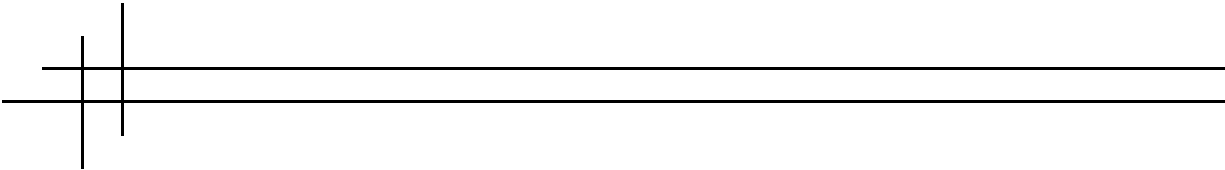




STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**

**ANNUAL FINANCIAL REPORT**  
June 30, 2009

**De'Aun Willoughby CPA, PC**  
Certified Public Accountant  
Melrose, New Mexico



STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
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 For the Year Ended June 30, 2009

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**CAPITAN MUNICIPAL SCHOOLS**  
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STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
Official Roster  
June 30, 2009

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**BOARD OF EDUCATION**

|                |                |
|----------------|----------------|
| Ed Vinson      | President      |
| Robin Parks    | Vice-President |
| Nate Dunn      | Secretary      |
| Mitchell Young | Member         |
| James Fields   | Member         |

**SCHOOL OFFICIALS**

|                  |                  |
|------------------|------------------|
| Shirley Crawford | Superintendent   |
| Frances Traylor  | Business Manager |

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

Independent Auditor's Report

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of the CAPITAN MUNICIPAL SCHOOLS

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of CAPITAN MUNICIPAL SCHOOLS, (District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2009, and the respective changes in financial position and the respective budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2009, and the respective changes in financial position and the respective budgetary comparisons for the major capital projects funds, debt service fund and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 31, 2009 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our

The District has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements and the combining and individual financial statements and budgetary comparisons presented as supplemental information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*De'Ann Willoughby CPA PC*

August 31, 2009

## **FINANCIAL SECTION**



STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
 Government-Wide Statement of Net Assets  
 June 30, 2009

|  | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| <b>ASSETS</b>                                      |                                    |
| Current Assets                                     |                                    |
| Cash and Cash Equivalents                          | \$ 2,121,051                       |
| Due from Grantors                                  | 197,083                            |
| Inventory  | 2,445                              |
| Total Current Assets                               | <u>2,320,579</u>                   |
| Noncurrent Assets                                  |                                    |
| Capital Assets                                     | 13,086,790                         |
| Less: Accumulated Depreciation                     | <u>(6,047,786)</u>                 |
| Total Noncurrent Assets                            | <u>7,039,004</u>                   |
| Total Assets                                       | <u>9,359,583</u>                   |
| <b>LIABILITIES</b>                                 |                                    |
| Current Liabilities                                |                                    |
| Accounts Payable                                   | 6,039                              |
| Accrued Interest                                   | 18,800                             |
| Current Portion of Long-Term Debt                  | 200,000                            |
| Total Current Liabilities                          | <u>224,839</u>                     |
| Noncurrent Liabilities                             |                                    |
| Bonds and Notes, Net                               | 591,829                            |
| Compensated Absences                               | 12,972                             |
| Total Noncurrent Liabilities                       | <u>604,801</u>                     |
| Total Liabilities                                  | <u>829,640</u>                     |
| <b>NET ASSETS</b>                                  |                                    |
| Invested in Capital Assets, Net of<br>Related Debt | 6,247,175                          |
| Restricted for:                                    |                                    |
| Debt Service                                       | 33,753                             |
| Unrestricted                                       | 2,249,015                          |
| Total Net Assets                                   | <u>\$ 8,529,943</u>                |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
 Government-Wide Statement of Activities  
 For the Year Ended June 30, 2009

| Functions/Programs                   | Expenses            | Program Revenues        |  | Net (Expenses)<br>Revenue and<br>Changes in<br>Net Assets |   |
|--------------------------------------|---------------------|-------------------------|--|---|---|
|                                      |                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions |   | Capital<br>Grants and<br>Contributions                      |
| <b>Governmental Activities</b>       |                     |                         |  |   |   |
| Instruction                          | \$ 3,431,001        | \$ 25,372               | \$ 311,453                               | \$ 0  | \$ (3,094,176)  |
| Support Services-Students            | 270,158             | 0                       | 42,188                                   | 0   | (227,970)   |
| Support Services-Instruction         | 256,907             | 0                       | 57,487                                   | 0   | (199,420)   |
| General Administration               | 208,299             | 0                       | 11,162                                   | 0   | (197,137)   |
| School Administration                | 386,636             | 0                       | 0  | 0   | (386,636)   |
| Central Services                     | 154,023             | 0                       | 0  | 0   | (154,023)   |
| Operation of Plant                   | 641,277             | 0                       | 84,096                                   | 0   | (557,181)   |
| Transportation                       | 351,226             | 0                       | 356,546                                  | 0   | 5,320   |
| Food Services                        | 214,040             | 30,713                  | 154,163                                  | 0   | (29,164)  |
| Interest on Long-Term<br>Obligations | 40,326              | 0                       | 0  | 0   | (40,326)  |
| Total Governmental<br>Activities     | <u>\$ 5,953,893</u> | <u>\$ 56,085</u>        | <u>\$ 1,017,095</u>                      | <u>\$ 0</u>   | <u>\$ (4,880,713)</u>                                       |
| <b>General Revenues</b>              |                     |                         |  |   |   |
| Taxes                                |                     |                         |  |   |   |
|                                      |                     |                         |  | \$  | 77,575  |
|                                      |                     |                         |  |   | 585,791   |
|                                      |                     |                         |  |   | 239,005   |
|                                      |                     |                         |  |   | Federal and State aid not restricted to<br>specific purpose |
|                                      |                     |                         |  |   | General 4,456,276   |
|                                      |                     |                         |  |   | Capital 439,343   |
|                                      |                     |                         |  |   | Interest and investment earnings 28,622                     |
|                                      |                     |                         |  |   | Miscellaneous 12,537  |
|                                      |                     |                         |  |   | <u>Subtotal, General Revenues 5,839,149</u>                 |
|                                      |                     |                         |  |   | Change in Net Assets 958,436                                |
|                                      |                     |                         |  |   | Net Assets - beginning <u>7,571,507</u>                     |
|                                      |                     |                         |  |   | Net Assets - ending <u>\$ 8,529,943</u>                     |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
 GOVERNMENTAL FUNDS  
 Balance Sheet  
 June 30, 2009

|  | General Fund         |                         |                                     |
|--|----------------------|-------------------------|-------------------------------------|
|  | Operational<br>11000 | Transportation<br>13000 | Instructional<br>Materials<br>14000 |
| <b>ASSETS</b>                          |                      |                         |                                     |
| Cash and Cash Equivalents              | \$ 468,653           | \$ 7,999                | \$ 16,290                           |
| Receivables                            |                      |                         |                                     |
| Due From Grantor                       | 0                    | 0                       | 0                                   |
| Interfund Balances                     | 197,083              | 0                       | 0                                   |
| Inventory                              | 0                    | 0                       | 0                                   |
| Total Assets                           | <u>\$ 665,736</u>    | <u>\$ 7,999</u>         | <u>\$ 16,290</u>                    |
| <b>LIABILITIES AND FUND BALANCE</b>    |                      |                         |                                     |
| Accounts Payable                       | \$ 6,039             | \$ 0                    | \$ 0                                |
| Interfund Balances                     | 0                    | 0                       | 0                                   |
| Current Portion Due                    |                      |                         |                                     |
| Principal                              | 0                    | 0                       | 0                                   |
| Interest                               | 0                    | 0                       | 0                                   |
| Total Liabilities                      | <u>6,039</u>         | <u>0</u>                | <u>0</u>                            |
| <b>Fund Balances</b>                   |                      |                         |                                     |
| Reserved for:                          |                      |                         |                                     |
| Inventory                              | 0                    | 0                       | 0                                   |
| Debt Service                           | 0                    | 0                       | 0                                   |
| Unreserved, Undesignated, reported in: |                      |                         |                                     |
| General Fund                           | 659,697              | 7,999                   | 16,290                              |
| Special Revenue Funds                  | 0                    | 0                       | 0                                   |
| Capital Projects Fund                  | 0                    | 0                       | 0                                   |
| Total Fund Balances                    | <u>659,697</u>       | <u>7,999</u>            | <u>16,290</u>                       |
| Total Liabilities and Fund Balances    | <u>\$ 665,736</u>    | <u>\$ 7,999</u>         | <u>\$ 16,290</u>                    |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
 GOVERNMENTAL FUNDS  
 Balance Sheet  
 June 30, 2009

---

|   | Special<br>Capital Outlay<br>31400 | Senate<br>Bill Nine<br>31700 | Debt<br>Service<br>41000 |
|---|------------------------------------|------------------------------|--------------------------|
|   | <u>          </u>                  | <u>          </u>            | <u>          </u>        |
| <b>ASSETS</b>                           |                                    |                              |                          |
| Cash and Cash Equivalents               | \$ 0                               | \$ 1,326,650                 | \$ 252,553               |
| Receivables                             |                                    |                              |                          |
| Due From Grantor                        | 189,198                            | 0                            | 0                        |
| Interfund Balances                      | 0                                  | 0                            | 0                        |
| Inventory                               | 0                                  | 0                            | 0                        |
| Total Assets                            | <u>\$ 189,198</u>                  | <u>\$ 1,326,650</u>          | <u>\$ 252,553</u>        |
| <br><b>LIABILITIES AND FUND BALANCE</b> |                                    |                              |                          |
| Accounts Payable                        | \$ 0                               | \$ 0                         | \$ 0                     |
| Interfund Balances                      | 189,198                            | 0                            | 0                        |
| Current Portion Due                     |                                    |                              |                          |
| Principal                               | 0                                  | 0                            | 200,000                  |
| Interest                                | 0                                  | 0                            | 18,800                   |
| Total Liabilities                       | <u>189,198</u>                     | <u>0</u>                     | <u>218,800</u>           |
| <br><b>Fund Balances</b>                |                                    |                              |                          |
| Reserved for:                           |                                    |                              |                          |
| Inventory                               | 0                                  | 0                            | 0                        |
| Debt Service                            | 0                                  | 0                            | 33,753                   |
| Unreserved, Undesignated, reported in:  |                                    |                              |                          |
| General Fund                            | 0                                  | 0                            | 0                        |
| Special Revenue Funds                   | 0                                  | 0                            | 0                        |
| Capital Projects Fund                   | 0                                  | 1,326,650                    | 0                        |
| Total Fund Balances                     | <u>0</u>                           | <u>1,326,650</u>             | <u>33,753</u>            |
| <br>Total Liabilities and Fund Balances | <br><u>\$ 189,198</u>              | <br><u>\$ 1,326,650</u>      | <br><u>\$ 252,553</u>    |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
 GOVERNMENTAL FUNDS  
 Balance Sheet  
 June 30, 2009

---

|   | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|--------------------------------|--------------------------------|
|   | <u>          </u>              | <u>          </u>              |
| <b>ASSETS</b>                           |                                |                                |
| Cash and Cash Equivalents               | \$ 48,906                      | \$ 2,121,051                   |
| Receivables                             |                                |                                |
| Due From Grantor                        | 7,885                          | 197,083                        |
| Interfund Balances                      | 0                              | 197,083                        |
| Inventory                               | 2,445                          | 2,445                          |
| Total Assets                            | <u>\$ 59,236</u>               | <u>\$ 2,517,662</u>            |
| <br><b>LIABILITIES AND FUND BALANCE</b> |                                |                                |
| Accounts Payable                        | \$ 0                           | \$ 6,039                       |
| Interfund Balances                      | 7,885                          | 197,083                        |
| Current Portion Due                     |                                |                                |
| Principal                               | 0                              | 200,000                        |
| Interest                                | 0                              | 18,800                         |
| Total Liabilities                       | <u>7,885</u>                   | <u>421,922</u>                 |
| <br><b>Fund Balances</b>                |                                |                                |
| Reserved for:                           |                                |                                |
| Inventory                               | 2,445                          | 2,445                          |
| Debt Service                            | 0                              | 33,753                         |
| Unreserved, Undesignated, reported in:  |                                |                                |
| General Fund                            | 0                              | 683,986                        |
| Special Revenue Funds                   | 48,906                         | 48,906                         |
| Capital Projects Fund                   | 0                              | 1,326,650                      |
| Total Fund Balances                     | <u>51,351</u>                  | <u>2,095,740</u>               |
| <br>Total Liabilities and Fund Balances | <br><u>\$ 59,236</u>           | <br><u>\$ 2,517,662</u>        |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
 Reconciliation of the Governmental Funds  
 Balance Sheet to the Statement of Net Assets  
 June 30, 2009

---

Amounts reported for governmental activities in the Statement of Net Assets are different because:

|   |    |           |
|---|----|-----------|
| Total Fund Balance - Governmental Funds | \$ | 2,095,740 |
|---|----|-----------|

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

|                             |    |                    |           |
|-----------------------------|----|--------------------|-----------|
| The cost of capital assets  | \$ | 13,086,790         |           |
| Accumulated depreciation is |    | <u>(6,047,786)</u> | 7,039,004 |

Long-term and certain other liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term and other liabilities at year end consist of :

|                          |                 |                  |
|--------------------------|-----------------|------------------|
| Bond payable             | (600,000)       |                  |
| Bond Issue Costs         | 35,408          |                  |
| Accumulated Amortization | (27,237)        |                  |
| Compensated Absences     | <u>(12,972)</u> | <u>(604,801)</u> |

|  |    |                         |
|--|----|-------------------------|
| Total net assets - governmental activities | \$ | <u><u>8,529,943</u></u> |
|--|----|-------------------------|

