

STATE OF NEW MEXICO



CAPITAN MUNICIPAL SCHOOLS

Home of the Tigers

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

(This page intentionally left blank.)

INTRODUCTORY SECTION

(This page intentionally left blank.)

ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2015

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Table of Contents		1
Official Roster		5
FINANCIAL SECTION		
Independent Auditor’s Report		9
Management’s Discussion and Analysis		13
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	A-1	20
Statement of Activities	A-2	22
Fund Financial Statements:		
Balance Sheet – Governmental Funds	B-1	24
Reconciliation of the Balance Sheet to the Statement of Net Position		27
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	B-2	28
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		31
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Operational Fund	C-1	33
Transportation Fund	C-2	35
Instructional Materials Fund	C-3	37
Statement of Fiduciary Assets and Liabilities	D	39
Notes to the Financial Statements		41
SUPPLEMENTARY INFORMATION		
Combining and Individual Fund Statements and Schedules:	<u>Statement/ Schedule</u>	
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	78

(This page intentionally left blank.)

STATE OF NEW MEXICO
 Capitan Municipal Schools
 For the Fiscal Year Ended June 30, 2015
 TABLE OF CONTENTS

	<u>Statement/ Schedule</u>	<u>Page</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual:		
Food Service Special Revenue Fund	A-3	85
Athletics Special Revenue Fund	A-4	86
Title I Special Revenue Fund	A-5	87
IDEA-B Entitlement Special Revenue Fund	A-6	88
IDEA-B Autism Special Revenue Fund	A-7	89
IDEA-B Preschool Special Revenue Fund	A-8	90
IDEA B Risk Pool Special Revenue Fund	A-9	91
Teacher/Principal Training & Recruiting Special Revenue Fund	A-10	92
Title XIX Medicaid Special Revenue Fund	A-11	93
Rural Education Achievement Program Special Revenue Fund	A-12	94
Dual Credit PED Special Revenue Fund	A-13	95
GO Bond Library Audio & Visual Special Revenue Fund	A-14	96
NM Reads to Lead Special Revenue Fund	A-15	97
Breakfast for Elementary Students Special Revenue Fund	A-16	98
School Buses Special Revenue Fund	A-17	99
Next Generation Assessments Special Revenue Fund	A-18	100
Ed Tech Equipment Act Special Revenue Fund	A-19	101
Bond Building Capital Projects Fund	A-20	102
Capital Improvements SB-9 Capital Projects Fund	A-21	103
Debt Service Fund	A-22	104
Ed Tech Debt Service Fund	A-23	105
Schedule of Changes in Assets and Liabilities – Agency Funds	B	111
 REQUIRED SUPPLEMENTARY INFORMATION		
Pension Liability		
Schedule of Proportionate Share of the Net Pension Liability		115
Schedule of Contributions		117
Notes to Required Supplemental Information		119
 SUPPORTING SCHEDULES		
Schedule of Collateral Pledged by Depository	I	123
Schedule of Deposit and Investment Accounts	II	125
Cash Reconciliation	III	126
Schedule of Vendor Information	IV	131
 COMPLIANCE SECTION		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		135
 FEDERAL FINANCIAL ASSISTANCE		
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133		141
Schedule of Expenditures of Federal Awards	V	145
Schedule of Findings and Questioned Costs		147
 OTHER DISCLOSURES		
		149

(This page intentionally left blank.)

OFFICIAL ROSTER
June 30, 2015

Name

Board of Education

Title

Justin King

President

Ed Vinson

Vice President

Dennis Rich

Secretary

Troy Stone

Member

Gary Tegembo

Member

School Officials

Shirley Crawford

Superintendent

Kimberly Stone

Chief Financial Officer

(This page intentionally left blank.)

FINANCIAL SECTION

(This page intentionally left blank.)



INDEPENDENT AUDITOR'S REPORT

Timothy M. Keller
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Capitan Municipal Schools
Capitan, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons of the general fund and the major special revenue funds of the Capitan Municipal Schools (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Capitan Municipal Schools' basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Capitan Municipal Schools' nonmajor governmental funds and the budgetary comparisons for the major capital project funds, debt service funds, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents. We did not audit the 2014 Schedule of Employer Allocations and Pension Amounts of the State of New Mexico Educational Retirement Board (ERB), the administrator of the cost sharing pension plan for the District. The schedules and statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the District, is based solely on the report of the other auditors.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Capitan Municipal Schools' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Capitan Municipal Schools' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our report and the report of the other auditors, 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 Capitan Municipal Schools, as of June 30, 2015, and the respective changes in financial position where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and major special revenue funds 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

(This page intentionally left blank.)

respective financial position of each nonmajor governmental fund of the Capitan Municipal Schools as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, debt service funds and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 13-18, the *Schedule of Proportionate Share of the Net Pension Liability* on page 115, the *Schedule of Contributions* on page 117, and the notes to the required supplementary information on page 119 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Capitan Municipal Schools' financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, as is not a required part of the financial statements. The other schedules as required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The other schedules required by 2.2.2 NMAC are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the other schedules as required by 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2015 on our consideration of the Capitan Municipal Schools' 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* in considering the Capitan Municipal Schools' internal control over financial reporting and compliance.

Precision Accounting, LLC
Precision Accounting, LLC
Albuquerque, New Mexico
September 9, 2015

(This page intentionally left blank.)

**State of New Mexico Capitan Municipal Schools
Management's Discussion and Analysis**

June 30, 2015

As management of the Capital Municipal Schools District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2015. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

In June 1999, GASB approved Statement #34 "Basic Financial Statements and Management Discussion and Analysis for State and Local Government". In June 2001, the GASB approved Statement #37 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus" and Statement #38 "Certain Financial Statement Note Disclosures". Statement #37 clarifies and modifies Statement #34 and should be implemented simultaneously with Statement #34. Statement #38 modifies, establishes and rescinds certain financial statement disclosure requirements. The District implemented the provisions of the above statements effective July 1, 2003.

Financial Highlights

Key financial highlights for fiscal year ended June 30, 2015 are as follows:

- The assets of the District exceeded its liabilities at the end of the fiscal year by \$5,761,959 (net position and deferred inflows of resources). Of this amount, \$5,590,876 is invested in capital assets, \$5,620,218 is restricted for Capital Projects, \$914,114 is restricted for Debt Service, \$629,791 for Special Revenue Funds, \$85,763 is restricted for General Fund, and \$(8,250,096) is unrestricted and may be used to meet the District's ongoing obligations. The deferred inflows of resources related to property taxes and the net pension liability is \$790,235.
- The District's total net position increased by \$734,866 which is reflected in the District's Statement of Activities.
- The District's liabilities increased by \$5,376,308 in fiscal year 2015 which was significantly due to the net pension liability.
- At June 30, 2015, the unreserved and undesignated fund balance for the general fund was \$1,077,795, which reflects an increase of \$273,900 from the previous fiscal year. This was in preparation for the retirement of Ed Tech Notes with a plan to not renew in hopes of passing a General Obligation Bond to complete payment of the new secondary building to replace it.
- As part of the implementation of GASB 34, total accumulated depreciation on capital assets as of June 30, 2015 is \$8,046,054. This includes current year depreciation in the amount of \$785,159.
- Capital Outlay expenditures were \$334,334 in the year ending June 30, 2015. The increase in capital outlay expenditures was associated with the district having major ongoing construction projects within the district for this school year. The Capital Outlay expenditures in this fiscal year included construction and/or renovation of the schools, and purchases of buses. The major portion of these capital purchases was funded utilizing Capital Outlay funds, such as Bond Building and SB-9.
- The District's general obligation bond debt balance is \$4,285,000. No new bonds were issued in the fiscal year 2015.

**State of New Mexico Capitan Municipal Schools
Management's Discussion and Analysis**

June 30, 2015

Basic Financial Statements

In general, the purpose of financial reports is to provide external parties reading the financial statements with information that will help them to make decisions or draw conclusions about the reporting entity. There are many external parties that read and use the District's financial statements; however, these parties do not always have the same objectives. This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader may understand the District's overall financial position. In accordance with required reporting requirements, the District presents (1) government-wide financial statements and (2) fund financial statements.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to that of a private sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g. uncollected taxes).

Both the *statement of net position* and the *statement of activities* distinguish functions of the District that are primarily supported by property taxes and state revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through fees and charges. The governmental activities of the District include education, pupil transportation, food service and community service. The District does not have any business-type activities.

The *government-wide financial statements* can be found on Exhibits A-1 and A-2 on pages 20 through 23 of the financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other school districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Government Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available as the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. A reconciliation to facilitate the comparison of the governmental funds and governmental activities has been provided.

**State of New Mexico Capitan Municipal Schools
Management's Discussion and Analysis**

June 30, 2015

The District has four individual governmental fund groups. Information is presented separately in the governmental fund balance sheets and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the following funds: General Fund, Special Revenue Funds, Capital Projects Fund, and Debt Service Fund

The basic governmental fund financial statements can be found on Exhibits B-1 and B-2 on pages 24 through 31 of the financial statements.

Fiduciary Funds

Fiduciary Funds are used to account for resources held in trust for the benefit of parties outside the District. Fiduciary fund financial statements consist of a statement of fiduciary net assets and a statement of changes in fiduciary net assets. These funds are not reported in the government-wide financial statements.

The fiduciary fund financial statements can be found in Exhibit D on page 39 of the financial statements.

Overview of the District's Financial Position and Operations the District's overall financial position and operations for the current year as compared to the previous fiscal year are as follows:

**CAPITAL MUNICIPAL SCHOOLS DISTRICT'S NET POSITION
COMPARATIVE DATA**

	Current Year	Prior Year
Assets	2015	2014
Cash and Other Equivalents	\$ 5,906,251	\$ 6,274,900
Current and Other Assets	170,596	166,833
Capital Assets, Net	9,875,876	8,968,546
Deferred Outflows of Resources	<u>381,058</u>	<u>-</u>
TOTAL ASSETS	15,952,723	15,410,279
Liabilities		
Current Liabilities	968,426	897,445
Noncurrent Liabilities	<u>9,603,396</u>	<u>4,298,069</u>
TOTAL LIABILITIES	10,571,822	5,195,514
Deferred Inflows of Resources	790,235	-
Net Position		
Net Investment in Capital Assets	5,590,876	3,795,652
Restricted:		
Debt Services	914,114	51,348
Capital Projects	5,620,218	5,449,901
Special Revenue Funds	629,791	127,038
General Funds	85,763	-
Unrestricted	<u>(7,869,038)</u>	<u>790,826</u>
TOTAL NET POSITION	\$ <u>4,971,724</u>	\$ <u>10,214,765</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ <u>16,333,781</u>	\$ <u>15,410,279</u>

As noted in the schedule above, the District has no unrestricted fund in the current year as most are tied to net investment in capital assets and the related net pension liability. Unrestricted funds can be used at the

**State of New Mexico Capitan Municipal Schools
Management's Discussion and Analysis**

June 30, 2015

discretion of the District and to meet ongoing obligations to creditors and stakeholders. 1.6% is restricted for the stated purposes. The remaining 1.2% of the District's net position is net investment in capital assets. This indicates that the accumulated depreciation along with the asset values exceed existing debt. The pension liability as required by GASB 68 has significantly impacted the net position on the financials.

Governmental activities increased the District's overall net position by \$734,866. This increase was the effect of the decreased in expenditures and loss on disposal of assets. Nonetheless, the District's liquidity, the ability to convert assets into cash to pay for obligations and commitments, remains secure. Cash and cash equivalents represent 37% of the District's current assets indicating a highly liquid position.

The major elements of the District's governmental activities contributing to the increase in the change in net position are listed on the next page.

