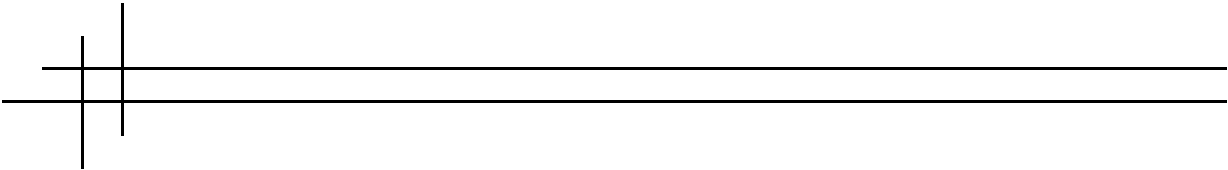




STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**

**ANNUAL FINANCIAL REPORT**  
June 30, 2010

**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, 2010

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STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
Official Roster  
June 30, 2010

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**BOARD OF EDUCATION**

Ed Vinson	President
Robin Parks	Vice-President
Nate Dunn	Secretary
James Fields	Member
Becky Huey-Schultz	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

(575) 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 and the budgetary comparisons for the general funds of CAPITAN MUNICIPAL SCHOOLS, (District), as of and for the year ended June 30, 2010, 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 and the budgetary comparisons for the major capital project funds, debt service fund and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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, 2010, and the respective changes in financial position, thereof 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, 2010, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital project 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 our report dated November 8, 2010, 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 *Government Auditing Standards* and should be considered in assessing the results of our audit.

The CAPITAN MUNICIPAL SCHOOLS 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 accompanying schedule of expenditures of federal awards is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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

November 8, 2010



## **FINANCIAL SECTION**

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
 Government-Wide Statement of Net Assets  
 June 30, 2010

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 3,813,507
Inventory	3,067
Total Current Assets	<u>3,816,574</u>
Noncurrent Assets	
Capital Assets	13,726,018
Less: Accumulated Depreciation	<u>(6,436,823)</u>
Total Noncurrent Assets	<u>7,289,195</u>
Total Assets	<u>11,105,769</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	6,039
Deferred Revenue	5,511
Accrued Interest	19,956
Current Portion of Long-Term Debt	325,000
Compensated Absences	14,797
Total Current Liabilities	<u>371,303</u>
Noncurrent Liabilities	
Bonds and Notes, Net	<u>1,732,822</u>
Total Noncurrent Liabilities	<u>1,732,822</u>
Total Liabilities	<u>2,104,125</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	5,231,373
Restricted for:	
Capital Projects	1,455,943
Debt Service	30,538
Unrestricted	2,283,790
Total Net Assets	<u>\$ 9,001,644</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, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Governmental Activities</b>					
Instruction	\$ 3,163,378	\$ 24,414	\$ 548,504	\$ 0	\$ (2,590,460)
Support Services-Students	241,567	27,000	77,144	0	(137,423)
Support Services-Instruction	245,421	0	71,826	0	(173,595)
General Administration	204,538	0	9,546	0	(194,992)
School Administration	381,943	0	7,446	0	(374,497)
Central Services	153,350	0	564	0	(152,786)
Operation of Plant	595,492	0	9,290	0	(586,202)
Transportation	329,928	0	281,220	0	(48,708)
Food Services	242,557	69,756	180,064	0	7,263
Interest on Long-Term Obligations	45,962	0	0	0	(45,962)
Total Governmental Activities	\$ <u>5,604,136</u>	\$ <u>121,170</u>	\$ <u>1,185,604</u>	\$ <u>0</u>	<u>(4,297,362)</u>
<b>General Revenues</b>					
Taxes					
					83,969
					666,277
					223,258
Federal and State aid not restricted to specific purpose					
					3,734,729
					30,120
Interest and investment earnings					29,539
Miscellaneous					1,171
Subtotal, General Revenues					<u>4,769,063</u>
Change in Net Assets					471,701
Net Assets - beginning					<u>8,529,943</u>
Net Assets - ending					<u>\$ 9,001,644</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, 2010

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 597,114	\$ 8,430	\$ 32,124
Receivables			
Due From Grantor	0	0	0
Interfund Balances			
Inventory	0	0	0
Total Assets	<u>\$ 597,114</u>	<u>\$ 8,430</u>	<u>\$ 32,124</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Accounts Payable	\$ 6,039	\$ 0	\$ 0
Interfund Balances	0	0	0
Deferred Revenue	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
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Unreserved, Undesignated, reported in			
General Fund	591,075	8,430	32,124
Capital Projects	0	0	0
Total Fund Balances	<u>591,075</u>	<u>8,430</u>	<u>32,124</u>
Total Liabilities and Fund Balances	<u>\$ 597,114</u>	<u>\$ 8,430</u>	<u>\$ 32,124</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, 2010

	Capital Projects		
	Senate Bill Nine 31700	Education Technology 31900	Debt Service 41000
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,390,707	\$ 1,455,943	\$ 242,100
Receivables			
Due From Grantor	0	0	0
Interfund Balances	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 1,390,707</u>	<u>\$ 1,455,943</u>	<u>\$ 242,100</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balances	0	0	0
Deferred Revenue	0	0	0
Current Portion Due			
Principal	0	0	200,000
Interest	0	0	14,100
Total Liabilities	<u>0</u>	<u>0</u>	<u>214,100</u>
<b>Fund Balances</b>			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	0	0	0
Capital Projects	0	1,455,943	0
Debt Service	0	0	28,000
Unreserved, Undesignated, reported in			
General Fund	0	0	0
Capital Projects	1,390,707	0	0
Total Fund Balances	<u>1,390,707</u>	<u>1,455,943</u>	<u>28,000</u>
Total Liabilities and Fund Balances	<u>\$ 1,390,707</u>	<u>\$ 1,455,943</u>	<u>\$ 242,100</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, 2010

---

	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 87,089	\$ 3,813,507
Receivables		
Due From Grantor	0	0
Interfund Balances	0	0
Inventory	3,067	3,067
Total Assets	<u>\$ 90,156</u>	<u>\$ 3,816,574</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Accounts Payable	\$ 0	\$ 6,039
Interfund Balances	0	0
Deferred Revenue	5,511	5,511
Current Portion Due		
Principal	0	200,000
Interest	0	14,100
Total Liabilities	<u>5,511</u>	<u>225,650</u>
Fund Balances		
Reserved for		
Inventory	3,067	3,067
Special Revenue Funds	79,040	79,040
Capital Projects	0	1,455,943
Debt Service	2,538	30,538
Unreserved, Undesignated, reported in		
General Fund	0	631,629
Capital Projects	0	1,390,707
Total Fund Balances	<u>84,645</u>	<u>3,590,924</u>
Total Liabilities and Fund Balances	<u>\$ 90,156</u>	<u>\$ 3,816,574</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, 2010

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Total Fund Balance - Governmental Funds \$ 3,590,924

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

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	\$ 13,726,018	
Accumulated depreciation is	<u>(6,436,823)</u>	7,289,195

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 :

Bonds payable	(1,900,000)	
Bond Issue Costs	81,321	
Accumulated Amortization	(39,143)	
Accrued Interest	(5,856)	
Compensated Absences	<u>(14,797)</u>	<u>(1,878,475)</u>

Total net assets - governmental activities		\$ <u><u>9,001,644</u></u>
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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, 2010

	General Fund		
	Operational	Transportation	Instructional
	11000	13000	Materials 14000
<b>Revenues</b>			
Property Taxes	\$ 83,969	\$ 0	\$ 0
Interest Income	9,580	0	0
Fees	100	0	0
Federal Grants	48,136	0	0
State & Local Grants	3,686,593	281,220	21,833
Miscellaneous	503	0	0
<b>Total Revenues</b>	<b>3,828,881</b>	<b>281,220</b>	<b>21,833</b>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	2,311,145	0	5,309
Support Service-Students	147,508	0	0
Support Services-Instruction	156,719	0	690
Support Services-General Administration	169,020	0	0
Support Services-School Administration	369,776	0	0
Central Services	153,311	0	0
Operation & Maintenance of Plant	540,885	0	0
Student Transportation	49,139	280,789	0
Food Services	0	0	0
Capital Outlay	0	0	0
<b>Debt Service</b>			
Principal	0	0	0
Interest	0	0	0
Bond Issue Costs	0	0	0
<b>Total Expenditures</b>	<b>3,897,503</b>	<b>280,789</b>	<b>5,999</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(68,622)</b>	<b>431</b>	<b>15,834</b>
<b>Other Financing Sources (Uses)</b>			
Bond Proceeds	0	0	0
<b>Total Other Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net change in Fund Balance</b>	<b>(68,622)</b>	<b>431</b>	<b>15,834</b>
<b>Fund Balances at Beginning of Year</b>	<b>659,697</b>	<b>7,999</b>	<b>16,290</b>
<b>Fund Balance End of Year</b>	<b>\$ 591,075</b>	<b>\$ 8,430</b>	<b>\$ 32,124</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, 2010

