

State of New Mexico
Cobre Consolidated School District No. 2

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

For The Fiscal Year Ended June 30, 2015

Cobre Consolidated School District No. 2
TABLE OF CONTENTS
 June 30, 2015

| | <u>PAGE</u> |
|---|-------------|
| INTRODUCTORY SECTION: | |
| Directory of officials | 1 |
| FINANCIAL SECTION: | |
| INDEPENDENT AUDITORS' REPORT | 2-4 |
| BASIC FINANCIAL STATEMENTS: | |
| <i>Government-wide Financial Statements:</i> | |
| Statement of Net Position | 5-6 |
| Statement of Activities | 7-8 |
| <i>Fund Financial Statements:</i> | |
| Balance Sheet--Governmental Funds | 9-10 |
| Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities | 11 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances--Governmental Funds | 12-13 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 14 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (NON-GAAP Budgetary Basis) General Fund and Major Special Revenue Funds: | |
| General fund | 15 |
| Entitlement | 16 |
| Statement of Fiduciary Assets and Liabilities--Agency Funds | 17 |
| Notes to Basic Financial Statements | 18-38 |
| OTHER SUPPLEMENTARY INFORMATION: | |
| Fund Descriptions | 39-43 |
| Combining Balance Sheet--Nonmajor Governmental Funds | 44-46 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances--Nonmajor Governmental Funds | 47-51 |
| Combining Balance Sheet-General Fund | 52-53 |

| | |
|---|-------|
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances-General Fund | 54-55 |
| Statements of Revenues, Expenditures and Changes in Fund Balances--Budget and Actual (NON-GAAP Budgetary Basis): | |
| General Fund: | |
| Operational | 56 |
| Transportation | 57 |
| Instructional Materials | 58 |
| Special Revenue Funds: | |
| Cafeteria | 59 |
| Athletics | 60 |
| Title I | 61 |
| Preschool | 62 |
| SB-9 | 63 |
| English Language Acquisition | 64 |
| Teacher/Principal Training | 65 |
| NM Reads to Lead K-3 | 66 |
| Medicaid | 67 |
| IDEA B Risk Pool | 68 |
| Dual Credit Instructional Materials | 69 |
| Pre K Initiative | 70 |
| PARCC Readiness | 71 |
| Day Care | 72 |
| School Based Health | 73 |
| Child and Adult Food Program | 74 |
| Next Generation Assessments | 75 |
| 2012 GO Bonds Library SB66 | 76 |
| Kindergarten 3+ | 77 |
| Breakfast for Elementary Students | 78 |
| Grads | 79 |
| Grads Plus | 80 |
| Energy Efficiency | 81 |
| Private Direct Grants | 82 |
| Debt Service Funds: | |
| Debt Service Fund | 83 |
| Education Technology Debt Service fund | 84 |
| Capital Projects Funds: | |
| Bond Building | 85 |
| Special Capital Outlay State | 86 |
| OTHER SUPPLEMENTAL DATA | |
| Required supplementary information: | |
| Schedule of Proportionate Share of Net Pension Liability of the Educational Retirement Board (ERB) Plan | 87 |
| Schedule of Contributions to the Educational Retirement Board (ERB) Pension Pllan | 88 |
| Notes to required supplementary information | 89 |
| Schedule of Changes in Assets and Liabilities--Agency Funds | 90 |
| Schedule of Depository Collateral | 91 |
| Schedule of Individual Deposit Accounts and Investments | 92 |

| | |
|--|---------|
| Schedule of Cash Receipts and Disbursements--All Funds by School District Classification | 93-97 |
| Schedule of Joint Powers Agreement | 98 |
| Schedule of Expenditures of Federal Awards | 99 |
| Notes to Schedule of Expenditures of Federal Awards | 100 |
| OTHER INFORMATION | |
| Schedule of Vendor Information | 101 |
| ADDITIONAL REPORTING REQUIREMENTS: | |
| Summary Schedule of Prior Audit Findings | 102 |
| Independent Auditors Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 103-104 |
| Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required By OMB Circular A-133 | 105-106 |
| Schedule of Findings and Questioned Costs | 107-108 |

Cobre Consolidated School District No. 2
DIRECTORY OF OFFICIALS
June 30, 2015

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

Timothy Keller, 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, 2015, 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, 2015, 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, 2015, and the respective changes in financial position and the respective budgetary comparisons for the general and major special revenue funds 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, 2015, 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.

The Schedule of Vendor Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide an assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2015, 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, 2015

Stone, McGee & Co.
Certified Public Accountants

Cobre Consolidated School District No. 2
STATEMENT OF NET POSITION
June 30, 2015

| | Governmental Activities |
|---|----------------------------|
| Assets | |
| Cash and cash equivalents | \$ 4,059,087 |
| Property taxes receivable | 153,960 |
| Due from other governments | 127,133 |
| Inventory | 7,592 |
| | 4,347,772 |
| Capital assets: | |
| Land and improvements | 747,139 |
| Buildings and improvements | 71,550,178 |
| Equipment | 5,121,672 |
| Construction in progress | |
| Less accumulated depreciation | (30,237,683) |
| | 47,181,306 |
| Total capital assets, net of depreciation | \$ 47,181,306 |
| Total assets | \$ 51,529,078 |
| Deferred Outflows of Resources | |
| Related to pensions | \$ 1,173,109 |
| Liabilities | |
| Cash overdraft | \$ - |
| Accounts payable | 58,400 |
| Long-term liabilities: | |
| Portion due or payable within one year: | |
| Bonds payable | 1,050,000 |
| Lease purchase payable | 44,001 |
| Accrued interest payable | 86,239 |
| Portion due or payable after one year: | |
| Net pension liability | 16,985,381 |
| Bonds payable | 7,275,000 |
| Notes payable | 2,500,000 |
| Lease purchase payable | 18,915 |
| Compensated absences | 104,599 |
| | 28,122,535 |
| Total liabilities | \$ 28,122,535 |

Cobre Consolidated School District No. 2
STATEMENT OF NET POSITION (concluded)
 June 30, 2015

Deferred Inflows of Resources

| | | |
|-------------------------------------|----|-----------|
| Unavailable revenue | \$ | 229,779 |
| Related to pensions | | 2,211,252 |
| Total deferred inflows of resources | \$ | 2,441,031 |

Net Position

| | | |
|----------------------------------|----|--------------|
| Net investment in capital assets | \$ | 36,293,390 |
| Restricted for: | | |
| Capital projects | | 1,304,638 |
| Debt service | | 1,232,918 |
| Other purposes | | 1,068,500 |
| Unrestricted | | (17,760,825) |
| Total net position | \$ | 22,138,621 |

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, 2015

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Capital Grants and Contributions</u> | <u>Net (Expense) Revenue and Changes in Net Position Total</u> |
|--------------------------------|----------------------|---------------------------------|---|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | | <u>Governmental Activities</u> |
| Governmental activities: | | | | | |
| Instruction | \$ 9,696,296 | \$ 167,061 | \$ 1,475,402 | \$ - | \$ (8,053,833) |
| Support services - Students | 1,832,050 | | 404,221 | | (1,427,829) |
| Support services - Instruction | 590,569 | | 2,123 | | (588,446) |
| General administration | 1,061,229 | 36,853 | 167,223 | | (857,153) |
| School administration | 962,120 | | 55,117 | | (907,003) |
| Central services | 395,365 | | 549 | | (394,816) |
| Operation of plant | 2,926,239 | 12,000 | 334,613 | 1,963,017 | (616,609) |
| Food services | 1,249,797 | 20,741 | 985,488 | | (243,568) |
| Transportation | 1,177,578 | | 770,775 | | (406,803) |
| Other support services | 18,748 | | | | (18,748) |
| Interest on long-term debt | 224,800 | | | | (224,800) |
| | | | | | |
| Total governmental activities | <u>\$ 20,134,791</u> | <u>\$ 236,655</u> | <u>\$ 4,195,511</u> | <u>\$ 1,963,017</u> | <u>\$ (13,739,608)</u> |

| | |
|---|--------------------------|
| General revenues: | |
| Property taxes: | |
| Levied for general purposes | \$ 70,437 |
| Levied for debt service | 1,289,595 |
| Levied for capital improvements | 421,116 |
| State aid - formula grants | 12,079,459 |
| Recoveries and refunds | 62,593 |
| Unrestricted investment earnings | <u>2,032</u> |
| Total general revenues and special items | <u>\$ 13,925,232</u> |
| Change in net position | <u>\$ 185,624</u> |
| Net position, beginning of year, as originally stated | \$ 40,117,570 |
| Restatement | <u>(18,164,573)</u> |
| Net position, beginning of year, as restated | \$ 21,952,997 |
| Change in net position | <u>185,624</u> |
| Net position - end of year, as restated | <u>\$ 22,138,621</u> |

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

Cobre Consolidated School District No. 2
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2015

| | <u>General Fund</u> | <u>Entitlement</u> | <u>Bond Building</u> |
|---|-------------------------|--------------------|--------------------------|
| Assets | | | |
| Cash and investments | \$ 289,516 | \$ 185,314 | \$ 1,304,638 |
| Accounts receivable | 127,133 | | |
| Property taxes receivable | 8,494 | | |
| Inventory | | | |
| Due from other governments | | | |
| Interfund receivable | | | |
| | | | |
| Total assets | \$ 425,143 | \$ 185,314 | \$ 1,304,638 |
| Liabilities | | | |
| Accounts payable | \$ 57,845 | \$ - | \$ - |
| Interfund payable | | | |
| | | | |
| Total liabilities | \$ 57,845 | \$ - | \$ - |
| Deferred Inflows of Resources | | | |
| Unavailable revenue | \$ 134,340 | \$ 185,314 | \$ - |
| | | | |
| Total deferred inflows of resources | \$ 134,340 | \$ 185,314 | \$ - |
| Fund balance: | | | |
| Nonspendable: | | | |
| Inventories | \$ - | \$ - | \$ - |
| Restricted for: | | | |
| Education | | | |
| Food service | | | |
| Social services | | | |
| Capital projects | | | 1,304,638 |
| Debt service | | | |
| Unassigned | 232,958 | | |
| Total fund balances | \$ 232,958 | \$ - | \$ 1,304,638 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 425,143 | \$ 185,314 | \$ 1,304,638 |

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

| <u>Debt Service</u> | <u>Other Funds</u> | <u>Governmental Funds</u> |
|-------------------------|------------------------|-------------------------------|
| \$ 1,202,450 | \$ 1,077,169 | \$ 4,059,087 |
| | | 127,133 |
| 107,210 | 38,256 | 153,960 |
| | 7,592 | 7,592 |
| | | - |
| | | - |
| <u>\$ 1,309,660</u> | <u>\$ 1,123,017</u> | <u>\$ 4,347,772</u> |
| \$ - | \$ 555 | \$ 58,400 |
| | | - |
| <u>\$ -</u> | <u>\$ 555</u> | <u>\$ 58,400</u> |
| \$ 81,488 | \$ 74,488 | \$ 475,630 |
| <u>\$ 81,488</u> | <u>\$ 74,488</u> | <u>\$ 475,630</u> |
| \$ - | \$ 7,592 | \$ 7,592 |
| | 610,104 | 610,104 |
| | 247,076 | 247,076 |
| | 179,588 | 179,588 |
| | | 1,304,638 |
| 1,228,172 | 3,614 | 1,231,786 |
| | | 232,958 |
| <u>\$ 1,228,172</u> | <u>\$ 1,047,974</u> | <u>\$ 3,813,742</u> |
| <u>\$ 1,309,660</u> | <u>\$ 1,123,017</u> | <u>\$ 4,347,772</u> |