**CAPITAL MUNICIPAL SCHOOLS DISTRICT'S CHANGES IN NET POSITION
COMPARATIVE DATA**

	2015	2014
Revenues:		
Program Revenues		
Charges for Services	\$ 68,675	\$ 84,638
Operating Grants & Contributions	1,531,589	968,929
Capital Grants & Contributions	<u>30,354</u>	<u>-</u>
Total Program Revenues	1,630,618	1,053,567
General Revenues:		
Property Taxes		
General Purpose	100,832	97,464
Debt Service	895,333	895,457
Capital Projects	766,527	745,468
Grants & Contributions, not restricted	4,281,913	4,095,045
Unrestricted Investment Earnings	33,286	21,969
Loss on disposal of assets	<u>(301,662)</u>	<u>-</u>
Total General Revenues	<u>5,776,229</u>	<u>5,855,403</u>
TOTAL REVENUES	7,406,847	6,908,970
Expenditures:		
Direct Instruction	3,685,675	3,032,708
Students	386,868	-
Instruction	64,235	2,293,378
General Administration	265,315	-
School Administration	312,278	-
Central Services	146,854	-
Operation & Maintenance of Plant	561,115	-
Student Transportation	347,672	-
Other Support Services	965	-
Food Services	290,340	220,503
Capital Outlay	586,464	748,724
Interest on Long term debt	<u>24,200</u>	<u>-</u>
TOTAL EXPENDITURES	<u>6,671,981</u>	<u>6,393,207</u>
Change in Net Position	734,866	515,763
Net Position, Beginning of Year	<u>10,214,765</u>	<u>9,699,002</u>
Restatement	(5,977,907)	-
Net Position, End of Year	\$ <u>4,971,724</u>	\$ <u>10,214,765</u>

**State of New Mexico Capitan Municipal Schools
Management's Discussion and Analysis**

June 30, 2015

State of New Mexico Capital Municipal Schools District

As noted above, the District is heavily dependent on federal and state aid, which comprises 58% of its total revenues. Correspondingly, the District spends 56% of total revenues on direct instruction and instructional support the two primary functions that indicate direct school spending.

General Fund Budgetary Highlights

Budget to actual comparison schedules are presented for all major funds and non major funds individually in Exhibit C-1 through C-3 and Schedules A-3 to A-23. In addition, budget to actual comparison schedules were presented for each individual fund in the supplementary information section of this report. These schedules are prepared on a cash basis which is the format allowed by the District's oversight agency, the New Mexico Public Education Department.

The original expenditure budget for the District's general fund was \$4,961,177. Although the State issued a 0.15% increase in the final unit value for the state equalization guarantee funding (\$5.36 per funding unit), the District experienced a 16.38 unit drop in its final funded program units for the 2014-2015 school year. The state did issue a correction for an error in the funding formula for the calculation of at risk units. The final general fund expenditure budget was \$5,248,022 of which \$4,211,514 was expended in the current year. Budgets were not exceeded in any of the functions in the general fund.

Of the \$4,386,387 total District revenue budget, the District received 2.2% more in actual revenue for an increase of \$94,504 in actual revenue received over budgeted revenue. Conversely, the District expended only \$4,230,653 of its total expenditure budgets of \$4,961,177.

The original expenditure budget in the District's debt service fund did not increase for this year. Surplus cash balances were used to pay bond principal payments on old bond series. Even with this use of cash, the District maintains a strong financial position in the debt service fund.

Capital Assets and Debt Administration

Capital Assets

The District's current year investment in capital assets as of June 30, 2015 is \$5,590,876. The District's assets include land and land improvements, building and building improvements, equipment and furniture, and vehicles.

Depreciation calculated as a result of GASB 34 implementation resulted in an accumulated depreciation balance of \$8,046,054, of which \$785,159 is for depreciation in the current year. Additional information of the District's capital assets is presented in Note 7 on page 52 of the financial statements.

Long-term obligations

At the end of the current year, the district had \$4,285,000 in long-term debt related to governmental activities. Of this debt, 100% was related to general obligation bonds still outstanding at the end of the year. The debt position of the District is summarized below and is more fully analyzed in Note 8 on page 53 of the financial statements.

**State of New Mexico Capitan Municipal Schools
Management's Discussion and Analysis**

June 30, 2015

CAPITAL MUNICIPAL SCHOOL DISTRICT'S LONG-TERM OBLIGATION

Governmental Activities:

General Obligation Debt

	Balance at 6/30/14	Additions	Deletions	Balance at 6/30/15	Due within One Year
<i>TOTAL</i>	\$ 5,075,000	\$ -	\$ 790,000	\$ 4,285,000	\$ 375,000

During the fiscal year, the District reduced total bond debt principle by \$790,000 in accordance with schedule bond payments.

Relevant Current Economic Factors, Decisions and Conditions

The District is currently in construction to replace the existing High School building with a new Secondary School and evaluating the existing Middle School to determine if it can be renovated to replace the Elementary School. The District intends to seek General Obligation bonds in the future years to assist with the capital outlay projects and technology updates within the schools.

Request for Information

This financial report is designed to provide various interested parties with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or require additional information, contact the District's Finance Department as follows:

Kimberly Stone, Chief Financial Officer
(575) 354-8500
Physical and Mailing Address:
150 Forest Street
P.O. Box 278
Capitan, NM 88316
e-mail: Kimberly.stone@capitantigers.org

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2015

Exhibit A-1
(Page 1 of 2)

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 5,906,251
Taxes Receivable	84,116
Due from other Governments	86,358
Inventory	122
Total current assets	<u>6,076,847</u>
Noncurrent assets:	
Capital assets:	
Other capital assets	17,921,930
Less accumulated depreciation	<u>(8,046,054)</u>
Total Capital assets	<u>9,875,876</u>
Total noncurrent assets	<u>9,875,876</u>
DEFERRED OUTFLOWS OF RESOURCES	
Post Measurement Date Contributions-Employer	381,058
Change in Assumptions in Net Pension Liability	<u>-</u>
Total deferred outflows of resources	381,058
Total assets and deferred outflows of resources	<u><u>\$ 16,333,781</u></u>

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2015

Exhibit A-1
(Page 2 of 2)

	Governmental Activities
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 519,088
Accrued salaries and benefits	50,259
Accrued interest	24,079
Current portion of long-term debt	375,000
Total current liabilities	968,426
Noncurrent liabilities:	
Accrued compensated absences	36,743
Net Pension Liability	5,656,653
Bonds, loans and other payables:	
Due in more than one year	3,910,000
Total noncurrent liabilities	9,603,396
Total liabilities	10,571,822
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue-Property Taxes	84,116
Actuarial Experience for Net Pension Liability	84,265
Investment Experience for Net Pension Liability	514,221
Change in Proportion for Net Pension Liability	107,633
Total deferred inflows of resources	790,235
NET POSITION	
Net Investment in Capital Assets	5,590,876
Unrestricted	(7,869,038)
Restricted for General Funds	85,763
Restricted for Special Revenue Funds	629,791
Restricted for Capital Projects Funds	5,620,218
Restricted for Debt Service Funds	914,114
Total net position	4,971,724
Total liabilities, deferred inflows of resources and net position	\$ 16,333,781

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Service</u>
Governmental activities:		
Instruction:		
Direct instruction	\$ 3,685,675	\$ 5,046
Support services:		
Students	386,868	-
Instruction	64,235	-
General Administration	265,315	-
School Administration	312,278	-
Central Services	146,854	17,263
Operation & Maintenance of Plant	561,115	-
Student Transportation	347,672	-
Other Support Services	965	543
Food Services	290,340	45,823
Capital Outlay	586,464	-
Interest on long-term debt	24,200	-
	<u>\$ 6,671,981</u>	<u>\$ 68,675</u>
Total governmental activities		

<u>Program Revenues</u>		<u>Net</u>
<u>Operating</u>	<u>Capital</u>	<u>(Expenses)</u>
<u>Grants and</u>	<u>Grants and</u>	<u>Revenues and</u>
<u>Contributions</u>	<u>Contributions</u>	<u>Changes in</u>
		<u>Net Position</u>
\$ 490,433	\$ -	\$ (3,190,196)
-	30,354	(356,514)
-	-	(64,235)
-	-	(265,315)
-	-	(312,278)
-	-	(129,591)
-	-	(561,115)
847,007	-	499,335
-	-	(422)
194,149	-	(50,368)
-	-	(586,464)
-	-	(24,200)
<u>\$ 1,531,589</u>	<u>\$ 30,354</u>	<u>(5,041,363)</u>

General Revenues:

Property taxes:	
Levied for general purposes	100,832
Levied for debt service	895,333
Levied for capital projects	766,527
State aid not restricted	4,281,913
Loss on disposal of assets	(301,662)
Unrestricted investment earnings	33,286
	<u>5,776,229</u>
Change in net position	734,866
Net position - beginning	10,214,765
Restatement	(5,977,907)
Beginning Net Position-restated	<u>4,236,858</u>
Net position - ending	<u>\$ 4,971,724</u>

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund		
	Operational	Transportation	Instructional Materials
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 1,007,475	\$ -	\$ 1
Investments	-	-	-
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	-
Other accounts receivable	-	-	-
Interfund receivable	86,893	-	-
Inventory	-	-	-
<i>Total assets</i>	\$ 1,094,368	\$ -	\$ 1
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	\$ 16,573	\$ 158	\$ -
Accrued salaries and benefits	-	-	-
Interfund payable	-	-	-
Unearned revenue	-	-	-
<i>Total liabilities</i>	16,573	158	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	-	-
<i>Total deferred inflow of resources</i>	-	-	-
<i>Fund Balances</i>			
Fund Balance			
Non-spendable	-	-	-
Restricted for:			
General Fund	-	-	1
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	1,077,795	(158)	-
<i>Total fund balances</i>	1,077,795	(158)	1
<i>Total liabilities deferred inflows of resources and fund balances</i>	\$ 1,094,368	\$ -	\$ 1

Bond Building	Capital Improvements SB-9	Other Governmental Funds	Total Governmental Funds
\$ 3,842,247	\$ 842,571	\$ 163,698	\$ 5,855,992
-	-	-	-
-	-	-	-
-	-	86,358	86,358
-	-	-	-
-	-	-	86,893
-	-	122	122
<u>\$ 3,842,247</u>	<u>\$ 842,571</u>	<u>\$ 250,178</u>	<u>\$ 6,029,365</u>
\$ 491,923	\$ 8,235	\$ 2,199	\$ 519,088
-	-	-	-
-	-	86,893	86,893
-	-	-	-
<u>491,923</u>	<u>8,235</u>	<u>89,092</u>	<u>605,981</u>
-	-	-	-
-	-	-	-
-	-	122	122
-	-	-	1
3,350,324	-	163,698	163,698
-	834,336	-	3,350,324
-	-	-	834,336
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	(2,734)	1,074,903
<u>3,350,324</u>	<u>834,336</u>	<u>161,086</u>	<u>5,423,384</u>
<u>\$ 3,842,247</u>	<u>\$ 842,571</u>	<u>\$ 250,178</u>	<u>\$ 6,029,365</u>

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS

Exhibit B-1
(Page 2 of 2)

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2015

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds	\$	5,423,384
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position		9,875,876
Other liabilities are not due and payable in the current period and therefore are not reported in the funds -		
accrued interest payable		(24,079)
Long-term liabilities, including bonds payable, compensated absences, and deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds		<u>(10,303,457)</u>
Net Position of Governmental Activities in the Statement of Net Position	\$	<u><u>4,971,724</u></u>

