>46,516</u>
Total U.S. Department of Agriculture			<u>\$ 948,043</u>
 <b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b> 			
Passed through N.M. Dept. of Human Services:			
Child Care and Development	93.596	N/A	\$ 29,572
Medical Assistance Program	93.778	25.153	<u>135,658</u>
Total U.S. Department of Human Services			<u>\$ 165,230</u>
Total expenditures of federal awards			<u><u>\$ 2,179,280</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, 2014

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 \$46,516 in commodities during the 2013-2014 fiscal year.

Note 3      Insurance

The District had the following insurance coverage during the year ended June 30, 2014:

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, 2014

Current  
Year Status

**Findings – Financial Statement Audit**

2013-1 This was a finding that the recommendation for audit services was submitted after May 1, 2013, in violation of 2.2.2.8 NMAC 2013	Resolved
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**Findings – Major Federal Award Programs**

None

MIKE STONE, C.P.A.  
LINDA STONE MCGEE, C.P.A.  
KAY STONE, C.P.A.  
JARROD MASON, C.P.A.  
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**REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**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, in accordance with the 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, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of the Cobre Consolidated School District No. 2 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Cobre Consolidated School district No. 2's basic financial statements, and the combining and individual fund financial statements and related budgetary comparisons of the District presented as other supplementary information, and have issued our report thereon dated October 20, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Cobre Consolidated School District No. 2's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cobre Consolidated School District No. 2's internal control.

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 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. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as item 2014-001, 2014-002 and 2014-003.

### **Cobre Consolidated School District No. 2's Responses to Findings**

Cobre Consolidated School District No. 2's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Stone, McGee & Co., CPAs*

Silver City, New Mexico  
October 20, 2014

**Stone, McGee & Co.**  
Certified Public Accountants

MIKE STONE, C.P.A.  
LINDA STONE McGEE, C.P.A.  
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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance for Each Major Federal Program**

We have audited the Cobre Consolidated School District No. 2's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Cobre Consolidated School District No. 2's major federal programs for the year ended June 30, 2014. The 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.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Cobre Consolidated School District No. 2's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Cobre Consolidated School District No. 2's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Cobre Consolidated School District No. 2 complied, in all material respects, with the types of 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, 2014.

### **Report on Internal Control over Compliance**

Management of the Cobre Consolidated School District No. 2 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Cobre Consolidated School District No. 2's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Silver City, New Mexico  
October 20, 2014

**Stone, McGee & Co.**  
Certified Public Accountants

Cobre Consolidated School District No. 2  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Fiscal Year Ended June 30, 2014

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified 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 for Each Major Program and on Internal Control Over Compliance Required by 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 unmodified 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 special education cluster, consisting of Special Education-Grants to States, CFDA No. 84.027, and Special Education-Preschool Grants, CFDA No. 84.173; and Title I Grants to LEA's, CFDA No. 84.010.
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**

2014-001 Maintenance of Personnel Files (Other)

Condition – In a sample of 38 personnel files tested, we noted 25 instances where certified personnel files were not updated, 4 instances where the experience listed did not match the salary being paid per the salary schedule, 3 instances where the contract was not signed, and 5 instances where salary was increased during the year and no addendums to the contract were present or did not match the contract amount. In addition, we noted three instances where the I-9 was not complete.

Criteria – New Mexico Public Education Department regulations require that District personnel be paid according to an approved salary schedule, and that payments be supported by a signed contract that matches the payments being made. In addition, federal regulations require that Form I-9, which evidences legal immigration status or U.S. citizenship, be required of, and maintained in personnel files, for all employees.

Effect – Employees could be paid the wrong amounts, and the District could be in jeopardy of legal action if employee payments are not evidenced by properly signed and approved contracts. In addition, the lack of completed I-9s could subject the District to significant penalties should federal personnel review these records.

Cause – Personnel changeover and transfers of positions led to the files not being appropriately updated.

Recommendation – We recommend that District personnel update the personnel files, and that these updates be reviewed by the appropriate supervisor on a continuing basis.

Agency Response – Personnel have been assigned to update our files, and the updates will be reviewed by the appropriate supervisor.

#### 2014-002 Indirect Cost Calculations (Other)

Condition – The District did not calculate the indirect cost allowable from federal programs correctly, resulting in an underpayment to the District of \$7,822.

Criteria – When federal funds are expended, most programs allow the District to collect management fees, commonly called indirect costs, based on a percentage of the allowable costs, as set by the New Mexico Public Education Department. These costs then become operational funds for the District. These indirect costs should be recovered in accordance with federal regulations.

Effect – The District did not receive all the monies to which it was entitled.

Cause – In the prior year, the New Mexico Public Education Department directed a rate change late in the year, resulting in the District having a liability to the Department which was to be recovered in the current year. During the calculation of this recovery, District personnel miscalculated the amount due, resulting in an underpayment in the current year.

Recommendation – We recommend that the indirect cost calculation be reviewed by the Director of Finance after the initial calculation by District personnel, to insure that the calculation is correct.

Agency Response – The recommendation will be adopted.

#### 2014-003 Violations of the Per Diem and Mileage Act (Other)

Condition – In a sample of 25 travel reimbursement requests, we noted 2 instances where the travel was not properly approved. In addition, we noted 1 instance where out-of-state motel rooms costing in excess of \$215 per night were paid for without prior approval of either the Superintendent or the Board. Finally, we noted that in one instance a chaperone accompanying students was not a school employee, nor a parent of the child.

Criteria – The Per Diem and Mileage Act, Sections 10-8-1 to 10-8-8 NMSA 1978 requires, in part, that travel be reimbursed only after travel reimbursement requests are properly approved. In addition, the Act requires that prior approval be obtained from either the Superintendent or the Board for motel rooms costing more than \$215 per night in out-of-state locations. Finally, chaperones for students should be properly vetted personnel, such as District personnel or parents.

Effect – The District has violated the terms of the Mileage and Per Diem Act, and is at increased risk of reimbursing travel at incorrect rates or amounts. In addition, the District is exposing itself to possible litigation with the use of chaperones that are not District personnel.

Cause – The District was unaware of the requirement for prior approval for out-of-state travel. In addition, the use of non-district personnel for chaperone duties was considered reasonable since the person was the spouse of a person employed by the District.

Recommendation – We recommend that the District obtain the appropriate approval when required for travel, and use only properly vetted chaperones.

Agency Response – We will require the appropriate approval for travel, and will review chaperone eligibility requirements and take the appropriate action.

## **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 in a closed session on October 13, 2014. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Ralph Sepulveda	Board President	Cobre Consolidated Schools
Frank Cordova	Board Vice-President	Cobre Consolidated Schools
Robert Montoya	Board Member	Cobre Consolidated Schools
Frank Gomez	Board Member	Cobre Consolidated Schools
Robert Mendoza	Superintendent	Cobre Consolidated Schools
Frank Ryan	Director of Finance	Cobre Consolidated Schools
Teresa Holguin	Comptroller	Cobre Consolidated Schools
Mike Stone	Shareholder	Stone, McGee & Co., CPA's