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2009

|   | General Fund      |                 |                    |
|---|-------------------|-----------------|--------------------|
|   | Operational       | Transportation  | Instructional      |
|   | 11000             | 13000           | Materials<br>14000 |
| <b>Revenues</b>                           |                   |                 |                    |
| Taxes                                     | \$ 77,575         | \$ 0            | \$ 0               |
| Interest Income                           | 12,325            | 0               | 0                  |
| Fees                                      | 100               | 0               | 0                  |
| Federal Grants                            | 0                 | 0               | 0                  |
| State & Local Grants                      | 4,456,276         | 356,543         | 49,556             |
| Miscellaneous                             | 1,408             | 0               | 0                  |
| <b>Total Revenues</b>                     | <b>4,547,684</b>  | <b>356,543</b>  | <b>49,556</b>      |
| <b>Expenditures</b>                       |                   |                 |                    |
| <b>Current</b>                            |                   |                 |                    |
| Instruction                               | 2,747,786         | 0               | 39,799             |
| Support Service-Students                  | 222,029           | 0               | 0                  |
| Support Services-Instruction              | 177,802           | 0               | 4,229              |
| Support Services-General Administration   | 185,064           | 0               | 0                  |
| Support Services-School Administration    | 370,756           | 0               | 0                  |
| Central Services                          | 154,013           | 0               | 0                  |
| Operation & Maintenance of Plant          | 573,486           | 0               | 0                  |
| Student Transportation                    | 1,772             | 349,453         | 0                  |
| Food Services                             | 906               | 0               | 0                  |
| Capital Outlay                            | 28,709            | 0               | 0                  |
| <b>Debt Service</b>                       |                   |                 |                    |
| Principal                                 | 0                 | 0               | 0                  |
| Interest                                  | 0                 | 0               | 0                  |
| <b>Total Expenditures</b>                 | <b>4,462,323</b>  | <b>349,453</b>  | <b>44,028</b>      |
| <b>Excess (Deficiency) of Revenues</b>    |                   |                 |                    |
| Over Expenditures                         | 85,361            | 7,090           | 5,528              |
| <b>Fund Balances at Beginning of Year</b> | <b>574,336</b>    | <b>909</b>      | <b>10,762</b>      |
| <b>Fund Balance End of Year</b>           | <b>\$ 659,697</b> | <b>\$ 7,999</b> | <b>\$ 16,290</b>   |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2009

|  | Special<br>Capital Outlay<br>31400 | Senate<br>Bill Nine<br>31700 | Debt<br>Service<br>41000 |
|--|------------------------------------|------------------------------|--------------------------|
| <b>Revenues</b>                                      |                                    |                              |                          |
| Taxes  | \$ 0                               | \$ 585,791                   | \$ 239,005               |
| Interest Income                                      | 0                                  | 14,571                       | 1,475                    |
| Fees   | 0                                  | 0                            | 0                        |
| Federal Grants                                       | 0                                  | 0                            | 0                        |
| State & Local Grants                                 | 411,801                            | 27,542                       | 0                        |
| Miscellaneous  | 0                                  | 0                            | 0                        |
| Total Revenues                                       | <u>411,801</u>                     | <u>627,904</u>               | <u>240,480</u>           |
| <b>Expenditures</b>                                  |                                    |                              |                          |
| Current  |                                    |                              |                          |
| Instruction  | 42,047                             | 24,292                       | 0                        |
| Support Service-Students                             | 0                                  | 0                            | 0                        |
| Support Services-Instruction                         | 0                                  | 0                            | 0                        |
| Support Services-General Administration              | 0                                  | 5,858                        | 2,390                    |
| Support Services-School Administration               | 0                                  | 0                            | 0                        |
| Central Services                                     | 0                                  | 0                            | 0                        |
| Operation & Maintenance of Plant                     | 0                                  | 21,351                       | 0                        |
| Student Transportation                               | 0                                  | 0                            | 0                        |
| Food Services  | 0                                  | 0                            | 0                        |
| Capital Outlay                                       | 369,754                            | 388,852                      | 0                        |
| Debt Service   |                                    |                              |                          |
| Principal  | 0                                  | 0                            | 200,000                  |
| Interest   | 0                                  | 0                            | 37,600                   |
| Total Expenditures                                   | <u>411,801</u>                     | <u>440,353</u>               | <u>239,990</u>           |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 0                                  | 187,551                      | 490                      |
| Fund Balances at Beginning of Year                   | <u>0</u>                           | <u>1,139,099</u>             | <u>33,263</u>            |
| Fund Balance End of Year                             | <u>\$ 0</u>                        | <u>\$ 1,326,650</u>          | <u>\$ 33,753</u>         |

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2009

|  | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|--------------------------------|--------------------------------|
| <b>Revenues</b>                                      |                                |                                |
| Taxes  | \$ 0                           | \$ 902,371                     |
| Interest Income                                      | 251                            | 28,622                         |
| Fees   | 55,985                         | 56,085                         |
| Federal Grants                                       | 437,180                        | 437,180                        |
| State & Local Grants                                 | 173,813                        | 5,475,531                      |
| Miscellaneous  | 11,129                         | 12,537                         |
| Total Revenues                                       | <u>678,358</u>                 | <u>6,912,326</u>               |
| <b>Expenditures</b>                                  |                                |                                |
| Current  |                                |                                |
| Instruction  | 298,045                        | 3,151,969                      |
| Support Service-Students                             | 39,166                         | 261,195                        |
| Support Services-Instruction                         | 63,550                         | 245,581                        |
| Support Services-General Administration              | 201                            | 193,513                        |
| Support Services-School Administration               | 10,961                         | 381,717                        |
| Central Services                                     | 0                              | 154,013                        |
| Operation & Maintenance of Plant                     | 9,186                          | 604,023                        |
| Student Transportation                               | 0                              | 351,225                        |
| Food Services  | 189,644                        | 190,550                        |
| Capital Outlay                                       | 77,582                         | 864,897                        |
| Debt Service   |                                |                                |
| Principal  | 0                              | 200,000                        |
| Interest   | 0                              | 37,600                         |
| Total Expenditures                                   | <u>688,335</u>                 | <u>6,636,283</u>               |
| Excess (Deficiency) of Revenues<br>Over Expenditures | (9,977)                        | 276,043                        |
| Fund Balances at Beginning of Year                   | <u>61,328</u>                  | <u>1,819,697</u>               |
| Fund Balance End of Year                             | <u>\$ 51,351</u>               | <u>\$ 2,095,740</u>            |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
 Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 To the Statement of Activities  
 June 30, 2009

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Net Change in Fund Balance-Governmental Funds \$ 276,043

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Assets and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays in the period.

|                      |    |           |         |
|----------------------|----|-----------|---------|
| Depreciation expense | \$ | (379,944) |         |
| Capital Outlays      |    | 864,897   | 484,953 |

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 200,000

Bond issue costs are amortized in the Statement of Activities but are netted with proceeds of bond issues in the year of issue on the Statement of Revenues, Expenditures and Changes in Fund Balances. This the amount of the amortized bond issue costs this year. (2,724)

Some expenses 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. 164

Changes in Net Assets of Governmental Activities \$ 958,436

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
GENERAL FUND-OPERATIONAL-11000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|                                     | Budgeted Amounts  |                   | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|-------------------------------------|-------------------|-------------------|--------------------------------|---|
|                                     | Original          | Final             |                                |   |
| <b>Revenues</b>                     |                   |                   |                                |   |
| Taxes                               | \$ 70,041         | \$ 70,041         | \$ 77,575                      | \$ 7,534  |
| Investment Income                   | 13,000            | 13,000            | 12,325                         | (675)   |
| Fees                                | 0                 | 0                 | 100                            | 100   |
| State & Local Grants                | 4,466,746         | 4,408,515         | 4,456,276                      | 47,761  |
| Miscellaneous                       | 0                 | 0                 | 1,408                          | 1,408   |
| Total Revenues                      | <u>4,549,787</u>  | <u>4,491,556</u>  | <u>4,547,684</u>               | <u>56,128</u>                                     |
| <b>Expenditures</b>                 |                   |                   |                                |   |
| <b>Instruction</b>                  |                   |                   |                                |   |
| Personnel Services                  | 2,114,085         | 2,062,732         | 1,993,306                      | 69,426  |
| Employee Benefits                   | 772,319           | 769,119           | 668,902                        | 100,217   |
| Professional & Tech Services        | 7,600             | 9,200             | 4,628                          | 4,572   |
| Purchased Services                  | 4,850             | 4,850             | 4,066                          | 784   |
| Other Purchased Services            | 84,762            | 84,762            | 58,807                         | 25,955  |
| Supplies                            | 43,500            | 38,222            | 24,355                         | 13,867  |
| Property                            | 28,000            | 28,000            | 22,492                         | 5,508   |
| Total Instruction                   | <u>3,055,116</u>  | <u>2,996,885</u>  | <u>2,776,556</u>               | <u>220,329</u>                                    |
| <b>Support Services-Students</b>    |                   |                   |                                |   |
| Personnel Services                  | 101,782           | 100,762           | 82,533                         | 18,229  |
| Employee Benefits                   | 31,481            | 31,806            | 18,895                         | 12,911  |
| Professional & Tech Services        | 172,700           | 173,395           | 120,099                        | 53,296  |
| Supplies                            | 3,700             | 3,700             | 566                            | 3,134   |
| Total Support Services-Students     | <u>309,663</u>    | <u>309,663</u>    | <u>222,093</u>                 | <u>87,570</u>                                     |
| <b>Support Services-Instruction</b> |                   |                   |                                |   |
| Personnel Services                  | 48,767            | 48,767            | 48,767                         | 0   |
| Employee Benefits                   | 19,903            | 20,374            | 19,482                         | 892   |
| Professional & Tech Services        | 40,629            | 33,629            | 33,052                         | 577   |
| Other Purchased Services            | 65,000            | 71,529            | 67,770                         | 3,759   |
| Supplies                            | 10,000            | 10,000            | 8,833                          | 1,167   |
| Total Support Services-Instruction  | <u>\$ 184,299</u> | <u>\$ 184,299</u> | <u>\$ 177,904</u>              | <u>\$ 6,395</u>                                   |

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
GENERAL FUND-OPERATIONAL-11000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |            | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|------------|--------------------------------|---|
|  | Original         | Final      |                                |   |
| <b>Support Services-General Administration</b> |                  |            |                                |   |
| Personnel Services                             | \$ 120,356       | \$ 120,356 | \$ 120,356                     | \$ 0  |
| Employee Benefits                              | 36,740           | 37,443     | 36,187                         | 1,256   |
| Professional & Tech Services                   | 83,005           | 82,302     | 18,371                         | 63,931  |
| Other Purchased Services                       | 14,300           | 14,300     | 7,049                          | 7,251   |
| Supplies                                       | 5,500            | 5,500      | 3,101                          | 2,399   |
| Total Support Services-General Administration  | 259,901          | 259,901    | 185,064                        | 74,837  |
| <b>Support Services-School Administration</b>  |                  |            |                                |   |
| Personnel Services                             | 285,073          | 284,873    | 279,664                        | 5,209   |
| Employee Benefits                              | 89,791           | 89,991     | 86,241                         | 3,750   |
| Professional & Tech Services                   | 600              | 1,100      | 100                            | 1,000   |
| Other Purchased Services                       | 5,500            | 670        | 659                            | 11  |
| Supplies                                       | 0                | 4,092      | 4,092                          | 0   |
| Total Support Services-School Administration   | 380,964          | 380,726    | 370,756                        | 9,970   |
| <b>Central Services</b>                        |                  |            |                                |   |
| Personnel Services                             | 108,697          | 113,697    | 112,697                        | 1,000   |
| Employee Benefits                              | 34,092           | 35,442     | 34,519                         | 923   |
| Professional & Tech Services                   | 800              | 5,050      | 5,033                          | 17  |
| Purchased Property Services                    | 7,500            | 5,052      | 806                            | 4,246   |
| Other Purchased Services                       | 1,300            | 807        | 16                             | 791   |
| Supplies                                       | 2,000            | 1,450      | 1,364                          | 86  |
| Total Central Service                          | 154,389          | 161,498    | 154,435                        | 7,063   |
| <b>Operation &amp; Maintenance of Plant</b>    |                  |            |                                |   |
| Personnel Services                             | 175,520          | 175,520    | 149,688                        | 25,832  |
| Employee Benefits                              | 88,858           | 88,858     | 62,333                         | 26,525  |
| Professional & Tech Services                   | 1,500            | 1,500      | 346                            | 1,154   |
| Purchased Property Services                    | 258,000          | 258,000    | 206,118                        | 51,882  |
| Other Purchased Services                       | 136,700          | 136,700    | 118,274                        | 18,426  |
| Supplies                                       | 44,200           | 44,200     | 34,529                         | 9,671   |
| Total Operation & Maintenance of Plant         | 704,778          | 704,778    | 571,288                        | 133,490   |
| <b>Student Transportation</b>                  |                  |            |                                |   |
| Other Purchased Services                       | 10,601           | 10,601     | 1,771                          | 8,830   |
| Total Student Transportation                   | \$ 10,601        | \$ 10,601  | \$ 1,771                       | \$ 8,830  |

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
GENERAL FUND-OPERATIONAL-11000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts     |                      | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|----------------------|----------------------|--------------------------------|---|
|  | Original             | Final                |                                |   |
| Food Service Operations                                      |                      |                      |                                |   |
| Employee Benefits  | \$ 906               | \$ 906               | \$ 906                         | \$ 0  |
| Total Food Service Operations                                | <u>906</u>           | <u>906</u>           | <u>906</u>                     | <u>0</u>  |
| <br>Total Expenditures                                       | <br><u>5,060,617</u> | <br><u>5,009,257</u> | <br><u>4,460,773</u>           | <br><u>548,484</u>                                |
| <br>Excess (Deficiency) of Revenues<br>Over Expenditures     | <br>(510,830)        | <br>(517,701)        | <br>86,911                     | <br>604,612                                       |
| <br>Cash Balance Beginning of Year                           | <br><u>578,825</u>   | <br><u>578,825</u>   | <br><u>578,825</u>             | <br><u>0</u>                                      |
| <br>Cash Balance End of Year                                 | <br><u>\$ 67,995</u> | <br><u>\$ 61,124</u> | <br><u>\$ 665,736</u>          | <br><u>\$ 604,612</u>                             |
| <br>Reconciliation of Budgetary Basis to GAAP Basis          |                      |                      |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                      |                      | \$ 86,911                      |   |
| Net change in Accounts Payable                               |                      |                      | <u>(1,550)</u>                 |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                      |                      | <u>\$ 85,361</u>               |   |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
GENERAL FUND-TRANSPORTATION-13000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |                 | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|-----------------|--------------------------------|---|
|  | Original         | Final           |                                |   |
| <b>Revenues</b>  |                  |                 |                                |   |
| State Grant  | \$ 341,844       | \$ 356,543      | \$ 356,543                     | \$ 0  |
| Total Revenues   | <u>341,844</u>   | <u>356,543</u>  | <u>356,543</u>                 | <u>0</u>  |
| <b>Expenditures</b>  |                  |                 |                                |   |
| <b>Student Transportation</b>                                |                  |                 |                                |   |
| Personnel Services   | 6,500            | 6,500           | 6,500                          | 0   |
| Employee Benefits  | 1,372            | 1,372           | 1,339                          | 33  |
| Purchased Property Services                                  | 17,503           | 37,366          | 37,366                         | 0   |
| Purchased Services   | 314,669          | 311,255         | 307,998                        | 3,257   |
| Total Student Transportation                                 | <u>340,044</u>   | <u>356,493</u>  | <u>353,203</u>                 | <u>3,290</u>                                      |
| Total Expenditures   | <u>340,044</u>   | <u>356,493</u>  | <u>353,203</u>                 | <u>3,290</u>                                      |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 1,800            | 50              | 3,340                          | (3,290)   |
| Cash Balance Beginning of Year                               | <u>4,659</u>     | <u>4,659</u>    | <u>4,659</u>                   | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 6,459</u>  | <u>\$ 4,709</u> | <u>\$ 7,999</u>                | <u>\$ (3,290)</u>                                 |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                  |                 |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |                 | \$ 3,340                       |   |
| Net change in Accounts Payable                               |                  |                 | <u>3,750</u>                   |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |                 | <u>\$ 7,090</u>                |   |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
GENERAL FUND-INSTRUCTIONAL MATERIALS-14000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |               | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|---------------|--------------------------------|---|
|  | Original         | Final         |                                |   |
| <b>Revenues</b>  |                  |               |                                |   |
| State Grant  | \$ 49,278        | \$ 49,370     | \$ 49,556                      | \$ 186  |
| Total Revenues   | <u>49,278</u>    | <u>49,370</u> | <u>49,556</u>                  | <u>186</u>  |
| <b>Expenditures</b>  |                  |               |                                |   |
| <b>Instruction</b>   |                  |               |                                |   |
| Supplies   | <u>54,257</u>    | <u>54,257</u> | <u>39,799</u>                  | <u>14,458</u>                                     |
| Total Instruction  | <u>54,257</u>    | <u>54,257</u> | <u>39,799</u>                  | <u>14,458</u>                                     |
| <b>Support Services-Instruction</b>                          |                  |               |                                |   |
| Supplies   | <u>5,953</u>     | <u>6,045</u>  | <u>4,618</u>                   | <u>1,427</u>                                      |
| Total Support Services-<br>Instruction                       | <u>5,953</u>     | <u>6,045</u>  | <u>4,618</u>                   | <u>1,427</u>                                      |
| Total Expenditures   | <u>60,210</u>    | <u>60,302</u> | <u>44,417</u>                  | <u>15,885</u>                                     |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | (10,932)         | (10,932)      | 5,139                          | 16,071  |
| Cash Balance Beginning of Year                               | <u>11,151</u>    | <u>11,151</u> | <u>11,151</u>                  | <u>0</u>  |
| Cash Balance End of Year                                     | \$ <u>219</u>    | \$ <u>219</u> | \$ <u>16,290</u>               | \$ <u>16,071</u>                                  |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                  |               |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |               | \$ 5,139                       |   |
| Net change in Accounts Payable                               |                  |               | <u>389</u>                     |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |               | <u>5,528</u>                   |   |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
Statement of Fiduciary Assets and Liabilities-Agency Fund  
For the Year Ended June 30, 2009