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	General Fund		
	Operational	Transportation	Instructional Materials
<i>Revenues:</i>			
Taxes			
Taxes levied/assessed	\$ 100,832	\$ -	\$ -
Local sources			
Tuition	-	-	-
Investment income	3,412	-	-
Food services	-	-	-
District activities	5,589	-	-
Other revenue	22,937	-	-
State sources			
Unrestricted Grants	4,281,913	-	-
Restricted Grants	12,477	338,327	34,151
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	26,165	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	-	-	-
Department of Interior	-	-	-
Other items	26,195	-	-
<i>Total revenues</i>	<u>4,479,520</u>	<u>338,327</u>	<u>34,151</u>
<i>Expenditures:</i>			
Current:			
Instruction	2,628,197	-	45,311
Support Services			
Students	354,868	-	-
Instruction	508	-	-
General Administration	245,481	-	-
School Administration	302,385	-	-
Central Services	138,874	-	-
Operation & maintenance of plant	546,583	-	-
Student transportation	30,330	349,735	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>4,247,226</u>	<u>349,735</u>	<u>45,311</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>232,294</u>	<u>(11,408)</u>	<u>(11,160)</u>
<i>Other financing sources (uses)</i>			
Transfers (In) Out	-	-	-
Proceeds from the Sale of Assets	1,371	11,250	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,371</u>	<u>11,250</u>	<u>-</u>
<i>Net changes in fund balances</i>	233,665	(158)	(11,160)
<i>Fund balances - beginning of year</i>	844,130	-	11,161
<i>Fund balances - end of year</i>	<u>\$ 1,077,795</u>	<u>\$ (158)</u>	<u>\$ 1</u>

Bond Building	Capital Improvements SB-9	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 766,527	\$ 895,333	\$ 1,762,692
-	-	-	-
27,058	1,938	878	33,286
-	-	45,823	45,823
-	-	17,172	22,761
167	16,520	120	39,744
-	-	-	-
-	-	-	4,281,913
-	13,667	572,200	970,822
-	-	-	-
-	-	24,761	24,761
-	-	-	26,165
-	-	33,035	33,035
-	-	425,815	425,815
-	-	-	-
-	-	19,397	45,592
<u>27,225</u>	<u>798,652</u>	<u>2,034,534</u>	<u>7,712,409</u>
-	-	333,836	3,007,344
-	-	18,035	372,903
-	-	63,727	64,235
-	7,665	8,953	262,099
-	-	9,893	312,278
-	-	-	138,874
-	-	-	546,583
-	-	508,680	888,745
-	-	-	-
-	-	-	-
-	-	261,342	261,342
1,279,185	721,202	21,635	2,022,022
-	-	790,000	790,000
-	-	98,015	98,015
<u>1,279,185</u>	<u>728,867</u>	<u>2,114,116</u>	<u>8,764,440</u>
<u>(1,251,960)</u>	<u>69,785</u>	<u>(79,582)</u>	<u>(1,052,031)</u>
-	-	-	-
-	-	-	12,621
-	-	-	-
-	-	-	12,621
<u>(1,251,960)</u>	<u>69,785</u>	<u>(79,582)</u>	<u>(1,039,410)</u>
4,602,284	764,551	240,668	6,462,794
<u>\$ 3,350,324</u>	<u>\$ 834,336</u>	<u>\$ 161,086</u>	<u>\$ 5,423,384</u>

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year Ended June 30, 2015

Exhibit B-2
(Page 2 of 2)

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	(1,039,410)
--	----	-------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures:		
Current year capital expenditures		2,010,702
Depreciation expense		(785,159)
Current year capital deletions		(318,214)

The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Change in deferred inflows		26,806
Decrease in accrued interest		73,815
Increase in compensated absences		(23,674)
Principal payments on bonds		790,000
		790,000

Changes in Net Position of Governmental Activities	\$	734,866
--	----	---------

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
OPERATIONAL FUND

Exhibit C-1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ 104,602	\$ 104,602	156,924	\$ 52,322
State sources	4,281,785	-	4,294,390	4,294,390
Federal sources	-	-	26,165	26,165
Interest	-	-	3,412	3,412
<i>Total revenues</i>	<u>4,386,387</u>	<u>104,602</u>	<u>4,480,891</u>	<u>4,376,289</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	2,760,284	2,831,354	2,628,049	203,305
Support Services				
Students	480,700	531,475	354,868	176,607
Instruction	23,820	23,820	508	23,312
General Administration	364,776	399,276	239,140	160,136
School Administration	329,824	364,324	302,385	61,939
Central Services	206,094	240,594	138,874	101,720
Operation & maintenance of plant	701,331	732,781	536,499	196,282
Student transportation	77,565	107,615	30,330	77,285
Other Support Services	16,783	16,783	-	16,783
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,961,177</u>	<u>5,248,022</u>	<u>4,230,653</u>	<u>1,017,369</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(574,790)</u>	<u>(5,143,420)</u>	<u>250,238</u>	<u>5,393,658</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Designated Cash	574,790	5,143,420	-	(5,143,420)
<i>Total other financing sources (uses)</i>	<u>574,790</u>	<u>5,143,420</u>	<u>-</u>	<u>(5,143,420)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>250,238</u>	<u>250,238</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>433,164</u>	<u>433,164</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 683,402</u>	<u>\$ 683,402</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 250,238	
<i>Adjustment to revenue for accruals and other deferrals</i>			-	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			(16,573)	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ 233,665</u>	

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
TRANSPORTATION FUND

Exhibit C-2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	11,250	\$ 11,250
State sources	-	-	338,327	338,327
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>349,577</u>	<u>349,577</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	316,706	351,578	349,577	2,001
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>316,706</u>	<u>351,578</u>	<u>349,577</u>	<u>2,001</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(316,706)</u>	<u>(351,578)</u>	<u>-</u>	<u>351,578</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Designated Cash	316,706	351,578	-	(351,578)
<i>Total other financing sources (uses)</i>	<u>316,706</u>	<u>351,578</u>	<u>-</u>	<u>(351,578)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ -	
<i>Adjustment to revenue for accruals and other deferrals</i>			-	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			(158)	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ (158)</u>	

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
INSTRUCTIONAL MATERIALS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	34,151	34,151
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>34,151</u>	<u>34,151</u>
<i>Expenditures:</i>				
Current:				
Instruction	33,034	45,310	45,311	(1)
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>33,034</u>	<u>45,310</u>	<u>45,311</u>	<u>(1)</u>
<i>Excess (deficiency) of revenues</i> <i>over (under) expenditures</i>	<u>(33,034)</u>	<u>(45,310)</u>	<u>(11,160)</u>	<u>34,150</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Designated Cash	33,034	45,310	-	(45,310)
<i>Total other financing sources (uses)</i>	<u>33,034</u>	<u>45,310</u>	<u>-</u>	<u>(45,310)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(11,160)</u>	<u>(11,160)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>11,161</u>	<u>11,161</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ (11,160)	
<i>Adjustment to revenue for accruals and other deferrals</i>			-	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			-	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ (11,160)</u>	

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2015

Exhibit D

ASSETS

Current Assets

Cash \$ 43,016

Total assets \$ 43,016

LIABILITIES

Current Liabilities

Deposits held in trust for others \$ 43,016

Total liabilities \$ 43,016

(This page intentionally left blank.)

STATE OF NEW MEXICO
Capitan Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies

Capitan Municipal Schools (the District) provides kindergarten, elementary, middle and secondary educational services to school age residents of the District. The Capitan Municipal Schools' School Board was created under the provision of Chapter 22, Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District. The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the State Board of Education and the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of the Capitan Municipal Schools' management who is responsible for their integrity and objectivity. The financial statements of the 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. The financial statements have incorporated all applicable GASB statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the government's accounting policies are described below.

A. *Financial Reporting Entity*

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District has no component units, and is not a component unit of another governmental agency.

STATE OF NEW MEXICO
Capitan Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as does the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government

STATE OF NEW MEXICO
Capitan Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

C. *Measurement focus, basis of accounting, and financial statement presentation* (continued)

The government reports the following major governmental funds:

The *Operational Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by district school tax levy, state equalization and earnings from investments. Expenditures include all costs associated with the daily operations of the schools except for those items included in other funds.

The *Transportation Fund* is used to account for the State Equalization received from the State Department of Education which is used to pay for the costs associated with transporting school age children.

The *Instructional Materials Fund* is used to account for the monies received from the State Department of Education for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

The *Bond Building Fund* is used to account for the accumulation of resources for the funds provided from the District's bond issues. Resources are used for the purpose of erecting, remodeling, making additions to, or furnishing public school buildings and purchasing or improving public school grounds. Financing is provided by ad valorem taxes as specified by Article 15 of the Finance of Counties, Municipalities, and School Districts Act, and the payment of, general long-term debt principal, interest and related costs.

The *Debt Service Fund* is to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Additionally, the government reports the following fund types:

The *Fiduciary Funds* account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. There were no such transactions during the fiscal year ended June 30, 2015.

D. *Assets, Liabilities and Net Position or Equity*

Deposits and Investments: 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.

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the District are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

STATE OF NEW MEXICO
Capitan Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity (continued)

Receivables and Payables: Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Lincoln County. The funds are collected by the County Treasurers and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurers in July and August is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2015.

Certain Special Revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the New Mexico Public Education Department "State Adopted Instructional Material" list, while fifty percent of each allocation is available for purchases directly from vendors. The districts are allowed to carry forward unused allocations from year to year.

Inventory: Inventory is valued at cost utilizing the purchase basis of accounting. Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed. The U.S.D.A. commodities are recorded at year-end by audit adjusting entries. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories. Non-commodity 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.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5).

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

STATE OF NEW MEXICO
 Capitan Municipal Schools
 Notes to the Financial Statements
 June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction. Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20-50
Building & building improvements	20-50
Furniture, fixtures and equipment	3-15
Vehicles	3-15

Unearned Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be “available” under the current financial resources measurement focus are reported as unearned revenues in the governmental fund financial statements.

Deferred inflows/outflows of resources: GASB 63 amended previous guidance on Unearned Revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

Compensated Absences: The District permits eligible employees to accumulate a limited amount of earned but unused personal leave and vacation, which will be paid if not used, upon termination from the District. Accumulation and use of leave is based on hours rather than days. Unused leave may accumulate from year to year up to a maximum number of hours equal to one half the number of hours in the employee’s annual contract. No more leave can be accumulated once the maximum is reached. As accumulated leave time is used and drops below the maximum, the employee may again accumulate leave hours up to the maximum limit. Employees will earn leave at the following rate:

1762.5 hour contract	9.375 hours/month (12M employees) up to 881.25 hours
1747.5 hour contract	9.375 hours/month (12 month custodian) up to 873.75 hours
1566 hour contract	9 hours/month (HS/MS office personnel) up to 783 hours
1494 hour contract	9 hours/month (Elementary office personnel) up to 747 hours
1386 hour contract	9 hours/month (Certified Staff) up to 693 hours
1192 hour contract	8 hours/month (Educational Assistants) up to 596 hours

On compensation for accumulated leave, any employee who has accumulated hours of leave equal 80% of his/her maximum allowable accumulation when they resign or retire from the District shall be eligible for compensation at the rate of \$1.50/hour for each hour of unused leave. The rate are:

- 881.25 hours of eligible accumulation must have 705 hours of earned leave
- 873.75 hours of eligible accumulation must have 699 hours of earned leave
- 783 hours of eligible accumulation must have 626.5 hours of earned leave
- 747 hours of eligible accumulation must have 597.6 hours of earned leave
- 693 hours of eligible accumulation must have 554 hours of earned leave
- 596 hours of eligible accumulation must have 477 hours of earned leave

STATE OF NEW MEXICO
Capitan Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity (continued)

Employees entitled to vacation time when resigning or retiring will be paid for unused vacation time. However, an equivalent number of hours of leave eligible for the Longevity Incentive will be deducted. Employees who are terminated or discharged from the District are not eligible for this compensation. No liability is reported for unpaid accumulated sick leave, as no payment is required upon termination of service by employees.