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

June 30, 2015

| | |
|---|----------------------|
| Total governmental fund balances | \$ 3,813,742 |
| <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 | 47,181,306 |
| 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 | 245,851 |
| Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds | |
| Deferred inflows of resources related to pensions | (2,211,252) |
| Deferred outflows of resources related to pensions | 1,173,109 |
| 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: | |
| Net pension liability | (16,985,381) |
| Notes payable | (2,500,000) |
| Bonds payable | (8,325,000) |
| Lease purchase payable | (62,916) |
| Accrued interest payable | (86,239) |
| Compensated absences | (104,599) |
| | (22,063,135) |
| <i>Net position of governmental activities</i> | \$ 22,138,621 |

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, 2015

| | General Fund | Entitlement | Bond Building |
|--|-----------------|-------------|------------------|
| Revenues: | | | |
| Property taxes | \$ 70,431 | \$ - | \$ - |
| Fees and charges | 97,016 | | |
| State aid | 12,904,326 | | 1,947,054 |
| Federal aid | 134,311 | 370,833 | |
| Earnings on investments | 824 | | 596 |
| Miscellaneous | 12,225 | | |
| Total revenues | \$ 13,219,133 | \$ 370,833 | \$ 1,947,650 |
| Expenditures: | | | |
| Current: | | | |
| Instruction | \$ 6,855,652 | \$ 81,947 | \$ - |
| Support services - Students | 1,390,010 | 236,586 | |
| Support services - Instruction | 546,122 | | |
| General administration | 667,316 | 51,965 | |
| School administration | 903,293 | | |
| Central services | 394,928 | | |
| Operation of plant | 2,159,543 | | |
| Food service | | | |
| Transportation | 663,915 | 335 | |
| Other support services | 18,748 | | |
| Debt service: | | | |
| Principal | | | |
| Interest | | | |
| Capital outlay | | | 3,112,110 |
| Total expenditures | \$ 13,599,527 | \$ 370,833 | \$ 3,112,110 |
| Revenues over (under) expenditures | \$ (380,394) | \$ - | \$ (1,164,460) |
| Other financing sources: | | | |
| Loan proceeds | | | 752,456 |
| Net change in fund balance | \$ (380,394) | \$ - | \$ (412,004) |
| Fund balance, July 1, 2014, as originally reported | \$ 613,352 | \$ - | \$ (30,902) |
| Restatement | | | \$ 1,747,544 |
| Fund balance, July 1, 2014 as restated | \$ 613,352 | \$ - | \$ 1,716,642 |
| Net change in fund balance | \$ (380,394) | \$ - | \$ (412,004) |
| Fund balance, June 30, 2015 | \$ 232,958 | \$ - | \$ 1,304,638 |

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

| Debt Service | Other Funds | Governmental Funds Total |
|---------------------|---------------------|-----------------------------|
| \$ 1,297,386 | \$ 423,374 | \$ 1,791,191 |
| | 102,784 | 199,800 |
| | 1,077,537 | 15,928,917 |
| | 1,713,648 | 2,218,792 |
| 228 | 384 | 2,032 |
| | 50,368 | 62,593 |
| <u>\$ 1,297,614</u> | <u>\$ 3,368,095</u> | <u>\$ 20,203,325</u> |
| \$ - | \$ 1,284,737 | \$ 8,222,336 |
| | 198,841 | 1,825,437 |
| | 2,123 | 548,245 |
| 6,475 | 117,360 | 843,116 |
| | 55,117 | 958,410 |
| | | 394,928 |
| | 237,269 | 2,396,812 |
| | 1,139,129 | 1,139,129 |
| | 125,513 | 789,763 |
| | | 18,748 |
| 1,000,000 | 41,948 | 1,041,948 |
| 235,863 | 4,120 | 239,983 |
| | 312,198 | 3,424,308 |
| <u>\$ 1,242,338</u> | <u>\$ 3,518,355</u> | <u>\$ 21,843,163</u> |
| \$ 55,276 | \$ (150,260) | \$ (1,639,838) |
| | | 752,456 |
| <u>\$ 55,276</u> | <u>\$ (150,260)</u> | <u>\$ (887,382)</u> |
| \$ 1,172,896 | \$ 1,198,234 | \$ 2,953,580 |
| | | \$ 1,747,544 |
| \$ 1,172,896 | \$ 1,198,234 | \$ 4,701,124 |
| \$ 55,276 | \$ (150,260) | \$ (887,382) |
| <u>\$ 1,228,172</u> | <u>\$ 1,047,974</u> | <u>\$ 3,813,742</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, 2015

Net change in fund balances-total governmental funds \$ (887,382)

*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 | 3,424,308 |
| Depreciation | (2,820,468) |

Revenues in the Statement of Activities that do not provide current
financial resources are not reported as revenues in the funds. This is the net
change during the year:

| | |
|--------------------------|----------|
| Property taxes | (10,043) |
| Intergovernmental grants | 127,133 |

Loan proceeds are reported as financing sources in the funds. In the Statement of
Activities, however, issuing debt increases long-term liabilities. (752,456)

Repayment of debt principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the
Statement of Net Assets 1,041,948

Governmental funds report pension contributions as expenditures. However
in the Statement of Activities, the cost of pension benefits earned net of
employee contributions is reported as pension expense

| | |
|---|-------------|
| Pension contributions | 1,173,109 |
| Cost of benefits earned net of employee contributions | (1,032,060) |

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. 15,183

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. (93,648)

Change in Net Position of Governmental Activities \$ 185,624

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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--|----------------------|----------------------|----------------------|--|
| Revenues: | | | | |
| Federal sources | \$ 25,000 | \$ 25,000 | \$ 134,311 | \$ 109,311 |
| State sources | 12,994,725 | 13,051,884 | 12,904,326 | (147,558) |
| Local sources | 84,531 | 84,531 | 98,324 | 13,793 |
| Interest income | 1,000 | 1,000 | 824 | (176) |
| Total revenues | \$ 13,105,256 | \$ 13,162,415 | \$ 13,137,785 | \$ (24,630) |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | \$ 6,938,956 | \$ 6,854,661 | \$ 6,746,712 | \$ 107,949 |
| Support services - Students | 1,376,183 | 1,401,710 | 1,390,010 | 11,700 |
| Support services - Instruction | 539,549 | 560,092 | 546,853 | 13,239 |
| General administration | 665,317 | 702,860 | 667,827 | 35,033 |
| School administration | 912,016 | 916,426 | 900,501 | 15,925 |
| Central services | 409,073 | 400,084 | 394,065 | 6,019 |
| Operation of plant | 2,131,151 | 2,187,727 | 2,156,279 | 31,448 |
| Pupil transportation | 645,832 | 668,452 | 663,619 | 4,833 |
| Other support services | 45,175 | 28,399 | 27,112 | 1,287 |
| Capital outlay | - | - | - | - |
| Total expenditures | \$ 13,663,252 | \$ 13,720,411 | \$ 13,492,978 | \$ 227,433 |
| Net change in fund balance | \$ (557,996) | \$ (557,996) | \$ (355,193) | \$ 202,803 |
| Fund balance, July 1, 2014 | 557,996 | 557,996 | 500,848 | (57,148) |
| Fund balance, June 30, 2015 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 145,655</u> | <u>\$ 145,655</u> |
| Net change in fund balance, GAAP | | | | \$ (365,985) |
| Revenue accruals (net) | | | | 97 |
| Expenditure accruals (net) | | | | <u>10,695</u> |
| Net change in fund balance, NON-GAAP budgetary basis | | | | <u>\$ (355,193)</u> |

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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|----------------------------|-------------------------|--------------------|---|
| Revenues: | | | | |
| Federal sources | \$ 356,283 | \$ 396,633 | \$ 370,868 | \$ (25,765) |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | \$ 103,532 | \$ 97,922 | \$ 81,947 | \$ 15,975 |
| Support services - Students | 208,190 | 243,241 | 236,621 | 6,620 |
| General administration | 44,561 | 54,788 | 51,965 | 2,823 |
| Transportation | | 682 | 335 | 347 |
| Total expenditures | <u>\$ 356,283</u> | <u>\$ 396,633</u> | <u>\$ 370,868</u> | <u>\$ 25,765</u> |
| Net change in fund balance | \$ - | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance, June 30, 2015 | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| Net change in fund balance, GAAP | | | \$ - | |
| Revenue accruals (net) | | | (35) | |
| Expenditure accruals (net) | | | <u>35</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
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2015

| | <u>Agency Funds</u> |
|--------------------------|--------------------------|
| Assets | |
| Cash and investments | <u>\$ 155,534</u> |
| Total assets | <u><u>\$ 155,534</u></u> |
| | |
| Liabilities | |
| Deposits held for others | <u>\$ 155,534</u> |
| Total liabilities | <u><u>\$ 155,534</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, 2015

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.

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

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 process 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.

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 not be recognized as an outflow or resource (expenses/expenditures) until then. The Government has deferred outflows of resources related to pension funding, as discussed in Note 5.

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:

| Governmental Funds Balance Sheet | | | | | | |
|--|---------------------------------|------------------|------------------|-------------------------|---|------------------|
| | Statement of net Position | General Fund | Entitlement | Debt Service Fund | Non-Major Govern- mental Funds | Total |
| Advances received Under expenditure Drive grants | \$229,779 | \$ | \$185,314 | \$ | \$ 44,465 | \$229,779 |
| Property taxes | _____ | 134,340 | _____ | 81,488 | 30,023 | 245,851 |
| Total | <u>\$229,779</u> | <u>\$134,340</u> | <u>\$185,314</u> | <u>\$ 81,488</u> | <u>\$ 74,488</u> | <u>\$475,630</u> |

In addition, the District has deferred inflows of resources related to pension funding, as discussed in Note 5.

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.