	Capital Projects		
	Senate	Education	Debt
	Bill Nine 31700	Technology 31900	Service 41000
<b>Revenues</b>			
Property Taxes	\$ 666,277	\$ 0	\$ 223,258
Interest Income	13,551	1,856	1,422
Fees	0	0	0
Federal Grants	0	0	0
State & Local Grants	30,120	0	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<b>709,948</b>	<b>1,856</b>	<b>224,680</b>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	0	0	0
Support Service-Students	0	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	6,663	0	2,233
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	0	0	0
Student Transportation	0	0	0
Food Services	0	0	0
Capital Outlay	639,228	0	0
<b>Debt Service</b>			
Principal	0	0	200,000
Interest	0	0	28,200
Bond Issue Costs	0	45,913	0
<b>Total Expenditures</b>	<b>645,891</b>	<b>45,913</b>	<b>230,433</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>64,057</b>	<b>(44,057)</b>	<b>(5,753)</b>
<b>Other Financing Sources (Uses)</b>			
Bond Proceeds	0	1,500,000	0
<b>Total Other Sources (Uses)</b>	<b>0</b>	<b>1,500,000</b>	<b>0</b>
<b>Net change in Fund Balance</b>	<b>64,057</b>	<b>1,455,943</b>	<b>(5,753)</b>
<b>Fund Balances at Beginning of Year</b>	<b>1,326,650</b>	<b>0</b>	<b>33,753</b>
<b>Fund Balance End of Year</b>	<b>\$ 1,390,707</b>	<b>\$ 1,455,943</b>	<b>\$ 28,000</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, 2010

	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>		
Property Taxes	\$ 0	\$ 973,504
Interest Income	3,130	29,539
Fees	121,070	121,170
Federal Grants	874,741	922,877
State & Local Grants	7,810	4,027,576
Miscellaneous	668	1,171
Total Revenues	<u>1,007,419</u>	<u>6,075,837</u>
<b>Expenditures</b>		
Current		
Instruction	549,632	2,866,086
Support Service-Students	89,140	236,648
Support Services-Instruction	74,702	232,111
Support Services-General Administration	9,546	187,462
Support Services-School Administration	7,446	377,222
Central Services	564	153,875
Operation & Maintenance of Plant	13,241	554,126
Student Transportation	0	329,928
Food Services	229,854	229,854
Capital Outlay	0	639,228
Debt Service		
Principal	0	200,000
Interest	0	28,200
Bond Issue Costs	0	45,913
Total Expenditures	<u>974,125</u>	<u>6,080,653</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>33,294</u>	<u>(4,816)</u>
<b>Other Financing Sources (Uses)</b>		
Bond Proceeds	0	1,500,000
Total Other Sources (Uses)	<u>0</u>	<u>1,500,000</u>
Net change in Fund Balance	33,294	1,495,184
Fund Balances at Beginning of Year	<u>51,351</u>	<u>2,095,740</u>
Fund Balance End of Year	<u>\$ 84,645</u>	<u>\$ 3,590,924</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, 2010

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Net Change in Fund Balance-Governmental Funds \$ 1,495,184

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.

Depreciation expense	\$ (389,037)	
Capital Outlays	<u>639,228</u>	250,191

The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net assets. (1,500,000)

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

Current Amount Due	14,100	
Accrued Interest	<u>(19,956)</u>	(5,856)

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 an expenditure in the governmental funds.

Current Bond Issue Costs	45,913	
Amortization of Bond Issue Costs	<u>(11,906)</u>	34,007

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.

Compensated Absences, June 30, 2009	(14,797)	
Compensated Absences, June 30, 2010	<u>12,972</u>	<u>(1,825)</u>

Changes in Net Assets of Governmental Activities \$ 471,701

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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 77,743	\$ 77,743	\$ 83,969	\$ 6,226
Interest Income	12,000	12,000	9,580	(2,420)
Fees	0	0	100	100
Federal Grants	45,666	45,666	48,136	2,470
State & Local Grants	3,791,810	3,791,810	3,686,593	(105,217)
Miscellaneous	0	0	503	503
Total Revenues	<u>3,927,219</u>	<u>3,927,219</u>	<u>3,828,881</u>	<u>(98,338)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	1,972,295	1,872,519	1,685,801	186,718
Employee Benefits	723,098	685,563	557,081	128,482
Professional & Tech Services	3,500	3,500	2,770	730
Purchased Services	6,000	6,000	3,568	2,432
Other Purchased Services	51,700	49,700	45,850	3,850
Supplies	9,545	11,545	10,509	1,036
Total Instruction	<u>2,766,138</u>	<u>2,628,827</u>	<u>2,305,579</u>	<u>323,248</u>
<b>Support Services-Students</b>				
Personnel Services	96,658	96,658	86,758	9,900
Employee Benefits	23,070	23,070	18,788	4,282
Professional & Tech Services	139,200	139,200	41,357	97,843
Supplies	1,200	1,200	605	595
Total Support Services-Students	<u>260,128</u>	<u>260,128</u>	<u>147,508</u>	<u>112,620</u>
<b>Support Services-Instruction</b>				
Personnel Services	48,867	48,867	48,867	0
Employee Benefits	28,841	28,841	18,904	9,937
Professional & Tech Services	32,808	27,808	16,830	10,978
Other Purchased Services	65,602	65,802	64,560	1,242
Supplies	3,117	8,117	7,558	559
Total Support Services-Instruction	<u>179,235</u>	<u>179,435</u>	<u>156,719</u>	<u>22,716</u>
<b>Support Services-General Administration</b>				
Personnel Services	120,456	120,456	114,752	5,704
Employee Benefits	37,915	37,915	33,090	4,825
Professional & Tech Services	36,075	36,075	13,663	22,412
Other Purchased Services	8,100	8,100	5,685	2,415
Supplies	3,000	3,000	1,830	1,170
Total Support Services-General Administration	<u>\$ 205,546</u>	<u>\$ 205,546</u>	<u>\$ 169,020</u>	<u>\$ 36,526</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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Support Services-School Administration				
Personnel Services	\$ 277,584	\$ 277,584	\$ 277,584	\$ 0
Employee Benefits	100,985	95,485	86,760	8,725
Professional & Tech Services	0	500	250	250
Supplies	3,000	8,000	5,182	2,818
Total Support Services-School Administration	<u>381,569</u>	<u>381,569</u>	<u>369,776</u>	<u>11,793</u>
Central Services				
Personnel Services	112,497	112,497	112,497	0
Employee Benefits	36,293	35,593	33,644	1,949
Professional & Tech Services	6,500	6,500	4,918	1,582
Purchased Property Services	1,274	1,974	1,092	882
Other Purchased Services	1,000	1,000	17	983
Supplies	1,500	1,500	1,143	357
Total Central Service	<u>159,064</u>	<u>159,064</u>	<u>153,311</u>	<u>5,753</u>
Operation & Maintenance of Plant				
Personnel Services	142,068	130,068	125,174	4,894
Employee Benefits	68,108	65,108	52,574	12,534
Professional & Tech Services	850	850	212	638
Purchased Property Services	221,220	231,220	215,194	16,026
Other Purchased Services	124,900	124,900	116,511	8,389
Supplies	30,158	35,158	31,220	3,938
Total Operation & Maintenance of Plant	<u>587,304</u>	<u>587,304</u>	<u>540,885</u>	<u>46,419</u>
Student Transportation				
Other Purchased Services	6,700	50,035	49,139	896
Total Student Transportation	<u>6,700</u>	<u>50,035</u>	<u>49,139</u>	<u>896</u>
Total Expenditures	<u>4,545,684</u>	<u>4,451,908</u>	<u>3,891,937</u>	<u>559,971</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (618,465)	\$ (524,689)	\$ (63,056)	\$ 461,633

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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Other Financing Sources (Uses)				
Transfer In/(Out)	\$ 0	\$ 0	\$ (5,566)	\$ (5,566)
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>(5,566)</u>	<u>(5,566)</u>
Net Change in Cash Balance	(618,465)	(524,689)	(68,622)	456,067
Cash Balance Beginning of Year	<u>665,736</u>	<u>665,736</u>	<u>665,736</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 47,271</u>	<u>\$ 141,047</u>	<u>\$ 597,114</u>	<u>\$ 456,067</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (68,622)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (68,622)</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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 330,377	\$ 281,220	\$ 281,220	\$ 0
Total Revenues	<u>330,377</u>	<u>281,220</u>	<u>281,220</u>	<u>0</u>
<b>Expenditures</b>				
<b>Student Transportation</b>				
Personnel Services	6,500	6,500	6,500	0
Employee Benefits	1,398	1,398	1,290	108
Purchased Property Services	33,616	33,616	33,616	0
Other Purchased Services	288,863	239,706	239,383	323
Total Student Transportation	<u>330,377</u>	<u>281,220</u>	<u>280,789</u>	<u>431</u>
Total Expenditures	<u>330,377</u>	<u>281,220</u>	<u>280,789</u>	<u>431</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	431	(431)
Cash Balance Beginning of Year	<u>7,999</u>	<u>7,999</u>	<u>7,999</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 7,999</u>	<u>\$ 7,999</u>	<u>\$ 8,430</u>	<u>\$ (431)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>431</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>431</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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 18,857	\$ 21,833	\$ 21,833	\$ 0
Total Revenues	<u>18,857</u>	<u>21,833</u>	<u>21,833</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	<u>34,072</u>	<u>37,048</u>	<u>5,309</u>	<u>31,739</u>
Total Instruction	<u>34,072</u>	<u>37,048</u>	<u>5,309</u>	<u>31,739</u>
<b>Support Services-Instruction</b>				
Supplies	<u>888</u>	<u>888</u>	<u>690</u>	<u>198</u>
Total Support Services- Instruction	<u>888</u>	<u>888</u>	<u>690</u>	<u>198</u>
Total Expenditures	<u>34,960</u>	<u>37,936</u>	<u>5,999</u>	<u>31,937</u>
Excess (Deficiency) of Revenues Over Expenditures	(16,103)	(16,103)	15,834	31,937
Cash Balance Beginning of Year	<u>16,290</u>	<u>16,290</u>	<u>16,290</u>	<u>0</u>
Cash Balance End of Year	\$ <u>187</u>	\$ <u>187</u>	\$ <u>32,124</u>	\$ <u>31,937</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>15,834</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>15,834</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  
June 30, 2010