Long-term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond issuance costs are reflected as a current period expense per GASB 65.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity: In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. These designations are established to earmark resources for specific future use and to indicate that the fund equity does not represent available spendable resources.

Net investment in capital assets consists of net position including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Restricted fund balance represents amounts that are constrained either by: 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority.

Assigned fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body or a subordinate high-level body or official whom the governing body has delegated.

Unassigned fund balance is the residual classification for the general fund and represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes.

The District's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Reclassifications: Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year's presentation.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

STATE OF NEW MEXICO
Capitan Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Net Position or Equity (continued)

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

E. *Revenues*

State Equalization Guarantee: School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's program costs.

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$4,281,913 in state equalization guarantee distributions during the year ended June 30, 2015.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for operational, debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District recognized \$1,762,692 in tax revenues in the governmental fund financial statements during the year ended June 30, 2015. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$338,327 in transportation distributions during the year ended June 30, 2015.

Instructional Materials: The District had allocations allowed by the State for the current year of \$34,151. Of the allocation, the District used \$34,151 to purchase textbooks during the year. Allocations received and utilized are reflected in revenue and expenditures of the General Fund.

STATE OF NEW MEXICO
Capitan Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Department of Education. Auxiliary student activity accounts are not budgeted.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as a designated portion of fund balance.

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

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

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.
6. Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico Administrative Code 6.20.2.9 prohibits a school district from exceeding budgetary control at the function level.

The District is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

STATE OF NEW MEXICO
 Capitan Municipal Schools
 Notes to the Financial Statements
 June 30, 2015

NOTE 3. Cash and Temporary Investments

State statutes authorize the investment of the District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2015.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The collateral pledged is listed on Schedule I of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, District or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. Capitan Municipal Schools' funds were in an interest bearing account and therefore were not subject to the Dodd Frank Act.

Deposits

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

Type	\$	First Savings Bank
Total Deposits	\$	6,725,377
Less: FDIC Coverage		<u>(250,000)</u>
Total uninsured public funds		6,475,377
Collateral requirement (50%)		3,237,689
Pledged Securities		<u>7,060,348</u>
(Over) Under collateralized	\$	<u>(3,822,659)</u>

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2015, \$1,361,081 of the District's bank balance of \$6,725,377 was exposed to custodial credit risk as follows:

STATE OF NEW MEXICO
 Capitan Municipal Schools
 Notes to the Financial Statements
 June 30, 2015

NOTE 3. Cash and Temporary Investments (continued)

Custodial Credit Risk Deposits	
Account Balance	\$ 6,725,377
FDIC Insurance	250,000
Collateral held by pledging bank's trust department not in the District's name	7,060,348
Uninsured and uncollateralized	<u>(584,971)</u>
Total	<u>\$ 6,725,377</u>

Reconciliation of Cash and Temporary Investments

Governmental Funds - Balance Sheet

Cash and cash equivalents per Exhibit A-1	\$	5,906,251
Cash per Exhibit D-1		43,016
Less Investments in LGIP		-
Add outstanding checks and other reconciling items		<u>776,110</u>
Bank Balance of Deposits	\$	<u>6,725,377</u>

Custodial Credit Risk- Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged to be delivered for the securities underlying an overnight repurchase agreement, or a join safekeeping receipt to be issued to the District for at least on hundred two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution.

As of June 30, 2015, the District had no investment in the State Treasurer Local Government and therefore no balances were exposed to custodial credit risk.

The New MexiGrow Local Governmental Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The new Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 I through 6-10-10-P and Section 6-10-10.1 A and E, NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 19078, as the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

Interest Rate Risk and Credit Rating- Investment in State Treasurer's LGIP

The District does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates. The District's investments at June 30, 2015 include the following:

State Treasurer LGIP	AAAm	54.6-days WAM (r)	\$ <u> -</u>
----------------------	------	-------------------	-----------------------

STATE OF NEW MEXICO
 Capitan Municipal Schools
 Notes to the Financial Statements
 June 30, 2015

NOTE 4. Accounts Receivable

Accounts receivable as of June 30, 2015, are as follows:

	Other Governmental Funds	Total
Property taxes	\$ -	\$ -
Due from other governments:		
Title I	10,014	10,014
IDEA B Entitlement	27,224	27,224
IDEA B Autism	2,416	2,416
IDEA B Preschool	201	201
IDEA B Risk Pool	111	111
REAP	22,675	22,675
Breakfast for Elementary	2,061	2,061
Dual Credit	799	799
NM Reads to Lead	20,857	20,857
	\$ 86,358	\$ 86,358

The above receivables are deemed 100% collectible.

NOTE 5. Accounts Payables

Accounts payable as of June 30, 2015, are as follows:

Payable to suppliers	\$ 519,088
Accrued salaries and benefits	50,259
Accrued interest	24,079
Total accounts payable and accrued expenses	\$ 593,426

NOTE 6. Interfund receivables, Payables, and Transfers

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received.

The composition of interfund balances during the year ended June 30, 2015 is as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 86,893	\$ -
Nonmajor Funds:		
Title I Entitlement	-	10,014
IDEA B Entitlement	-	22,224
IDEA B Autism	-	2,416
IDEA B Preschool	-	201
IDEA B Risk Pool	-	111
REAP	-	22,699
Teacher Principal Training	-	511
Dual Credit	-	799
Breakfast for Elementary	-	2,061
NM Reads to Lead	-	20,857
	\$ 86,893	\$ 86,893

STATE OF NEW MEXICO
 Capitan Municipal Schools
 Notes to the Financial Statements
 June 30, 2015

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2015, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

	Balance June 30, 2014	Additions, Adjustments and Transfers In	Deletions, Adjustments and Transfers Out	Balance June 30, 2015
Capital assets not being depreciated:				
Land	\$ 96,884	\$ -	\$ -	\$ 96,884
Construction in Progress	<u>-</u>	<u>916,386</u>	<u>-</u>	<u>916,386</u>
Total capital assets not being depreciated	<u>96,884</u>	<u>916,386</u>	<u>-</u>	<u>1,013,270</u>
Capital assets being depreciated:				
Buildings and improvements	13,621,326	476,694	1,039,780	13,058,240
Land Improvements	2,163,353	24,889	-	2,188,242
Furniture, Fixtures, & Equipment	702,056	20,682	3,441	719,296
Vehicles	<u>370,830</u>	<u>572,051</u>	<u>-</u>	<u>942,881</u>
Total capital assets being depreciated	<u>16,857,565</u>	<u>1,094,316</u>	<u>1,043,221</u>	<u>16,908,659</u>
Total capital assets	<u>16,954,449</u>	<u>2,010,702</u>	<u>1,043,221</u>	<u>17,921,929</u>
Less accumulated depreciation:				
Buildings and improvements	(6,218,927)	(522,195)	721,567	(6,019,555)
Land Improvements	(1,193,636)	(102,339)	-	(1,295,975)
Furniture, Fixtures, & Equipment	(484,621)	(95,708)	3,441	(576,888)
Vehicles	<u>(88,718)</u>	<u>(64,917)</u>	<u>-</u>	<u>(153,635)</u>
Total accumulated depreciation	<u>(7,985,903)</u>	<u>(785,159)</u>	<u>725,008</u>	<u>(8,046,053)</u>
Total capital assets, net of depreciation	<u>\$ 8,968,546</u>	<u>\$ 1,225,543</u>	<u>\$ 318,213</u>	<u>\$ 9,875,876</u>

Capital assets, net of accumulated depreciation, at June 30, 2015 appear in the Statement of Net Position as follows:

Governmental activities	\$ 9,875,876
-------------------------	--------------

Depreciation expense for the year ended June 30, 2015 was charged to the following functions and funds:

Governmental activities:	
Direct instruction	\$ 347,179
Instructional Support	13,965
Support Services-General Administration	3,216
Support Services-Central Services	7,980
Plant Operations and Maintenance	14,532
Student Transportation	34,955
Other Support Services	28,998
Capital Outlay	<u>334,334</u>
	<u>\$ 785,159</u>

STATE OF NEW MEXICO
 Capitan Municipal Schools
 Notes to the Financial Statements
 June 30, 2015

NOTE 8. Long-term Debt

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2015 are for governmental activities. 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.

Bonds outstanding at June 30, 2015, are comprised of the following:

Series	Date of Issue	Original Amount	Interest Rate	Balance
Series 2013	04/15/2013	\$ 5,000,000	1.00%-2.125%	\$ 4,285,000
Total				<u>\$ 4,285,000</u>

The following is a summary of the long-term debt and the activity for the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
General obligation bonds					
General Obligation Bonds	\$5,075,000	\$ -	\$790,000	\$4,285,000	\$375,000
Compensated Absences	13,069	50,562	26,888	36,743	-
	<u>\$5,088,069</u>	<u>\$ 50,562</u>	<u>\$790,000</u>	<u>\$4,321,743</u>	<u>\$375,000</u>

The annual requirements to amortize the General Obligation Bonds as of June 30, 2015, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2016	\$ 375,000	\$ 82,556	\$ 457,556
2017	385,000	78,806	463,806
2018	395,000	71,106	466,106
2019	410,000	63,206	473,206
2020	420,000	55,006	475,006
2021 and thereafter	<u>2,300,000</u>	<u>143,630</u>	<u>2,443,630</u>
Total	<u>\$ 4,285,000</u>	<u>\$ 494,310</u>	<u>\$ 4,779,310</u>

The general fund is typically used to liquidate long-term liabilities other than debt. The debt service fund liquidates general obligation bonds.

STATE OF NEW MEXICO
Capitan Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 9. Lease Agreements

The District has an operating lease with Xerox Financial Services for seven copiers for 60 months at a \$1,351 monthly rate. Also, the District has a rental lease agreement for school bus parking and school bus maintenance at a monthly rate of \$1,500.

NOTE 10. Risk Management

The District is a member of the New Mexico Public School Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible to each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2015, there have been no claims that have exceeded insurance coverage.

NOTE 11. Other Required Individual Fund Disclosures

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

A. Deficit fund balance of individual funds.	
Transportation	\$ (158)
GO Bond Library Audio & Visual	\$(2,199)
Rural Education Achievement Program	\$ (24)

Deficit Fund Balances will be funded by general fund transfers or additional grant funds.