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|                           | <u>Agency<br/>Funds</u> |
|---------------------------|-------------------------|
| Assets                    |                         |
| Cash and Cash Equivalents | \$ 86,757               |
| Total Assets              | <u>\$ 86,757</u>        |
| Liabilities               |                         |
| Deposits Held for Others  | \$ 86,757               |
| Total Liabilities         | <u>\$ 86,757</u>        |

The notes to the financial statements are an integral part of this statement.



**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the CAPITAN MUNICIPAL SCHOOLS (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

**Financial Reporting Entity**

The District has been in existence since the early nineteen hundreds, and is currently operating under the provisions of the Public School District Code, Chapter 22, of the New Mexico Statutes Annotated, 1978 Compilation. The District operates with a local board of education - superintendent form of government and provides a supervised program of instruction designed to educate students at the elementary and secondary level.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

The District has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected District members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below:

***Governmental Funds***

Governmental funds are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets and the servicing of general long-term debt.

General Fund - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Fund - The Debt Service Fund is used to account for the resources for, and the payment of, principal, interest and related costs.

Capital Projects Fund - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the District.

***Fiduciary Fund Type***

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District.

The Student Activity Fund, an agency fund, accounts for assets held by the District as an agent for the District organizations. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

**Major Funds**

The District reports the following major governmental funds:

**GENERAL FUND (11000)(13000)(14000)**

The General Fund consist of three sub funds. The first is the operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

**CAPITAL PROJECT FUNDS**

**Special Capital Outlay-State (31400)**

To account for resources received through House Bill 33 and local tax levies obtained for the financing, construction and remodeling of various school buildings.

**Senate Bill Nine (31700)**

The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements.

**DEBT SERVICE FUND (41000)**

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.

**Measurement Focus and Basis of Accounting**

***Government-Wide Financial Statements (GWFS)***

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

#### Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include: 1) charges for services to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions, and 3) program specific capital grants and contributions.

### ***Fund Financial Statements (FFS)***

#### Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the district-wide financial statements.

#### Revenues

Ad valorem taxes are susceptible to full accrual on the government wide financial statements. Property Tax revenues recognize revenues net of estimated refunds and uncollectible accounts in the period for which the taxes are levied.

*Entitlement and shared revenues* (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

*Other receipts* become measurable and available when cash is received by the District and are recognized as revenue at that time.

#### Expenditures

*Salaries* are recorded as paid. Salaries for nine-month employees are paid prior to the end of the fiscal year and therefore are not accrued. Salaries for the twelve month employees payroll are accrued.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Basis of Budgeting

Formal budgetary integration is employed as a management control device during the year.

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on the non-GAAP budgetary basis.

The District follows the following procedures in establishing data reflected in the financial statements:

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBFAU.
7. Legal budget control for expenditures is by function.

8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

#### Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The District is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

#### Investments

All money not immediately necessary for the public uses of the District may be invested in :

(a) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or

(b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

(c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

#### Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

#### Property Taxes

The County collects the District's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the District on a monthly basis. The District accounts for its share of property taxes in the General, Debt Service and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Inventories and Prepaid Items

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Cafeteria Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both District-wide and fund financial statements.

Capital Assets

Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on 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.

If there are any construction projects funded by the NM Public School Facilities Authority they are included in the appropriate capital projects fund and in the capital assets.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

|  |             |
|--|-------------|
| Buildings & Improvements   | 20-50 Years |
| Equipment, Vehicles, Information Technology Equipment,<br>Software & Library Books | 3-15 Years  |

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet.

Long-Term Liabilities

For district-wide reporting, the costs associated with the bonds are recognized over the life of the bond. As permitted by GASB Statement No. 34 the amortization of the costs of bonds will be amortized prospectively from the date of adoption of GASB Statement No. 34.

Restricted Net Assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available it will first be applied to restricted resources.

Fund Balances of Fund Financial Statements

Reserved fund balance indicates that portion of fund equity which has been segregated for specific purposes.

Unreserved fund balance indicates that portion of fund equity which is available for budgeting in future periods.

Interfund Transfers

In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

Deferred Revenue

The District reports deferred revenues on its Statement of Net Assets and Fund Balance Sheet. Deferred revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. Deferred revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal year end.

Compensated Absences

All 12-month or full time employees that have been employed 1-9 years are entitled to 10 working days and 10 or more years 15 working days. Vacation time must be taken by December 30th following the school year as it is earned, and it is not accumulative. Prior accrued vacation time not taken by December 30 will be canceled.

Employees will not be paid for vacation days unless the following condition exists. An employee who terminates employment at the end of a contract year should try to use up all accrued vacation days. If this is not possible, the employee shall meet with the Superintendent to explain why the vacation days could not be taken. Upon approval by the Superintendent, the employee will be paid for accrued vacation days based on their daily rate.

The District's recognition and measurement criteria for compensated absences follow:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both the following conditions are met:

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- (a) The employees' right to receive compensation is attributable to services already rendered.
- (b) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

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 B: CASH AND INVESTMENTS**

The District is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

| <b>City Bank</b>           | Balance<br>Per Bank<br>06-30-09 | Reconciled<br>Balance | Type        |
|----------------------------|---------------------------------|-----------------------|-------------|
| <u>Name of Account</u>     | <u>06-30-09</u>                 | <u>Balance</u>        | <u>Type</u> |
| Activity                   | \$ 75,851                       | \$ 74,525             | Checking    |
| Operational CMA            | 1,807,526                       | 1,807,526             | Checking    |
| Lunch                      | 33,658                          | 31,803                | Checking    |
| Budgeted Fund Athletics    | 6,437                           | 5,992                 | Checking    |
| Operational                | 440,119                         | 275,729               | Checking    |
| Payroll Clearing           | 253,196                         | 0                     | Checking    |
| Pogue Scholarship          | 2,233                           | 2,233                 | Savings     |
| Jesse Faye Scholarship     | 10,000                          | 10,000                | Savings     |
| TOTAL Deposited            | <u>2,629,020</u>                | <u>\$ 2,207,808</u>   |             |
| Less: FDIC Coverage        | <u>(250,000)</u>                |                       |             |
| Uninsured Amount           | 2,379,020                       |                       |             |
| 50% collateral requirement | 1,189,510                       |                       |             |
| Pledged securities         | <u>2,200,000</u>                |                       |             |
| Over (Under) requirement   | <u>\$ 1,010,490</u>             |                       |             |

The Food Service Fund maintains \$50 cash on hand.

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.



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The following securities are pledged at City Bank:

| <u>Description</u> | <u>Number</u> | <u>Amount</u>       | <u>Maturity Date</u> |
|--------------------|---------------|---------------------|----------------------|
| Letter of Credit   | 730000559     | \$ 2,200,000        | 4/29/2010            |
|                    |               | \$ <u>2,200,000</u> |                      |

This letter of credit is issued by the Federal Home Loan Bank located in Dallas, Texas.

**Custodial Credit Risk-Deposits**

| <u>Depository Account</u>               | <u>Bank Balance</u> |
|---|---------------------|
| Insured                                 | \$ 250,000          |
| Collateralized:                         |                     |
| Collateral held by the pledging bank in |                     |
| District's name                         | 2,200,000           |
| Uninsured and uncollateralized          | <u>179,020</u>      |
| Total Deposits                          | \$ <u>2,629,020</u> |

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2009 \$179,020 of the District's bank balance of \$2,629,020 was exposed to custodial credit risk.

**NOTE C: INTERFUND BALANCES AND ACTIVITY**

|                        | <u>Special<br/>Capital Outlay<br/>31400</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total</u>      |
|------------------------|---|---|-------------------|
| Loan from General Fund | \$ <u>189,198</u>                           | \$ <u>7,885</u>                         | \$ <u>197,083</u> |

The above loan was to cover shortfalls. It will be paid back within one year.

**NOTE D: DUE FROM GRANTOR**

Amounts due from other agencies and units of government were as follows as of June 30, 2009:

|                  |                   |
|------------------|-------------------|
| Federal Agencies | \$ 7,885          |
| State Agencies   | <u>189,198</u>    |
| Total            | \$ <u>197,083</u> |

**NOTE E: CAPITAL ASSETS**

Capital Assets Balances and Activity for the fiscal year end is as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| <b>Governmental Activities</b>                |                              |                  |                  |                           |
| Capital Assets not being Depreciated          |                              |                  |                  |                           |
| Land  | \$ 96,884                    | \$ 0             | \$ 0             | \$ 96,884                 |
| Total Capital Assets not<br>being Depreciated | \$ <u>96,884</u>             | \$ <u>0</u>      | \$ <u>0</u>      | \$ <u>96,884</u>          |

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|   |                     |                   |               |                     |
|---|---------------------|-------------------|---------------|---------------------|
| Capital Assets, being Depreciated   |                     |                   |               |                     |
| Buildings & Improvements  | \$ 11,199,495       | \$ 726,631        | \$ 0          | \$ 11,926,126       |
| Equipment, Vehicles, Information<br>Technology Equipment, Software &<br>Library Books | <u>925,514</u>      | <u>138,265</u>    | <u>54,148</u> | <u>1,009,631</u>    |
| Total Capital Assets being<br>Depreciated   | <u>12,125,009</u>   | <u>864,896</u>    | <u>54,148</u> | <u>12,935,757</u>   |
| Total Capital Assets  | <u>12,221,893</u>   | <u>864,896</u>    | <u>54,148</u> | <u>13,032,641</u>   |
| <b>Less Accumulated Depreciation</b>  |                     |                   |               |                     |
| Buildings & Improvements  | 4,726,619           | 328,440           | 0             | 5,055,059           |
| Equipment, Vehicles, Information<br>Technology Equipment, Software &<br>Library Books | <u>941,223</u>      | <u>51,504</u>     | <u>54,148</u> | <u>938,579</u>      |
| Total Accumulated Depreciation  | <u>5,667,842</u>    | <u>379,944</u>    | <u>54,148</u> | <u>5,993,638</u>    |
| Capital Assets, net   | <u>\$ 6,554,051</u> | <u>\$ 484,952</u> | <u>\$ 0</u>   | <u>\$ 7,039,003</u> |

Depreciation expense was charged to governmental activities as follows:

|   |                   |
|---|-------------------|
| Instruction                             | \$ 279,032        |
| Support Services-Students               | 8,963             |
| Support Services-Instruction            | 11,326            |
| Support Services-General Administration | 10,910            |
| Support Services-School Administration  | 4,920             |
| Central Services                        | 23,489            |
| Operation & Maintenance of Plant        | 41,303            |
| Total depreciation expenses             | <u>\$ 379,943</u> |

**NOTE H: LONG TERM DEBT**

A summary of activity in the Long-Term Debt is as follows:

|                         | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending<br/>Balance</u> | <u>Amounts<br/>Due Within<br/>One Year</u> |
|-------------------------|------------------------------|------------------|-------------------|---------------------------|--|
| Governmental Activities |                              |                  |                   |                           |  |
| Bonds and Notes Payable |                              |                  |                   |                           |  |
| General Obligation      |                              |                  |                   |                           |  |
| Bonds                   | \$ 1,000,000                 | \$ 0             | \$ 200,000        | \$ 800,000                | \$ 200,000                                 |
| Total Bonds             | <u>1,000,000</u>             | <u>0</u>         | <u>200,000</u>    | <u>800,000</u>            | <u>200,000</u>                             |
| Other Liabilities       |                              |                  |                   |                           |  |
| Compensated             |                              |                  |                   |                           |  |
| Absences                | 13,137                       | 21,092           | 21,257            | 12,972                    | 0  |
| Total Other             | <u>13,137</u>                | <u>21,092</u>    | <u>21,257</u>     | <u>12,972</u>             | <u>0</u>                                   |
| Liabilities             |                              |                  |                   |                           |  |
| Long-Term               |                              |                  |                   |                           |  |
| Liabilities             | <u>\$ 1,013,137</u>          | <u>\$ 21,092</u> | <u>\$ 221,257</u> | <u>\$ 812,972</u>         | <u>\$ 200,000</u>                          |

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Payments on the general obligation bonds are made by the Debt Service Funds. The compensated absences liability will ultimately be liquidated by several of the District's governmental funds, with most being paid by the General Fund, Transportation Fund, Cafeteria Fund and Title I Fund.