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	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 98,524
Total Assets	<u>\$ 98,524</u>
Liabilities	
Deposits Held for Others	\$ 98,524
Total Liabilities	<u>\$ 98,524</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**

**Senate Bill Nine (31700).** The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements.

**Education Technology (31900).** To account for proceeds received from the issuance of Educational Technology Notes to be used for the acquisition of education technology equipment for use in classrooms and library and media centers. Authority for the creation of this fund is NMSA 1978, 6-15A-1 through 6-15A-16.

**Debt Service (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, Transportation, Food Service, Special Revenue Funds such as special education as well as others., 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, 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:

- (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.



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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: DEPOSITS 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	Reconciled	Type
<u>Name of Account</u>	<u>Per Bank</u>	<u>Balance</u>	
	<u>06-30-10</u>	<u>Balance</u>	
Activity	\$ 87,633	\$ 86,774	Checking
Operational CMA	1,948,505	1,948,505	Checking
Lunch	53,103	53,080	Checking
Budgeted Fund Athletics	7,690	7,513	Checking
Operational	476,475	345,877	Checking
Payroll Clearing	140,775	0	Checking
Pogue Scholarship	1,750	1,751	Savings
Jesse Faye Scholarship	10,000	10,000	Savings
TOTAL Deposited	<u>2,725,931</u>	<u>\$ 2,453,500</u>	
Less: FDIC Coverage	<u>(777,426)</u>		
Uninsured Amount	1,948,505		
50% collateral requirement	974,253		
Pledged securities	<u>2,200,000</u>		
Over (Under) requirement	<u>\$ 1,225,748</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.

The following securities are pledged at City Bank:

<u>Description</u>	<u>Number</u>	<u>Amount</u>	<u>Maturity Date</u>	<u>Place of Safe Keeping</u>
Letter of Credit	730001394	\$ 2,200,000	7/28/2010	Dallas, TX
Santa Fe, TX ISD	802207NK2	538,067	2/15/2028	San Antonio, TX
Beaumont, TX ISD	074527MQ2	557,328	2/15/1931	San Antonio, TX
Del Valle, TX ISD	245505PU0	542,380	6/15/1935	San Antonio, TX
La Vega TX, ISD	505156KR9	332,657	2/15/1937	San Antonio, TX
Callisburg, TX ISD	131235ED1	554,829	2/15/1938	San Antonio, TX
		<u>\$ 2,200,000</u>		

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

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 Notes to the Financial Statements  
 June 30, 2010

**Washington Federal**

<u>Name of Account</u>	Balance Per Bank 06-30-10	Reconciled Balance	Type
Capitan Municipal Schools	\$ 1,458,381	\$ 1,458,381	Checking
Capitan Municipal Schools	100	100	Checking
TOTAL Deposited	<u>1,458,481</u>	<u>\$ 1,458,481</u>	
Less: FDIC Coverage	<u>(250,000)</u>		
Uninsured Amount	1,208,481		
50% collateral requirement	604,241		
Pledged securities	<u>2,000,000</u>		
Over (Under) requirement	<u>\$ 1,395,760</u>		

The following securities are pledged at Washington Federal

<u>Description</u>	<u>Number</u>	<u>Amount</u>	<u>Maturity Date</u>
FNMA	3136FJVZ21	\$ 2,000,000	12/19/2011
		<u>\$ 2,000,000</u>	

The pledge securities are issued by the Federal Home Loan Bank located in Dallas, Texas.

**Custodial Credit Risk-Deposits**

<u>Depository Account</u>	Bank Balance
Insured	\$ 1,027,426
Collateralized:	
Collateral held by the pledging bank in District's name	0
Uninsured and uncollateralized	3,156,986
Total Deposits	<u>\$ 4,184,412</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, 2010 \$3,156,986 of the District's bank balance of \$1,458,481 was exposed to custodial credit risk.

**NOTE C: INTERFUND BALANCES AND ACTIVITY**

There were no interfund balances or activity at the District for the fiscal year ending June 30, 2010.

**NOTE D: DUE FROM GRANTOR**

There are no amounts due from other agencies and units of government as of June 30, 2010.

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**NOTE E: CAPITAL ASSETS**

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

	Beginning Balance 6/30/09	Increases	Decreases	Ending Balance 6/30/10
<b>Governmental Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 96,884	\$ 0	\$ 0	\$ 96,884
Total Capital Assets not being Depreciated	<u>\$ 96,884</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 96,884</u>
Capital Assets, being Depreciated				
Buildings & Improvements	\$ 11,926,126	\$ 550,574	\$ 0	\$ 12,476,700
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	1,063,780	88,654	0	1,152,434
Total Capital Assets being Depreciated	<u>12,989,906</u>	<u>639,228</u>	<u>0</u>	<u>13,629,134</u>
Total Capital Assets	<u>13,086,790</u>	<u>639,228</u>	<u>0</u>	<u>13,726,018</u>
<b>Less Accumulated Depreciation</b>				
Buildings & Improvements	5,055,059	313,344	0	5,368,403
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	992,726	75,694	0	1,068,420
Total Accumulated Depreciation	<u>6,047,785</u>	<u>389,038</u>	<u>0</u>	<u>6,436,823</u>
Capital Assets, net	<u>\$ 7,039,005</u>	<u>\$ 250,190</u>	<u>\$ 0</u>	<u>\$ 7,289,195</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 297,292
Support Services-Students	4,919
Support Services-Instruction	13,311
Support Services-General Administration	14,789
Support Services-School Administration	4,720
Central Services	12,703
Operation & Maintenance of Plant	41,304
Total depreciation expenses	<u>\$ 389,038</u>

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Notes to the Financial Statements  
June 30, 2010

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**NOTE H: LONG TERM DEBT**

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

	Beginning Balance 6/30/09	Additions	Reductions	Ending Balance 6/30/10	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 800,000	\$ 1,500,000	\$ 200,000	\$ 2,100,000	\$ 325,000
Total Bonds	<u>800,000</u>	<u>1,500,000</u>	<u>200,000</u>	<u>2,100,000</u>	<u>325,000</u>
Other Liabilities					
Compensated Absences	12,972	16,122	14,297	14,797	14,797
Total Other Liabilities	<u>12,972</u>	<u>16,122</u>	<u>14,297</u>	<u>14,797</u>	<u>14,797</u>
Long-Term Liabilities	<u>\$ 812,972</u>	<u>\$ 1,516,122</u>	<u>\$ 214,297</u>	<u>\$ 2,114,797</u>	<u>\$ 339,797</u>

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.

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%	\$ 600,000
2010	04-15-10	1,500,000	2%-3.05%	1,500,000
				<u>\$ 2,100,000</u>

STATE OF NEW MEXICO  
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Notes to the Financial Statements  
June 30, 2010

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The annual requirements to amortize the general obligation bonds as of June 30, 2010 including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	325,000	58,638	383,638
2012	375,000	45,675	420,675
2013	575,000	35,825	610,825
2014	400,000	22,688	422,688
2015	425,000	11,687	436,687
	<u>\$ 2,100,000</u>	<u>\$ 174,513</u>	<u>\$ 2,274,513</u>

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

Note H	
Bonds	\$ 2,100,000
Issue Costs/Premium/Discounts on Bond Issues	(81,321)
Accumulated Amortization	39,143
Statement of Net Assets	<u>\$ 2,057,822</u>
Long-Term Per Government Wide Financial Statements	\$ 1,732,822
Current Portion	325,000
Statement of Net Assets	<u>\$ 2,057,822</u>

**NOTE I: COMMITMENTS**

The District has various construction commitments on June 30, 2010. The total costs are estimated to be \$1,400,000.

**NOTE J: PENSION PLAN**

Substantially all of the District'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).

Effective July 1, 2009, plan members were required by state statute to contribute 7.9% of their gross salary if they earn \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 9.4% of their gross salary. The District was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 10.9% of the gross covered salary of employees earning more than \$20,000 annually. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9% of the gross covered salary. 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, 2010, 2009, and 2008, were \$567,605, \$570,848 and \$543,718 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 Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained by writing to the RHCA, Albuquerque State Government Center, 401 Roma, NW, Suite 200, Albuquerque, New Mexico 87102.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2010, the statute required each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee was required to contribute .65% of their salary. In the fiscal years ending June 30, 2011 through June 30, 2013 the contribution rates for employees and employers will rise as follows:

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

<u>Fiscal Year</u>	<u>Employer Contribution</u>	<u>Employee Contribution</u>
2011	1.666%	0.833%
2012	1.834%	0.917%
2013	2.000%	1.000%

Also, 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, 2010, 2009 and 2008 were \$54,524, \$57,616 and \$57,675 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 areas:

- 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 \$148,594 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
24109	IDEA Preschool
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.