- o Non-spendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to remain intact.
- o Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- o Committed fund balance – amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change its constraints.
- o 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.
- o 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, 2015 was .345 per \$1,000 for non-residential property and .31 for residential property. The District's tax rate for debt service was \$6.095 per \$1,000 for both residential and nonresidential property. The District's tax rate for District improvements was \$1.972 per \$1,000 for residential and \$2.00 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, 2015 \$1,710,534 of the government bank balance of \$5,752,769 was exposed to custodial credit risk as follows:

| | |
|------------------------------|---------------------|
| Uninsured and collateralized | <u>\$ 1,710,534</u> |
| Total | <u>\$ 1,710,534</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 | 3,792,235 | 3,792,235 |
| Uninsured and collateralized | <u>1,710,534</u> | <u>172,386</u> |
| | <u>\$ 5,752,769</u> | <u>\$ 4,214,621</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, 2015, was as follows:

| | <u>Balance</u> <u>July 1, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2015</u> |
|---|---------------------------------------|-----------------------|---------------------|--|
| Capital assets not being depreciated: | | | | |
| Land | \$ 747,139 | \$ -0- | \$ -0- | \$ 747,139 |
| Construction progress | <u>8,040,114</u> | <u>3,162,762</u> | <u>11,202,876</u> | <u>-0-</u> |
| Total assets not being Depreciated | <u>\$ 8,787,253</u> | <u>\$ 3,162,762</u> | <u>\$11,202,876</u> | <u>\$ 747,139</u> |
| Other capital assets: | | | | |
| Building & improvements | \$ 60,347,302 | \$11,202,876 | \$ -0- | \$ 71,550,178 |
| Furniture and equipment | <u>4,906,725</u> | <u>261,546</u> | <u>46,599</u> | <u>5,121,672</u> |
| Total other capital assets at historical cost | <u>\$ 65,254,027</u> | <u>\$11,464,422</u> | <u>\$ 46,599</u> | <u>\$ 76,671,850</u> |
| Less accumulated depreciation for: | | | | |
| Building & improvement | \$ (22,816,132) | \$ (2,472,283) | \$ -0- | \$ (25,288,415) |
| Furniture & equipment | <u>(4,647,682)</u> | <u>(348,185)</u> | <u>46,599</u> | <u>(4,949,268)</u> |
| Total accumulated depreciation | <u>\$ (27,463,814)</u> | <u>\$ (2,820,468)</u> | <u>\$ 46,599</u> | <u>\$ (30,237,683)</u> |
| Total capital assets, net | <u>\$ 46,577,466</u> | <u>\$11,806,716</u> | <u>\$11,202,876</u> | <u>\$ 47,181,306</u> |

Depreciation expense was charged to the governmental activities as follows:

| | |
|------------------------|---------------------|
| Instruction | \$ 1,466,643 |
| Student support | 28,205 |
| Instructional support | 42,307 |
| Administration general | 225,637 |
| Administration school | 14,102 |
| Central services | 7,051 |
| Plant operation | 535,889 |
| Transportation | 112,819 |
| Food | <u>387,815</u> |
| | <u>\$ 2,820,468</u> |

The District has construction commitments totaling approximately \$-0- at June 30, 2015.

Note 4 Long-term Debt

Changes in long-term debt were as follows during the year end June 30, 2015:

| | <u>Balance</u> <u>July 1, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2015</u> | <u>Due In</u> <u>One Year</u> |
|------------------------------|---------------------------------------|-------------------|---------------------|--|----------------------------------|
| PSFA Loan | \$ 1,747,544 | \$ 752,456 | \$ -0- | \$ 2,500,000 | \$ -0- |
| G.O. Bonds, 6/10/2011 | <u>9,325,000</u> | <u>-0-</u> | <u>1,000,000</u> | <u>8,325,000</u> | <u>1,050,000</u> |
| | <u>\$11,072,544</u> | <u>\$ 752,456</u> | <u>\$ 1,000,000</u> | <u>\$10,825,000</u> | <u>\$ 1,050,000</u> |
| Compensated absences payable | <u>\$ 10,951</u> | <u>\$ 143,311</u> | <u>\$ 49,663</u> | <u>\$ 104,599</u> | <u>\$ -0-</u> |

Annual debt service for bonds payable and PSFA loan requirements are as follows:

Due in fiscal year ending June 30:

| | <u>Principal</u> | <u>Interest</u> |
|-----------|----------------------|---------------------|
| 2016 | \$ 1,050,000 | \$ 220,325 |
| 2017 | 1,075,000 | 200,533 |
| 2018 | 1,100,000 | 176,738 |
| 2019 | 3,600,000 | 148,842 |
| 2020-2024 | <u>4,000,000</u> | <u>277,396</u> |
| | <u>\$ 10,825,000</u> | <u>\$ 1,023,834</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, 2014</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance</u> <u>June 30, 2015</u> | <u>Amounts</u> <u>Due Within</u> <u>One Year</u> |
|-----------------------|--|------------------|-------------------|--|--|
| NMB&T | \$ 104,864 | \$ -0- | \$ 41,948 | \$ 62,916 | \$ 44,001 |
| Schedule of Payments | | | | 2016 | \$ 46,068 |
| | | | | 2017 | <u>19,143</u> |
| Total lease payments | | | | | \$ 65,211 |
| Less imputed interest | | | | | <u>(2,295)</u> |
| | | | | | <u>\$ 62,916</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 \$9,348,834 at June 30, 2015, 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 2016 through 2023. The property tax levies expire when the related bond indebtedness is repaid.

During the year ended June 30, 2015, the District recognized \$1,297,386 in property taxes pledged to retire the bonded indebtedness, and retired \$1,235,863 in bond principal and interest.

PSFA Loan – During construction of the Bayard Elementary, the Public Schools Facilities Authority provided advance funding to the District, which is to be repaid within four years from completion of the project, so the loan matures in 2019. The advance does not have an interest component, and is to be repaid with available funds.

Note 5

Pension Plan

Summary of Significant Accounting Policies
General Information about the Pension Plan

Plan Description – ERB was created by the State’s Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees’ Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the State’s public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico Legislature has the authority to set or amend contribution rates.

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at www.nmerb.org.

Benefits Provided – A member’s retirement benefit is determined by a formula which includes three component parts: the member’s final average salary (FAS), the number of

years of service credit, and a 0.0235 multiplier. The FAS is the average of the member's salaries for the last five years of service or any other consecutive five-year period, whichever is greater. A brief summary of Plan coverage provisions follows:

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and earned service credit add up to the sum or 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member's age and earned service credit add up to the sum of 80 or more; the member is at least sixty-seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in lump sum to the member's surviving beneficiary. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor's benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the

balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

Contributions – The contribution requirements of defined benefit plan members and the Cobre Consolidated School District No. 2 are established in state statute under Chapter 10, Article 11, NMSA, 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the Cobre Consolidated School District No. 2 were \$1,173,109 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension - The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the Cobre Consolidated School District No. 2 reported a liability of \$16,985,381 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the District's proportion was .29769 percent, which was a decrease of .00889 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the (name of employer) recognized pension expense of \$1,032,060. At the June 30, 2015, the Cobre Consolidated School District No. 2 reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

| | <u>Deferred Outflows Of Resources</u> | <u>Deferred Inflows Of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ (253,020) |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | (1,544,030) |
| Changes in proportion and differences between (name of employer) contributions and proportionate share of contributions | - | (414,202) |

| | | |
|--|---------------------|--------------------|
| Cobre Consolidated School District #2 contributions subsequent to the measurement date | <u>1,173,109</u> | <u>-</u> |
| Total | <u>\$ 1,173,109</u> | <u>\$2,211,252</u> |

\$1,173,109 reported as deferred outflows of resources related to pensions resulting from Cobre Consolidated School District #2 contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

| | |
|------|------------|
| 2016 | \$ 617,688 |
| 2017 | 617,688 |
| 2018 | 589,887 |
| 2019 | 385,989 |

Actuarial assumptions – as described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2014. Specifically the liabilities measured as of June 30, 2014 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.10% during the fiscal year ending June 30, 2014 and 10.7% thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLA's for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on April 26, 2013 in conjunction with the six-year experience study period ending June 30, 2012.

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contribution

rates included in the measurement are as follows:

| | |
|---------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage of Payroll |
| Remaining Period | Amortized – closed 30 years from June 30, 2012 to June 30, 2042 |
| Asset Valuation Method | 5 year smoothed market for funding valuation (fair value for financial valuation) |
| Inflation | 3.00% |
| Salary Increases increase | Composition: 3% inflation, plus 1.25% productivity rate, plus step rate promotional increases for members with less than 10 years of service |
| Investment Rate of Return | 7.75% |
| Retirement Age | Experience based table of age and service rates |
| Mortality | 90% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2014 using Scale AA (one year setback for females) |

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) Rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) Application of key economic projections (inflation, real growth, dividends, etc.), and 3) Structural themes (supply and demand imbalances, capital flows, etc). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2014 and 2013 for 30 year return assumptions are summarized in the following table:

| <u>Asset Class</u> | <u>2014 Long-Term Expected Real Rate of Return</u> | <u>2013 Long-Term Expected Real Rate of Return</u> |
|-------------------------|--|--|
| Cash | 1.50% | 0.75% |
| Treasury's | 2.00% | 1.00% |
| IG Corp Credit | 3.50% | 3.00% |
| MBS | 2.25% | 2.50% |
| Core Bonds | 2.53% | 2.04% |
| TIPS | 2.50% | 1.50% |
| High Yield Bonds | 4.50% | 5.00% |
| Bank Loans | 5.00% | 5.00% |
| Global Bonds (Unhedged) | 1.25% | 0.75% |
| Global Bonds (Hedged) | 1.38% | 0.93% |

| | | |
|-----------------------------------|-------|-------|
| EMD External | 5.00% | 4.00% |
| EMD Local Currency | 5.75% | 5.00% |
| Large Cap Equities | 6.25% | 6.75% |
| Small/Mid Cap | 6.25% | 7.00% |
| International Equities (Unhedged) | 7.25% | 7.75% |
| International Equities (Hedged) | 7.50% | 8.00% |
| Emerging International Equities | 9.50% | 9.75% |
| Private Equity | 8.75% | 9.00% |
| Private Debt | 8.00% | 8.50% |
| Private Real Assets | 7.75% | 8.00% |
| Real Estate | 6.25% | 6.00% |
| Commodities | 5.00% | 5.00% |
| Hedge Funds Low Vol | 5.50% | 4.75% |
| Hedge Funds Mod Vol | 5.50% | 6.50% |

Discount Rate – A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2014 and June 30, 2013. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB’s defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

Sensitivity of the Cobre Consolidated School District No. 2 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2014. In particular, the table presents the District’s net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

| | 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|---|------------------------|-------------------------------------|------------------------|
| Cobre Consolidated School District No. 2 proportionate share of the net pension liability | \$23,110,572 | \$16,985,383 | \$11,869,039 |

Pension Plan Fiduciary Net Position – Detailed information about the ERB’s fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2014 and 2013 which are publicly available at www.nmerb.org.

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.

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, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, 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, 2015, 2014, and 2013 were \$260,656, \$246,134, and \$249,546, 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.

Note 9 Interfund Activity

At June 30, 2015 there were no interfund receivables/payables.

There were no interfund transfers during the year ended June 30, 2015.

Note 10 Restricted Net Position

At June 30, 2015, net positions restricted for other purposes included the following balances in special revenue funds:

| | |
|---------------------------|---------------------|
| Medicaid | \$ 117,029 |
| Cafeteria | 254,668 |
| Athletics | 24,100 |
| PED: | |
| SB-9 | 420,561 |
| School Based Health | 62,559 |
| Cobre High School Daycare | 154,585 |
| Energy Efficiency | <u>34,998</u> |
| | <u>\$ 1,068,500</u> |

The District reports restricted positions of \$3,606,056 of which \$3,581,956 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, 2015, the date which the financial statements were available to be issued.

Note 13 Restatement

During the year ended June 30, 2015, the District adopted Governmental Accounting Standards Board Statements No. 67 and 68. These statements require the recognition of a net pension liability for the unfunded pension liabilities as currently measured by the Education Retirement Board.

As a part of this measurement, the District is required to restate its net position for the estimated liability at June 30, 2014, in the amount of \$18,164,573.

During the year ended June 30, 2015, the District discovered that an advance from the New Mexico Facilities Authority, which had been recorded as a current liability at June 30, 2014, was not actually due for four years, and should not have been carried as a liability on a “current financial resources” basis.