B. Excess of expenditures over appropriations by fund and function.	
None	

NOTE 12. Pension Plan – Educational Retirement Board (ERB)

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

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

STATE OF NEW MEXICO
Capitan Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 12. Pension Plan – Educational Retirement Board (ERB) (continued)

Benefits provided. A member's retirement benefit is determined by a formula which includes three component parts: the member's final average salary (FAS), the number of years of service credit, and a 0.0235 multiplier. The FAS is the average of the member's salaries for the last five years of service or any other consecutive five-year period, whichever is greater. A brief summary of Plan coverage provisions follows:

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

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

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

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

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

STATE OF NEW MEXICO
 Capitan Municipal Schools
 Notes to the Financial Statements
 June 30, 2015

NOTE 12. Pension Plan- Educational Retirement Board (continued)

Contributions. The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$381,058 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the District reported a liability of \$5,656,655 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the District's proportion was 0.09914 percent, which was a decrease of 0.002310% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$354,252. At the June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 84,265
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	514,221
Changes in proportion and differences between District contributions and proportionate share of contributions	-	107,633
District contributions subsequent to the measurement date	<u>381,058</u>	<u>-</u>
Total	<u>\$ 381,058</u>	<u>\$ 706,119</u>

\$381,058 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (195,185)
2017	(195,185)
2018	(187,190)
2019	(128,554)
2020	\$ -

STATE OF NEW MEXICO
 Capitan Municipal Schools
 Notes to the Financial Statements
 June 30, 2015

NOTE 12. Pension Plan- Educational Retirement Board (continued)

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

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

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 20, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increases	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	90% of RP-2000 Combined Mortality Table with White Collar Adjustment to 2014 using Scale AA (one year setback for females)

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

STATE OF NEW MEXICO
 Capitan Municipal Schools
 Notes to the Financial Statements
 June 30, 2015

NOTE 12. Pension Plan- Educational Retirement Board (continued)

Asset Class	2014	2013
	Long-Term Expected Real Rate of Return	Long-Term Expected Real Rate of Return
Cash	1.50%	0.75%
Treasuries	2.00%	1.00%
IG Corp Credit	3.50%	3.00%
MBS	2.25%	2.50%
Core Bonds	2.53%	2.04%
TIPS	2.50%	1.50%
High Yield Bonds	4.5%	5.00%
Bank Loans	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	0.75%
Global Bonds (Hedged)	1.38%	0.93%
EMD External	5.00%	4.00%
EMD Local Currency	5.75%	5.00%
Large Cap Equities	6.25%	6.75%
Small/Mid Cap	6.25%	7.00%
International Equities (Unhedged)	7.25%	7.75%
International Equities (Hedged)	7.50%	8.00%
Emerging International Equities	9.50%	9.75%
Private Equity	8.75%	9.00%
Private Debt	8.00%	8.50%
Private Real Assets	7.75%	8.00%
Real Estate	6.25%	6.00%
Commodities	5.00%	5.00%
Hedge Funds Low Vol	5.50%	4.75%
Hedge Funds Mod Vol	5.50%	6.50%

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2014 and June 30, 2013. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1- percentage-point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 7,696,530	\$ 5,656,655	\$ 3,952,844

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

Payables to the pension plan. At June 30, 2015, the District had no outstanding amount of contributions to the pension plan and therefore, had no payables reported at fiscal year 2015.

STATE OF NEW MEXICO
Capitan Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 13. Post-Employment Benefits

Plan description: Capitan Municipal Schools contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment 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 Retiree Health Care Act on the person's behalf, unless that person retires before the employer's NMRHCA effective date, in which event the time period required for the employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; or (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.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RCHA 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 RCHA or viewed on their website at www.nmrhca.stat.nm.us.

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plan 3, 4 or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention office member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15 (G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$82,242, \$81,036, and \$49,428, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
Capitan Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 14. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the School expects such amount, if any, to be immaterial.

The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

NOTE 15. 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 16. Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2015 was \$15,497.

NOTE 17. Memorandum of Understanding/Joint Powers Agreement

Public School Finance Authority (PSFA)

Purpose: To provide funding to the Capitan Municipal Schools to replace existing high school with a new secondary school and renovate the existing middle school to replace the elementary school pursuant to the provisions of the PSCOA and in accordance with rules adopted by the PSCOC. The District will match 90% of the approved funding and receive an advance of \$6,800,000 to execute the construction project. The parties will cooperate to provide for an on-going inventory of school facilities and equipment, their condition, and maintenance activities related to them.

Participants: Public School Facilities Authority and Capitan Municipal Schools

Responsible Party for Operation and Audit: Capitan Municipal Schools

Beginning and Ending Date of Agreement: June 25, 2014 and shall remain in effect indefinitely

Actual Amount Contributed by PSFA: \$897,293

REC

Purpose: 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 USDE under the Education of the Handicapped Act, Part B, PL 94-142 among others.

Participants: Regional Education Cooperative (REC) and Capitan Municipal Schools

Responsible Party for Operation and Audit: Regional Education Cooperative

Beginning and Ending Date of Agreement: July 1, 2014 – June 30, 2015

Total Estimated Amount of Project and Actual Amount Contributed: The District paid the REC for services and costs totaling \$130,642.

STATE OF NEW MEXICO
Capitan Municipal Schools
Notes to the Financial Statements
June 30, 2015

NOTE 17. Memorandum of Understanding/Joint Powers Agreement (continued)

Dual Credit Program

Purpose: To increase the educational options and opportunities for high school students and increase the overall quality of instruction and learning available through secondary schools and to earn credit credit at the secondary and postsecondary levels simultaneously. Authorized by sections 21-1-1.2, 21-1B-3, 21-13-19 and 22-13-1.4 NMSA 1978 and 6.30.7 NMAC.

Participants: Capitan Municipal Schools and Eastern New Mexico Univerity-Ruidoso

Responsible Party for Operation and Audit: None

Beginning and Ending Date of Agreement: July 1, 2014 – June 30, 2017 and shall automatically renew for additional fiscal years unless either party notifies the other party of their termination.

Total Estimated Amount of Project: None

NOTE 18. Construction Commitments

At June 30, 2015, the District entered into contracts with HB contractors; Dekker, Perrich, Sabitini Architects; and Smith Engineering for the building construction. HB contractor is under a contract amount of \$8,560,000, where the District has paid \$1,277,412 and an outstanding balance remains in the amount of \$7,282,588. Dekker, Perrich, Sabitini Architects is under contract for the amount of \$460,451, where the District has paid \$434,682 with a remaining outstanding balance of \$25,769. Smith Engineering is under contract for the amount of \$55,754, where the District has paid \$434,682 with a remaining outstanding balance of \$25,769.

Also, the District has a \$29,352 contract with Hughes Metal for construction of the baseball field fencing and ramp railing, which remains to be paid.

NOTE 19. Agreement with the Public School Facilities Authority

The Public School Facilities Authority and the Capitan Municipal Schools had entered into an agreement to complete a capital outlay project pursuant to the provisions of the PSCOA and in accordance with rules adopted by the PSCOC. In the fiscal year 2015, the District had been awarded funding through PSCOC-PSFA in the net amount of \$6,886,843. The State will match 10% of the approved project cost (in the amount of \$897,273) and the District is responsible for 90% (in the amount of \$8,075,458). The District also was advanced up to \$6,800,000 from the funds in which the District has not utilized as of June 30, 2015, which will be used in the future to construct the school buildings.

NOTE 20. Related Party Transactions

The Capitan Municipal Schools paid \$110 for supplies and materials reimbursement to the Chief Financial Officer. The Chief Financial Officer utilized her personal discount to make approved purchases for the school and was reimbursed only for the cost of the supplies and materials. The Chief Financial Officer is also related to a board member.

NOTE 21. Subsequent Events Review

The Capitan Municipal Schools has evaluated subsequent events through August 20, 2015, which is the date the financial statements were available to be issued. Nothing additional is required to be reported.

STATE OF NEW MEXICO
 Capitan Municipal Schools
 Notes to the Financial Statements
 June 30, 2015

NOTE 22. Restatement of Net Position

GASB 68 requires a restatement of Net Position to include the net pension liability at June 30, 2015 as the District is required to recognize the liability on its financial statements. Also a restatement of Net Position was performed for the reclassification of activity funds to district funds into the Operational Fund 11000. In summary, the restatement was as follows:

Beginning Net Position	\$ 10,214,765
Restatement for Net Pension Liability	(6,008,518)
Restatement for District Funds	<u>30,611</u>
Beginning Net Position, restated	\$ 4,236,858

The following activities funds were reclassified to the District's General Operational Fund as these funds are district directed and approved activities:

<u>District Funds</u>	
23130 Textbook Fines	\$ 1,562
23115 Memorial Park Donation	5,000
23105 Baseball Field	3,298
23125 Special Student Activities	1,245
23205 Elementary General	848
23225 Elementary Honor Roll	13
23230 Kindergarten	559
23231 1 st Grade	581
23232 2 nd Grade	2,331
23233 3 rd Grade	1,362
23234 4 th Grade	1,424
23235 5 th Grade	1,600
23240 Mediators	231
23241 Robot Fund	129
23250 Elem Teachers	790
23310 MS General Account	396
23320 MS Lounge General	44
23340 MS PBS	1
23348 MS Science Lab	1,015
23400 Annual	894
23402 Art Lab Fees	96
23416 Crime Stoppers	270
23417 Class of 2014 Money	1,263
23438 High School General	2,153
23444 Library	2,570
23457 Positive Behavior Rewards	212
23464 Technology Fund	724
Total District Funds reclassified	<u>\$ 30,611</u>

SUPPLEMENTARY INFORMATION

(This page intentionally left blank.)

NONMAJOR GOVERNMENTAL FUNDS

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOL
NONMAJOR GOVENMENTAL FUNDS
SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for Federal, State and Local funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational tasks. Grants accounted for in the Special Revenue Funds include:

Food Services – This fund is utilized to account for Federal and Local sources of income relating to the food service programs. The Food Services Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of the National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. The Non-Federal funds consist of income derived from Snack-Bar facilities located in the District. Authority for the creation of this fund is NMSA 22-13-13. No minimum balance required according to legislation.

Athletics - This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC. No minimum balance required according to legislation.

Title I – This fund’s major objectives are to provide supplemental educational opportunities for academically disadvantaged children in the area where they reside. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identify a campus; education need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for the creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383. No minimum balance required according to legislation.

IDEA B Entitlement – The purpose of this program is to account for revenue used to help maximize the resources in meeting the objective of handicapped children. The federal revenues in this fund are received from and administered by the New Mexico Department of Education. Authority for the creation of this fund is Part B of the Handicapped Act, Public Law 105-17. No minimum balance required according to legislation.

IDEA-B Autism - The objective of this grant is to support the district’s implementation of NMAP and improve the outcomes for students with Autism Spectrum Disorders through professional development, curriculum materials, trainings and travel expenses and supplies related to NMAP. Federal revenues accounted for in this fund are authorized by NMPED. No minimum balance required according to legislation.

IDEA-B Preschool - The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17. No minimum balance required according to legislation.

IDEA-B Risk Pool - The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17. No minimum balance required according to legislation.

Teacher/Principal Training – The purpose of this fund is to improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students. Authority for creation of this fund is Title II of the Elementary and Secondary Education Act (ESEA) of 1965 as amended, Public Law 103-382. No minimum balance required according to legislation.

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOL
NONMAJOR GOVENMENTAL FUNDS
SPECIAL REVENUE FUNDS

Title XIX Medicaid – The objective of this program is to provide federal funds for the implementation of the Medical Assistance Program Medicaid providing payments for medical assistance to low-income persons who are age 65 or over, blind, disabled, or members of families with dependent children or qualified pregnant women or children. Authority for creation of the Title XIX Medical Assistance Program is the Medicaid Title XIX of the Social Security Act, as amended, (42 USC 1396, et seq.) No minimum balance required according to legislation.

REAP (Rural Educational Achievement Program) – To account for monies received to provide financial assistance to rural district to carry out activities to help improve the quality of teaching and learning. Authority for this program is contained in Title VI, Part B of the Elementary and Secondary Education Act of 1965. (ESEA) , as amended by Public Law 107 – 110. No minimum balance required according to legislation.

Dual Credit (PED) – The purpose of this fund is to provide college credit for courses provided by high schools that meet the requirements. Authority is based on Memorandum of Understanding between the District, the schools within the agreements, and LEA. No minimum balance required according to legislation.

GO Bonds Library Audio & Visual- The objective of this act is to acquire library books, equipment and library resources for public school libraries and juvenile detention libraries. Funds are acquired from General Obligation Bonds through the Public Education Department. Authority for creation of this fund is the Legislation in Chapter 117, Laws of 2004, Section 10C(3). No minimum balance required according to legislation.

NM Reads to Lead- The purpose of this state grant is to provide for the implementation of the K-3 reading initiative activities as specified by the legislation. The fund was created by grant provisions. No minimum balance required according to legislation.