**NOTE P. BUDGET**

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

The following funds maintained a deficit fund balance as of June 30, 2010.

Excess of expenditures over appropriations. The following funds exceeded approved budgetary authority for the year ended June 30, 2010:

	<u>Amount</u>
CAPITAL PROJECT FUND-ED TECH-31900	
Support Services-General Administration	
Professional & Tech Services	\$ (45,913)

**SUPPLEMENTAL INFORMATION RELATED TO  
MAJOR FUNDS**

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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 586,348	\$ 586,348	\$ 666,277	\$ 79,929
Interest Income	13,500	13,500	13,551	51
State Grant	24,639	50,555	30,120	(20,435)
Total Revenues	<u>624,487</u>	<u>650,403</u>	<u>709,948</u>	<u>59,545</u>
<b>Expenditures</b>				
<b>Support Services-General Administration</b>				
Professional & Tech Services	<u>6,088</u>	<u>6,938</u>	<u>6,663</u>	<u>275</u>
Total Support Services-General Administration	<u>6,088</u>	<u>6,938</u>	<u>6,663</u>	<u>275</u>
<b>Capital Outlay</b>				
Maintenance & Repair	25,000	40,000	31,489	8,511
Building Improvements	1,017,317	1,162,317	460,987	701,330
Supplies	45,000	44,150	8,036	36,114
Land Improvements	350,000	190,000	0	190,000
Fixed Assets	250,000	275,916	68,343	207,573
Supply Assets	100,000	100,000	70,373	29,627
Total Capital Outlay	<u>1,787,317</u>	<u>1,812,383</u>	<u>639,228</u>	<u>1,173,155</u>
Total Expenditures	<u>1,793,405</u>	<u>1,819,321</u>	<u>645,891</u>	<u>1,173,430</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,168,918)	(1,168,918)	64,057	1,232,975
Cash Balance Beginning of Year	<u>1,326,650</u>	<u>1,326,650</u>	<u>1,326,650</u>	<u>0</u>
Cash Balance End of Year	\$ <u>157,732</u>	\$ <u>157,732</u>	\$ <u>1,390,707</u>	\$ <u>1,232,975</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>64,057</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>64,057</u>	

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

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
 CAPITAL PROJECT FUND-EDUCATION TECHNOLOGY-31900  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Interest Income	\$ 0	\$ 0	\$ 1,856	\$ 1,856
Bond Proceeds	0	0	1,500,000	1,500,000
Total Revenues	<u>0</u>	<u>0</u>	<u>1,501,856</u>	<u>1,501,856</u>
<b>Expenditures</b>				
<b>Debt Service</b>				
Bond Issue Cost	0	0	45,913	(45,913)
Total Debt Service	<u>0</u>	<u>0</u>	<u>45,913</u>	<u>(45,913)</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>45,913</u>	<u>(45,913)</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	1,455,943	1,455,943
Cash Balance Beginning of Year		0	0	0
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,455,943</u>	<u>\$ 1,455,943</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 1,455,943</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 1,455,943</u>	

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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 232,900	\$ 232,900	\$ 223,258	\$ (9,642)
Interest Income	1,400	1,400	1,422	22
Total Revenues	<u>234,300</u>	<u>234,300</u>	<u>224,680</u>	<u>(9,620)</u>
Expenditures				
Support Services-General Administration				
Purchased Services	2,400	2,500	2,233	267
Total Support Services-General Administration	<u>2,400</u>	<u>2,500</u>	<u>2,233</u>	<u>267</u>
Debt Service				
Principal	200,000	200,000	200,000	0
Interest	32,900	32,900	32,900	0
Total Debt Service	<u>232,900</u>	<u>232,900</u>	<u>232,900</u>	<u>0</u>
Total Expenditures	<u>235,300</u>	<u>235,400</u>	<u>235,133</u>	<u>267</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,000)	(1,100)	(10,453)	(9,353)
Cash Balance Beginning of Year	<u>252,553</u>	<u>252,553</u>	<u>252,553</u>	<u>0</u>
Cash Balance End of Year	\$ <u>251,553</u>	\$ <u>251,453</u>	\$ <u>242,100</u>	\$ <u>(9,353)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (10,453)	
Net Change in Deferred Revenue			4,700	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(5,753)</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.

**Title V-Part A Innovative Ed Pro Strategies (24150).** To account for monies received to improve elementary and secondary education for children attending both public and private schools. The fund was created by grant provisions. (PL 103-382).

**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).

**Title I Recovery Act (24201).** To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the American Recovery and Reinvestment Act of 2009. The fund was created by the authority of federal grant provisions.

**IDEA, Part B Entitlement Recovery Act (24206).** 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 American Recovery and Reinvestment Act of 2009. The fund was created by the authority of federal grant provisions.

#### **NONMAJOR SPECIAL REVENUE FUNDS**

**IDEA Preschool Recovery Act (24209).** 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 American Recovery and Reinvestment Act of 2009. The fund was created by the authority of federal grant provisions.

**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).

**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.

**State Fiscal Stabilization Program Fund (25250).** The objectives of this grant are to support and restore funding for elementary and secondary education, to avoid reductions in budgets for education and other essential services in exchange for a commitment to advance essential education reforms. The fund was created by grant provisions.

**2008 GO Library Bonds (27105).** To account for revenues and expenditures from a state grant to provide for public school libraries. Funding provided by the State of New Mexico.

**Technology for Education (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 Mentoring Program (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.

**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.

#### **NONMAJOR CAPITAL PROJECTS**

**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.

#### **NONMAJOR DEBT SERVICE**

**Education Technology (43000).** 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.



STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2010

	Special Revenue Funds		
	Food Service 21000	Athletics 22000	Title I 24101
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 53,131	\$ 7,513	\$ 0
Inventory	3,067	0	0
Due from Grantor	0	0	0
<b>Total Assets</b>	<b>\$ 56,198</b>	<b>\$ 7,513</b>	<b>\$ 0</b>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	0
Deferred Revenue	0	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
Fund Balance			
Reserved for			
Inventory	3,067	0	0
Special Revenue Funds	53,131	7,513	0
Debt Service	0	0	0
Unreserved, Undesignated			
Capital Projects	0	0	0
<b>Total Fund Balance</b>	<b>56,198</b>	<b>7,513</b>	<b>0</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 56,198</b>	<b>\$ 7,513</b>	<b>\$ 0</b>

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, 2010

	Special Revenue Funds		
	IDEA, Part B Entitlement 24106	IDEA Preschool 24109	Fresh Fruit & Vegetables 24118
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Inventory	0	0	0
Due from Grantor	0	0	0
<b>Total Assets</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	0
Deferred Revenue	0	0	0
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	0	0	0
Debt Service	0	0	0
Unreserved, Undesignated			
Capital Projects	0	0	0
<b>Total Fund Balance</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities and Fund Balance</b>	<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 FUNDS  
Combining Balance Sheet  
June 30, 2010

	Special Revenue Funds		
	Title V 24150	Teacher Principal Training 24154	Title I Recovery Act 24201
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Inventory	0	0	0
Due from Grantor	0	0	0
<b>Total Assets</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	0
Deferred Revenue	0	0	0
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	0	0	0
Debt Service	0	0	0
Unreserved, Undesignated			
Capital Projects	0	0	0
<b>Total Fund Balance</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities and Fund Balance</b>	<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 FUNDS  
Combining Balance Sheet  
June 30, 2010

	Special Revenue Funds		
	IDEA Part B Entitlement Recovery Act 24206	IDEA Preschool Recovery Act 24209	Title XIX Medicaid 25153
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 18,026
Inventory	0	0	0
Due from Grantor	0	0	0
<b>Total Assets</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,026</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	0
Deferred Revenue	0	0	0
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	0	0	18,026
Debt Service	0	0	0
Unreserved, Undesignated			
Capital Projects	0	0	0
<b>Total Fund Balance</b>	<u>0</u>	<u>0</u>	<u>18,026</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,026</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, 2010

	Special Revenue Funds		
	Rural Education Achievement Program 25233	State Fiscal Stabilization Program Fund 25250	2008 GO Library Bonds 27105
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 5,511	\$ 0
Inventory	0	0	0
Due from Grantor	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 5,511</u>	<u>\$ 0</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	0
Deferred Revenue	0	5,511	0
Total Liabilities	<u>0</u>	<u>5,511</u>	<u>0</u>
Fund Balance			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	0	0	0
Debt Service	0	0	0
Unreserved, Undesignated			
Capital Projects	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 5,511</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, 2010