The current portion of the compensated absences is estimated at zero since there are no anticipated retirements or terminations.

General Obligation Bonds.

The following bonds were issued for the purpose of erecting, furnishing, remodeling and making additions to District buildings and improving District grounds. A tax is annually assessed, levied and collected upon all taxable property within the District for the purpose of providing the necessary funds to meet the interest and principal payments as they become due.

| Series | Date of Issue | Original Amount | Interest Rate | Balance    |
|--------|---------------|-----------------|---------------|------------|
| 1999   | 07-15-99      | 2,000,000       | 4.3%-6.25%    | \$ 800,000 |
|        |               |                 |               | \$ 800,000 |

The annual requirements to amortize the 1999 Series general obligation bonds as of June 30, 2009 including interest payments are as follows:

|      | Principal  | Interest  | Total      |
|------|------------|-----------|------------|
| 2010 | 200,000    | 32,900    | 232,900    |
| 2011 | 200,000    | 23,500    | 223,500    |
| 2012 | 200,000    | 14,100    | 214,100    |
| 2013 | 200,000    | 4,700     | 204,700    |
|      | \$ 800,000 | \$ 75,200 | \$ 875,200 |

Reconciliation of Long-Term Debt disclosed in Note H to the Long-Term Debt reported in the Statement of Net Assets.

|  |            |
|--|------------|
| Note H   |            |
| Bonds  | \$ 800,000 |
| Issue Costs/Premium/Discounts on Bond Issues       | (35,408)   |
| Accumulated Amortization                           | 27,237     |
| Statement of Net Assets                            | \$ 791,829 |
| Long-Term Per Government Wide Financial Statements | \$ 591,829 |
| Current Portion                                    | 200,000    |
| Statement of Net Assets                            | \$ 791,829 |

**NOTE I: COMMITMENTS**

The District has no construction commitments on June 30, 2009.

**NOTE J: PENSION PLAN**

Substantially all of the (name of employer's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, NM 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

Plan members are required to contribute 7.9% of their gross salary. The District is required to contribute 11.65% of the gross covered salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2009, 2008, and 2007, were \$ 570,848, \$543,718 and \$523,227, respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE K: RETIREE HEALTH CARE ACT CONTRIBUTIONS**

The District 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 the 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 at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary.

Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The District's contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$57,616, \$57,675 and \$57,288, respectively, which equal the required contributions for each year.

#### **NOTE L: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS**

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are included on each Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

#### **NOTE M: INSURANCE COVERAGE**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; and injuries to employees; and natural disasters. The District, as a New Mexico Public School, is insured through the New Mexico Public Schools Insurance Authority (NMPSIA). Annual premiums are paid by the District to NMPSIA for coverage provided in the following

Workers Compensation  
Property and Automobile Liability and Physical Damage  
Liability and Civil Rights and Personal Injury  
Contract School Bus Coverage; and  
Crime

**NOTE N. SURETY BOND**

The officials and certain employees of the District are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation.

**NOTE O. JOINT POWERS AGREEMENT**

Capitan Municipal School District No. 28 entered into a joint powers agreement with the Region 9 Education Cooperative (REC). The purpose of the agreement is to allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the United States Department of Education under the Education of the Handicapped Act, Part B, PL 94142 among others.

There are seven schools that participate in the REC, they are Ruidoso, Capitan, Carrizozo, Cloudcroft, Corona, Hondo and Tularosa. The agreement became effective on July 1, 1995 and is to remain in effect until the end of any fiscal year during which the school gives notice of intent to terminate.

The REC passed-through \$173,953 to the District for salaries and fringe benefits. As required by SAO 2.2.2.12 C (3) (d), the REC funds were reported as revenues and expenditures in the following special revenue funds:

|       |                          |
|-------|--------------------------|
| 24106 | IDEA, Part B Entitlement |
| 27200 | IDEA, State Directed     |

The REC is its own fiscal agent and is responsible for its audit. The financial statements were prepared by an IPA and are available for inspection at the REC office located at 1400 Sudderth Dr. Ruidoso, NM 88345.

**SUPPLEMENTAL INFORMATION RELATED TO  
MAJOR FUNDS**

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
 CAPITAL PROJECTS FUND-SPECIAL CAPITAL OUTLAY-STATE-31400  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2009

|  | Budgeted Amounts   |                    | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|--------------------|--------------------|--------------------------------|---|
|  | Original           | Final              |                                |   |
| <b>Revenues</b>  |                    |                    |                                |   |
| State Grant  | \$ 398,988         | \$ 412,562         | \$ 262,921                     | \$ (149,641)                                      |
| Total Revenues   | <u>398,988</u>     | <u>412,562</u>     | <u>262,921</u>                 | <u>(149,641)</u>                                  |
| <b>Expenditures</b>  |                    |                    |                                |   |
| <b>Capital Outlay</b>  |                    |                    |                                |   |
| Building Improvements  | 248,353            | 362,217            | 361,998                        | 219   |
| Land Improvements  | 108,000            | 8,297              | 7,756                          | 541   |
| Property   | <u>42,635</u>      | <u>42,048</u>      | <u>42,047</u>                  | <u>1</u>  |
| Total Capital Outlay   | <u>398,988</u>     | <u>412,562</u>     | <u>411,801</u>                 | <u>761</u>  |
| Total Expenditures   | <u>398,988</u>     | <u>412,562</u>     | <u>411,801</u>                 | <u>761</u>  |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 0                  | 0                  | (148,880)                      | (148,880)   |
| Cash Balance Beginning of Year                               | <u>(40,318)</u>    | <u>(40,318)</u>    | <u>(40,318)</u>                | <u>0</u>  |
| Cash Balance End of Year                                     | \$ <u>(40,318)</u> | \$ <u>(40,318)</u> | \$ <u>(189,198)</u>            | \$ <u>(148,880)</u>                               |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                    |                    |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                    |                    | \$ (148,880)                   |   |
| Net change in Due from Grantor                               |                    |                    | <u>148,880</u>                 |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                    |                    | <u><u>0</u></u>                |   |

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
 CAPITAL PROJECT FUND-SENATE BILL NINE-31700  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2009

|  | Budgeted Amounts   |                    | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|--------------------|--------------------|--------------------------------|---|
|  | Original           | Final              |                                |   |
| <b>Revenues</b>  |                    |                    |                                |   |
| Taxes  | \$ 539,829         | \$ 539,829         | \$ 585,791                     | \$ 45,962   |
| Investment Income  | 12,000             | 12,000             | 14,571                         | 2,571   |
| State Grant  | 0                  |                    | 27,542                         | 27,542  |
| <b>Total Revenues</b>  | <b>551,829</b>     | <b>551,829</b>     | <b>627,904</b>                 | <b>76,075</b>                                     |
| <b>Expenditures</b>  |                    |                    |                                |   |
| <b>Instruction</b>   |                    |                    |                                |   |
| Supplies   | 100,000            | 117,181            | 24,292                         | 92,889  |
| <b>Total Instruction</b>                                     | <b>100,000</b>     | <b>117,181</b>     | <b>24,292</b>                  | <b>92,889</b>                                     |
| <b>Support Services-General Administration</b>               |                    |                    |                                |   |
| Professional & Tech Services                                 | 5,748              | 5,948              | 5,858                          | 90  |
| <b>Total Support Services-General Administration</b>         | <b>5,748</b>       | <b>5,948</b>       | <b>5,858</b>                   | <b>90</b>   |
| <b>Operation &amp; Maintenance of Plant</b>                  |                    |                    |                                |   |
| Maintenance & Repair   | 25,000             | 27,800             | 10,875                         | 16,925  |
| Supplies   | 45,000             | 45,000             | 10,477                         | 34,523  |
| <b>Total Operation &amp; Maintenance of Plant</b>            | <b>70,000</b>      | <b>72,800</b>      | <b>21,352</b>                  | <b>51,448</b>                                     |
| <b>Capital Outlay</b>  |                    |                    |                                |   |
| Building Improvements  | 870,000            | 870,000            | 225,125                        | 644,875   |
| Land Improvements  | 438,376            | 388,376            | 5,478                          | 382,898   |
| Fixed Assets   | 75,000             | 160,000            | 158,248                        | 1,752   |
| <b>Total Capital Outlay</b>                                  | <b>1,383,376</b>   | <b>1,418,376</b>   | <b>388,851</b>                 | <b>1,029,525</b>                                  |
| <b>Total Expenditures</b>                                    | <b>1,559,124</b>   | <b>1,614,305</b>   | <b>440,353</b>                 | <b>1,173,952</b>                                  |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b>     | <b>(1,007,295)</b> | <b>(1,062,476)</b> | <b>187,551</b>                 | <b>1,250,027</b>                                  |
| Cash Balance Beginning of Year                               | 1,139,099          | 1,139,099          | 1,139,099                      | 0   |
| Cash Balance End of Year                                     | \$ 131,804         | \$ 76,623          | \$ 1,326,650                   | \$ 1,250,027                                      |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                    |                    |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                    |                    | \$ 187,551                     |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                    |                    | \$ 187,551                     |   |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
DEBT SERVICE-41000

Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts  |                   | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|-------------------|-------------------|--------------------------------|---|
|  | Original          | Final             |                                |   |
| Revenues   |                   |                   |                                |   |
| Taxes  | \$ 242,250        | \$ 242,250        | \$ 239,005                     | \$ (3,245)  |
| Investment Income  | 1,600             | 1,600             | 1,474                          | (126)   |
| Total Revenues   | <u>243,850</u>    | <u>243,850</u>    | <u>240,479</u>                 | <u>(3,371)</u>                                    |
| Expenditures   |                   |                   |                                |   |
| Support Services-General Administration                      |                   |                   |                                |   |
| Purchased Services   | 2,600             | 2,600             | 2,390                          | 210   |
| Total Support Services-General<br>Administration             | <u>2,600</u>      | <u>2,600</u>      | <u>2,390</u>                   | <u>210</u>  |
| Debt Service   |                   |                   |                                |   |
| Principal  | 200,000           | 200,000           | 200,000                        | 0   |
| Interest   | 42,250            | 42,250            | 42,250                         | 0   |
| Total Debt Service   | <u>242,250</u>    | <u>242,250</u>    | <u>242,250</u>                 | <u>0</u>  |
| Total Expenditures   | <u>244,850</u>    | <u>244,850</u>    | <u>244,640</u>                 | <u>210</u>  |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | (1,000)           | (1,000)           | (4,161)                        | (3,161)   |
| Cash Balance Beginning of Year                               | <u>256,714</u>    | <u>256,714</u>    | <u>256,714</u>                 | <u>0</u>  |
| Cash Balance End of Year                                     | \$ <u>255,714</u> | \$ <u>255,714</u> | \$ <u>252,553</u>              | \$ <u>(3,161)</u>                                 |
| Reconciliation of Budgetary Basis to GAAP Basis              |                   |                   |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                   |                   | \$ (4,161)                     |   |
| Net change in Current Interest Due                           |                   |                   | 4,651                          |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                   |                   | \$ <u>490</u>                  |   |

The notes to the financial statements are an integral part of this statement.

**SUPPLEMENTAL INFORMATION RELATED TO  
NON MAJOR FUNDS**

## NONMAJOR SPECIAL REVENUE FUNDS

**Food Services (21000).** To account for revenue and expenditures associated with the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements. Authority for creation of this fund is NMSA 22-13-13.

**Athletics (22000).** To account for revenue and expenditures associated with the District's budgeted athletic activities. (NMAC 6.20.2).

**Title I (24101).** To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions.

**IDEA Part B, Entitlement (24106).** To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

**IDEA Preschool (24109).** To account for a program funded by a Federal grant to assist the District in providing a free appropriate public education to preschool disabled children aged three through five years. Funding authorized by the Individuals with Disabilities Education Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, 101-476, and 102-119. The fund was created by the authority of federal grant provisions.

**Fresh Fruit & Vegetable Program (24118).** To account for a Federal grant to provide a variety of free fresh fruits and vegetables to children to help create a healthier school environment. Funding is authorized by the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Act, signed in November 2005, Public Law 109-97.

**Teacher/Principal Training & Recruiting (24154).** To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. Elementary and Secondary Education Act of 1965, as amended, Title II, Part A (PL 107-110).

**Safe & Drug Free Schools (24157).** To offer a disciplined environment conducive to learning, by preventing violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco, and drugs, involve parents, and coordinated with related Federal, State, and community efforts and resources. Elementary and Secondary Education Act, Title IV, Part A, Subpart 1, as amended. 20 USC 7111-7118.

**Title XIX Medicaid (25153).** To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. The fund was created by the authority of federal grant provisions. (Title XIX Social Security Act).

**NONMAJOR SPECIAL REVENUE FUNDS**

**Rural Education Achievement Program (25233).** To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

**Microsoft Settlement Funds (26170).** To account for funds received from a settlement with Microsoft. Funds can be spent for technology. The fund was created by grant provisions.

**Ed Tech (27117).** To account for funds received from the Technology for Education Grant created by the 1994 State Legislation to establish funding of any costs associated with educational technology. Funding provided by the State of New Mexico. (NMSA 22-15A-1-10).

**Incentives for School Improvement (27138).** To account for revenues and expenditures from a state grant as part of the Incentives for School Improvement Act: awarded based on the improvement in CTBS 5/Terra Nova or New Mexico High School Competency Examination scores. The fund was created by state grant provisions. (NMSA 22-13 A-1).

**Beginning Teacher (27154).** To account for revenues and expenditures from a state grant provided for tutoring and student enhancement activities in reading, math, and study skills for grades sixth through eight. The fund was created by state grant provisions.

**Tech Equity (27162).** To account for revenues and expenditures from a state grant for Technology Equity. The fund was created by state grant provisions.

**Libraries GO Bonds (27170).** To account for revenues and expenditures from a state grant to provide for public school and juvenile detention libraries. The funding made available to update and expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by the State of New Mexico.

**State Directed Activities (27200).** To account for funds received from the New Mexico Public Education Department for the support and direct services, including technical assistance, preparation and professional development and training. To support capacity building activities and improve the delivery of services by local agencies to improve results for children with disabilities. The fund was created by state provisions.

**School Library Material (27549).** To account for funds received from the New Mexico Public Education Department for purchasing library books. The fund was created by state grant provisions.