This restatement resulted in the addition of \$1,747,544 to the Bond Building Fund balance as of July 1, 2014.

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, 2015

| | Special Revenue Funds | | | |
|--|-----------------------|-----------|----------|-----------|
| | Cafeteria | Athletics | Title I | Preschool |
| Assets | | | | |
| Cash and investments | \$ 247,181 | \$ 24,100 | \$ 2,000 | \$ 21,676 |
| Inventory | 7,592 | | | |
| Property taxes receivable | | | | |
| Interfund receivable | | | | |
| Due from other governments | | | | |
| | | | | |
| Total assets | \$ 254,773 | \$ 24,100 | \$ 2,000 | \$ 21,676 |
| Liabilities | | | | |
| Accounts payable | \$ 105 | \$ - | \$ 450 | \$ - |
| Interfund payable | | | | |
| | | | | |
| Total liabilities | \$ 105 | \$ - | \$ 450 | \$ - |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue | \$ - | \$ - | \$ 1,550 | \$ 21,676 |
| | | | | |
| Total deferred inflows of resources | \$ - | \$ - | \$ 1,550 | \$ 21,676 |
| Fund balance: | | | | |
| Nonspendable: | | | | |
| Inventories | \$ 7,592 | \$ - | \$ - | \$ - |
| Restricted for: | | | | |
| Education | | 24,100 | | |
| Social services | | | | |
| Food service | 247,076 | | | |
| Debt service | | | | |
| Unassigned | | | | |
| | | | | |
| Total fund balances | \$ 254,668 | \$ 24,100 | \$ - | \$ - |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 254,773 | \$ 24,100 | \$ 2,000 | \$ 21,676 |

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

Special Revenue Funds

| Child and Adult Food | GRADS | Medicaid | School Based Health | Day Care | SB-9 |
|-------------------------|-----------------|-------------------|------------------------|-------------------|-------------------|
| \$ 13,239 | \$ 8,000 | \$ 117,029 | \$ 62,559 | \$ 154,585 | \$ 388,366 |
| | | | | | 32195 |
| <u>\$ 13,239</u> | <u>\$ 8,000</u> | <u>\$ 117,029</u> | <u>\$ 62,559</u> | <u>\$ 154,585</u> | <u>\$ 420,561</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>\$ 13,239</u> | <u>\$ 8,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 24,140</u> |
| <u>\$ 13,239</u> | <u>\$ 8,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 24,140</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | 117,029 | 62,559 | 154,585 | 396,421 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 117,029</u> | <u>\$ 62,559</u> | <u>\$ 154,585</u> | <u>\$ 396,421</u> |
| <u>\$ 13,239</u> | <u>\$ 8,000</u> | <u>\$ 117,029</u> | <u>\$ 62,559</u> | <u>\$ 154,585</u> | <u>\$ 420,561</u> |

Cobre Consolidated School District No. 2
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (concluded)
June 30, 2015

| | Special Revenue Fund | Debt Service Funds | Total |
|--|-------------------------|-------------------------|--------------|
| | Energy Efficiency | Ed Tech Debt Service | |
| Cash and investments | \$ 34,998 | \$ 3,436 | \$ 1,077,169 |
| Inventory | | | 7,592 |
| Property taxes receivable | | 6,061 | 38,256 |
| Interfund receivable | | | - |
| Due from other governments | | | - |
| | | | |
| Total assets | \$ 34,998 | \$ 9,497 | \$ 1,123,017 |
| Liabilities | | | |
| Accounts payable | \$ - | \$ - | \$ 555 |
| Interfund payable | | | - |
| | | | |
| Total liabilities | \$ - | \$ - | \$ 555 |
| Deferred Inflows of Resources | | | |
| Unavailable revenue | \$ - | \$ 5,883 | \$ 74,488 |
| | | | |
| Total deferred inflows of resources | \$ - | \$ 5,883 | \$ 74,488 |
| Fund balance: | | | |
| Nonspendable: | | | |
| Inventories | \$ - | \$ - | \$ 7,592 |
| Restricted for: | | | |
| Education | 34,998 | | 610,104 |
| Social services | | | 179,588 |
| Food service | | | 247,076 |
| Debt service | | 3,614 | 3,614 |
| Unassigned | | | - |
| | | | |
| Total fund balances | \$ 34,998 | \$ 3,614 | \$ 1,047,974 |
| | | | |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 34,998 | \$ 9,497 | \$ 1,123,017 |

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, 2015

| | Special Revenue Funds | | | | |
|------------------------------------|-----------------------|------------------|-------------------|------------------|--------------------|
| | Cafeteria | Athletics | Title I | Preschool | PARCC Readiness |
| Revenues: | | | | | |
| Property Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fees and charges | 20,741 | 68,531 | | | |
| State aid | | | | | 60,185 |
| Federal aid | 904,654 | | 537,429 | 10,339 | |
| Earnings on investments | 87 | 17 | | | |
| Miscellaneous | | 368 | | | |
| Total revenues | \$ 925,482 | \$ 68,916 | \$ 537,429 | \$ 10,339 | \$ 60,185 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction | \$ - | \$ 86,208 | \$ 407,304 | \$ 7,913 | \$ - |
| Support services - Students | | | 616 | 662 | |
| Support services - Instruction | | | | | |
| General administration | | | 102,108 | 1,764 | |
| School administration | | | 3,533 | | |
| Operation of plant | | | | | |
| Food services | 1,058,295 | | | | |
| Transportation | | | 23,868 | | |
| Other support services | | | | | |
| Debt service: | | | | | |
| Principle | | | | | |
| Interest | | | | | |
| Capital outlay | | | | | 60,185 |
| Total expenditures | \$ 1,058,295 | \$ 86,208 | \$ 537,429 | \$ 10,339 | \$ 60,185 |
| Revenues over (under) expenditures | \$ (132,813) | \$ (17,292) | \$ - | \$ - | \$ - |
| Other financing sources (uses): | | | | | |
| Transfer in | | | | | |
| Net change in fund balance | \$ (132,813) | \$ (17,292) | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | 387,481 | 41,392 | | | |
| Fund balance, June 30, 2015 | <u>\$ 254,668</u> | <u>\$ 24,100</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

Special Revenue Funds

| English Language | Teacher Training | Child and Adult Food | Medicaid | Reads to Lead |
|---------------------|---------------------|-------------------------|-------------------|------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - |
| 5,679 | 58,833 | 10,752 | 108,958 | 97,498 |
| <u>\$ 5,679</u> | <u>\$ 58,833</u> | <u>\$ 10,752</u> | <u>\$ 108,958</u> | <u>\$ 97,498</u> |
| \$ 3,585 | \$ 53,654 | \$ - | \$ - | \$ 96,525 |
| | 338 | 10,752 | 106,019 | |
| | 2,123 | | | |
| 1,215 | 2,718 | | | 973 |
| 879 | | | | |
| <u>\$ 5,679</u> | <u>\$ 58,833</u> | <u>\$ 10,752</u> | <u>\$ 106,019</u> | <u>\$ 97,498</u> |
| \$ - | \$ - | \$ - | \$ 2,939 | \$ - |
| \$ - | \$ - | \$ - | \$ 2,939 | \$ - |
| | | | 114,090 | |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 117,029</u> | <u>\$ -</u> |

Cobre Consolidated School District No. 2
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
For The Fiscal Year Ended June 30, 2015

| | Special Revenue Funds | | | |
|------------------------------------|-----------------------|-------------------------|--------------------|---------------------|
| | Dual Credit | Elementary Breakfast | Kindergarten 3+ | Pre-K Initiative |
| Revenues: | | | | |
| Property Taxes | \$ - | \$ - | \$ - | \$ - |
| Fees and charges | | | | |
| State aid | 5,795 | 47,139 | 247,106 | 475,000 |
| Federal aid | | | | |
| Earnings on investments | | | | |
| Miscellaneous | | | | |
| | | | | |
| Total revenues | \$ 5,795 | \$ 47,139 | \$ 247,106 | \$ 475,000 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | \$ 5,795 | \$ - | \$ 198,393 | \$ 361,334 |
| Support services - Students | | | 3,000 | |
| Support services - Instruction | | | | |
| General administration | | | 921 | 5,559 |
| School administration | | | 29,118 | 21,587 |
| Operation of plant | | | 549 | |
| Food services | | 47,139 | | |
| Transportation | | | 15,125 | 86,520 |
| Other support services | | | | |
| Debt service: | | | | |
| Principle | | | | |
| Interest | | | | |
| Capital outlay | | | | |
| | | | | |
| Total expenditures | \$ 5,795 | \$ 47,139 | \$ 247,106 | \$ 475,000 |
| Revenues over (under) expenditures | \$ - | \$ - | \$ - | \$ - |
| Other financing sources (uses): | | | | |
| Transfer in | | | | |
| | | | | |
| Net change in fund balance | \$ - | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | | | | |
| | | | | |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ - | \$ - |

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

Special Revenue funds

| School Based Health | Day Care | GRADS Plus | Private/Direct Grants | SB-9 | Energy Efficiency |
|-------------------------|------------------------------|--------------------|--------------------------|-----------------------------|-------------------------|
| \$ - | \$ - 13,512 77,004 | \$ - 8,000 | \$ - 50,000 | \$ 421,514 71,958 280 | \$ - 48,893 |
| <u>\$ -</u> | <u>\$ 90,516</u> | <u>\$ 8,000</u> | <u>\$ 50,000</u> | <u>\$ 493,752</u> | <u>\$ 48,893</u> |
| \$ - | \$ 6,026 77,454 33,695 | \$ 8,000 | \$ 50,000 | \$ - 2,075 236,720 | \$ - 41,948 4,120 |
| <u>\$ -</u> | <u>\$ 117,175</u> | <u>\$ 8,000</u> | <u>\$ 50,000</u> | <u>\$ 474,845</u> | <u>\$ 46,068</u> |
| \$ - | \$ (26,659) | \$ - | \$ - | \$ 18,907 | \$ 2,825 |
| <u>\$ -</u> | <u>\$ (26,659)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 18,907</u> | <u>\$ 2,825</u> |
| <u>62,559</u> | <u>181,244</u> | <u>-</u> | <u>-</u> | <u>377,514</u> | <u>32,173</u> |
| <u><u>\$ 62,559</u></u> | <u><u>\$ 154,585</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 396,421</u></u> | <u><u>\$ 34,998</u></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, 2015

| | Capital Project Funds | Debt Service Funds | Total |
|------------------------------------|---------------------------------|-------------------------|--------------|
| | Special Capital Outlay State | Ed Tech Debt Service | |
| Revenues: | | | |
| Property Taxes | \$ - | \$ 1,860 | \$ 423,374 |
| Fees and charges | | | 102,784 |
| State aid | 15,963 | | 1,077,537 |
| Federal aid | | | 1,713,648 |
| Earnings on investments | | | 384 |
| Miscellaneous | | | 50,368 |
| | | | |
| Total revenues | \$ 15,963 | \$ 1,860 | \$ 3,368,095 |
| Expenditures: | | | |
| Current: | | | |
| Instruction | \$ - | \$ - | \$ 1,284,737 |
| Support services - Students | | | 198,841 |
| Support services - Instruction | | | 2,123 |
| General administration | | 27 | 117,360 |
| School administration | | | 55,117 |
| Operation of plant | | | 237,269 |
| Food services | | | 1,139,129 |
| Transportation | | | 125,513 |
| Other support services | | | - |
| Debt service: | | | |
| Principle | | | 41,948 |
| Interest | | | 4,120 |
| Capital outlay | 15,963 | | 312,198 |
| | | | |
| Total expenditures | \$ 15,963 | \$ 27 | \$ 3,518,355 |
| Revenues over (under) expenditures | \$ - | \$ 1,833 | \$ (150,260) |
| Other financing sources (uses): | | | |
| Transfer in | | | - |
| | | | |
| Net change in fund balance | \$ - | \$ 1,833 | \$ (150,260) |
| Fund balance, July 1, 2014 | | 1,781 | 1,198,234 |
| | | | |
| Fund balance, June 30, 2015 | \$ - | \$ 3,614 | \$ 1,047,974 |