	Special Revenue Funds		
	Education for Technology 27117	Incentives For School Improvement 27138	Beginning Teacher Mentoring Program 27154
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 209	\$ 2	\$ 159
Inventory	0	0	0
Due from Grantor	0	0	0
<b>Total Assets</b>	<b>\$ 209</b>	<b>\$ 2</b>	<b>\$ 159</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	0
Deferred Revenue	0	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balance</b>			
Reserved for			
Inventory	0	0	0
Special Revenue Funds	209	2	159
Debt Service	0	0	0
Unreserved, Undesignated			
Capital Projects	0	0	0
<b>Total Fund Balance</b>	<b>209</b>	<b>2</b>	<b>159</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 209</b>	<b>\$ 2</b>	<b>\$ 159</b>

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, 2010

	Special Revenue Funds		Capital Projects
	State Directed Activities	School Library Materials	Special Capital Outlay State
	27200	27549	31400
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Inventory	0	0	0
Due from Grantor	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balance	0	0	0
Deferred Revenue	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance</b>			
<b>Reserved for</b>			
Inventory	0	0	0
Special Revenue Funds	0	0	0
Debt Service	0	0	0
<b>Unreserved, Undesignated</b>			
Capital Projects	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>\$ 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, 2010

	<u>Debt Service</u>	
	Education Technology 43000	<u>Total</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,538	\$ 87,089
Inventory	0	3,067
Due from Grantor	0	0
<b>Total Assets</b>	<u>\$ 2,538</u>	<u>\$ 90,156</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts Payable	\$ 0	\$ 0
Interfund Balance	0	0
Deferred Revenue	0	5,511
<b>Total Liabilities</b>	<u>0</u>	<u>5,511</u>
Fund Balance		
Reserved for		
Inventory	0	3,067
Special Revenue Funds	0	79,040
Debt Service	2,538	2,538
Unreserved, Undesignated		
Capital Projects	0	0
<b>Total Fund Balance</b>	<u>2,538</u>	<u>84,645</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 2,538</u>	<u>\$ 90,156</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, 2010

	Special Revenue Funds		
	Food Service 21000	Athletics 22000	Title I 24101
<b>Revenues</b>			
Interest Income	\$ 486	\$ 106	\$ 0
Fees	69,756	24,314	0
Federal Grants	180,064	0	78,983
State & Local Grants	0	0	0
Miscellaneous	606	62	0
Total Revenues	<u>250,912</u>	<u>24,482</u>	<u>78,983</u>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	0	22,961	78,983
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
Central Services	0	0	0
Operation & Maintenance of Plant	0	0	0
Food Services Operations	229,854	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>229,854</u>	<u>22,961</u>	<u>78,983</u>
Excess (Deficiency) of Revenues Over Expenditures	21,058	1,521	0
Fund Balances at Beginning of Year	<u>35,140</u>	<u>5,992</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 56,198</u>	<u>\$ 7,513</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, 2010

	Special Revenue Funds		
	IDEA, Part B Entitlement 24106	IDEA Preschool 24109	Fresh Fruit & Vegetables 24118
<b>Revenues</b>			
Interest Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
Federal Grants	128,978	3,769	0
State & Local Grants	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>128,978</u>	<u>3,769</u>	<u>0</u>
<b>Expenditures</b>			
Current			
Instruction	106,616	3,769	0
Support Services-Students	16,369	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Support Services-School Administration	5,993	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	0	0	0
Food Services Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>128,978</u>	<u>3,769</u>	<u>0</u>
Excess (Deficiency) of Revenues 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, 2010

	Special Revenue Funds		
	Title V 24150	Teacher Principal Training 24154	Title I Recovery Act 24201
Revenues			
Interest Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
Federal Grants	2,100	12,016	10,720
State & Local Grants	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>2,100</u>	<u>12,016</u>	<u>10,720</u>
Expenditures			
Current			
Instruction	0	7,905	10,720
Support Services-Students	0	0	0
Support Services-Instruction	2,100	150	0
Support Services-General Administration	0	1,944	0
Support Services-School Administration	0	1,453	0
Central Services	0	564	0
Operation & Maintenance of Plant	0	0	0
Food Services Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>2,100</u>	<u>12,016</u>	<u>10,720</u>
Excess (Deficiency) of Revenues 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, 2010

	Special Revenue Funds		
	IDEA Part B Entitlement Recovery Act 24206	IDEA Preschool Recovery Act 24209	Title XIX Medicaid 25153
<b>Revenues</b>			
Interest Income	\$ 0	\$ 0	\$ 0
Fees	0	0	27,000
Federal Grants	60,775	505	0
State & Local Grants	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>60,775</u>	<u>505</u>	<u>27,000</u>
<b>Expenditures</b>			
Current			
Instruction	0	505	0
Support Services-Students	60,775	0	11,996
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	0	0	0
Food Services Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>60,775</u>	<u>505</u>	<u>11,996</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	15,004
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>3,022</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,026</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, 2010

	Special Revenue Funds		
	Rural Education Achievement Program 25233	State Fiscal Stabilization Program Fund 25250	2008 GO Library Bonds 27105
Revenues			
Interest Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
Federal Grants	20,311	360,673	0
State & Local Grants	0	0	4,374
Miscellaneous	0	0	0
Total Revenues	<u>20,311</u>	<u>360,673</u>	<u>4,374</u>
Expenditures			
Current			
Instruction	0	304,576	0
Support Services-Students	0	0	0
Support Services-Instruction	20,311	39,205	4,374
Support Services-General Administration	0	7,602	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	0	9,290	0
Food Services Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>20,311</u>	<u>360,673</u>	<u>4,374</u>
Excess (Deficiency) of Revenues 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, 2010

	Special Revenue Funds		
	Education for Technology 27117	Incentives For School Improvement 27138	Beginning Teacher Mentoring Program 27154
<b>Revenues</b>			
Interest Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
Federal Grants	0	0	0
State & Local Grants	3,436	0	0
Miscellaneous	0	0	0
Total Revenues	<u>3,436</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>			
Current			
Instruction	0	0	0
Support Services-Students	0	0	0
Support Services-Instruction	4,795	0	0
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	3,951	0	0
Food Services Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>8,746</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,310)	0	0
Fund Balances at Beginning of Year	<u>5,519</u>	<u>2</u>	<u>159</u>
Fund Balance End of Year	<u>\$ 209</u>	<u>\$ 2</u>	<u>\$ 159</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, 2010

	Special Revenue Funds		Capital Projects
	State Directed Activities 27200	School Library Materials 27549	Special Capital Outlay State 31400
Revenues			
Interest Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
Federal Grants	15,847	0	0
State & Local Grants	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>15,847</u>	<u>0</u>	<u>0</u>
Expenditures			
Current			
Instruction	13,597	0	0
Support Services-Students	0	0	0
Support Services-Instruction	2,250	1,517	0
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	0	0	0
Food Services Operations	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>15,847</u>	<u>1,517</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(1,517)	0
Fund Balances at Beginning of Year	<u>0</u>	<u>1,517</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, 2010