**ENMU (28119).** To account for funds received from Eastern New Mexico University to purchase materials or for any Core Knowledge related professional development activities. The fund was created by state grant provisions.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2009

|  | Special Revenue Funds |                    |                  |
|--|-----------------------|--------------------|------------------|
|  | Food Service<br>21000 | Athletics<br>22000 | Title I<br>24101 |
| <b>ASSETS</b>                            |                       |                    |                  |
| Cash and Cash Equivalents                | \$ 32,695             | \$ 5,992           | \$ 0             |
| Inventory                                | 2,445                 | 0                  | 0                |
| Due from Grantor                         | 0                     | 0                  | 4,724            |
| Total Assets                             | <u>\$ 35,140</u>      | <u>\$ 5,992</u>    | <u>\$ 4,724</u>  |
| <b>LIABILITIES AND FUND BALANCE</b>      |                       |                    |                  |
| Liabilities                              |                       |                    |                  |
| Accounts Payable                         | \$                    | \$ 0               | \$ 0             |
| Interfund Balance                        | 0                     | 0                  | 4,724            |
| Total Liabilities                        | <u>0</u>              | <u>0</u>           | <u>4,724</u>     |
| Fund Balance                             |                       |                    |                  |
| Reserved for Inventory                   | 2,445                 | 0                  | 0                |
| Undesignated Reported in Special Revenue | 32,695                | 5,992              | 0                |
| Total Fund Balance                       | <u>35,140</u>         | <u>5,992</u>       | <u>0</u>         |
| Total Liabilities and Fund Balance       | <u>\$ 35,140</u>      | <u>\$ 5,992</u>    | <u>\$ 4,724</u>  |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2009

|  | Special Revenue Funds                |                            |                                      |
|--|--------------------------------------|----------------------------|--------------------------------------|
|  | IDEA, Part B<br>Entitlement<br>24106 | IDEA<br>Preschool<br>24109 | Fresh Fruit<br>& Vegetables<br>24118 |
| <b>ASSETS</b>                            |                                      |                            |                                      |
| Cash and Cash Equivalents                | \$ 0                                 | \$ 0                       | \$ 0                                 |
| Inventory                                | 0                                    | 0                          | 0                                    |
| Due from Grantor                         | 0                                    | 0                          | 842                                  |
| Total Assets                             | <u>\$ 0</u>                          | <u>\$ 0</u>                | <u>\$ 842</u>                        |
| <b>LIABILITIES AND FUND BALANCE</b>      |                                      |                            |                                      |
| Liabilities                              |                                      |                            |                                      |
| Accounts Payable                         | \$ 0                                 | \$ 0                       | \$ 0                                 |
| Interfund Balance                        | 0                                    | 0                          | 842                                  |
| Total Liabilities                        | <u>0</u>                             | <u>0</u>                   | <u>842</u>                           |
| Fund Balance                             |                                      |                            |                                      |
| Reserved for Inventory                   | 0                                    | 0                          | 0                                    |
| Undesignated Reported in Special Revenue | 0                                    | 0                          | 0                                    |
| Total Fund Balance                       | <u>0</u>                             | <u>0</u>                   | <u>0</u>                             |
| Total Liabilities and Fund Balance       | <u>\$ 0</u>                          | <u>\$ 0</u>                | <u>\$ 842</u>                        |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2009

|  | Special Revenue Funds                     |                                      |                                |
|--|---|--------------------------------------|--------------------------------|
|  | Teacher<br>Principal<br>Training<br>24154 | Safe & Drug<br>Free Schools<br>24157 | Title XIX<br>Medicaid<br>25153 |
| <b>ASSETS</b>                            |   |                                      |                                |
| Cash and Cash Equivalents                | \$ 0                                      | \$ 0                                 | \$ 3,022                       |
| Inventory                                | 0   | 0                                    | 0                              |
| Due from Grantor                         | 2,319                                     | 0                                    | 0                              |
| Total Assets                             | <u>\$ 2,319</u>                           | <u>\$ 0</u>                          | <u>\$ 3,022</u>                |
| <b>LIABILITIES AND FUND BALANCE</b>      |   |                                      |                                |
| Liabilities                              |   |                                      |                                |
| Accounts Payable                         | \$ 0                                      | \$ 0                                 | \$ 0                           |
| Interfund Balance                        | 2,319                                     | 0                                    | 0                              |
| Total Liabilities                        | <u>2,319</u>                              | <u>0</u>                             | <u>0</u>                       |
| Fund Balance                             |   |                                      |                                |
| Reserved for Inventory                   | 0   | 0                                    | 0                              |
| Undesignated Reported in Special Revenue | 0   | 0                                    | 3,022                          |
| Total Fund Balance                       | <u>0</u>                                  | <u>0</u>                             | <u>3,022</u>                   |
| Total Liabilities and Fund Balance       | <u>\$ 2,319</u>                           | <u>\$ 0</u>                          | <u>\$ 3,022</u>                |

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2009

|  | Special Revenue Funds                                 |  |                     |
|--|---|--|---------------------|
|  | Rural<br>Education<br>Achievement<br>Program<br>25233 | Microsoft<br>Settlement<br>Fund<br>26170 | Ed<br>Tech<br>27117 |
| <b>ASSETS</b>                            |   |  |                     |
| Cash and Cash Equivalents                | \$ 0  | \$ 0                                     | \$ 5,519            |
| Inventory                                | 0   | 0  | 0                   |
| Due from Grantor                         | 0   | 0  | 0                   |
| Total Assets                             | <u>\$ 0</u>   | <u>\$ 0</u>                              | <u>\$ 5,519</u>     |
| <b>LIABILITIES AND FUND BALANCE</b>      |   |  |                     |
| Liabilities                              |   |  |                     |
| Accounts Payable                         | \$ 0  | \$ 0                                     | \$ 0                |
| Interfund Balance                        | 0   | 0  | 0                   |
| Total Liabilities                        | <u>0</u>  | <u>0</u>                                 | <u>0</u>            |
| Fund Balance                             |   |  |                     |
| Reserved for Inventory                   | 0   | 0  | 0                   |
| Undesignated Reported in Special Revenue | 0   | 0  | 5,519               |
| Total Fund Balance                       | <u>0</u>  | <u>0</u>                                 | <u>5,519</u>        |
| Total Liabilities and Fund Balance       | <u>\$ 0</u>   | <u>\$ 0</u>                              | <u>\$ 5,519</u>     |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2009

|  | Special Revenue Funds                               |                               |                         |
|--|---|-------------------------------|-------------------------|
|  | Incentives<br>For<br>School<br>Improvement<br>27138 | Beginning<br>Teacher<br>27154 | Tech<br>Equity<br>27162 |
| <b>ASSETS</b>                            |   |                               |                         |
| Cash and Cash Equivalents                | \$ 2  | \$ 159                        | \$ 0                    |
| Inventory                                | 0   | 0                             | 0                       |
| Due from Grantor                         | 0   | 0                             | 0                       |
| Total Assets                             | <u>\$ 2</u>   | <u>\$ 159</u>                 | <u>\$ 0</u>             |
| <b>LIABILITIES AND FUND BALANCE</b>      |   |                               |                         |
| Liabilities                              |   |                               |                         |
| Accounts Payable                         | \$ 0  | \$ 0                          | \$ 0                    |
| Interfund Balance                        | 0   | 0                             | 0                       |
| Total Liabilities                        | <u>0</u>  | <u>0</u>                      | <u>0</u>                |
| Fund Balance                             |   |                               |                         |
| Reserved for Inventory                   | 0   | 0                             | 0                       |
| Undesignated Reported in Special Revenue | 2   | 159                           | 0                       |
| Total Fund Balance                       | <u>2</u>  | <u>159</u>                    | <u>0</u>                |
| Total Liabilities and Fund Balance       | <u>\$ 2</u>   | <u>\$ 159</u>                 | <u>\$ 0</u>             |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2009

|  | Special Revenue Funds         |  |   |
|--|-------------------------------|--|---|
|  | Libraries<br>GO Bond<br>27170 | State<br>Directed<br>Activities<br>27200 | School<br>Library<br>Materials<br>27549 |
| <b>ASSETS</b>                            |                               |  |   |
| Cash and Cash Equivalents                | \$ 0                          | \$ 0                                     | \$ 1,517                                |
| Inventory                                | 0                             | 0  | 0                                       |
| Due from Grantor                         | 0                             | 0  | 0                                       |
| Total Assets                             | <u>\$ 0</u>                   | <u>\$ 0</u>                              | <u>\$ 1,517</u>                         |
| <b>LIABILITIES AND FUND BALANCE</b>      |                               |  |   |
| Liabilities                              |                               |  |   |
| Accounts Payable                         | \$ 0                          | \$ 0                                     | \$ 0                                    |
| Interfund Balance                        | 0                             | 0  | 0                                       |
| Total Liabilities                        | <u>0</u>                      | <u>0</u>                                 | <u>0</u>                                |
| Fund Balance                             |                               |  |   |
| Reserved for Inventory                   | 0                             | 0  | 0                                       |
| Undesignated Reported in Special Revenue | 0                             | 0  | 1,517                                   |
| Total Fund Balance                       | <u>0</u>                      | <u>0</u>                                 | <u>1,517</u>                            |
| Total Liabilities and Fund Balance       | <u>\$ 0</u>                   | <u>\$ 0</u>                              | <u>\$ 1,517</u>                         |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2009

|  | <u>Special<br/>Revenue Funds</u> |                  |
|--|----------------------------------|------------------|
|  | <u>ENMU<br/>28119</u>            | <u>Total</u>     |
| <b>ASSETS</b>                            |                                  |                  |
| Cash and Cash Equivalents                | \$ 0                             | \$ 48,906        |
| Inventory                                | 0                                | 2,445            |
| Due from Grantor                         | 0                                | 7,885            |
| Total Assets                             | <u>\$ 0</u>                      | <u>\$ 59,236</u> |
| <b>LIABILITIES AND FUND BALANCE</b>      |                                  |                  |
| Liabilities                              |                                  |                  |
| Accounts Payable                         | \$ 0                             | \$ 0             |
| Interfund Balance                        | 0                                | 7,885            |
| Total Liabilities                        | <u>0</u>                         | <u>7,885</u>     |
| Fund Balance                             |                                  |                  |
| Reserved for Inventory                   | 0                                | 2,445            |
| Undesignated Reported in Special Revenue | 0                                | 48,906           |
| Total Fund Balance                       | <u>0</u>                         | <u>51,351</u>    |
| Total Liabilities and Fund Balance       | <u>\$ 0</u>                      | <u>\$ 59,236</u> |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2009

|  | Special Revenue Funds |                    |                  |
|--|-----------------------|--------------------|------------------|
|  | Food Service<br>21000 | Athletics<br>22000 | Title I<br>24101 |
| Revenues   |                       |                    |                  |
| Interest Income                                      | \$ 211                | \$ 40              | \$ 0             |
| Fees   | 30,713                | 25,272             | 0                |
| Federal Grants                                       | 140,987               | 0                  | 106,358          |
| State & Local Grants                                 | 0                     | 0                  | 0                |
| Miscellaneous  | 11,129                | 0                  | 0                |
| Total Revenues                                       | <u>183,040</u>        | <u>25,312</u>      | <u>106,358</u>   |
| Expenditures   |                       |                    |                  |
| Current  |                       |                    |                  |
| Instruction  | 0                     | 26,924             | 106,358          |
| Support Services-Students                            | 0                     | 0                  | 0                |
| Support Services-Instruction                         | 0                     | 0                  | 0                |
| Support Services-General Administration              | 0                     | 0                  | 0                |
| Support Services-School Administration               | 0                     | 0                  | 0                |
| Operation & Maintenance of Plant                     | 0                     | 0                  | 0                |
| Food Services Operations                             | 176,468               | 0                  | 0                |
| Capital Outlay                                       | 0                     | 0                  | 0                |
| Total Expenditures                                   | <u>176,468</u>        | <u>26,924</u>      | <u>106,358</u>   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 6,572                 | (1,612)            | 0                |
| Fund Balances at Beginning of Year                   | <u>28,568</u>         | <u>7,604</u>       | <u>0</u>         |
| Fund Balance End of Year                             | <u>\$ 35,140</u>      | <u>\$ 5,992</u>    | <u>\$ 0</u>      |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2009

|  | Special Revenue Funds                |                            |                                      |
|--|--------------------------------------|----------------------------|--------------------------------------|
|  | IDEA, Part B<br>Entitlement<br>24106 | IDEA<br>Preschool<br>24109 | Fresh Fruit<br>& Vegetables<br>24118 |
| Revenues   |                                      |                            |                                      |
| Interest Income                                      | \$ 0                                 | \$ 0                       | \$ 0                                 |
| Fees   | 0                                    | 0                          | 0                                    |
| Federal Grants                                       | 115,632                              | 2,879                      | 13,176                               |
| State & Local Grants                                 | 0                                    | 0                          | 0                                    |
| Miscellaneous  | 0                                    | 0                          | 0                                    |
| Total Revenues                                       | <u>115,632</u>                       | <u>2,879</u>               | <u>13,176</u>                        |
| Expenditures   |                                      |                            |                                      |
| Current  |                                      |                            |                                      |
| Instruction  | 91,614                               | 2,879                      | 0                                    |
| Support Services-Students                            | 17,988                               | 0                          | 0                                    |
| Support Services-Instruction                         | 0                                    | 0                          | 0                                    |
| Support Services-General Administration              | 0                                    | 0                          | 0                                    |
| Support Services-School Administration               | 6,030                                | 0                          | 0                                    |
| Operation & Maintenance of Plant                     | 0                                    | 0                          | 0                                    |
| Food Services Operations                             | 0                                    | 0                          | 13,176                               |
| Capital Outlay                                       | 0                                    | 0                          | 0                                    |
| Total Expenditures                                   | <u>115,632</u>                       | <u>2,879</u>               | <u>13,176</u>                        |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 0                                    | 0                          | 0                                    |
| Fund Balances at Beginning of Year                   | <u>0</u>                             | <u>0</u>                   | <u>0</u>                             |
| Fund Balance End of Year                             | <u>\$ 0</u>                          | <u>\$ 0</u>                | <u>\$ 0</u>                          |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2009

|  | Special Revenue Funds                     |                                      |                                |
|--|---|--------------------------------------|--------------------------------|
|  | Teacher<br>Principal<br>Training<br>24154 | Safe & Drug<br>Free Schools<br>24157 | Title XIX<br>Medicaid<br>25153 |
| Revenues   |   |                                      |                                |
| Interest Income                                      | \$ 0                                      | \$ 0                                 | \$ 0                           |
| Fees   | 0   | 0                                    | 0                              |
| Federal Grants                                       | 8,890                                     | 4,200                                | 20,000                         |
| State & Local Grants                                 | 0   | 0                                    | 0                              |
| Miscellaneous  | 0   | 0                                    | 0                              |
| Total Revenues                                       | <u>8,890</u>                              | <u>4,200</u>                         | <u>20,000</u>                  |
| Expenditures   |   |                                      |                                |
| Current  |   |                                      |                                |
| Instruction  | 4,246                                     | 0                                    | 0                              |
| Support Services-Students                            | 0   | 4,200                                | 16,978                         |
| Support Services-Instruction                         | 463                                       | 0                                    | 0                              |
| Support Services-General Administration              | 201                                       | 0                                    | 0                              |
| Support Services-School Administration               | 3,980                                     | 0                                    | 0                              |
| Operation & Maintenance of Plant                     | 0   | 0                                    | 0                              |
| Food Services Operations                             | 0   | 0                                    | 0                              |
| Capital Outlay                                       | 0   | 0                                    | 0                              |
| Total Expenditures                                   | <u>8,890</u>                              | <u>4,200</u>                         | <u>16,978</u>                  |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 0   | 0                                    | 3,022                          |
| Fund Balances at Beginning of Year                   | <u>0</u>                                  | <u>0</u>                             | <u>0</u>                       |
| Fund Balance End of Year                             | <u>\$ 0</u>                               | <u>\$ 0</u>                          | <u>\$ 3,022</u>                |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2009