Breakfast for Elementary Students – The objective of this program is to provide breakfast to elementary students. Funding is provided by the New Mexico Public Education Department. No minimum balance required according to legislation.

School Buses – The objective is to provide funds to purchase buses for student transportation. Funding is provided by the New Mexico Public Education Department. No minimum balance required according to legislation.

Next Generation Assessments – The purpose of this state grant is to remediate deficiencies in computer devices compliant with the Partnership for Assessment of Readiness for College and Careers (PARCC) assessment requirements. Funding is provided by the New Mexico Public Education Department. No minimum balance required according to legislation.

Ed Tech Equipment Act- The purpose of this program is to upgrade the technology infrastructure and many of the components of the technology systems within the schools. The fund was created by the Education Technology Equipment Act (Section 6-15A-1 through 6-15A-16, NMSA 1978, as amended). No minimum balance required according to legislation.

All funds are on a reimbursement basis, therefore there are no reverting fund requirements.

(This page intentionally left blank.)

**STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOL
NONMAJOR GOVENMENTAL FUNDS**

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The District has four separate funds classified as non-major Capital Projects Funds as follows:

Capital Improvements SB-9 – This fund is used to account for expenditures of property taxes levied and stat matching funds restricted to maintenance and capital improvement projects as adopted by school board resolution. Authority for the creation of this fund is NMSA 22-25-1 to 22-25-10.

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Food Service	Athletics	Title I
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 91,987	\$ 8,180	\$ -
Investments	-	-	-
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	10,014
Other accounts receivable	-	-	-
Interfund receivable	-	-	-
Inventory	122	-	-
	\$ 92,109	\$ 8,180	\$ 10,014
<i>Total assets</i>	\$ 92,109	\$ 8,180	\$ 10,014
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-
Interfund payable	-	-	10,014
Unearned Revenue	-	-	-
	-	-	-
<i>Total liabilities</i>	-	-	10,014
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	-	-
	-	-	-
<i>Total deferred inflow of resources</i>	-	-	-
<i>Fund Balances</i>			
Fund Balance			
Non-spendable	122	-	-
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	91,987	8,180	-
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	-	-	-
	92,109	8,180	-
<i>Total fund balances</i>	92,109	8,180	-
<i>Total liabilities deferred inflows of resources and fund balances</i>	\$ 92,109	\$ 8,180	\$ 10,014

IDEA-B Entitlement	IDEA-B Autism	IDEA-B Preschool	IDEA-B Risk Pool
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
27,224	2,416	201	111
-	-	-	-
-	-	-	-
-	-	-	-
<u>27,224</u>	<u>2,416</u>	<u>201</u>	<u>111</u>
\$ 27,224	\$ 2,416	\$ 201	\$ 111
\$ -	\$ -	\$ -	\$ -
-	-	-	-
27,224	2,416	201	111
-	-	-	-
<u>27,224</u>	<u>2,416</u>	<u>201</u>	<u>111</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>27,224</u>	<u>2,416</u>	<u>201</u>	<u>111</u>

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Teacher/ Principal Training	Title XIX Medicaid	Rural Education Achievment Program
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	\$ 13,232	\$ -
Investments	-	-	-
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	22,675
Other accounts receivable	-	-	-
Interfund receivable	-	-	-
Inventory	-	-	-
<i>Total assets</i>	\$ -	\$ 13,232	\$ 22,675
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	\$ -	\$ -	-
Accrued salaries and benefits	-	-	-
Interfund payable	511	-	22,699
Unearned Revenue	-	-	-
<i>Total liabilities</i>	511	-	22,699
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	-	-
<i>Total deferred inflow of resources</i>	-	-	-
<i>Fund Balances</i>			
Fund Balance			
Non-spendable	-	-	-
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	-	13,232	-
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	(511)	-	(24)
<i>Total fund balances</i>	(511)	13,232	(24)
<i>Total liabilities deferred inflows of resources and fund balances</i>	\$ -	\$ 13,232	\$ 22,675

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	School Busses	Next Generation Assessments	Ed Tech Equipment Act
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	\$ -	-
Investments	-	-	-
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	-
Other accounts receivable	-	-	-
Interfund receivable	-	-	-
Inventory	-	-	-
	-	-	-
<i>Total assets</i>	\$ -	\$ -	-
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	\$ -	\$ -	-
Accrued salaries and benefits	-	-	-
Interfund payable	-	-	-
Unearned Revenue	-	-	-
	-	-	-
<i>Total liabilities</i>	-	-	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	-	-
	-	-	-
<i>Total deferred inflow of resources</i>	-	-	-
<i>Fund Balances</i>			
Fund Balance			
Non-spendable	-	-	-
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	-
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	-	-	-
	-	-	-
<i>Total fund balances</i>	-	-	-
<i>Total liabilities deferred inflows of resources and fund balances</i>	\$ -	\$ -	-

Statement A-1
(Page 3 of 3)

<u>Debt Service</u>	<u>Ed Tech Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 43,547	\$ 6,752	\$ 163,698
-	-	-
-	-	-
-	-	86,358
-	-	-
-	-	-
-	-	122
<u>\$ 43,547</u>	<u>\$ 6,752</u>	<u>\$ 250,178</u>
\$ -	\$ -	\$ 2,199
-	-	-
-	-	86,893
-	-	-
<u>-</u>	<u>-</u>	<u>89,092</u>
-	-	-
-	-	-
-	-	-
-	-	122
-	-	-
43,547	6,752	163,698
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	(2,734)
<u>43,547</u>	<u>6,752</u>	<u>161,086</u>
<u>\$ 43,547</u>	<u>\$ 6,752</u>	<u>\$ 250,178</u>

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	<u>Food Services</u>	<u>Athletics</u>	<u>Title I</u>
<i>Revenues.</i>			
Taxes			
Taxes levied/assessed	\$ -	\$ -	\$ -
Local sources			
Tuition	-	-	-
Investment income	190	5	-
Food services	45,823	-	-
District activities	-	17,172	-
Other revenue	29	91	-
State sources			
Unrestricted Grants	-	-	-
Restricted Grants	-	-	-
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	-	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	178,623	-	78,586
Department of Interior	-	-	-
Other items	19,397	-	-
<i>Total revenues</i>	<u>244,062</u>	<u>17,268</u>	<u>78,586</u>
<i>Expenditures:</i>			
Current:			
Instruction	-	18,108	78,586
Support Services			
Students	-	-	-
Instruction	-	-	-
General Administration	-	-	-
School Administration	-	-	-
Central Services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	249,187	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>249,187</u>	<u>18,108</u>	<u>78,586</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(5,125)</u>	<u>(840)</u>	<u>-</u>
<i>Other financing sources (uses)</i>			
Transfers (In) Out	-	-	-
Proceeds from the Sale of Assets	-	-	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(5,125)	(840)	-
<i>Fund balances - beginning of year</i>	97,234	9,020	-
<i>Fund balances - end of year</i>	<u>\$ 92,109</u>	<u>\$ 8,180</u>	<u>\$ -</u>

IDEA-B Entitlement	IDEA-B Autism	IDEA-B Preschool	IDEA-B Risk Pool
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
133,134	7,558	3,263	111
-	-	-	-
-	-	-	-
<u>133,134</u>	<u>7,558</u>	<u>3,263</u>	<u>111</u>
123,134	-	3,263	111
10,000	7,558	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>133,134</u>	<u>7,558</u>	<u>3,263</u>	<u>111</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	Teacher/ Principal Training	Title XIX Medicaid	Rural Education Achievement Program
<i>Revenues:</i>			
Taxes			
Taxes levied/assessed	\$ -	\$ -	\$ -
Local sources			
Tuition	-	-	-
Investment income	-	-	-
Food services	-	-	-
District activities	-	-	-
Other revenue	-	-	-
State sources			
Unrestricted Grants	-	-	-
Restricted Grants	-	-	-
Federal sources			
Unrestricted Grants	-	9,608	15,153
Unrestricted -state passthrough	-	-	-
Restricted Grants	-	4,101	28,934
Restricted -state passthrough	24,540	-	-
Department of Interior	-	-	-
Other items	-	-	-
<i>Total revenues</i>	<u>24,540</u>	<u>13,709</u>	<u>44,087</u>
<i>Expenditures:</i>			
Current:			
Instruction	15,453	-	43,816
Support Services			
Students	-	477	-
Instruction	-	-	-
General Administration	-	-	-
School Administration	9,598	-	295
Central Services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>25,051</u>	<u>477</u>	<u>44,111</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(511)</u>	<u>13,232</u>	<u>(24)</u>
<i>Other financing sources (uses)</i>			
Transfers (In) Out	-	-	-
Proceeds from the Sale of Assets	-	-	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(511)	13,232	(24)
<i>Fund balances - beginning of year</i>	-	-	-
<i>Fund balances - end of year</i>	<u>\$ (511)</u>	<u>\$ 13,232</u>	<u>\$ (24)</u>

Dual Credit PED	GO Bond Library Audio & Visual	NM Reads to Lead	Breakfast for Elementary Students
\$ -	\$ -	\$ -	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,365	-	50,000	12,155
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,365</u>	<u>-</u>	<u>50,000</u>	<u>12,155</u>
1,365	-	50,000	-
-	-	-	-
-	2,199	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	12,155
-	-	-	-
-	-	-	-
<u>1,365</u>	<u>2,199</u>	<u>50,000</u>	<u>12,155</u>
-	(2,199)	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	(2,199)	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ (2,199)</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	School Busses	Next Generation Assessments	Ed Tech Equipment Act
<i>Revenues:</i>			
Taxes			
Taxes levied/assessed	\$ -	\$ -	\$ -
Local sources			
Tuition	-	-	-
Investment income	-	-	97
Food services	-	-	-
District activities	-	-	-
Other revenue	-	-	-
State sources			
Unrestricted Grants	-	-	-
Restricted Grants	508,680	-	-
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	-	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	-	-	-
Department of Interior	-	-	-
Other items	-	-	-
<i>Total revenues</i>	<u>508,680</u>	<u>-</u>	<u>97</u>
<i>Expenditures:</i>			
Current:			
Instruction	-	-	-
Support Services			
Students	-	-	-
Instruction	-	-	61,528
General Administration	-	-	-
School Administration	-	-	-
Central Services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	508,680	-	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	-	-	-
Capital outlay	-	-	21,635
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>508,680</u>	<u>-</u>	<u>83,163</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(83,066)</u>
<i>Other financing sources (uses)</i>			
Transfers (In) Out	-	-	-
Proceeds from the Sale of Assets	-	-	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(83,066)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>83,066</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Debt Service	Ed Tech Debt Service	Total Nonmajor Governmental Funds
\$ 460,470	\$ 434,863	\$ 895,333
-	-	-
292	294	878
-	-	45,823
-	-	17,172
-	-	120
-	-	-
-	-	572,200
-	-	24,761
-	-	-
-	-	33,035
-	-	425,815
-	-	-
-	-	19,397
<u>460,762</u>	<u>435,157</u>	<u>2,034,534</u>
-	-	333,836
-	-	18,035
-	-	63,727
4,605	4,348	8,953
-	-	9,893
-	-	-
-	-	-
-	-	508,680
-	-	-
-	-	261,342
-	-	21,635
365,000	425,000	790,000
86,327	11,688	98,015
<u>455,932</u>	<u>441,036</u>	<u>2,114,116</u>
<u>4,830</u>	<u>(5,879)</u>	<u>(79,582)</u>
-	-	-
-	-	-
-	-	-
-	-	-
4,830	(5,879)	(79,582)
38,717	12,631	240,668
<u>\$ 43,547</u>	<u>\$ 6,752</u>	<u>\$ 161,086</u>