	<u>Debt Service</u>	
	Education Technology 43000	<u>Total</u>
Revenues		
Interest Income	\$ 2,538	\$ 3,130
Fees	0	121,070
Federal Grants	0	874,741
State & Local Grants	0	7,810
Miscellaneous	0	668
Total Revenues	<u>2,538</u>	<u>1,007,419</u>
Expenditures		
Current		
Instruction	0	549,632
Support Services-Students	0	89,140
Support Services-Instruction	0	74,702
Support Services-General Administration	0	9,546
Support Services-School Administration	0	7,446
Central Services	0	564
Operation & Maintenance of Plant	0	13,241
Food Services Operations	0	229,854
Capital Outlay	0	0
Total Expenditures	<u>0</u>	<u>974,125</u>
Excess (Deficiency) of Revenues Over Expenditures	2,538	33,294
Fund Balances at Beginning of Year	<u>0</u>	<u>51,351</u>
Fund Balance End of Year	<u>\$ 2,538</u>	<u>\$ 84,645</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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Interest Income	\$ 175	\$ 175	\$ 486	\$ 311
Fees	32,925	32,925	69,756	36,831
Federal Grant	139,000	139,000	170,646	31,646
Miscellaneous	10,737	10,737	0	(10,737)
Total Revenues	<u>182,837</u>	<u>182,837</u>	<u>240,888</u>	<u>58,051</u>
<b>Expenditures</b>				
<b>Food Service Operations</b>				
Personnel Services	1,000	1,000	1,000	0
Employee Benefits	953	953	806	147
Professional & Tech Services	225,430	225,250	218,096	7,154
Other Purchased Services	500	680	118	562
Supplies	500	500	433	67
Total Food Service Operations	<u>228,383</u>	<u>228,383</u>	<u>220,453</u>	<u>7,930</u>
Total Expenditures	<u>228,383</u>	<u>228,383</u>	<u>220,453</u>	<u>7,930</u>
Excess (Deficiency) of Revenues Over Expenditures	(45,546)	(45,546)	20,435	65,981
Cash Balance Beginning of Year	<u>32,695</u>	<u>32,695</u>	<u>32,695</u>	<u>0</u>
Cash Balance End of Year	<u>\$ (12,851)</u>	<u>\$ (12,851)</u>	<u>\$ 53,130</u>	<u>\$ 65,981</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 20,435	
Net change in Inventory			<u>623</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 21,058</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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Interest Income	\$ 31	\$ 31	\$ 106	\$ 75
Fees	25,180	25,180	24,314	(866)
Miscellaneous	0	0	62	62
Total Revenues	<u>25,211</u>	<u>25,211</u>	<u>24,482</u>	<u>(729)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	250	250	130	120
Employee Benefits	50	50	27	23
Professional & Tech Services	2,000	2,000	1,420	580
Other Purchased Services	26,605	26,605	20,471	6,134
Supplies	1,250	1,250	913	337
Total Instruction	<u>30,155</u>	<u>30,155</u>	<u>22,961</u>	<u>7,194</u>
Total Expenditures	<u>30,155</u>	<u>30,155</u>	<u>22,961</u>	<u>7,194</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,944)	(4,944)	1,521	6,465
Cash Balance Beginning of Year	<u>5,992</u>	<u>5,992</u>	<u>5,992</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,048</u>	<u>\$ 1,048</u>	<u>\$ 7,513</u>	<u>\$ 6,465</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 1,521</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 1,521</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 I-24101  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 103,088	\$ 97,138	\$ 78,983	\$ (18,155)
Total Revenues	<u>103,088</u>	<u>97,138</u>	<u>78,983</u>	<u>(18,155)</u>
Expenditures				
Instruction				
Personnel Services	70,941	64,321	55,827	8,494
Employee Benefits	<u>27,423</u>	<u>28,093</u>	<u>23,156</u>	<u>4,937</u>
Total Instruction	<u>98,364</u>	<u>92,414</u>	<u>78,983</u>	<u>13,431</u>
Total Expenditures	<u>98,364</u>	<u>92,414</u>	<u>78,983</u>	<u>13,431</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,724</u>	<u>4,724</u>	<u>0</u>	<u>(4,724)</u>
Other Financing Sources (Uses)				
Transfer In/(Out)	<u>0</u>	<u>0</u>	<u>4,724</u>	<u>4,724</u>
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>4,724</u>	<u>4,724</u>
Net Change in Cash Balance	4,724	4,724	4,724	0
Cash Balance Beginning of Year	<u>(4,724)</u>	<u>(4,724)</u>	<u>(4,724)</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			\$ 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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 131,722	\$ 130,208	\$ 128,978	\$ (1,230)
Total Revenues	<u>131,722</u>	<u>130,208</u>	<u>128,978</u>	<u>(1,230)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	70,339	68,625	67,372	1,253
Employee Benefits	42,303	42,503	38,498	4,005
Professional & Tech Services	3,000	3,000	0	3,000
Supplies	5,000	5,000	746	4,254
Total Instruction	<u>120,642</u>	<u>119,128</u>	<u>106,616</u>	<u>12,512</u>
<b>Support Services-Students</b>				
Professional & Tech Services	18,000	18,000	16,369	1,631
Total Support Services-Students	<u>18,000</u>	<u>18,000</u>	<u>16,369</u>	<u>1,631</u>
<b>Support Services-School Administration</b>				
Personnel Services	5,000	5,000	5,000	0
Employee Benefits	6,080	6,080	993	5,087
Total Support Services-School Administration	<u>11,080</u>	<u>11,080</u>	<u>5,993</u>	<u>5,087</u>
Total Expenditures	<u>131,722</u>	<u>130,208</u>	<u>128,978</u>	<u>17,599</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	0	0	0	0
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			<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 PRESCHOOL-24109  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 3,491	\$ 4,055	\$ 3,769	\$ (286)
Total Revenues	<u>3,491</u>	<u>4,055</u>	<u>3,769</u>	<u>(286)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	2,294	1,894	1,894	0
Employee Benefits	1,197	1,212	1,069	143
Professional & Tech Services	<u>0</u>	<u>949</u>	<u>806</u>	<u>143</u>
Total Instruction	<u>3,491</u>	<u>4,055</u>	<u>3,769</u>	<u>286</u>
Total Expenditures	<u>3,491</u>	<u>4,055</u>	<u>3,769</u>	<u>286</u>
Excess (Deficiency) of Revenues 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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 842	\$ 842	\$ 0	\$ (842)
Total Revenues	<u>842</u>	<u>842</u>	<u>0</u>	<u>(842)</u>
Expenditures				
Food Service Operations				
Supplies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Food Service Operations	<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 Over Expenditures	<u>842</u>	<u>842</u>	<u>0</u>	<u>(842)</u>
Other Financing Sources (Uses)				
Transfer In/(Out)	<u>0</u>	<u>0</u>	<u>842</u>	<u>842</u>
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>842</u>	<u>842</u>
Net Change in Cash Balance	842	842	842	0
Cash Balance Beginning of Year	<u>(842)</u>	<u>(842)</u>	<u>(842)</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			\$ 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-TITLE V-24150  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 2,472	\$ 2,100	\$ (372)
Total Revenues	<u>0</u>	<u>2,472</u>	<u>2,100</u>	<u>(372)</u>
Expenditures				
Support Service-Instruction				
Supplies	0	2,472	2,100	372
Total Support Service-Instruction	<u>0</u>	<u>2,472</u>	<u>2,100</u>	<u>372</u>
Total Expenditures	<u>0</u>	<u>2,472</u>	<u>2,100</u>	<u>372</u>
Excess (Deficiency) of Revenues 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			\$ 0	
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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 25,359	\$ 52,549	\$ 14,335	\$ (38,214)
Total Revenues	<u>25,359</u>	<u>52,549</u>	<u>14,335</u>	<u>(38,214)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	3,000	3,000	2,022	978
Employee Benefits	1,103	1,103	165	938
Professional & Tech Services	3,612	9,612	4,452	5,160
Other Purchased Supplies	7,000	12,000	1,265	10,735
Total Instruction	<u>14,715</u>	<u>25,715</u>	<u>7,904</u>	<u>17,811</u>
<b>Support Services-Instruction</b>				
Other Purchased Supplies	1,000	3,190	150	3,040
Total Support Services-Instruction	<u>1,000</u>	<u>3,190</u>	<u>150</u>	<u>3,040</u>
<b>Support Services-General Administration</b>				
Professional & Tech Services	1,000	3,600	600	3,000
Other Purchased Supplies	1,000	4,400	1,345	3,055
Total Support Services-General Administration	<u>2,000</u>	<u>8,000</u>	<u>1,945</u>	<u>6,055</u>
<b>Support Services-School Administration</b>				
Other Purchased Supplies	3,825	6,825	1,453	5,372
Total Support Services-School Administration	<u>3,825</u>	<u>6,825</u>	<u>1,453</u>	<u>5,372</u>
<b>Central Services</b>				
Professional & Tech Services	1,000	1,000	200	800
Other Purchased Supplies	500	5,500	364	5,136
Total Central Services	<u>1,500</u>	<u>6,500</u>	<u>564</u>	<u>5,936</u>
Total Expenditures	<u>23,040</u>	<u>50,230</u>	<u>12,016</u>	<u>38,214</u>
Excess (Deficiency) of Revenues Over Expenditures	2,319	2,319	2,319	0
Cash Balance Beginning of Year	<u>(2,319)</u>	<u>(2,319)</u>	<u>(2,319)</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			\$ 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-TITLE I RECOVERY ACT-24201  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 24,390	\$ 43,390	\$ 10,720	\$ (32,670)
Total Revenues	<u>24,390</u>	<u>43,390</u>	<u>10,720</u>	<u>(32,670)</u>
Expenditures				
Instruction				
Professional & Tech Services	24,390	24,390	8,000	16,390
Supplies	0	19,000	2,720	16,280
Total Instruction	<u>24,390</u>	<u>43,390</u>	<u>10,720</u>	<u>32,670</u>
Total Expenditures	<u>24,390</u>	<u>43,390</u>	<u>10,720</u>	<u>32,670</u>
Excess (Deficiency) of Revenues 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			\$ 0	
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 RECOVERY ACT-24206  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 60,777	\$ 60,775	\$ (2)
Total Revenues	<u>0</u>	<u>60,777</u>	<u>60,775</u>	<u>(2)</u>
Expenditures				
Support Services-Students				
Professional & Tech Services	0	60,777	60,775	2
Total Support Services- Students	<u>0</u>	<u>60,777</u>	<u>60,775</u>	<u>2</u>
Total Expenditures	<u>0</u>	<u>60,777</u>	<u>60,775</u>	<u>2</u>
Excess (Deficiency) of Revenues 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			\$ 0	
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 PRESCHOOL RECOVERY ACT-24209  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 2,541	\$ 2,299	\$ 505	\$ (1,794)
Total Revenues	<u>2,541</u>	<u>2,299</u>	<u>505</u>	<u>(1,794)</u>
Expenditures				
Instruction				
Supply Assets	2,541	2,299	505	1,794
Total Instruction	<u>2,541</u>	<u>2,299</u>	<u>505</u>	<u>1,794</u>
Total Expenditures	<u>2,541</u>	<u>2,299</u>	<u>505</u>	<u>1,794</u>
Excess (Deficiency) of Revenues 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			\$ 0	
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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 0	\$ 17,000	\$ 27,000	\$ 10,000
Total Revenues	<u>0</u>	<u>17,000</u>	<u>27,000</u>	<u>10,000</u>
<b>Expenditures</b>				
<b>Support Services-Students</b>				
Personnel Services	0	9,900	9,900	0
Employee Benefits	<u>0</u>	<u>2,122</u>	<u>2,096</u>	<u>26</u>
Total Support Services- Students	<u>0</u>	<u>12,022</u>	<u>11,996</u>	<u>26</u>
Total Expenditures	<u>0</u>	<u>12,022</u>	<u>11,996</u>	<u>26</u>
Excess (Deficiency) of Revenues Over Expenditures	0	4,978	15,004	10,026
Cash Balance Beginning of Year	<u>3,022</u>	<u>3,022</u>	<u>3,022</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 3,022</u>	<u>\$ 8,000</u>	<u>\$ 18,026</u>	<u>\$ 10,026</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>15,004</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>15,004</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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 25,065	\$ 20,311	\$ (4,754)
Total Revenues	<u>0</u>	<u>25,065</u>	<u>20,311</u>	<u>(4,754)</u>
Expenditures				
Support Services-Instruction				
Fixed Assets	<u>0</u>	<u>20,605</u>	<u>20,311</u>	<u>294</u>
Total Support Services- Instruction	<u>0</u>	<u>20,605</u>	<u>20,311</u>	<u>294</u>
Total Expenditures	<u>0</u>	<u>20,605</u>	<u>20,311</u>	<u>294</u>
Excess (Deficiency) of Revenues Over Expenditures	0	4,460	0	(4,460)
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>\$ 4,460</u>	<u>\$ 0</u>	<u>\$ (4,460)</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 FISCAL STABILIZATION FUND-25250  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 268,093	\$ 366,184	\$ 366,184	\$ 0
Total Revenues	<u>268,093</u>	<u>366,184</u>	<u>366,184</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	30,000	222,807	222,002	805
Employee Benefits	5,975	66,237	65,920	317
Professional & Tech Services	40,000	5,000	1,400	3,600
Other Purchased Supplies	81,618	15,901	15,254	647
Total Instruction	<u>157,593</u>	<u>309,945</u>	<u>304,576</u>	<u>5,369</u>
<b>Support Services-Instruction</b>				
Professional & Tech Services	57,000	37,484	37,484	0
Supplies	39,000	1,722	1,721	1
Total Support Services-Instruction	<u>96,000</u>	<u>39,206</u>	<u>39,205</u>	<u>1</u>
<b>Support Services-General Administration</b>				
Personnel Services	0	5,705	5,704	1
Employee Benefits	0	1,902	1,898	4
Total Support Services-General Administration	<u>0</u>	<u>7,607</u>	<u>7,602</u>	<u>5</u>
<b>Operation &amp; Maintenance of Plant</b>				
Personnel Services	0	3,914	3,814	100
Employee Benefits	0	1,506	1,470	36
Purchased Property Services	14,500	4,006	4,006	0
Total Operation & Maintenance of Plant	<u>14,500</u>	<u>9,426</u>	<u>9,290</u>	<u>136</u>
Total Expenditures	<u>268,093</u>	<u>366,184</u>	<u>360,673</u>	<u>5,511</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	5,511	5,511
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>\$ 5,511</u>	<u>\$ 5,511</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 5,511</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 5,511</u>	