|  | Special Revenue Funds                                 |  |                     |
|--|---|--|---------------------|
|  | Rural<br>Education<br>Achievement<br>Program<br>25233 | Microsoft<br>Settlement<br>Fund<br>26170 | Ed<br>Tech<br>27117 |
| Revenues   |   |  |                     |
| Interest Income                                      | \$ 0  | \$ 0                                     | \$ 0                |
| Fees   | 0   | 0  | 0                   |
| Federal Grants                                       | 25,058  | 0  | 0                   |
| State & Local Grants                                 | 0   | 3,038                                    | 9,714               |
| Miscellaneous  | 0   | 0  | 0                   |
| Total Revenues                                       | <u>25,058</u>   | <u>3,038</u>                             | <u>9,714</u>        |
| Expenditures   |   |  |                     |
| Current  |   |  |                     |
| Instruction  | 0   | 0  | 0                   |
| Support Services-Students                            | 0   | 0  | 0                   |
| Support Services-Instruction                         | 25,058  | 3,038                                    | 12,863              |
| Support Services-General Administration              | 0   | 0  | 0                   |
| Support Services-School Administration               | 0   | 0  | 0                   |
| Operation & Maintenance of Plant                     | 0   | 0  | 5,586               |
| Food Services Operations                             | 0   | 0  | 0                   |
| Capital Outlay                                       | 0   | 0  | 0                   |
| Total Expenditures                                   | <u>25,058</u>   | <u>3,038</u>                             | <u>18,449</u>       |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 0   | 0  | (8,735)             |
| Fund Balances at Beginning of Year                   | <u>0</u>  | <u>0</u>                                 | <u>14,254</u>       |
| Fund Balance End of Year                             | <u>\$ 0</u>   | <u>\$ 0</u>                              | <u>\$ 5,519</u>     |

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2009

|  | Special Revenue Funds                               |                               |                         |
|--|---|-------------------------------|-------------------------|
|  | Incentives<br>For<br>School<br>Improvement<br>27138 | Beginning<br>Teacher<br>27154 | Tech<br>Equity<br>27162 |
| <b>Revenues</b>                                      |   |                               |                         |
| Interest Income                                      | \$ 0  | \$ 0                          | \$ 0                    |
| Fees   | 0   | 0                             | 0                       |
| Federal Grants                                       | 0   | 0                             | 0                       |
| State & Local Grants                                 | 0   | 0                             | 94,700                  |
| Miscellaneous  | 0   | 0                             | 0                       |
| Total Revenues                                       | <u>0</u>  | <u>0</u>                      | <u>94,700</u>           |
| <b>Expenditures</b>                                  |   |                               |                         |
| Current  |   |                               |                         |
| Instruction  | 10,741  | 0                             | 0                       |
| Support Services-Students                            | 0   | 0                             | 0                       |
| Support Services-Instruction                         | 0   | 0                             | 13,518                  |
| Support Services-General Administration              | 0   | 0                             | 0                       |
| Support Services-School Administration               | 0   | 0                             | 0                       |
| Operation & Maintenance of Plant                     | 0   | 0                             | 3,600                   |
| Food Services Operations                             | 0   | 0                             | 0                       |
| Capital Outlay                                       | 0   | 0                             | 77,582                  |
| Total Expenditures                                   | <u>10,741</u>                                       | <u>0</u>                      | <u>94,700</u>           |
| Excess (Deficiency) of Revenues<br>Over Expenditures | (10,741)  | 0                             | 0                       |
| Fund Balances at Beginning of Year                   | <u>10,743</u>                                       | <u>159</u>                    | <u>0</u>                |
| Fund Balance End of Year                             | <u>\$ 2</u>   | <u>\$ 159</u>                 | <u>\$ 0</u>             |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2009

|  | Special Revenue Funds         |   |   |
|--|-------------------------------|---|---|
|  | Libraries<br>GO Bond<br>27170 | State<br>State<br>Directed<br>Activities<br>27200 | School<br>Library<br>Materials<br>27549 |
| Revenues   |                               |   |   |
| Interest Income                                      | \$ 0                          | \$ 0  | \$ 0                                    |
| Fees   | 0                             | 0   | 0                                       |
| Federal Grants                                       | 0                             | 0   | 0                                       |
| State & Local Grants                                 | 1,523                         | 58,321  | 1,517                                   |
| Miscellaneous  | 0                             | 0   | 0                                       |
| Total Revenues                                       | <u>1,523</u>                  | <u>58,321</u>                                     | <u>1,517</u>                            |
| Expenditures   |                               |   |   |
| Current  |                               |   |   |
| Instruction  | 0                             | 50,283  | 0                                       |
| Support Services-Students                            | 0                             | 0   | 0                                       |
| Support Services-Instruction                         | 1,523                         | 7,087   | 0                                       |
| Support Services-General Administration              | 0                             | 0   | 0                                       |
| Support Services-School Administration               | 0                             | 951   | 0                                       |
| Operation & Maintenance of Plant                     | 0                             | 0   | 0                                       |
| Food Services Operations                             | 0                             | 0   | 0                                       |
| Capital Outlay                                       | 0                             | 0   | 0                                       |
| Total Expenditures                                   | <u>1,523</u>                  | <u>58,321</u>                                     | <u>0</u>                                |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 0                             | 0   | 1,517                                   |
| Fund Balances at Beginning of Year                   | <u>0</u>                      | <u>0</u>  | <u>0</u>                                |
| Fund Balance End of Year                             | <u>\$ 0</u>                   | <u>\$ 0</u>                                       | <u>\$ 1,517</u>                         |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2009

|  | <u>Special<br/>Revenue Funds</u> |                  |
|--|----------------------------------|------------------|
|  | <u>ENMU<br/>28119</u>            | <u>Total</u>     |
| Revenues   |                                  |                  |
| Interest Income                                      | \$ 0                             | \$ 251           |
| Fees   | 0                                | 55,985           |
| Federal Grants                                       | 0                                | 437,180          |
| State & Local Grants                                 | 5,000                            | 173,813          |
| Miscellaneous  | 0                                | 11,129           |
| Total Revenues                                       | <u>5,000</u>                     | <u>678,358</u>   |
| Expenditures   |                                  |                  |
| Current  |                                  |                  |
| Instruction  | 5,000                            | 298,045          |
| Support Services-Students                            | 0                                | 39,166           |
| Support Services-Instruction                         | 0                                | 63,550           |
| Support Services-General Administration              | 0                                | 201              |
| Support Services-School Administration               | 0                                | 10,961           |
| Operation & Maintenance of Plant                     | 0                                | 9,186            |
| Food Services Operations                             | 0                                | 189,644          |
| Capital Outlay                                       | 0                                | 77,582           |
| Total Expenditures                                   | <u>5,000</u>                     | <u>688,335</u>   |
| Excess (Deficiency) of Revenues<br>Over Expenditures | 0                                | (9,977)          |
| Fund Balances at Beginning of Year                   | <u>0</u>                         | <u>61,328</u>    |
| Fund Balance End of Year                             | <u>\$ 0</u>                      | <u>\$ 51,351</u> |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-FOOD SERVICE-21000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |                  | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|------------------|--------------------------------|---|
|  | Original         | Final            |                                |   |
| <b>Revenues</b>  |                  |                  |                                |   |
| Investment Income  | \$ 96            | \$ 96            | \$ 211                         | \$ 115  |
| Fees   | 68,636           | 68,636           | 30,713                         | (37,923)  |
| Grants   | 130,302          | 130,302          | 140,987                        | 10,685  |
| Miscellaneous  | 0                | 0                | 50                             | 50  |
| Total Revenues   | <u>199,034</u>   | <u>199,034</u>   | <u>171,961</u>                 | <u>(27,073)</u>                                   |
| <b>Expenditures</b>  |                  |                  |                                |   |
| <b>Food Service Operations</b>                               |                  |                  |                                |   |
| Personnel Services   | 58,019           | 59,019           | 58,443                         | 576   |
| Employee Benefits  | 34,035           | 34,164           | 33,475                         | 689   |
| Professional & Tech Services                                 | 249              | 1,508            | 1,506                          | 2   |
| Other Purchased Services                                     | 500              | 500              | 288                            | 212   |
| Supplies   | 111,544          | 109,156          | 71,906                         | 37,250  |
| Total Food Service Operations                                | <u>204,347</u>   | <u>204,347</u>   | <u>165,618</u>                 | <u>38,729</u>                                     |
| Total Expenditures   | <u>204,347</u>   | <u>204,347</u>   | <u>165,618</u>                 | <u>38,729</u>                                     |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | (5,313)          | (5,313)          | 6,343                          | 11,656  |
| Cash Balance Beginning of Year                               | <u>26,352</u>    | <u>26,352</u>    | <u>26,352</u>                  | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 21,039</u> | <u>\$ 21,039</u> | <u>\$ 32,695</u>               | <u>\$ 11,656</u>                                  |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                  |                  |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |                  | \$ 6,343                       |   |
| Net change in Inventory                                      |                  |                  | 30                             |   |
| Net change in Accounts Payable                               |                  |                  | 199                            |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |                  | <u>\$ 6,572</u>                |   |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-ATHLETICS-22000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |               | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|---------------|--------------------------------|---|
|  | Original         | Final         |                                |   |
| <b>Revenues</b>  |                  |               |                                |   |
| Investment Income  | \$ 30            | \$ 30         | \$ 40                          | \$ 10   |
| Fees   | 27,326           | 27,326        | 25,272                         | (2,054)   |
| Total Revenues   | <u>27,356</u>    | <u>27,356</u> | <u>25,312</u>                  | <u>(2,044)</u>                                    |
| <b>Expenditures</b>  |                  |               |                                |   |
| <b>Instruction</b>   |                  |               |                                |   |
| Personnel Services   | 0                | 125           | 125                            | 0   |
| Employee Benefits  | 0                | 27            | 25                             | 2   |
| Professional & Tech Services                                 | 901              | 2,315         | 2,257                          | 58  |
| Other Purchased Services                                     | 31,129           | 29,563        | 23,402                         | 6,161   |
| Supplies   | 2,900            | 2,900         | 1,115                          | 1,785   |
| Total Instruction  | <u>34,930</u>    | <u>34,930</u> | <u>26,924</u>                  | <u>8,006</u>                                      |
| Total Expenditures   | <u>34,930</u>    | <u>34,930</u> | <u>26,924</u>                  | <u>8,006</u>                                      |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | (7,574)          | (7,574)       | (1,612)                        | 5,962   |
| Cash Balance Beginning of Year                               | <u>7,604</u>     | <u>7,604</u>  | <u>7,604</u>                   | <u>0</u>  |
| Cash Balance End of Year                                     | \$ <u>30</u>     | \$ <u>30</u>  | \$ <u>5,992</u>                | \$ <u>5,962</u>                                   |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                  |               |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |               | \$ (1,612)                     |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |               | \$ (1,612)                     |   |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-TITLE I-24101  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |                | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|----------------|--------------------------------|---|
|  | Original         | Final          |                                |   |
| <b>Revenues</b>  |                  |                |                                |   |
| Federal Grant  | \$ 102,314       | \$ 107,782     | \$ 101,634                     | \$ (6,148)  |
| Total Revenues   | <u>102,314</u>   | <u>107,782</u> | <u>101,634</u>                 | <u>(6,148)</u>                                    |
| <b>Expenditures</b>  |                  |                |                                |   |
| <b>Instruction</b>   |                  |                |                                |   |
| Personnel Services   | 70,740           | 74,739         | 74,739                         | 0   |
| Employee Benefits  | 31,474           | 27,767         | 26,443                         | 1,324   |
| Professional & Tech Services                                 | 100              | 2,564          | 2,464                          | 100   |
| Supply Assets  | 0                | 2,712          | 2,712                          | 0   |
| Total Instruction  | <u>102,314</u>   | <u>107,782</u> | <u>106,358</u>                 | <u>1,424</u>                                      |
| Total Expenditures   | <u>102,314</u>   | <u>107,782</u> | <u>106,358</u>                 | <u>1,424</u>                                      |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 0                | 0              | (4,724)                        | (4,724)   |
| Cash Balance Beginning of Year                               | <u>0</u>         | <u>0</u>       | <u>0</u>                       | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 0</u>      | <u>\$ 0</u>    | <u>\$ (4,724)</u>              | <u>\$ (4,724)</u>                                 |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                  |                |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |                | \$ (4,724)                     |   |
| Net Change in Due from Grantor                               |                  |                | <u>4,724</u>                   |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |                | <u>\$ 0</u>                    |   |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-IDEA, PART B ENTITLEMENT-24106  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |                | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|----------------|--------------------------------|---|
|  | Original         | Final          |                                |   |
| <b>Revenues</b>  |                  |                |                                |   |
| Federal Grant  | \$ 98,685        | \$ 107,728     | \$ 115,632                     | \$ 7,904  |
| Total Revenues   | <u>98,685</u>    | <u>107,728</u> | <u>115,632</u>                 | <u>7,904</u>                                      |
| <b>Expenditures</b>  |                  |                |                                |   |
| <b>Instruction</b>   |                  |                |                                |   |
| Personnel Services   | 55,100           | 58,636         | 55,635                         | 3,001   |
| Employee Benefits  | 37,530           | 37,530         | 35,696                         | 1,834   |
| Professional & Tech Services                                 | 0                | 915            | 0                              | 915   |
| Supplies   | <u>0</u>         | <u>4,592</u>   | <u>283</u>                     | <u>4,309</u>                                      |
| Total Instruction  | <u>92,630</u>    | <u>101,673</u> | <u>91,614</u>                  | <u>10,059</u>                                     |
| <b>Support Services-Students</b>                             |                  |                |                                |   |
| Professional & Tech Services                                 | <u>0</u>         | <u>17,988</u>  | <u>17,988</u>                  | <u>0</u>  |
| Total Support Services-<br>General Administration            | <u>0</u>         | <u>17,988</u>  | <u>17,988</u>                  | <u>0</u>  |
| <b>Support Services-School Administration</b>                |                  |                |                                |   |
| Personnel Services   | 5,000            | 5,000          | 5,000                          | 0   |
| Employee Benefits  | <u>1,055</u>     | <u>1,055</u>   | <u>1,030</u>                   | <u>25</u>   |
| Total Support Services-School<br>Administration              | <u>6,055</u>     | <u>6,055</u>   | <u>6,030</u>                   | <u>25</u>   |
| Total Expenditures   | <u>98,685</u>    | <u>107,728</u> | <u>115,632</u>                 | <u>10,084</u>                                     |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 0                | 0              | 0                              | 0   |
| Cash Balance Beginning of Year                               | <u>0</u>         | <u>0</u>       | <u>0</u>                       | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 0</u>      | <u>\$ 0</u>    | <u>\$ 0</u>                    | <u>\$ 0</u>                                       |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                  |                |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |                | \$ 0                           |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |                | \$ 0                           |   |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-IDEA, PRESCHOOL-24109  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |              | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|--------------|--------------------------------|---|
|  | Original         | Final        |                                |   |
| <b>Revenues</b>  |                  |              |                                |   |
| Federal Grant  | \$ 3,491         | \$ 3,491     | \$ 2,879                       | \$ (612)  |
| Total Revenues   | <u>3,491</u>     | <u>3,491</u> | <u>2,879</u>                   | <u>(612)</u>                                      |
| <b>Expenditures</b>  |                  |              |                                |   |
| <b>Instruction</b>   |                  |              |                                |   |
| Personnel Services   | 1,815            | 1,815        | 1,815                          | 0   |
| Employee Benefits  | <u>1,676</u>     | <u>1,676</u> | <u>1,064</u>                   | <u>612</u>  |
| Total Instruction  | <u>3,491</u>     | <u>3,491</u> | <u>2,879</u>                   | <u>612</u>  |
| Total Expenditures   | <u>3,491</u>     | <u>3,491</u> | <u>2,879</u>                   | <u>612</u>  |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 0                | 0            | 0                              | 0   |
| Cash Balance Beginning of Year                               | <u>0</u>         | <u>0</u>     | <u>0</u>                       | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 0</u>      | <u>\$ 0</u>  | <u>\$ 0</u>                    | <u>\$ 0</u>                                       |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                  |              |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |              | \$ <u>0</u>                    |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |              | \$ <u>0</u>                    |   |