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
FOOD SERVICE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

Statement A-3

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ 49,752	\$ 49,752
State sources	-	-	-	-
Federal sources	-	-	178,623	178,623
Interest	-	-	190	190
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>228,565</u>	<u>228,565</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	278,695	316,630	233,548	83,082
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>278,695</u>	<u>316,630</u>	<u>233,548</u>	<u>83,082</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(278,695)</u>	<u>(316,630)</u>	<u>(4,983)</u>	<u>311,647</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	278,695	316,630	-	(316,630)
<i>Total other financing sources (uses)</i>	<u>278,695</u>	<u>316,630</u>	<u>-</u>	<u>(316,630)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(4,983)</u>	<u>(4,983)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>96,970</u>	<u>96,970</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,987</u>	<u>\$ 91,987</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (4,983)	
Adjustment to revenue for accruals and other deferrals			(142)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ (5,125)</u>	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
ATHLETICS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ 17,263	\$ 17,263
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	5	5
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>17,268</u>	<u>17,268</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	31,779	39,042	18,108	20,934
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>31,779</u>	<u>39,042</u>	<u>18,108</u>	<u>20,934</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(31,779)</u>	<u>(39,042)</u>	<u>(840)</u>	<u>38,202</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	31,779	39,042	-	(39,042)
<i>Total other financing sources (uses)</i>	<u>31,779</u>	<u>39,042</u>	<u>-</u>	<u>(39,042)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(840)</u>	<u>(840)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>9,020</u>	<u>9,020</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,180</u>	<u>\$ 8,180</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (840)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ (840)</u>	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
TITLE I SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	92,270	92,270
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>92,270</u>	<u>92,270</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	78,587	78,586	78,586	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>78,587</u>	<u>78,586</u>	<u>78,586</u>	<u>-</u>
<i>Excess (deficiency) of revenues</i>				
<i>over (under) expenditures</i>	<u>(78,587)</u>	<u>(78,586)</u>	<u>13,684</u>	<u>92,270</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	78,587	78,586	-	(78,586)
<i>Total other financing sources (uses)</i>	<u>78,587</u>	<u>78,586</u>	<u>-</u>	<u>(78,586)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>13,684</u>	<u>13,684</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(23,698)</u>	<u>(23,698)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,014)</u>	<u>\$ (10,014)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 13,684	
Adjustment to revenue for accruals and other deferrals			(13,684)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
IDEA B ENTITLEMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	150,368	150,368
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>150,368</u>	<u>150,368</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	108,942	123,132	123,132	-
Support Services				
Students	10,000	10,000	10,000	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>118,942</u>	<u>133,132</u>	<u>133,132</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(118,942)</u>	<u>(133,132)</u>	<u>17,236</u>	<u>150,368</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	118,942	133,132	-	(133,132)
<i>Total other financing sources (uses)</i>	<u>118,942</u>	<u>133,132</u>	<u>-</u>	<u>(133,132)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>17,236</u>	<u>17,236</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(44,460)</u>	<u>(44,460)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,224)</u>	<u>\$ (27,224)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 17,236	
Adjustment to revenue for accruals and other deferrals			(17,236)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
IDEA B AUTISM SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	16,432	16,432
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>16,432</u>	<u>16,432</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	7,558	7,558	7,558	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>7,558</u>	<u>7,558</u>	<u>7,558</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(7,558)</u>	<u>(7,558)</u>	<u>8,874</u>	<u>16,432</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	7,558	7,558	-	(7,558)
<i>Total other financing sources (uses)</i>	<u>7,558</u>	<u>7,558</u>	<u>-</u>	<u>(7,558)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>8,874</u>	<u>8,874</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(11,290)</u>	<u>(11,290)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,416)</u>	<u>\$ (2,416)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 8,874	
Adjustment to revenue for accruals and other deferrals			(8,874)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
IDEA B PRESCHOOL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	4,313	4,313
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>4,313</u>	<u>4,313</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	2,938	3,264	3,263	1
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,938</u>	<u>3,264</u>	<u>3,263</u>	<u>1</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(2,938)</u>	<u>(3,264)</u>	<u>1,050</u>	<u>4,314</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	2,938	3,264	-	(3,264)
<i>Total other financing sources (uses)</i>	<u>2,938</u>	<u>3,264</u>	<u>-</u>	<u>(3,264)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>1,050</u>	<u>1,050</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(1,251)</u>	<u>(1,251)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (201)</u>	<u>\$ (201)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 1,050	
Adjustment to revenue for accruals and other deferrals			(1,050)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
IDEA B RISK POOL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	28,967	28,967
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>28,967</u>	<u>28,967</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	111	111	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>111</u>	<u>111</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(111)</u>	<u>28,856</u>	<u>28,967</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	111	-	(111)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>111</u>	<u>-</u>	<u>(111)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>28,856</u>	<u>28,856</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(28,967)</u>	<u>(28,967)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (111)</u>	<u>\$ (111)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 28,856	
Adjustment to revenue for accruals and other deferrals			(28,856)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
TEACHER/PRINCIPAL TRAINING & RECRUITING SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	39,092	39,092
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>39,092</u>	<u>39,092</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	23,392	16,125	15,453	672
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	1,560	11,619	9,598	2,021
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>24,952</u>	<u>27,744</u>	<u>25,051</u>	<u>2,693</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(24,952)</u>	<u>(27,744)</u>	<u>14,041</u>	<u>41,785</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	24,952	27,744	-	(27,744)
<i>Total other financing sources (uses)</i>	<u>24,952</u>	<u>27,744</u>	<u>-</u>	<u>(27,744)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>14,041</u>	<u>14,041</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(14,552)</u>	<u>(14,552)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (511)</u>	<u>\$ (511)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 14,041	
Adjustment to revenue for accruals and other deferrals			(14,552)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ (511)</u>	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
TITLE XIX MEDICAID SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

Statement A-11

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	4,158	4,158
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>4,158</u>	<u>4,158</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	23,711	27,551	477	27,074
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>23,711</u>	<u>27,551</u>	<u>477</u>	<u>27,074</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(23,711)</u>	<u>(27,551)</u>	<u>3,681</u>	<u>31,232</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	23,711	27,551	-	(27,551)
<i>Total other financing sources (uses)</i>	<u>23,711</u>	<u>27,551</u>	<u>-</u>	<u>(27,551)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>3,681</u>	<u>3,681</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>9,551</u>	<u>9,551</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,232</u>	<u>\$ 13,232</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 3,681	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			9,551	
Net change in fund balance (GAAP basis)			<u>\$ 13,232</u>	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
RURAL EDUCATION ACHIEVEMENT PROGRAM SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

Statement A-12

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	28,934	28,934
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>28,934</u>	<u>28,934</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	44,189	44,189	43,816	373
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	1,000	1,000	-	1,000
School Administration	2,805	2,805	295	2,510
Central Services	3,500	3,500	-	3,500
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>51,494</u>	<u>51,494</u>	<u>44,111</u>	<u>7,383</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(51,494)</u>	<u>(51,494)</u>	<u>(15,177)</u>	<u>36,317</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	51,494	51,494	-	(51,494)
<i>Total other financing sources (uses)</i>	<u>51,494</u>	<u>51,494</u>	<u>-</u>	<u>(51,494)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(15,177)</u>	<u>(15,177)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(7,522)</u>	<u>(7,522)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22,699)</u>	<u>\$ (22,699)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (15,177)	
Adjustment to revenue for accruals and other deferrals			15,153	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ (24)</u>	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
DUAL CREDIT PED SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	967	967
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>967</u>	<u>967</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	566	1,365	1,365	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>566</u>	<u>1,365</u>	<u>1,365</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(566)</u>	<u>(1,365)</u>	<u>(398)</u>	<u>967</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	566	1,365	-	(1,365)
<i>Total other financing sources (uses)</i>	<u>566</u>	<u>1,365</u>	<u>-</u>	<u>(1,365)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(398)</u>	<u>(398)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(401)</u>	<u>(401)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (799)</u>	<u>\$ (799)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (398)	
Adjustment to revenue for accruals and other deferrals			398	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
GO BOND LIBRARY AUDIO & VISUAL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	9,579	9,579
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>9,579</u>	<u>9,579</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues</i>				
<i>over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>9,579</u>	<u>9,579</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>9,579</u>	<u>9,579</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(9,579)</u>	<u>(9,579)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 9,579	
Adjustment to revenue for accruals and other deferrals			(9,579)	
Adjustment to expenditures for payables, prepaids and other accruals			(2,199)	
Net change in fund balance (GAAP basis)			<u>\$ (2,199)</u>	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
NM READS TO LEAD SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	50,312	50,312
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>50,312</u>	<u>50,312</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	50,000	50,000	50,000	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(50,000)</u>	<u>(50,000)</u>	<u>312</u>	<u>50,312</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	50,000	50,000	-	(50,000)
<i>Total other financing sources (uses)</i>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>312</u>	<u>312</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(21,169)</u>	<u>(21,169)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,857)</u>	<u>\$ (20,857)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 312	
Adjustment to revenue for accruals and other deferrals			(312)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
BREAKFAST FOR ELEMENTARY STUDENTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	10,094	10,094
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>10,094</u>	<u>10,094</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	12,155	12,155	12,155	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>12,155</u>	<u>12,155</u>	<u>12,155</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(12,155)</u>	<u>(12,155)</u>	<u>(2,061)</u>	<u>10,094</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	12,155	12,155	-	(12,155)
<i>Total other financing sources (uses)</i>	<u>12,155</u>	<u>12,155</u>	<u>-</u>	<u>(12,155)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(2,061)</u>	<u>(2,061)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,061)</u>	<u>\$ (2,061)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (2,061)	
Adjustment to revenue for accruals and other deferrals			2,061	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
SCHOOL BUSES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

Statement A-17

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	508,680	508,680
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	-	-	508,680	508,680
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	508,680	508,680	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	508,680	508,680	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	(508,680)	-	508,680
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	508,680	-	(508,680)
<i>Total other financing sources (uses)</i>	-	508,680	-	(508,680)
<i>Net change in fund balances</i>	-	-	-	-
<i>Cash balances - beginning of year</i>	-	-	-	-
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary basis)			\$ -	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ -	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
NEXT GENERATION ASSESSMENTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	3,609	3,609
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>3,609</u>	<u>3,609</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>3,609</u>	<u>3,609</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>3,609</u>	<u>3,609</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(3,609)</u>	<u>(3,609)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 3,609	
Adjustment to revenue for accruals and other deferrals			(3,609)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
ED TECH EQUIPMENT ACT CAPITAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

Statement A-19

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	97	97
<i>Total revenues</i>	-	-	97	97
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	69,000	61,528	61,528	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	22,338	21,635	703
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	69,000	83,866	83,163	703
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(69,000)	(83,866)	(83,066)	800
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	69,000	83,866	-	(83,866)
<i>Total other financing sources (uses)</i>	69,000	83,866	-	(83,866)
<i>Net change in fund balances</i>	-	-	(83,066)	(83,066)
<i>Cash balances - beginning of year</i>	-	-	83,066	83,066
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (83,066)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ (83,066)	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
BOND BUILDING CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

Statement A-20

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ 167	\$ 167
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	27,058	27,058
<i>Total revenues</i>	-	-	27,225	27,225
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	4,169,090	787,262	3,381,828
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	4,169,090	787,262	3,381,828
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	(4,169,090)	(760,037)	3,409,053
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	4,169,090	-	(4,169,090)
<i>Total other financing sources (uses)</i>	-	4,169,090	-	(4,169,090)
<i>Net change in fund balances</i>	-	-	(760,037)	(760,037)
<i>Cash balances - beginning of year</i>	-	-	4,602,284	4,602,284
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ 3,842,247	\$ 3,842,247
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (760,037)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(491,923)	
Net change in fund balance (GAAP basis)			\$ (1,251,960)	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
CAPITAL IMPROVEMENTS SB-9 CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