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

Cobre Consolidated School District No. 2
GENERAL FUND
COMBINING BALANCE SHEET
June 30, 2015

| | Operational | Transportation | Instructional Materials |
|--|-------------|----------------|----------------------------|
| Assets | | | |
| Cash and investments | \$ 92,334 | \$ - | \$ 53,321 |
| Accounts receivable | 127,133 | | |
| Taxes receivable | 8,494 | | |
| Due from other governments | | | |
| Interfund receivable | | | |
| | | | |
| Total assets | \$ 227,961 | \$ - | \$ 53,321 |
| Liabilities | | | |
| Accounts payable | \$ 57,845 | \$ - | \$ - |
| Interfund payable | | | |
| | | | |
| Total liabilities | \$ 57,845 | \$ - | \$ - |
| Deferred Inflows of Resources | | | |
| Unavailable revenue | \$ 134,340 | | |
| | | | |
| Total deferred inflows of resources | \$ 134,340 | \$ - | \$ - |
| Fund balance: | | | |
| Unassigned | \$ 35,776 | | \$ 53,321 |
| | | | |
| Total fund balances | \$ 35,776 | \$ - | \$ 53,321 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 227,961 | \$ - | \$ 53,321 |

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

| <u>Non - Instructional Support</u> | <u>Total</u> |
|--|--|
| \$ 143,861 | \$ 289,516 127,133 8,494 - - |
| <u>\$ 143,861</u> | <u>\$ 425,143</u> |
| \$ - | \$ 57,845 - |
| <u>\$ -</u> | <u>\$ 57,845</u> |
| | <u>\$ 134,340</u> |
| <u>\$ -</u> | <u>\$ 134,340</u> |
| <u>\$ 143,861</u> | <u>\$ 232,958</u> |
| <u>\$ 143,861</u> | <u>\$ 232,958</u> |
| <u><u>\$ 143,861</u></u> | <u><u>\$ 425,143</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, 2015

| | Operational | Transportation | Instructional Materials |
|------------------------------------|----------------------|-------------------|----------------------------|
| Revenues: | | | |
| Property taxes | \$ 70,431 | \$ - | \$ - |
| Fees and charges | 15,571 | | |
| State aid | 12,171,389 | 644,929 | 88,008 |
| Federal aid | 134,311 | | |
| Earnings on investments | 824 | | |
| Miscellaneous | 12,225 | | |
| | <u>\$ 12,404,751</u> | <u>\$ 644,929</u> | <u>\$ 88,008</u> |
| Total revenues | | | |
| Expenditures: | | | |
| Current: | | | |
| Instruction | \$ 6,708,818 | \$ - | \$ 50,980 |
| Support services - Students | 1,390,010 | | |
| Support services - Instruction | 546,122 | | |
| General administration | 667,316 | | |
| School administration | 903,293 | | |
| Central services | 394,928 | | |
| Operation of plant | 2,159,543 | | |
| Transportation | 18,986 | 644,929 | |
| Food services | | | |
| Other support services | 18,748 | | |
| Capital outlay | | | |
| | <u>\$ 12,807,764</u> | <u>\$ 644,929</u> | <u>\$ 50,980</u> |
| Total expenditures | | | |
| Revenues over (under) expenditures | \$ (403,013) | \$ - | \$ 37,028 |
| Other financing sources: | | | |
| Loan proceeds | | | |
| Operating transfers in (out) | | | |
| | <u>\$ (403,013)</u> | <u>\$ -</u> | <u>\$ 37,028</u> |
| Net change in fund balance | | | |
| Fund balance, July 1, 2014 | 438,789 | | 16,293 |
| | <u>\$ 35,776</u> | <u>\$ -</u> | <u>\$ 53,321</u> |
| Fund balance, June 30, 2015 | | | |

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

| <u>Activity Funds</u> | <u>Total</u> |
|---------------------------|----------------------|
| \$ - | \$ 70,431 |
| 81,445 | 97,016 |
| | 12,904,326 |
| | 134,311 |
| | 824 |
| | <u>12,225</u> |
| <u>\$ 81,445</u> | <u>\$ 13,219,133</u> |
| | |
| \$ 95,854 | \$ 6,855,652 |
| | 1,390,010 |
| | 546,122 |
| | 667,316 |
| | 903,293 |
| | 394,928 |
| | 2,159,543 |
| | 663,915 |
| | - |
| | 18,748 |
| | <u>-</u> |
| <u>\$ 95,854</u> | <u>\$ 13,599,527</u> |
| | |
| \$ (14,409) | \$ (380,394) |
| | - |
| | <u>-</u> |
| | |
| \$ (14,409) | \$ (380,394) |
| | |
| <u>158,270</u> | <u>613,352</u> |
| | |
| <u>\$ 143,861</u> | <u>\$ 232,958</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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|----------------------|----------------------|----------------------|--|
| Revenues: | | | | |
| Federal sources | \$ 25,000 | \$ 25,000 | \$ 134,311 | \$ 109,311 |
| State sources | 12,318,947 | 12,318,947 | 12,171,389 | (147,558) |
| Local sources | 84,531 | 84,531 | 98,324 | 13,793 |
| Interest income | 1,000 | 1,000 | 824 | (176) |
| Total revenues | \$ 12,429,478 | \$ 12,429,478 | \$ 12,404,848 | \$ (24,630) |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | \$ 6,860,837 | \$ 6,751,480 | \$ 6,695,732 | \$ 55,748 |
| Support services - Students | 1,376,183 | 1,401,710 | 1,390,010 | 11,700 |
| Support services - Instruction | 539,549 | 560,092 | 546,853 | 13,239 |
| General administration | 665,317 | 702,860 | 667,827 | 35,033 |
| School administration | 912,016 | 916,426 | 900,501 | 15,925 |
| Central services | 409,073 | 400,084 | 394,065 | 6,019 |
| Operation of plant | 2,131,151 | 2,187,727 | 2,156,279 | 31,448 |
| Pupil transportation | 33,000 | 23,523 | 18,690 | 4,833 |
| Other support services | 45,175 | 28,399 | 27,112 | 1,287 |
| Capital outlay | | | | - |
| Total expenditures | \$ 12,972,301 | \$ 12,972,301 | \$ 12,797,069 | \$ 175,232 |
| Net change in fund balance | \$ (542,823) | \$ (542,823) | \$ (392,221) | \$ 150,602 |
| Fund balance, July 1, 2014 | 542,823 | 542,823 | 484,555 | (58,268) |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ 92,334 | \$ 92,334 |
| Budgetary reconciliation: | | | | |
| Net change in fund balance, GAAP basis | | | | \$ (403,013) |
| Revenue accruals (net) | | | | 97 |
| Expenditure accruals (net) | | | | 10,695 |
| Net change in fund balance, NON-GAAP budgetary basis | | | | <u>\$ (392,221)</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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|-------------------------|--------------------|---|
| Revenues: | | | | |
| State sources | \$ 612,832 | \$ 644,929 | \$ 644,929 | \$ - |
| Expenditures: | | | | |
| Current: | | | | |
| Pupil transportation | <u>612,832</u> | <u>644,929</u> | <u>644,929</u> | <u>-</u> |
| Net change in fund balance | \$ - | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance, June 30, 2015 | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| Budgetary reconciliation: | | | | |
| Net change in fund balance, GAAP basis | | | \$ - | |
| Revenue accruals (net) | | | - | |
| Expenditure accruals (net) | | | <u>-</u> | |
| Net change in fund balance, NON-GAAP budgetary basis | | | <u><u>\$ -</u></u> | |

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

Cobre Consolidated School District No. 2
GENERAL FUND/INSTRUCTIONAL MATERIALS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|-----------|--|
| Revenues: | | | | |
| State sources | \$ 62,946 | \$ 88,008 | \$ 88,008 | \$ - |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | \$ 78,119 | \$ 103,181 | \$ 50,980 | \$ 52,201 |
| Support services - Instruction | | | | - |
| Total expenditures | \$ 78,119 | \$ 103,181 | \$ 50,980 | \$ 52,201 |
| Net change in fund balance | \$ (15,173) | \$ (15,173) | \$ 37,028 | \$ 52,201 |
| Fund balance, July 1, 2014 | 15,173 | 15,173 | 16,293 | 1,120 |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ 53,321 | \$ 53,321 |
| Budgetary reconciliation: | | | | |
| Net change in fund balance, GAAP basis | | | \$ 37,028 | |
| Revenue accruals (net) | | | - | |
| Expenditure accruals (net) | | | - | |
| Net change in fund balance, NON-GAAP budgetary basis | | | \$ 37,028 | |

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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|----------------------------|-------------------------|---------------------|--|
| Revenues: | | | | |
| Federal sources | \$ 800,000 | \$ 800,000 | \$ 860,719 | \$ 60,719 |
| State sources | | | | - |
| Local sources | 20,000 | 20,000 | 20,741 | 741 |
| Earnings on investments | <u>500</u> | <u>500</u> | <u>87</u> | <u>(413)</u> |
| Total revenues | <u>\$ 820,500</u> | <u>\$ 820,500</u> | <u>\$ 881,547</u> | <u>\$ 61,047</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Food services | \$ 1,245,789 | \$ 1,245,789 | \$ 1,017,354 | \$ 228,435 |
| Capital outlay | | | | - |
| Total expenditures | <u>\$ 1,245,789</u> | <u>\$ 1,245,789</u> | <u>\$ 1,017,354</u> | <u>\$ 228,435</u> |
| Net change in fund balance | \$ (425,289) | \$ (425,289) | \$ (135,807) | \$ 289,482 |
| Fund balance, July 1, 2014 | <u>425,289</u> | <u>425,289</u> | <u>382,998</u> | <u>(42,291)</u> |
| Fund balance, June 30, 2015 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 247,191</u> | <u>\$ 247,191</u> |
| Budgetary reconciliation: | | | | |
| Net change in fund balance, GAAP basis | | | \$ (132,813) | |
| Revenue accruals (net) | | | (43,935) | |
| Expenditure accruals (net) | | | <u>40,941</u> | |
| Net change in fund balance, NON-GAAP budgetary basis | | | <u>\$ (135,807)</u> | |