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-FRESH FRUIT & VEGTABLES-24118  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |               | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|---------------|--------------------------------|---|
|  | Original         | Final         |                                |   |
| Revenues   |                  |               |                                |   |
| Federal Grant  | \$ 0             | \$ 13,180     | \$ 12,334                      | \$ (846)  |
| Total Revenues   | <u>0</u>         | <u>13,180</u> | <u>12,334</u>                  | <u>(846)</u>                                      |
| Expenditures   |                  |               |                                |   |
| Food Service Operations                                      |                  |               |                                |   |
| Supplies   | 0                | 13,180        | 13,176                         | 4   |
| Total Food Service Operations                                | <u>0</u>         | <u>13,180</u> | <u>13,176</u>                  | <u>4</u>  |
| Total Expenditures   | <u>0</u>         | <u>13,180</u> | <u>13,176</u>                  | <u>4</u>  |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 0                | 0             | (842)                          | (842)   |
| Cash Balance Beginning of Year                               | <u>0</u>         | <u>0</u>      | <u>0</u>                       | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 0</u>      | <u>\$ 0</u>   | <u>\$ (842)</u>                | <u>\$ (842)</u>                                   |
| Reconciliation of Budgetary Basis to GAAP Basis              |                  |               |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |               | \$ (842)                       |   |
| Net Change in Due from Grantor                               |                  |               | <u>842</u>                     |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |               | <u>\$ 0</u>                    |   |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-TEACHER/PRINCIPAL TRAINING-24154  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |               | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|---------------|--------------------------------|---|
|  | Original         | Final         |                                |   |
| <b>Revenues</b>  |                  |               |                                |   |
| Federal Grant  | \$ 0             | \$ 50,619     | \$ 6,570                       | \$ (44,049)                                       |
| Total Revenues   | <u>0</u>         | <u>50,619</u> | <u>6,570</u>                   | <u>(44,049)</u>                                   |
| <b>Expenditures</b>  |                  |               |                                |   |
| <b>Instruction</b>   |                  |               |                                |   |
| Personnel Services   | 0                | 7,100         | 930                            | 6,170   |
| Employee Benefits  | <u>0</u>         | <u>21,469</u> | <u>3,316</u>                   | <u>18,153</u>                                     |
| Total Instruction  | <u>0</u>         | <u>28,569</u> | <u>4,246</u>                   | <u>24,323</u>                                     |
| <b>Support Services-Instruction</b>                          |                  |               |                                |   |
| Professional & Tech Services                                 | 0                | 6,900         | 162                            | 6,738   |
| Other Purchased Supplies                                     | <u>0</u>         | <u>1,400</u>  | <u>301</u>                     | <u>1,099</u>                                      |
| Total Support Services-<br>Instruction                       | <u>0</u>         | <u>8,300</u>  | <u>463</u>                     | <u>7,837</u>                                      |
| <b>Support Services-General Administration</b>               |                  |               |                                |   |
| Other Purchased Supplies                                     | 0                | 1,250         | 201                            | 1,049   |
| Total Support Services-General<br>Administration             | <u>0</u>         | <u>1,250</u>  | <u>201</u>                     | <u>1,049</u>                                      |
| <b>Support Services-School Administration</b>                |                  |               |                                |   |
| Professional & Tech Services                                 | 0                | 5,800         | 2,000                          | 3,800   |
| Other Purchased Supplies                                     | <u>0</u>         | <u>6,700</u>  | <u>1,979</u>                   | <u>4,721</u>                                      |
| Total Support Services-School<br>Administration              | <u>0</u>         | <u>12,500</u> | <u>3,979</u>                   | <u>8,521</u>                                      |
| Total Expenditures   | <u>0</u>         | <u>50,619</u> | <u>8,889</u>                   | <u>41,730</u>                                     |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 0                | 0             | (2,319)                        | (2,319)   |
| Cash Balance Beginning of Year                               | <u>0</u>         | <u>0</u>      | <u>0</u>                       | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 0</u>      | <u>\$ 0</u>   | <u>\$ (2,319)</u>              | <u>\$ (2,319)</u>                                 |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                  |               |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |               | \$ (2,319)                     |   |
| Net Change in Due from Grantor                               |                  |               | <u>2,319</u>                   |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |               | <u>\$ 0</u>                    |   |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-SAFE & DRUG FREE SCHOOLS-24157  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |              | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|--------------|--------------------------------|---|
|  | Original         | Final        |                                |   |
| <b>Revenues</b>  |                  |              |                                |   |
| Federal Grant  | \$ 0             | \$ 5,015     | \$ 4,200                       | \$ (815)  |
| Total Revenues   | <u>0</u>         | <u>5,015</u> | <u>4,200</u>                   | <u>(815)</u>                                      |
| <b>Expenditures</b>  |                  |              |                                |   |
| <b>Support Services-Students</b>                             |                  |              |                                |   |
| Professional & Tech Services                                 | 0                | 5,015        | 4,200                          | 815   |
| Total Support Services-<br>Students                          | <u>0</u>         | <u>5,015</u> | <u>4,200</u>                   | <u>815</u>  |
| Total Expenditures   | <u>0</u>         | <u>5,015</u> | <u>4,200</u>                   | <u>815</u>  |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 0                | 0            | 0                              | 0   |
| Cash Balance Beginning of Year                               | <u>0</u>         | <u>0</u>     | <u>0</u>                       | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 0</u>      | <u>\$ 0</u>  | <u>\$ 0</u>                    | <u>\$ 0</u>                                       |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                  |              |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |              | \$ <u>0</u>                    |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |              | \$ <u>0</u>                    |   |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-TITLE XIX MEDICAID-25153  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |               | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|---------------|--------------------------------|---|
|  | Original         | Final         |                                |   |
| Revenues   |                  |               |                                |   |
| Federal Grant  | \$ 0             | \$ 17,000     | \$ 20,000                      | \$ 3,000  |
| Total Revenues   | <u>0</u>         | <u>17,000</u> | <u>20,000</u>                  | <u>3,000</u>                                      |
| Expenditures   |                  |               |                                |   |
| Support Services-Students                                    |                  |               |                                |   |
| Personnel Services   | 0                | 13,915        | 13,915                         | 0   |
| Employee Benefits  | <u>0</u>         | <u>3,085</u>  | <u>3,063</u>                   | <u>22</u>   |
| Total Support Services-<br>Students                          | <u>0</u>         | <u>17,000</u> | <u>16,978</u>                  | <u>22</u>   |
| Total Expenditures   | <u>0</u>         | <u>17,000</u> | <u>16,978</u>                  | <u>22</u>   |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 0                | 0             | 3,022                          | 3,022   |
| Cash Balance Beginning of Year                               | <u>0</u>         | <u>0</u>      | <u>0</u>                       | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 0</u>      | <u>\$ 0</u>   | <u>\$ 3,022</u>                | <u>\$ 3,022</u>                                   |
| Reconciliation of Budgetary Basis to GAAP Basis              |                  |               |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |               | \$ <u>3,022</u>                |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |               | \$ <u>3,022</u>                |   |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-RURAL EDUCATION ACHIEVEMENT PROGRAM-25233  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |               | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|---------------|--------------------------------|---|
|  | Original         | Final         |                                |   |
| Revenues   |                  |               |                                |   |
| Federal Grant  | \$ 0             | \$ 25,065     | \$ 25,058                      | \$ (7)  |
| Total Revenues   | <u>0</u>         | <u>25,065</u> | <u>25,058</u>                  | <u>(7)</u>  |
| Expenditures   |                  |               |                                |   |
| Support Services-Instruction                                 |                  |               |                                |   |
| Fixed Assets   | 0                | 25,065        | 25,058                         | 7   |
| Total Support Services-<br>Instruction                       | <u>0</u>         | <u>25,065</u> | <u>25,058</u>                  | <u>7</u>  |
| Total Expenditures   | <u>0</u>         | <u>25,065</u> | <u>25,058</u>                  | <u>7</u>  |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 0                | 0             | 0                              | 0   |
| Cash Balance Beginning of Year                               | <u>0</u>         | <u>0</u>      | <u>0</u>                       | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 0</u>      | <u>\$ 0</u>   | <u>\$ 0</u>                    | <u>\$ 0</u>                                       |
| Reconciliation of Budgetary Basis to GAAP Basis              |                  |               |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |               | \$ <u>0</u>                    |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |               | \$ <u>0</u>                    |   |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-MICROSOFT SETTLEMENT FUND-26170  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |              | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|--------------|--------------------------------|---|
|  | Original         | Final        |                                |   |
| Revenues   |                  |              |                                |   |
| Local Grant  | \$ 3,038         | \$ 3,038     | \$ 3,038                       | \$ 0  |
| Total Revenues   | <u>3,038</u>     | <u>3,038</u> | <u>3,038</u>                   | <u>0</u>  |
| Expenditures   |                  |              |                                |   |
| Support Services-Instruction                                 |                  |              |                                |   |
| Supplies   | <u>3,038</u>     | <u>3,038</u> | <u>3,038</u>                   | <u>0</u>  |
| Total Support Services-<br>Instruction                       | <u>3,038</u>     | <u>3,038</u> | <u>3,038</u>                   | <u>0</u>  |
| Total Expenditures   | <u>3,038</u>     | <u>3,038</u> | <u>3,038</u>                   | <u>0</u>  |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 0                | 0            | 0                              | 0   |
| Cash Balance Beginning of Year                               | <u>0</u>         | <u>0</u>     | <u>0</u>                       | <u>0</u>  |
| Cash Balance End of Year                                     | \$ <u>0</u>      | \$ <u>0</u>  | \$ <u>0</u>                    | \$ <u>0</u>                                       |
| Reconciliation of Budgetary Basis to GAAP Basis              |                  |              |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |              | \$ <u>0</u>                    |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |              | \$ <u>0</u>                    |   |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-ED TECH-27117  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |               | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|---------------|--------------------------------|---|
|  | Original         | Final         |                                |   |
| <b>Revenues</b>  |                  |               |                                |   |
| State Grant  | \$ 0             | \$ 19,047     | \$ 9,714                       | \$ (9,333)  |
| Total Revenues   | <u>0</u>         | <u>19,047</u> | <u>9,714</u>                   | <u>(9,333)</u>                                    |
| <b>Expenditures</b>  |                  |               |                                |   |
| <b>Support Services-Instruction</b>                          |                  |               |                                |   |
| Professional & Tech Services                                 | 0                | 2,835         | 2,835                          | 0   |
| Supplies   | 889              | 8,993         | 8,085                          | 908   |
| Fixed Assets   | 889              | 13,873        | 1,943                          | 11,930  |
| Total Support Services-<br>Instruction                       | <u>1,778</u>     | <u>25,701</u> | <u>12,863</u>                  | <u>12,838</u>                                     |
| <b>Operation &amp; Maintenance of Plant</b>                  |                  |               |                                |   |
| Other Purchased Services                                     | 0                | 7,600         | 5,586                          | 2,014   |
| Total Operation & Maintenance<br>of Plant                    | <u>0</u>         | <u>7,600</u>  | <u>5,586</u>                   | <u>2,014</u>                                      |
| Total Expenditures   | <u>1,778</u>     | <u>33,301</u> | <u>18,449</u>                  | <u>14,852</u>                                     |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | (1,778)          | (14,254)      | (8,735)                        | 14,852  |
| Cash Balance Beginning of Year                               | <u>14,254</u>    | <u>14,254</u> | <u>14,254</u>                  | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 12,476</u> | <u>\$ 0</u>   | <u>\$ 5,519</u>                | <u>\$ 14,852</u>                                  |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                  |               |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |               | <u>\$ (8,735)</u>              |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |               | <u>\$ (8,735)</u>              |   |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-INCENTIVES FOR SCHOOL IMPROVEMENT-27138  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |               | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|---------------|--------------------------------|---|
|  | Original         | Final         |                                |   |
| <b>Revenues</b>  |                  |               |                                |   |
| State Grant  | \$ 0             | \$ 5,547      | \$ 0                           | \$ (5,547)  |
| Total Revenues   | <u>0</u>         | <u>5,547</u>  | <u>0</u>                       | <u>(5,547)</u>                                    |
| <b>Expenditures</b>  |                  |               |                                |   |
| <b>Instruction</b>   |                  |               |                                |   |
| Supplies   | 0                | 5,549         | 5,549                          | 0   |
| Supply Assets  | 10,743           | 10,741        | 5,192                          | 5,549   |
| Total Instruction  | <u>10,743</u>    | <u>16,290</u> | <u>10,741</u>                  | <u>5,549</u>                                      |
| Total Expenditures   | <u>10,743</u>    | <u>16,290</u> | <u>10,741</u>                  | <u>5,549</u>                                      |
| Over Expenditures  | (10,743)         | (10,743)      | (10,741)                       | 2   |
| Cash Balance Beginning of Year                               | <u>10,743</u>    | <u>10,743</u> | <u>10,743</u>                  | <u>0</u>  |
| Cash Balance End of Year                                     | \$ <u>0</u>      | \$ <u>0</u>   | \$ <u>2</u>                    | \$ <u>2</u>                                       |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                  |               |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |               | \$ <u>(10,741)</u>             |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |               | \$ <u>(10,741)</u>             |   |