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

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-2008 LIBRARY GO BONDS-27105  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 0	\$ 9,761	\$ 4,374	\$ (5,387)
Total Revenues	<u>0</u>	<u>9,761</u>	<u>4,374</u>	<u>(5,387)</u>
<b>Expenditures</b>				
<b>Support Services-Instruction</b>				
Supplies	0	6,761	4,270	2,491
Fixed Assets	<u>0</u>	<u>3,000</u>	<u>104</u>	<u>2,896</u>
Total Support Services-Instruction	<u>0</u>	<u>9,761</u>	<u>4,374</u>	<u>5,387</u>
Total Expenditures	<u>0</u>	<u>9,761</u>	<u>4,374</u>	<u>5,387</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	5,387
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>\$ 5,387</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-EDUCATION FOR TECHNOLOGY-27117  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 336	\$ 3,569	\$ 3,436	\$ (133)
Total Revenues	<u>336</u>	<u>3,569</u>	<u>3,436</u>	<u>(133)</u>
Expenditures				
Support Services-Instruction				
Supplies	<u>3,128</u>	<u>5,097</u>	<u>4,795</u>	<u>302</u>
Total Support Services-Instruction	<u>3,128</u>	<u>5,097</u>	<u>4,795</u>	<u>302</u>
Operation & Maintenance of Plant				
Other Purchased Services	<u>2,727</u>	<u>3,991</u>	<u>3,951</u>	<u>40</u>
Total Operation & Maintenance of Plant	<u>2,727</u>	<u>3,991</u>	<u>3,951</u>	<u>40</u>
Total Expenditures	<u>5,855</u>	<u>9,088</u>	<u>8,746</u>	<u>342</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,519)	(5,519)	(5,310)	342
Cash Balance Beginning of Year	<u>5,519</u>	<u>5,519</u>	<u>5,519</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 209</u>	<u>\$ 342</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (5,310)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (5,310)</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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	0	0	0	0
Supply Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
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>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>2</u>	<u>2</u>	<u>2</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
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-BEGINNING TEACHER MENTORING PROGRAM-27154  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- 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>
Excess (Deficiency) of Revenues 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			\$ 0	
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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 0	\$ 18,000	\$ 15,847	\$ (2,153)
Total Revenues	<u>0</u>	<u>18,000</u>	<u>15,847</u>	<u>(2,153)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	0	9,040	9,040	0
Property	0	4,960	4,557	403
Total Instruction	<u>0</u>	<u>14,000</u>	<u>13,597</u>	<u>403</u>
<b>Support Services-Instruction</b>				
Supplies	0	4,000	2,250	1,750
Total Support Services-Instruction	<u>0</u>	<u>4,000</u>	<u>2,250</u>	<u>1,750</u>
Total Expenditures	<u>0</u>	<u>18,000</u>	<u>15,847</u>	<u>2,153</u>
Excess (Deficiency) of Revenues 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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Support Services-Instruction				
Supplies	1,517	1,517	1,517	0
Total Support Services-Instruction	<u>1,517</u>	<u>1,517</u>	<u>1,517</u>	<u>0</u>
Total Expenditures	<u>1,517</u>	<u>1,517</u>	<u>1,517</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,517)	(1,517)	(1,517)	0
Cash Balance Beginning of Year	<u>1,517</u>	<u>1,517</u>	<u>1,517</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			\$ (1,517)	
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**  
 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, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 398,988	\$ 412,562	\$ 189,198	\$ (223,364)
Total Revenues	<u>398,988</u>	<u>412,562</u>	<u>189,198</u>	<u>(223,364)</u>
Expenditures				
Capital Outlay				
Building Improvements	0	0	0	0
Land Improvements	0	0	0	0
Property	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Outlay	<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 Over Expenditures	398,988	412,562	189,198	(223,364)
Cash Balance Beginning of Year	<u>(189,198)</u>	<u>(189,198)</u>	<u>(189,198)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 209,790</u>	<u>\$ 223,364</u>	<u>\$ 0</u>	<u>\$ (223,364)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 189,198	
Net change in Due from Grantor			<u>(189,198)</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**  
DEBT SERVICE FUND-EDUCATION TECHNOLOGY-43000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 0	\$ 0	\$ 2,538	\$ 2,538
Total Revenues	<u>0</u>	<u>0</u>	<u>2,538</u>	<u>2,538</u>
Expenditures				
Debt Service				
Principal	0	0	0	0
Interest	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Service	<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 Over Expenditures	0	0	2,538	2,538
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>\$ 2,538</u>	<u>\$ 2,538</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>2,538</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u><u>2,538</u></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, 2010

	Beginning Balance 6/30/09	Additions	Deletions	Ending Balance 6/30/10
<b>ASSETS</b>				
Administration	\$ 19,778	\$ 7,333	\$ 4,110	\$ 23,001
Elementary	9,525	21,774	16,811	14,488
Middle School	4,314	6,649	7,483	3,480
High School	53,140	87,446	83,031	57,555
Total Assets	<u>\$ 86,757</u>	<u>\$ 123,202</u>	<u>\$ 111,435</u>	<u>\$ 98,524</u>
<b>LIABILITIES</b>				
Deposits Held for Others	<u>\$ 86,757</u>	<u>\$ 123,202</u>	<u>\$ 111,435</u>	<u>\$ 98,524</u>
Total Liabilities	<u>\$ 86,757</u>	<u>\$ 123,202</u>	<u>\$ 111,435</u>	<u>\$ 98,524</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, 2010

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		Beginning Cash Balance	Revenue	Expenditures	Ending Cash Balance
Operational	11000	\$ 665,736	\$ 3,828,880	\$ 3,897,502	\$ 597,114
Transportation	13000	7,999	281,220	280,788	8,431
Instructional Materials	14000	16,290	21,833	5,999	32,124
Food Service	21000	32,695	240,888	220,453	53,130
Athletics	22000	5,992	24,482	22,961	7,513
Federal Flowthrough	24000	(7,886)	305,732	297,846	0
Federal Direct	25000	3,022	413,495	392,980	23,537
State Flowthrough	27000	7,197	23,658	30,485	370
Special Capital Outlay-State	31400	(189,198)	189,198	0	0
Senate Bill Nine	31700	1,326,650	709,948	645,891	1,390,707
	31900	0	1,501,856	45,913	1,455,943
Debt Service	41000	252,553	224,680	235,133	242,100
	43000	0	2,538	0	2,538
Agency Funds	Activities	86,757	123,202	111,435	98,524
Total		<u>\$ 2,207,807</u>	<u>\$ 7,891,610</u>	<u>\$ 6,187,386</u>	<u>\$ 3,912,031</u>