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - ATHLETICS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|-------------|--|
| Revenues: | | | | |
| Local sources | \$ 60,100 | \$ 60,100 | \$ 68,916 | \$ 8,816 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 107,524 | 107,524 | 86,208 | 21,316 |
| Net change in fund balance | \$ (47,424) | \$ (47,424) | \$ (17,292) | \$ 30,132 |
| Fund balance, July 1, 2014 | 47,424 | 47,424 | 41,392 | (6,032) |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ 24,100 | \$ 24,100 |
| Budgetary reconciliation: | | | | |
| Net change in fund balance, GAAP basis | | | \$ (17,292) | |
| Revenue accruals (net) | | | | |
| Expenditure accruals (net) | | | _____ | |
| Net change in fund balance, NON-GAAP budgetary basis | | | \$ (17,292) | |

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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|------------|--|
| Revenues: | | | | |
| Federal sources | \$ 499,422 | \$ 570,069 | \$ 536,979 | \$ (33,090) |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | \$ 387,879 | \$ 439,873 | \$ 407,304 | \$ 32,569 |
| Support services - Students | | 622 | 616 | 6 |
| General administration | 111,543 | 102,171 | 101,658 | 513 |
| School administration | | 3,534 | 3,533 | 1 |
| Transportation | | 23,869 | 23,868 | 1 |
| Total expenditures | \$ 499,422 | \$ 570,069 | \$ 536,979 | \$ 33,090 |
| Net change in fund balance | \$ - | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | - | - | - | - |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ - | \$ - |
| Budgetary reconciliation: | | | | |
| Net change in fund balance, GAAP basis | | | \$ (450) | |
| Revenue accruals (net) | | | | |
| Expenditure accruals (net) | | | 450 | |
| 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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|-----------|--|
| Revenues: | | | | |
| Federal sources | \$ 13,429 | \$ 29,842 | \$ 10,339 | \$ (19,503) |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | \$ 2,000 | \$ 22,034 | \$ 7,913 | \$ 14,121 |
| Support services - Students | 6,429 | 2,662 | 662 | 2,000 |
| General administration | 5,000 | 5,146 | 1,764 | 3,382 |
| Total expenditures | \$ 13,429 | \$ 29,842 | \$ 10,339 | \$ 19,503 |
| Net change in fund balance | \$ - | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | - | - | - | - |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ - | \$ - |
| 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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|------------|--|
| Revenues: | | | | |
| State sources | \$ - | \$ 71,958 | \$ 71,958 | \$ - |
| Local sources | 353,815 | 353,815 | 422,208 | 68,393 |
| Earnings on investments | 1,000 | 1,000 | 280 | (720) |
| Total revenues | \$ 354,815 | \$ 426,773 | \$ 494,446 | \$ 67,673 |
| Expenditures: | | | | |
| Current: | | | | |
| Operation of plant | \$ 504,762 | \$ 556,600 | \$ 236,720 | \$ 319,880 |
| Administration | 2,029 | 2,075 | 2,075 | - |
| Capital outlay | 328,415 | 348,489 | 236,050 | 112,439 |
| Total expenditures | \$ 835,206 | \$ 907,164 | \$ 474,845 | \$ 432,319 |
| Net change in fund balance | \$ (480,391) | \$ (480,391) | \$ 19,601 | \$ 499,992 |
| Fund balance, July 1, 2014 | 480,391 | 480,391 | 368,765 | (111,626) |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ 388,366 | \$ 388,366 |
| Budgetary reconciliation: | | | | |
| Net change in fund balance, GAAP basis | | | \$ 18,907 | |
| Revenue accruals (net) | | | 694 | |
| Expenditure accruals (net) | | | | |
| Net change in fund balance, NON-GAAP budgetary basis | | | \$ 19,601 | |

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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|----------|--|
| Revenues: | | | | |
| Federal sources | \$ 11,301 | \$ 16,278 | \$ 5,679 | \$ (10,599) |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | \$ 11,075 | \$ 13,454 | \$ 3,585 | \$ 9,869 |
| General administration | 226 | 1,326 | 1,215 | 111 |
| School administration | | 1,498 | 879 | 619 |
| Total expenditures | \$ 11,301 | \$ 16,278 | \$ 5,679 | \$ 10,599 |
| Net change in fund balance | \$ - | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | - | - | - | - |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ - | \$ - |
| 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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|-----------|--|
| Revenues: | | | | |
| Federal sources | \$ 61,954 | \$ 117,576 | \$ 58,833 | \$ (58,743) |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | \$ 59,897 | \$ 105,845 | \$ 53,654 | \$ 52,191 |
| Support services - Students | | 343 | 338 | 5 |
| General administration | 2,057 | 3,828 | 2,718 | 1,110 |
| School administration | | 7,560 | 2,123 | 5,437 |
| Total expenditures | \$ 61,954 | \$ 117,576 | \$ 58,833 | \$ 58,743 |
| Net change in fund balance | \$ - | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | - | - | - | - |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ - | \$ - |
| 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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|-----------|--|
| Revenues: | | | | |
| State sources | \$ 97,500 | \$ 97,500 | \$ 97,498 | \$ (2) |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | \$ 96,525 | \$ 96,525 | \$ 96,525 | \$ - |
| General administration | 975 | 975 | 973 | 2 |
| Total expenditures | \$ 97,500 | \$ 97,500 | \$ 97,498 | \$ 2 |
| Net change in fund balance | \$ - | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | - | - | - | - |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ - | \$ - |
| 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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|------------|--|
| Revenues: | | | | |
| Federal sources | \$ - | \$ 203,963 | \$ 150,304 | \$ (53,659) |
| Expenditures: | | | | |
| Current: | | | | |
| Support services - Students | \$ - | \$ 203,963 | \$ 109,431 | \$ 94,532 |
| Other support services | | | | - |
| Total expenditures | \$ - | \$ 203,963 | \$ 109,431 | \$ 94,532 |
| Net change in fund balance | \$ - | \$ - | \$ 40,873 | \$ 40,873 |
| Fund balance, July 1, 2014 | - | - | 76,156 | 76,156 |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ 117,029 | \$ 117,029 |
| Budgetary reconciliation: | | | | |
| Net change in fund balance, GAAP basis | | | \$ 2,939 | |
| Revenue accruals (net) | | | 41,346 | |
| Expenditure accruals (net) | | | (3,412) | |
| Net change in fund balance, NON-GAAP budgetary basis | | | \$ 40,873 | |

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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|--------|--|
| Revenues: | | | | |
| Federal sources | \$ - | | | \$ - |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | \$ - | | | \$ - |
| Support services - Students | | | | - |
| School administration | | | | - |
| Total expenditures | \$ - | \$ - | \$ - | \$ - |
| Net change in fund balance | \$ - | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | - | - | - | - |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ - | \$ - |
| 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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|----------|--|
| Revenues: | | | | |
| State sources | \$ - | \$ 5,795 | \$ 5,795 | \$ - |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | \$ - | \$ 5,795 | \$ 5,795 | \$ - |
| School administration | | | | - |
| Total expenditures | \$ - | \$ 5,795 | \$ 5,795 | \$ - |
| Net change in fund balance | \$ - | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | - | - | - | - |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ - | \$ - |
| 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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|------------|--|
| Revenues: | | | | |
| State sources | \$ 595,000 | \$ 475,000 | \$ 475,000 | \$ - |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | \$ 484,260 | \$ 361,334 | \$ 361,334 | \$ - |
| Support services - Students | | | | - |
| General administration | 4,300 | 5,559 | 5,559 | - |
| School administration | 21,440 | 21,587 | 21,587 | - |
| Operation of plant | | | | - |
| Transportation | 85,000 | 86,520 | 86,520 | - |
| Total expenditures | \$ 595,000 | \$ 475,000 | \$ 475,000 | \$ - |
| Net change in fund balance | \$ - | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | - | - | - | - |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ - | \$ - |
| 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 - PARCC READINESS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|-----------|--|
| Revenues: | | | | |
| State sources | \$ - | \$ 60,185 | \$ 60,185 | \$ - |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | \$ - | \$ - | | \$ - |
| Capital outlay | | 60,185 | 60,185 | - |
| Total expenditures | \$ - | \$ 60,185 | \$ 60,185 | \$ - |
| Net change in fund balance | \$ - | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | - | - | - | - |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ - | \$ - |
| 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 - 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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|-------------------------|---------------------------|---|
| Revenues: | | | | |
| Federal sources | <u>\$ 179,865</u> | <u>\$ 218,461</u> | <u>\$ 77,004</u> | <u>\$ (141,457)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | \$ - | \$ - | \$ - | \$ - |
| Support services - Students | 179,865 | 179,865 | 77,454 | 102,411 |
| Operation of plant | | | | - |
| Food services | | <u>38,596</u> | <u>33,695</u> | <u>4,901</u> |
| Total expenditures | <u>\$ 179,865</u> | <u>\$ 218,461</u> | <u>\$ 111,149</u> | <u>\$ 107,312</u> |
| Net change in fund balance | \$ - | \$ - | \$ (34,145) | \$ (34,145) |
| Fund balance, July 1, 2014 | <u>-</u> | <u>-</u> | <u>140,154</u> | <u>140,154</u> |
| Fund balance, June 30, 2015 | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 106,009</u></u> | <u><u>\$ 106,009</u></u> |
| Budgetary reconciliation: | | | | |
| Net change in fund balance, GAAP basis | | | \$ (34,145) | |
| Revenue accruals (net) | | | | |
| Expenditure accruals (net) | | | | |
| Net change in fund balance, NON-GAAP budgetary basis | | | <u><u>\$ (34,145)</u></u> | |

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - SCHOOL BASED HEALTH
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|-----------|--|
| Revenues: | | | | |
| State sources | \$ - | \$ - | \$ - | \$ - |
| Expenditures: | | | | |
| Current: | | | | |
| Support services - Students | | | \$ - | \$ - |
| Capital outlay | | | | - |
| Total expenditures | \$ - | \$ - | \$ - | \$ - |
| Net change in fund balance | \$ - | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | | | 62,559 | 62,559 |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ 62,559 | \$ 62,559 |
| Budgetary reconciliation: | | | | |
| Net change in fund balance, GAAP basis | | | \$ - | |
| Revenue accruals (net) | | | - | |
| Expenditure accruals (net) | | | - | |
| Net change in fund balance, NON-GAAP budgetary basis | | | \$ - | |

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - CHILD 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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|------------|--|
| Revenues: | | | | |
| Federal sources | \$ 29,067 | \$ 29,067 | \$ 5,628 | \$ (23,439) |
| Expenditures: | | | | |
| Current: | | | | |
| Support services - Students | \$ 29,067 | \$ 29,067 | \$ 10,752 | \$ 18,315 |
| General administration | | | | - |
| Total expenditures | \$ 29,067 | \$ 29,067 | \$ 10,752 | \$ 18,315 |
| Net change in fund balance | \$ - | \$ - | \$ (5,124) | \$ (5,124) |
| Fund balance, July 1, 2014 | - | - | 18,363 | 18,363 |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ 13,239 | \$ 13,239 |
| Budgetary reconciliation: | | | | |
| Net change in fund balance, GAAP basis | | | \$ - | |
| Revenue accruals (net) | | | (5,124) | |
| Expenditure accruals (net) | | | - | |
| Net change in fund balance, NON-GAAP budgetary basis | | | \$ (5,124) | |