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-BEGINNING TEACHER-27154  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |               | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|---------------|--------------------------------|---|
|  | Original         | Final         |                                |   |
| <b>Revenues</b>  |                  |               |                                |   |
| State Grant  | \$ 0             | \$ 0          | \$ 0                           | \$ 0  |
| Total Revenues   | <u>0</u>         | <u>0</u>      | <u>0</u>                       | <u>0</u>  |
| <b>Expenditures</b>  |                  |               |                                |   |
| <b>Instruction</b>   |                  |               |                                |   |
| Other Purchased Services                                     | 0                | 0             | 0                              | 0   |
| Total Instruction  | <u>0</u>         | <u>0</u>      | <u>0</u>                       | <u>0</u>  |
| Total Expenditures   | <u>0</u>         | <u>0</u>      | <u>0</u>                       | <u>0</u>  |
| Over Expenditures  | 0                | 0             | 0                              | 0   |
| Cash Balance Beginning of Year                               | <u>159</u>       | <u>159</u>    | <u>159</u>                     | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 159</u>    | <u>\$ 159</u> | <u>\$ 159</u>                  | <u>\$ 0</u>                                       |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                  |               |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |               | \$ <u>0</u>                    |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |               | \$ <u>0</u>                    |   |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-TECH EQUITY-27162  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |                  | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|------------------|--------------------------------|---|
|  | Original         | Final            |                                |   |
| <b>Revenues</b>  |                  |                  |                                |   |
| State Grant  | \$ 122,569       | \$ 122,569       | \$ 94,700                      | \$ (27,869)                                       |
| Total Revenues   | <u>122,569</u>   | <u>122,569</u>   | <u>94,700</u>                  | <u>(27,869)</u>                                   |
| <b>Expenditures</b>  |                  |                  |                                |   |
| <b>Support Services-Instruction</b>                          |                  |                  |                                |   |
| Professional & Tech Support                                  | 23,300           | 13,052           | 2,814                          | 10,238  |
| Supplies   | 0                | 0                | 0                              | 0   |
| Fixed Assets   | <u>9,235</u>     | <u>10,735</u>    | <u>10,704</u>                  | <u>31</u>   |
| Total Support Services-<br>Instruction                       | <u>32,535</u>    | <u>23,787</u>    | <u>13,518</u>                  | <u>10,269</u>                                     |
| <b>Operation &amp; Maintenance of Plant</b>                  |                  |                  |                                |   |
| Purchased Property Services                                  | 7,200            | 3,600            | 3,600                          | 0   |
| Property   | <u>62,786</u>    | <u>81,183</u>    | <u>77,582</u>                  | <u>3,601</u>                                      |
| Total Operation &<br>Maintenance of Plant                    | <u>69,986</u>    | <u>84,783</u>    | <u>81,182</u>                  | <u>3,601</u>                                      |
| Total Expenditures   | <u>102,521</u>   | <u>108,570</u>   | <u>94,700</u>                  | <u>13,870</u>                                     |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 20,048           | 13,999           | 0                              | (13,999)  |
| Cash Balance Beginning of Year                               | <u>0</u>         | <u>0</u>         | <u>0</u>                       | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 20,048</u> | <u>\$ 13,999</u> | <u>\$ 0</u>                    | <u>\$ (13,999)</u>                                |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                  |                  |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |                  | \$ 0                           |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |                  | \$ 0                           |   |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-LIBRARIES GO Bond-27170  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |              | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|--------------|--------------------------------|---|
|  | Original         | Final        |                                |   |
| Revenues   |                  |              |                                |   |
| State Grant  | \$ 1,233         | \$ 1,549     | \$ 1,523                       | \$ (26)   |
| Total Revenues   | <u>1,233</u>     | <u>1,549</u> | <u>1,523</u>                   | <u>(26)</u>                                       |
| Expenditures   |                  |              |                                |   |
| Support Services-Instruction                                 |                  |              |                                |   |
| Supplies   | <u>1,233</u>     | <u>1,549</u> | <u>1,523</u>                   | <u>26</u>   |
| Total Support Services-<br>Instruction                       | <u>1,233</u>     | <u>1,549</u> | <u>1,523</u>                   | <u>26</u>   |
| Total Expenditures   | <u>1,233</u>     | <u>1,549</u> | <u>1,523</u>                   | <u>26</u>   |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 0                | 0            | 0                              | 0   |
| Cash Balance Beginning of Year                               | <u>0</u>         | <u>0</u>     | <u>0</u>                       | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 0</u>      | <u>\$ 0</u>  | <u>\$ 0</u>                    | <u>\$ 0</u>                                       |
| Reconciliation of Budgetary Basis to GAAP Basis              |                  |              |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |              | \$ <u>0</u>                    |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |              | \$ <u>0</u>                    |   |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-STATE DIRECTED ACTIVITIES-27200  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |               | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|---------------|--------------------------------|---|
|  | Original         | Final         |                                |   |
| <b>Revenues</b>  |                  |               |                                |   |
| State Grant  | \$ 0             | \$ 63,284     | \$ 58,321                      | \$ (4,963)  |
| Total Revenues   | <u>0</u>         | <u>63,284</u> | <u>58,321</u>                  | <u>(4,963)</u>                                    |
| <b>Expenditures</b>  |                  |               |                                |   |
| <b>Instruction</b>   |                  |               |                                |   |
| Professional & Tech Services                                 | 0                | 800           | 752                            | 48  |
| Other Purchased Supplies                                     | 0                | 1,400         | 623                            | 777   |
| Supplies   | 0                | 26,984        | 26,903                         | 81  |
| Property   | 0                | 22,300        | 22,005                         | 295   |
| Total Instruction  | <u>0</u>         | <u>51,484</u> | <u>50,283</u>                  | <u>1,201</u>                                      |
| <b>Support Services-Instruction</b>                          |                  |               |                                |   |
| Supplies   | 0                | 8,000         | 7,087                          | 913   |
| Total Support Services-<br>Instruction                       | <u>0</u>         | <u>8,000</u>  | <u>7,087</u>                   | <u>913</u>  |
| <b>Support Services-School Admin</b>                         |                  |               |                                |   |
| Professional & Tech Services                                 | 0                | 900           | 158                            | 742   |
| Other Purchased Supplies                                     | 0                | 2,900         | 793                            | 2,107   |
| Total Support Services-<br>School Admin                      | <u>0</u>         | <u>3,800</u>  | <u>951</u>                     | <u>2,849</u>                                      |
| Total Expenditures   | <u>0</u>         | <u>63,284</u> | <u>58,321</u>                  | <u>4,963</u>                                      |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 0                | 0             | 0                              | 0   |
| Cash Balance Beginning of Year                               | <u>0</u>         | <u>0</u>      | <u>0</u>                       | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 0</u>      | <u>\$ 0</u>   | <u>\$ 0</u>                    | <u>\$ 0</u>                                       |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                  |               |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |               | \$ 0                           |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |               | \$ 0                           |   |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-SCHOOL LIBRARY MATERIALS-27549  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |             | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|-------------|--------------------------------|---|
|  | Original         | Final       |                                |   |
| <b>Revenues</b>  |                  |             |                                |   |
| State Grant  | \$ 0             | \$ 0        | \$ 1,517                       | \$ 1,517  |
| Total Revenues   | <u>0</u>         | <u>0</u>    | <u>1,517</u>                   | <u>1,517</u>                                      |
| <b>Expenditures</b>  |                  |             |                                |   |
| <b>Support Services-Instruction</b>                          |                  |             |                                |   |
| Supplies   | 0                | 0           | 0                              | 0   |
| Total Support Services-<br>Instruction                       | <u>0</u>         | <u>0</u>    | <u>0</u>                       | <u>0</u>  |
| Total Expenditures   | <u>0</u>         | <u>0</u>    | <u>0</u>                       | <u>0</u>  |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 0                | 0           | 1,517                          | 1,517   |
| Cash Balance Beginning of Year                               | <u>0</u>         | <u>0</u>    | <u>0</u>                       | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 0</u>      | <u>\$ 0</u> | <u>\$ 1,517</u>                | <u>\$ 1,517</u>                                   |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                  |             |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |             | \$ <u>1,517</u>                |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |             | \$ <u>1,517</u>                |   |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-ENMU-28119  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2009

|  | Budgeted Amounts |              | Actual<br>(Budgetary<br>Basis) | Variance<br>with Final<br>Budget-<br>Over (Under) |
|--|------------------|--------------|--------------------------------|---|
|  | Original         | Final        |                                |   |
| <b>Revenues</b>  |                  |              |                                |   |
| State Grant  | \$ 0             | \$ 5,000     | \$ 5,000                       | \$ 0  |
| Total Revenues   | <u>0</u>         | <u>5,000</u> | <u>5,000</u>                   | <u>0</u>  |
| <b>Expenditures</b>  |                  |              |                                |   |
| <b>Support Services-Instruction</b>                          |                  |              |                                |   |
| Supplies   | 0                | 5,000        | 5,000                          | 0   |
| Total Support Services-<br>Instruction                       | <u>0</u>         | <u>5,000</u> | <u>5,000</u>                   | <u>0</u>  |
| Total Expenditures   | <u>0</u>         | <u>5,000</u> | <u>5,000</u>                   | <u>0</u>  |
| Excess (Deficiency) of Revenues<br>Over Expenditures         | 0                | 0            | 0                              | 0   |
| Cash Balance Beginning of Year                               | <u>0</u>         | <u>0</u>     | <u>0</u>                       | <u>0</u>  |
| Cash Balance End of Year                                     | <u>\$ 0</u>      | <u>\$ 0</u>  | <u>\$ 0</u>                    | <u>\$ 0</u>                                       |
| <b>Reconciliation of Budgetary Basis to GAAP Basis</b>       |                  |              |                                |   |
| Excess (Deficiency) of Revenues Over Expenditures-Cash Basis |                  |              | \$ <u>0</u>                    |   |
| Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis |                  |              | \$ <u>0</u>                    |   |

The notes to the financial statements are an integral part of this statement.

**OTHER SUPPLEMENTAL INFORMATION**

**FIDUCIARY FUND**

**Activity Trust Fund**

To account for funds of various student groups that are custodial in nature.



STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
 AGENCY FUNDS - ACTIVITY  
 Statement of Fiduciary Assets and Liabilities-Agency Fund  
 For the Year Ended June 30, 2009

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|                          | <u>Beginning<br/>Balance</u> | <u>Additions</u>  | <u>Deletions</u>  | <u>Ending<br/>Balance</u> |
|--------------------------|------------------------------|-------------------|-------------------|---------------------------|
| <b>ASSETS</b>            |                              |                   |                   |                           |
| Administration           | \$ 18,509                    | \$ 5,085          | \$ 3,816          | \$ 19,778                 |
| Elementary               | 9,880                        | 15,091            | 15,446            | 9,525                     |
| Middle School            | 4,112                        | 5,354             | 5,152             | 4,314                     |
| High School              | 54,505                       | 77,878            | 79,243            | 53,140                    |
| Total Assets             | <u>\$ 87,006</u>             | <u>\$ 103,408</u> | <u>\$ 103,657</u> | <u>\$ 86,757</u>          |
| <b>LIABILITIES</b>       |                              |                   |                   |                           |
| Deposits Held for Others | <u>\$ 87,006</u>             | <u>\$ 103,408</u> | <u>\$ 103,657</u> | <u>\$ 86,757</u>          |
| Total Liabilities        | <u>\$ 87,006</u>             | <u>\$ 103,408</u> | <u>\$ 103,657</u> | <u>\$ 86,757</u>          |

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
Cash Reconciliations - All Funds  
For the Year Ended June 30, 2009

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|                              |       | Beginning<br>Cash<br>Balance | Revenue             | Expenditures        | Ending<br>Cash<br>Balance |
|------------------------------|-------|------------------------------|---------------------|---------------------|---------------------------|
| Operational                  | 11000 | \$ 578,825                   | \$ 4,547,684        | \$ 4,460,773        | \$ 665,736                |
| Transportation               | 13000 | 4,659                        | 356,543             | 353,203             | 7,999                     |
| Instructional Materials      | 14000 | 11,151                       | 49,556              | 44,417              | 16,290                    |
| Food Service                 | 21000 | 26,352                       | 183,040             | 176,697             | 32,695                    |
| Athletics                    | 22000 | 7,604                        | 25,312              | 26,924              | 5,992                     |
| Federal Flowthrough          | 24000 | 0                            | 243,249             | 251,135             | (7,886)                   |
| Federal Direct               | 25000 | 0                            | 45,058              | 42,036              | 3,022                     |
| Local Grants                 | 26000 | 0                            | 3,038               | 3,038               | 0                         |
| State Flowthrough            | 27000 | 25,156                       | 165,775             | 183,734             | 7,197                     |
| State Direct                 | 28000 | 0                            | 5,000               | 5,000               | 0                         |
| Special Capital Outlay-State | 31400 | (40,319)                     | 262,922             | 411,801             | (189,198)                 |
| Senate Bill Nine             | 31700 | 1,139,098                    | 627,905             | 440,353             | 1,326,650                 |
| Debt Service                 | 41000 | 256,714                      | 240,479             | 244,640             | 252,553                   |
| Agency Funds                 |       | 87,006                       | 103,408             | 103,657             | 86,757                    |
| Total                        |       | <u>\$ 2,096,246</u>          | <u>\$ 6,858,969</u> | <u>\$ 6,747,408</u> | <u>\$ 2,207,807</u>       |

The notes to the financial statements are an integral part of this statement.

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed  
In Accordance with *Government Auditing Standards*

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of the CAPITAN MUNICIPAL SCHOOLS

Mr. Balderas and Members of the Board

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, the budgetary comparisons for the general fund, and the combining individual funds presented as supplemental information of the CAPITAN MUNICIPAL SCHOOLS, (District), as of and for the year ended June 30, 2009, and have issued our report thereon dated August 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, a combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of 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 the audit, and that, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the New Mexico State Legislature and its committees, the Office of the State Auditor, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified

*De'Ann Willoughby CPA PC*

August 31, 2009

**Prior Year Audit Findings**

There were no prior year audit findings.

**Current Year Audit Findings**

There are no current year audit findings.

**Financial Statement Preparation**

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

**Exit Conference**

An exit conference was held on August 31, 2009. Those present were James Fields, Member, Shirley Crawford, Superintendent, Frances Traylor, Business Manager and De'Aun Willoughby CPA.