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

## FEDERAL COMPLIANCE

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2010

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
<u>U. S. Department of Agriculture</u>			
Pass-through State Public Education Department			
Child Nutrition Cluster			
USDA National School Lunch Program	10.555	21000	\$ 121,182
USDA School Breakfast Program	10.553	21000	48,858
Total Child Nutrition Cluster			<u>170,040</u>
Pass-through State Department of Human Services			
USDA Commodities Program	10.550	21000	(1) 10,024
Direct Program			
Forest Reserve	10.670	11000	48,136
Total U. S. Department of Agriculture			<u>\$ 228,200</u>
<u>U. S. Department of Education</u>			
Special Education Cluster			
Pass-through Region 9 Education Cooperative			
IDEA B	84.027	24106/27200	\$ 144,825
IDEA Preschool	84.173	24109	3,769
Pass-through State Public Education Department			
IDEA B Recovery Act	84.391	24206	60,775
IDEA Preschool Recovery Act	84.392	24209	505
Total Special Education Cluster			<u>209,874</u>
Title I	84.010	24101	78,983
Title I Recovery Act	84.318	24149	10,720
Title II	84.367A	24154	12,016
Title V	84.298	24150	2,100
Education Stabilization Fund	84.394	25250	360,673
Direct Program			
Rural Education Achievement Program	84.358A	25233	20,311
Total U. S. Department of Education			<u>\$ 694,677</u>
Total Federal Assistance			<u>\$ 922,877</u>

(1) Non-cash assistance

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**

Notes to the Schedule of Expenditures of Federal Awards  
June 30, 2010

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**Note 1: Significant Accounting Policies used in preparing the Schedule of Expenditure of Federal Awards**

The modified accrual basis was used to prepare the Schedule of Expenditures of Federal Awards

**Note 2: Insurance Requirements**

There are no insurance requirements on the federal awards disclosed on the Schedule of Expenditures of Federal Awards

**Note 3: Loans or Loan Guarantees**

There were no loans or loan guarantees outstanding at year end.

De'Aun Willoughby CPA, PC

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Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed  
In Accordance with *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, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparisons presented as supplemental information of CAPITAN MUNICIPAL SCHOOL , (District), as of and for the year ended June 30, 2010, and have issued our report thereon dated November 8, 2010. 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 the auditing procedures for the purpose of expressing 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses listed as 10-1, 10-2, 10-3 and 10-4.

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 it's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's responses to the findings identified in our audit as described in the accompanying schedule of findings and questioned cost. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the administration, the board members, the Public Education Department, the Office of the State Auditor, the New Mexico State Legislature and federal grantors and is not intended to be and should not be used by anyone other than these specified parties.

*De'Ann Willoughby, CPA PC*

November 8, 2010

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

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Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control  
Over Compliance in Accordance With OMB Circular A-133

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

Compliance

We have audited CAPITAN MUNICIPAL SCHOOLS (District) compliance with the types of compliance requirements described in the OMB A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.



### Internal Control Over Compliance

Management of the District, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the administration, the board members, the Public Education Department, the Office of the State Auditor, the New Mexico State Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*De'Ann Willoughby CPA PC*

November 8, 2010

STATE OF NEW MEXICO  
**CAPITAN MUNICIPAL SCHOOLS**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2010

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**A. SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting

- \* Significant deficiencies \_\_ yes X no
- \* Significant deficiencies(s) identified that are not considered to be material weaknesses? \_\_ yes X none reported
- Noncompliance material to financial statements noted? \_\_ yes X no

Federal Awards

Internal control over major programs:

- \* Significant deficiencies \_\_ yes X no
- \* Significant deficiencies(s) identified that are not considered to be material weaknesses? \_\_ yes X none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 \_\_ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
	Special Education Cluster
84.027	IDEA B Entitlement
84.391	IDEA B Recovery Act
84.173	IDEA Preschool
84.392	IDEA Preschool Recovery Act
84.394	State Fiscal Stabilization Fund Program

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low risk Auditee \_\_ yes X no

**Prior Year Audit Findings**

There were no previous year audit findings.

**Current Year Audit Findings**

**10-1 ERB Reporting**

Condition

Field work revealed that one of the twelve Education Retirement Board reports were not submitted timely. Said report was postmarked on September 17, 2009, 2 days after the daedline.

Criteria

82.9.8(C)(1), NMAC provides that all "[r]eports and contributions shall be postmarked no later than the fifteenth (15th) of the month following the end of the month covered by the report. When the fifteenth (15th) of the month is on a Saturday, reports and contributions are due the previous day. If the fifteenth (15th) of the month falls on a Sunday or holiday, report and contributions are due on the next workday."

Effect

Failure to timely submit required reports can subject the District to late penalties.

Cause

The Payroll Clerk responsible for submitting the reports was on vacation during the reporting period and sufficient arrangements were not made to ensure that the report was filed during her absence.

Recommendation

The District should implement proper procedures to ensure that all reports are timely filed, including contingencies for employee vacations, sick days, and unplanned leaves of absence. Should an event occur where the primary party responsible for filing the report is out of the office on or around the filing date, that party should prepare the report before leaving the office, or pass that duty along to another.

Response

The District will monitor filing dates and vacation time of the Payroll Clerk, if the clerk is out of the office arrangements will be made for the Business Manager to file reports.

**10-2 Budget**

Condition

The District has maintained expenditures at the function level in which actual expenditures exceeded budgetary authority in the following funds:

	<u>Amount</u>
CAPITAL PROJECT FUND-ED TECH-31900	
Support Services-General Administration	
Professional & Tech Services	(45,913)

Criteria

Sound financial management and state regulation (6.20.2.9(A), NMAC) and state statutes (§§ 22-8-5 - 12.2, NMSA 1978), require that budgets not be exceeded at the legal level of control. A School District's expenditure function is deemed to be the legal level of control.

Effect

As a result, the District has failed to comply with New Mexico law, and the control established by the use of budgets has been compromised. Continued over-expenditure of budgeted balances may result in unnecessary usage of operating funds to absorb over-expenditures.

Cause

The District failed to make the appropriate budgetary adjustment requests and transfers to the above listed funds, which would alleviate over-expenditure within the functions prior to the year end.

Recommendation

The District must establish a policy of budgetary review at year-end, and make the necessary budget adjustments.

Response

The District received Ed Tech Note funds in May of 2010, the bonding company paid all expenses from the proceeds, the remaining funds were then wired to the District, money was receipted and carried over into cash balance to be budgeted in the 2010-2011 school year. In the future the District will ensure that all expenses associated with the bond, and paid by the bonding company, are appropriately posted.

**10-3 Cash Appropriations in Excess of Available Cash Balances**

Condition

The District maintained a deficit budget in excess of available cash balance in the Food Service Fund (21000) of \$(12,851).

Criteria

Section 2.2.210. (P) (1), NMAC, requires all school district funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the PED for approval. Cash balances re-budgeted to make up the deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

Effect

The District will be required to supplement this budget deficit in this fund with cash reserves from other funds. This supplement may lead to financial difficulties and deplete the budget in other funds.

Cause

The District lacks a proper procedure to ensure that sufficient beginning cash balances exist to absorb budget deficits later in the fiscal year.

Recommendation

The District should review the budget for future years to insure that all funds have adequate budget authority for budgeted expenditures. Greater attention should be given to the budget monitoring process and the end of the year cash balance estimates.

Response

The District has implemented a policy whereby they will review and compare the June 30th reconciled cash balances in each fund to ensure that budgeted cash balances are sufficient for the fund's purposes. If this review reveals a that there is not sufficient cash to balance the budget, budget amendments will be made.

**10-4 Use of Incorrect Pledged Collateral**

Condition

The audit revealed that City Bank has pledged collateral to the District that includes bonds from Texas entities.

Criteria

Section 6-10-16 -16.1, NMSA 1978 limits the type of securities a district may accept as collateral for deposits of public funds to securities issued by the United States and New Mexico, including surety bonds as provided in Section 6-10-15.

Effect

Texas bonds are a violation of Section 6-10-16 and Section 6-10-16.1 NMSA 1978.

Cause

It appears that the bank used by the District inadvertently pledged Texas bonds.

Recommendation

The District should request that City Bank only use approved securities and monitor its pledged collateral more closely to avoid such situations in the future.

Response

The District will closely monitor pledges to avoid any future violation. City Bank has been notified of this oversight and has committed to use only approved securities in the future.

**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 November 8, 2010 with Shirley Crawford-Superintendent, James Field-Board Member, Nate Dunn-Board Member, Daryl Lindsey-Audit Committee Member, George Schultz-Audit Committee Member, Danny Haynes-Audit Committee Member, Liz Montoya-Payroll Clerk, Frances Traylor-Business Manager and De'Aun Willoughby, CPA.