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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|--------|--|
| Revenues: | | | | |
| State sources | \$ - | | | \$ - |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | \$ - | | | \$ - |
| Capital outlay | | | | - |
| Total expenditures | \$ - | \$ - | \$ - | \$ - |
| Net change in fund balance | \$ - | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | - | - | - | - |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ - | \$ - |
| 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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|--------|--|
| Revenues: | | | | |
| State sources | | | | \$ - |
| Expenditures: | | | | |
| Current: | | | | |
| Support services - Instruction | | | | \$ - |
| Capital outlay | | | | - |
| Total expenditures | \$ - | \$ - | \$ - | \$ - |
| Net change in fund balance | \$ - | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | - | - | - | - |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ - | \$ - |
| 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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|------------|--|
| Revenues: | | | | |
| State sources | \$ 308,313 | \$ 249,768 | \$ 247,106 | \$ (2,662) |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | \$ 252,063 | \$ 198,393 | \$ 198,393 | \$ - |
| Support services - Students | 6,945 | 3,326 | 3,000 | 326 |
| General administration | 750 | 950 | 921 | 29 |
| School administration | 24,560 | 30,301 | 29,118 | 1,183 |
| Operation of plant | 750 | 1,250 | 549 | 701 |
| Transportation | 23,245 | 15,548 | 15,125 | 423 |
| Total expenditures | \$ 308,313 | \$ 249,768 | \$ 247,106 | \$ 2,662 |
| Net change in fund balance | \$ - | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | - | - | - | - |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ - | \$ - |
| 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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|-----------|--|
| Revenues: | | | | |
| State sources | \$ - | \$ 47,139 | \$ 47,139 | \$ - |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | \$ - | \$ - | \$ - | \$ - |
| Food services | - | 47,139 | 47,139 | - |
| Total expenditures | \$ - | \$ 47,139 | \$ 47,139 | \$ - |
| Net change in fund balance | \$ - | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | - | - | - | - |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ - | \$ - |
| 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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|----------------------------|-------------------------|-----------------|---|
| Revenues: | | | | |
| Federal sources | \$ - | \$ - | \$ - | \$ - |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | \$ - | \$ - | \$ - | \$ - |
| Support services - Students | | | | - |
| School administration | | | | - |
| Total expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net change in fund balance | \$ - | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | | | <u>8,000</u> | <u>8,000</u> |
| Fund balance, June 30, 2015 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,000</u> | <u>\$ 8,000</u> |
| Budgetary reconciliation: | | | | |
| Net change in fund balance, GAAP basis | | | \$ - | |
| Revenue accruals (net) | | | | |
| Expenditure accruals (net) | | | | |
| Net change in fund balance, NON-GAAP budgetary basis | | | <u>\$ -</u> | |

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

Cobre Consolidated School District No. 2
SPECIAL REVENUE FUND - GRADS PLUS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|----------|--|
| Revenues: | | | | |
| State sources | \$ - | \$ 8,000 | \$ 8,000 | \$ - |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | | \$ 8,000 | \$ 8,000 | \$ - |
| Support services - Students | | | | - |
| School administration | | | | - |
| Total expenditures | \$ - | \$ 8,000 | \$ 8,000 | \$ - |
| Net change in fund balance | \$ - | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | - | - | - | - |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ - | \$ - |
| 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 - 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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|-----------|--|
| Revenues: | | | | |
| State sources | \$ 48,893 | \$ 48,893 | \$ 48,893 | \$ - |
| Expenditures: | | | | |
| Capital outlay | 81,066 | 81,066 | 46,068 | 34,998 |
| Net change in fund balance | \$ (32,173) | \$ (32,173) | \$ 2,825 | \$ 34,998 |
| Fund balance, July 1, 2014 | 32,173 | 32,173 | 32,173 | - |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ 34,998 | \$ 34,998 |
| 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
SPECIAL REVENUE FUND - PRIVATE DIRECT GRANTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|-----------|--|
| Revenues: | | | | |
| Local sources | \$ - | \$ 50,000 | \$ 50,000 | \$ - |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | | \$ 50,000 | \$ 50,000 | \$ - |
| Support services - Students | | | | - |
| School administration | | | | - |
| Total expenditures | \$ - | \$ 50,000 | \$ 50,000 | \$ - |
| Net change in fund balance | \$ - | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | - | - | - | - |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ - | \$ - |
| 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
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, 2015

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| Revenues: | | | | |
| Local sources | \$ 1,286,840 | \$ 1,286,840 | \$ 1,302,094 | \$ 15,254 |
| Expenditures: | | | | |
| Current: | | | | |
| Administration | \$ 7,532 | \$ 7,532 | \$ 6,475 | \$ 1,057 |
| Principal | 1,000,000 | 1,000,000 | 1,000,000 | - |
| Interest | 235,864 | 235,864 | 235,863 | 1 |
| Debt service reserve | 1,164,654 | 1,164,654 | | 1,164,654 |
| Total expenditures | <u>\$ 2,408,050</u> | <u>\$ 2,408,050</u> | <u>\$ 1,242,338</u> | <u>\$ 1,165,712</u> |
| Net change in fund balance | \$ (1,121,210) | \$ (1,121,210) | \$ 59,756 | \$ 1,180,966 |
| Fund balance, July 1, 2014 | <u>1,121,210</u> | <u>1,121,210</u> | <u>1,142,694</u> | <u>21,484</u> |
| Fund balance, June 30, 2015 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,202,450</u> | <u>\$ 1,202,450</u> |
| Budgetary reconciliation: | | | | |
| Net change in fund balance, GAAP | | | \$ 55,276 | |
| Revenue accruals (net) | | | 4,480 | |
| Expenditure accruals (net) | | | <u> </u> | |
| Net change in fund balance, NON-GAAP budgetary basis | | | <u>\$ 59,756</u> | |

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

Cobre Consolidated School District No. 2
DEBT SERVICE FUND - EDUCATION TECHNOLOGY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--|--------------------|-----------------|----------|--|
| Revenues: | | | | |
| Local sources | \$ - | \$ 10,000 | \$ 2,727 | \$ (7,273) |
| Expenditures: | | | | |
| Current: | | | | |
| Administration | \$ - | \$ 100 | \$ 27 | \$ 73 |
| Principal | | | | - |
| Interest | | | | - |
| Debt service reserve | | 9,900 | | 9,900 |
| Total expenditures | \$ - | \$ 10,000 | \$ 27 | \$ 9,973 |
| Net change in fund balance | \$ - | \$ - | \$ 2,700 | \$ 2,700 |
| Fund balance, July 1, 2014 | | | 1,781 | 1,781 |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ 4,481 | \$ 4,481 |
| Budgetary reconciliation: | | | | |
| Net change in fund balance, GAAP | | | \$ 1,833 | |
| Revenue accruals (net) | | | 867 | |
| Expenditure accruals (net) | | | - | |
| Net change in fund balance, NON-GAAP budgetary basis | | | \$ 2,700 | |

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, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--|--------------------|-----------------|--------------|--|
| Revenues: | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - |
| Earnings on investments | 729 | 729 | 596 | (133) |
| Total revenues | \$ 729 | \$ 729 | \$ 596 | \$ (133) |
| Expenditures: | | | | |
| Current: | | | | |
| Operation of plant | \$ - | \$ - | \$ - | \$ - |
| Bond issue costs | | | | - |
| Capital outlay | 2,316,248 | 2,316,248 | 432,967 | 1,883,281 |
| Total expenditures | \$ 2,316,248 | \$ 2,316,248 | \$ 432,967 | \$ 1,883,281 |
| Revenues over (under) expenditures | \$ (2,315,519) | \$ (2,315,519) | \$ (432,371) | \$ 1,883,148 |
| Other financing sources (uses): | | | | |
| Bond proceeds | 2,315,519 | 2,315,519 | - | (2,315,519) |
| Net change in fund balance | \$ - | \$ - | \$ (432,371) | \$ (432,371) |
| Fund balance, July 1, 2014 | | - | 1,737,009 | 1,737,009 |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ 1,304,638 | \$ 1,304,638 |
| Net change in fund balance, GAAP | | | \$ (412,004) | |
| Revenue accruals (net) | | | (1,947,054) | |
| Other financing sources (net) | | | (752,456) | |
| Expenditure accruals (net) | | | 2,679,143 | |
| Net change in fund balance, NON-GAAP budgetary basis | | | \$ (432,371) | |

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

Cobre Consolidated School District No. 2
CAPITAL PROJECTS FUND - SPECIAL CAPITAL OUTLAY STATE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2015

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------------|-----------------|-----------|--|
| Revenues: | | | | |
| State sources | \$ - | \$ 15,963 | \$ 15,963 | \$ - |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | | \$ - | \$ - | \$ - |
| Support services - Students | | | | - |
| Capital outlay | | 15,963 | 15,963 | - |
| Total expenditures | \$ - | \$ 15,963 | \$ 15,963 | \$ - |
| Net change in fund balance | \$ - | \$ - | \$ - | \$ - |
| Fund balance, July 1, 2014 | - | - | - | - |
| Fund balance, June 30, 2015 | \$ - | \$ - | \$ - | \$ - |
| 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
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF
THE EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
LAST 10 FISCAL YEARS*

| | 2015 |
|---|---------------|
| Cobre Consolidated School District No. 2's proportion of the net pension liability | .29769% |
| Cobre Consolidated School District No. 2's proportionate share of the net pension liability | \$ 16,985,381 |
| Cobre Consolidated School District No. 2's covered employee payroll | \$ 8,205,328 |
| Cobre Consolidated School District No. 2's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 207% |
| Plan fiduciary net position as a percentage of the total pension liability | 66.54% |

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled, The Cobre Consolidated School District No. 2 will present information for those years for which information is available.

Cobre Consolidated School District No. 2
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
***LAST 10 FISCAL YEARS**

| | 2015 |
|---|--------------|
| Contractually required contributions | \$ 1,173,109 |
| Contributions in relation to contractually required contribution | (1,173,109) |
| Contribution deficiency (excess) | \$ - |
| Cobre Consolidated School District No. 2's covered-employee payroll | \$ 8,439,369 |
| Contributions as a percentage of covered-employee payroll | 13.90% |

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Cobre Consolidated School District No. 2 will present information for those years for which information is available.

Cobre Consolidated School District No. 2
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2015

Changes in benefit terms – The Cola and retirement eligibility benefits changes in recent years are described in the **Benefits Provided** subsection of the financial statement note disclosure **General Information on the Pension Plan**.

Changes of Assumptions

ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on April 26, 2013, ERB implemented the following changes in assumptions for the fiscal years 2014 and 2013:

1. Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 4.75% to 4.25%
 - b. Lower payroll growth from 3.75% to 3.5%
 - c. Minor changes in demographic assumptions
 - d. Population growth per year from 075% to .50%

2. Assumptions that were not changed:
 - a. Investment return will remain at 7.75%
 - b. Inflation will remain at 3.00%

See also the **Actuarial Assumptions** subsection of the financial statement note disclosure **General Information on the Pension Plan**.

Cobre Consolidated School District No. 2
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2015

| | Balance July 1, 2014 | Receipts | Disburse- ments | Balance June 30, 2015 |
|---------------------------|-------------------------|----------------|--------------------|--------------------------|
| Assets | | | | |
| Cash and investments: | | | | |
| Cobre High School | \$ 82,993 | \$ 199,997 | \$ 199,068 | \$ 83,922 |
| Snell Middle School | 31,213 | 82,338 | 85,518 | 28,033 |
| Bayard Elementary | 1,688 | 5,180 | 5,260 | 1,608 |
| Central Elementary | 5,697 | 21,622 | 21,227 | 6,092 |
| Hurley Elementary | 42 | - | - | 42 |
| All Students | 15,117 | 32,234 | 11,514 | 35,837 |
| Total assets | \$ 136,750 | \$ 341,371 | \$ 322,587 | \$ 155,534 |
| Liabilities | | | | |
| Deposits held for others: | | | | |
| Cobre High School | \$ 82,993 | \$ 199,997 | \$ 199,068 | \$ 83,922 |
| Snell Middle School | 31,213 | 82,338 | 85,518 | 28,033 |
| Bayard Elementary | 1,688 | 5,180 | 5,260 | 1,608 |
| Central Elementary | 5,697 | 21,622 | 21,227 | 6,092 |
| Hurley Elementary | 42 | - | - | 42 |
| All Students | 15,117 | 32,234 | 11,514 | 35,837 |
| Total liabilities | \$ 136,750 | \$ 341,371 | \$ 322,587 | \$ 155,534 |

Cobre Consolidated School District No. 2
SCHEDULE OF DEPOSITORY COLLATERAL
June 30, 2015

| | First American Bank | Total |
|---|------------------------|--------------|
| Checking and CD's | \$ 5,752,769 | \$ 5,752,769 |
| Total on deposit | \$ 5,752,769 | \$ 5,752,769 |
| Less: FDIC insurance | (250,000) | (250,000) |
| Total uninsured public funds | \$ 5,502,769 | \$ 5,502,769 |
| 50% collateralization requirement (Section 6-10-17 NMSA) | 2,751,385 | 2,751,385 |
| Pledged Securities: | | |
| Carlsbad, NM 142735DG1 8/1/16 | \$ 238,271 | \$ 238,271 |
| FNMA 3136G14N6 6/28/17 | 994,345 | 994,345 |
| Ruidoso, NM 781338HQ4 8/1/20 | 418,372 | 418,372 |
| Gadsden, NM 362550MF9 8/15/22 | 1,051,021 | 1,051,021 |
| MBS FHLMC 3128MC6M2 5/1/26 | 385,742 | 385,742 |
| MBS FNMA 3138E0SD2 12/1/26 | 651,469 | 651,469 |
| Bernalillo, NM 085279PK7 8/1/19 | 53,015 | 53,015 |
| Total pledged securities | \$ 3,792,235 | \$ 3,792,235 |
| Pledged securities over (under) requirement | \$ 1,040,851 | \$ 1,040,851 |

Securities pledged by First American Bank 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, 2015

| | <u>Type of Account</u> | <u>Bank Balance</u> | <u>Reconciled Balance</u> |
|----------------------------|----------------------------|----------------------------|-------------------------------|
| <u>First American Bank</u> | | | |
| Operational | Checking | \$ 180,136 | \$ 92,334 |
| Cafeteria | Checking | 107,968 | 247,181 |
| Payroll | Checking | 1,793,016 | - |
| Debt Service | Checking | 1,205,886 | 1,205,886 |
| SB-9 | Checking | 361,222 | 333,601 |
| Bond Building | Checking | 1,262,768 | 1,304,638 |
| Special Projects | Checking | 441,461 | 658,910 |
| Athletics | Checking | 27,134 | 24,100 |
| Activity | Checking | 373,178 | 347,971 |
| Total First American Bank | | <u>\$ 5,752,769</u> | <u>\$ 4,214,621</u> |
| Total cash and investments | | <u><u>\$ 5,752,769</u></u> | <u><u>\$ 4,214,621</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, 2015

| | <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, 2014 | \$ 484,555 | \$ - | \$ 16,293 | \$ 382,988 | \$ 41,392 |
| Add: Current year receipts | 12,404,848 | 644,929 | 88,008 | 881,548 | 68,917 |
| Less: Current year expenditures | <u>(12,797,069)</u> | <u>(644,929)</u> | <u>(50,980)</u> | <u>(1,017,355)</u> | <u>(86,209)</u> |
| Total cash and investments as of June 30, 2015 | <u>\$ 92,334</u> | <u>\$ -</u> | <u>\$ 53,321</u> | <u>\$ 247,181</u> | <u>\$ 24,100</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, 2015

| | Agency | Federal Flowthrough | Federal Direct | State Flowthrough |
|--|------------|------------------------|-------------------|----------------------|
| Total cash and investments as of July 1, 2014 | \$ 336,110 | \$ 208,991 | \$ 242,673 | \$ - |
| Add: Current year receipts | 448,189 | 1,016,683 | 199,241 | 932,723 |
| Less: Current year expenditures | (436,328) | (1,016,684) | (197,637) | (932,723) |
| Total cash and investments as of June 30, 2015 | \$ 347,971 | \$ 208,990 | \$ 244,277 | \$ - |

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, 2015

| | <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, 2014 | \$ 62,559 | \$ 1,737,009 | \$ - | \$ 314,159 | \$ 32,173 |
| Add: Current year receipts | 50,000 | 596 | 15,963 | 494,288 | 48,893 |
| Less: Current year expenditures | <u>(50,000)</u> | <u>(432,967)</u> | <u>(15,963)</u> | <u>(474,845)</u> | <u>(46,068)</u> |
| Total cash and investments as of June 30, 2015 | <u>\$ 62,559</u> | <u>\$ 1,304,638</u> | <u>\$ -</u> | <u>\$ 333,602</u> | <u>\$ 34,998</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, 2015

| | <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, 2014 | | \$ 54,606 | \$ 1,142,694 | \$ 736 |
| Add: Current year receipts | | 158 | 1,302,094 | 2,727 |
| Less: Current year expenditures | | | <u>(1,242,338)</u> | <u>(27)</u> |
| Total cash and investments as of June 30, 2015 | <u>\$ -</u> | <u>\$ 54,764</u> | <u>\$ 1,202,450</u> | <u>\$ 3,436</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, 2015

| | State Direct | Total |
|--|-----------------|--------------|
| Total cash and investments as of July 1, 2014 | \$ - | \$ 5,056,938 |
| Add: Current year receipts | 8,000 | 18,607,805 |
| Less: Current year expenditures | (8,000) | (19,450,122) |
| Total cash and investments as of June 30, 2015 | \$ - | \$ 4,214,621 |

Cobre Consolidated School District No. 2
SCHEDULE OF JOINT POWERS AGREEMENT
 June 30, 2015

| | |
|---|---|
| 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, 2015

| <u>Federal Grantor/Pass-through Grantor/ Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass-through Grantor's Number</u> | <u>Federal Expenditures</u> |
|--|------------------------------------|--|---------------------------------|
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | |
| Passed through N.M. Department of Education: | | | |
| Title I Grants to Lea's | 84.010 | 24.101 | \$ 537,429 |
| Special Education-Grants to States | 84.027 | 24.106 | 370,833 |
| Special Education-Preschool Grants | 84.173 | 24.109 | 10,339 |
| Teacher Quality State Grants | 84.367 | 24.154 | 58,833 |
| English Language Acquisition Grants | 84.365 | 24.153 | <u>5,679</u> |
| Total U.S. Department of Education | | | <u>\$ 983,113</u> |
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | |
| Direct Programs: | | | |
| Schools and Roads-Grants to States | 10.665 | N/A | \$ 102,759 |
| Passed through N.M. Department of Education: | | | |
| National School Lunch Program | 10.555 | N/A | 520,847 |
| Summer Lunch Program for Children | 10.559 | N/A | 38,160 |
| Child and Adult Food | 10.558 | N/A | 10,752 |
| School Breakfast Program | 10.553 | N/A | 301,712 |
| Passed through N.M. Department of Human Svc's: | | | |
| Emergency Food Assistance Program | 10.569 | N/A | <u>43,935</u> |
| Total U.S. Department of Agriculture | | | <u>\$ 1,018,165</u> |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | |
| Passed through N.M. Dept. of Human Services: | | | |
| Child Care and Development | 93.596 | N/A | \$ 43,309 |
| Medical Assistance Program | 93.778 | 25.153 | <u>108,958</u> |
| Total U.S. Department of Human Services | | | <u>\$ 152,267</u> |
| Total expenditures of federal awards | | | <u><u>\$ 2,153,545</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, 2015

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 \$43,935 in commodities during the 2014-2015 fiscal year.

Note 3 Insurance

The District had the following insurance coverage during the year ended June 30, 2015:

| | |
|-----------------------|--------------|
| 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
SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
 For The Fiscal Year Ended June 30, 2015

| RFB#/RFP#/ State-Wide Price Agreement # | Type o Procurement | Awarded Vendor | Amount of Awarded Contract | Amount of Amended Contract | Name and Physical Address of All Vendor(s) that responded | In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition | Was the vendor in- state and chose Veteran's Preference (Y or N) | Brief Description of the Scope of Work |
|---|-------------------------|----------------------------------|--|----------------------------------|--|---|---|--|
| 2014-05-20FS | Request for Proposal | SW Foodservice Excellence LLC | \$72,000 | N/A | SW Foodservice Excellence LLC 9304 Raintree Dr. Suite 110, Scottsdale AZ 85260 | N/A | N/A | Management of Food Service Operations |
| 2014-12-05SP | Request for Proposal | Amplified Therapy Inc | Year 1 \$38,044.30 Year 2 \$80,564.40 | N/A | Amplified Therapy Inc PO Box 86 Cliff, NM 88028 | N/A | N/A | Ancillary Serv. in the area of speech/language |
| N/A | N/A | Porter Transportation | \$588,202.81 | N/A | N/A | N/A | N/A | Transportation |
| N/A | N/A | Montoya Transportation | \$178,738.00 | N/A | N/A | N/A | N/A | Transportation |

Prepared by Teresa Holguin, Comptroller/Chief Procurement Officer 9/1/2015

Cobre Consolidated School District No. 2
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2015

Current
Year Status

Findings – Financial Statement Audit

| | | |
|----------|--|----------|
| 2014-001 | This was a finding that personnel files were outdated or incomplete | Resolved |
| 2014-002 | This was a finding that indirect costs were calculated incorrectly | Resolved |
| 2014-003 | This was a finding indicating that the Per Diem and Mileage Act had been violated. | Resolved |

Findings – Major Federal Award Programs

None

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LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
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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

Timothy Keller, 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 and major special revenue funds of the Cobre Consolidated School District No. 2 as of and for the year ended June 30, 2015, 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, 2015.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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, 2015

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

Timothy Keller, 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, 2015. 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, 2015.

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.

Stone, McGee & Co CPAs

Silver City, New Mexico
October 20, 2015

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, 2015

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 nutrition cluster, consisting of National School Lunch Program, CFDA No. 10.555; School Breakfast Program, CFCA No. 10.553; and the Summer Lunch Program for Children, CFDA No. 10.559.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. Cobre Consolidated School District No. 2 was determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None

OTHER – FINANCIAL STATEMENT PREPARATION

The financial statements were prepared by Stone, McGee & Co., C.P.A.'s, with substantial assistance from District personnel, who have accepted responsibility for the financial statements.

EXIT CONFERENCE

The contents of this report were discussed on October 9, 2015. Present at this exit conference were:

| <u>Name</u> | <u>Title</u> | <u>Affiliation</u> |
|-----------------|---------------------|----------------------------|
| Ralph Sepulveda | Board President | 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 |