Statement A-21

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ 783,047	\$ 783,047
State sources	-	-	13,667	13,667
Federal sources	-	-	-	-
Interest	-	-	1,938	1,938
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>798,652</u>	<u>798,652</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	7,507	8,000	7,665	335
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	1,212,202	712,967	499,235
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>7,507</u>	<u>1,220,202</u>	<u>720,632</u>	<u>499,570</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(7,507)</u>	<u>(1,220,202)</u>	<u>78,020</u>	<u>1,298,222</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	7,507	1,220,202	-	(1,220,202)
<i>Total other financing sources (uses)</i>	<u>7,507</u>	<u>1,220,202</u>	<u>-</u>	<u>(1,220,202)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>78,020</u>	<u>78,020</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>764,551</u>	<u>764,551</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 842,571</u>	<u>\$ 842,571</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 78,020	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(8,235)	
Net change in fund balance (GAAP basis)			<u>\$ 69,785</u>	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
DEBT SERVICE FUND

Statement A-22

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	460,470	\$ 460,470
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	292	292
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>460,762</u>	<u>460,762</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	4,605	4,605	4,605	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	458,274	486,098	365,000	121,098
Interest	86,207	86,327	86,327	-
<i>Total expenditures</i>	<u>549,086</u>	<u>577,030</u>	<u>455,932</u>	<u>121,098</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(549,086)</u>	<u>(577,030)</u>	<u>4,830</u>	<u>581,860</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	549,086	577,030	-	(577,030)
<i>Total other financing sources (uses)</i>	<u>549,086</u>	<u>577,030</u>	<u>-</u>	<u>(577,030)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>4,830</u>	<u>4,830</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>38,717</u>	<u>38,717</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,547</u>	<u>\$ 43,547</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 4,830	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ 4,830</u>	

STATE OF NEW MEXICO

Statement A-23

CAPITAN MUNICIPAL SCHOOLS

EDUCATIONAL TECHNOLOGY DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	434,863	\$ 434,863
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	294	294
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>435,157</u>	<u>435,157</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	6,200	6,200	4,348	1,852
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	426,895	431,631	425,000	6,631
Interest	11,688	11,688	11,688	-
<i>Total expenditures</i>	<u>444,783</u>	<u>449,519</u>	<u>441,036</u>	<u>8,483</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(444,783)</u>	<u>(449,519)</u>	<u>(5,879)</u>	<u>443,640</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	444,783	449,519	-	(449,519)
<i>Total other financing sources (uses)</i>	<u>444,783</u>	<u>449,519</u>	<u>-</u>	<u>(449,519)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(5,879)</u>	<u>(5,879)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>12,631</u>	<u>12,631</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,752</u>	<u>\$ 6,752</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (5,879)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ (5,879)</u>	

(This page intentionally left blank.)

FIDUCIARY FUNDS

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS

FIDUCIARY FUNDS

Agency Funds

Agency Funds – To account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Capitan Municipal Schools has the following funds classified as Agency Funds:

Activity – To account for assets held by the District until distributed to various organizations at the schools.

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
AGENCY FUNDS

Schedule B

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
ASSETS				
Administration	\$ 81	\$ -	\$ -	\$ 81
Elementary School	1	45	45	1
Middle School	1,740	1,706	3,382	64
High School	22,368	114,506	106,236	30,637
Scholarships	12,833	900	1,500	12,233
Total Assets	<u>\$ 37,023</u>	<u>\$ 117,157</u>	<u>\$ 111,163</u>	<u>\$ 43,016</u>
LIABILITIES				
Deposits held for others	<u>37,023</u>	<u>117,157</u>	<u>111,163</u>	<u>43,016</u>
Total Liabilities	<u>\$ 37,023</u>	<u>\$ 117,157</u>	<u>\$ 111,163</u>	<u>\$ 43,016</u>

(This page intentionally left blank.)

PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
 Required Supplemental Information
 June 30, 2015

REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF PROPORTONATE SHARE OF THE NET PENSION LIABILITY
 Educational Retirement Board (ERB) Plan
 Last 10 fiscal years*

	2015
District's proportion of net pension liability (asset)	0.099140%
District's proportionate share of the net pension liability (asset)	\$ 5,656,655
District's covered-employee payroll	\$ 2,732,688
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	207.00%
Plan fiduciary net position as a percentage of total pension liability	66.54%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the State of New Mexico will present information for those years for which information is available

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
 Required Supplemental Information
 June 30, 2015

REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 EDUCATIONAL RETIREMENT BOARD (ERB) Pension PLAN
 LAST 10 FISCAL YEARS*

	2015
Contractually required contribution	\$ 381,058
Contributions in relation to the contractually required contribution	\$ 381,058
Contribution deficiency (excess)	\$ -
District's Covered-employee payroll	\$ 2,532,049
Contributions as a percentage of covered-employee payroll	15.04%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Note: Employee contributions are not included in this schedule.

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
Required Supplemental Information
For the Year Ended June 30, 2015

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

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

Changes of assumptions.

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

1. Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 4.75% to 4.25%
 - b. Lower payroll growth from 3.75% to 3.50%
 - c. Minor changes to demographic assumptions
 - d. Population growth per year from 0.75% to 0.50%

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

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

(This page intentionally left blank.)

SUPPORTING SCHEDULES

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
June 30, 2015

Schedule I

Name of Depository	Description of Pledged Collateral	Market Value June 30, 2015	Name and Location of Safekeeper
First Savings Bank, SD	FHLMC E03114 31294MN72, 2.5%, 4/1/22	\$ 99,304	Federal Reserve Bank Dallas, TX
First Savings Bank, SD	FNMA AQ7878 3138MPXG5, 2.5%, 12/1/22	788,931	Federal Reserve Bank Dallas, TX
First Savings Bank, SD	FHLMC G14692 3128MDNH2, 3.0%, 2/1/23	1,240,373	Federal Reserve Bank Dallas, TX
First Savings Bank, SD	FHLMC J22440 31307AV90, 2.5%, 2/1/23	646,666	Federal Reserve Bank Dallas, TX
First Savings Bank, SD	FNMA AQ8239 3138MQEM1, 2.5%, 2/1/23	1,321,943	Federal Reserve Bank Dallas, TX
First Savings Bank, SD	FNMA AR6691 3138W4NH0, 2.5%, 2/1/23	1,195,147	Federal Reserve Bank Dallas, TX
First Savings Bank, SD	FHLMC J22976 31307BJV34, 2.5%, 3/1/23	931,115	Federal Reserve Bank Dallas, TX
First Savings Bank, SD	Roswell ISD 778550JG9, 2.5%, 8/1/23	320,097	Federal Reserve Bank Dallas, TX
First Savings Bank, SD	FNMA AB7142 31417D5C3, 2.5%, 12/1/27	516,771	Federal Reserve Bank Dallas, TX
	Total Collateral Pledged	<u>\$ 7,060,347</u>	

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
June 30, 2015

Schedule II

Deposit or Investment Account Type	First Savings Bank	Total
Operational Checking- Interest Bearing	\$ 1,539,133	\$ 1,539,133
Certificate of Deposit- Interest Bearing	825,054	825,054
Money Market- Interest Bearing	<u>4,361,192</u>	<u>4,361,192</u>
Total On Deposit	6,725,378	6,725,378
Reconciling Items	<u>(776,110)</u>	<u>(776,110)</u>
Reconciled Balance June 30, 2015	<u>\$ 5,949,268</u>	<u>\$ 5,949,268</u>

Reconciliation to financial statements:

Cash and cash equivalents:

Total cash and cash equivalents per Statement of Net Position	\$ 5,906,251
Total cash and cash equivalents per Fiduciary Statement of Assets and Liabilities	<u>43,016</u>
Total Cash & Cash Equivalents	\$ 5,949,268

STATE OF NEW MEXICO
 Capitan Municipal Schools
 Cash Reconciliation
 June 30, 2015

	Operational Account	Transportation Account	Instructional Materials Account	Food Services Account	Athletics Account	Non-Instructional Fund
Cash per June 30, 2014 audit report	\$ 813,563	\$ -	\$ 11,161	\$ 96,970	\$ 9,020	\$ 67,634
	30,612					(30,612)
Interfund loans	<u>(73,662)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	770,513	-	11,161	96,970	9,020	37,022
Add:						
2014-15 revenues	<u>4,480,891</u>	<u>349,577</u>	<u>34,151</u>	<u>244,062</u>	<u>17,268</u>	<u>117,156</u>
Total cash available	5,251,404	349,577	45,312	341,032	26,288	154,178
Less:						
2014-15 expenditures	(4,230,696)	(349,577)	(45,311)	(249,045)	(18,109)	(111,162)
Reinstate cash for payroll liabilities	<u>50,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash June 30, 2015	<u>\$ 1,070,967</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 91,987</u>	<u>\$ 8,179</u>	<u>\$ 43,016</u>
Bank balance end of year	\$ 1,897,381	\$ -	\$ 1	\$ 91,987	\$ 8,179	\$ 43,016
Adjustments for voided checks	-	-	-	-	-	-
Outstanding Checks	<u>(826,414)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash June 30, 2015	<u>\$ 1,070,967</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 91,987</u>	<u>\$ 8,179</u>	<u>\$ 43,016</u>

Federal Flowthrough Fund	Federal Direct Fund	State Flowthrough Fund	State Direct Fund	Bond Building Fund	Public Schools Capital Outlay
\$ (124,218)	\$ 2,029	\$ (34,829)	\$ -	\$ 4,602,284	\$ -
<u>40,476</u>	<u>9,468</u>	<u>23,718</u>	<u>-</u>	<u>-</u>	<u>-</u>
(83,742)	11,497	(11,111)	-	4,602,284	-
<u>331,446</u>	<u>33,092</u>	<u>583,311</u>	<u>-</u>	<u>27,225</u>	<u>-</u>
247,704	44,589	572,200	-	4,629,509	-
(247,704)	(44,588)	(572,200)	-	(787,262)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ -</u>	<u>\$ 3,842,247</u>	<u>\$ -</u>
\$ -	\$ 1	\$ -	\$ -	\$ 3,842,247	\$ -
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,842,247</u>	<u>\$ -</u>

(This page intentionally left blank.)

STATE OF NEW MEXICO
 Capitan Municipal Schools
 Cash Reconciliation
 June 30, 2015

Schedule III
 (Page 2 of 2)

	Special Capital Outlay State	Capital Improv SB9	Ed Tech Equipment Act	Debt Service Fund	Ed Tech Debt Service Fund	Total
Cash per June 30, 2014 audit report	\$ -	\$ 764,551	\$ 83,066	\$ 38,717	\$ 12,631	\$ 6,342,579
Interfund loans	-	-	-	-	-	-
	-	764,551	83,066	38,717	12,631	6,342,579
Add:						
2014-15 revenues	-	798,652	97	460,762	435,157	7,912,847
Total cash available	-	1,563,203	83,163	499,479	447,788	14,255,426
Less:						
2014-15 expenditures	-	(720,632)	(83,163)	(455,932)	(441,036)	(8,356,417)
Reinstate cash for payroll liability	-	-	-	-	-	50,259
Cash June 30, 2015	\$ -	\$ 842,571	\$ -	\$ 43,547	\$ 6,752	\$ 5,949,268
Bank balance end of year	\$ -	\$ 842,571	\$ -	\$ 43,547	\$ 6,752	\$ 6,775,682
Adjustments for voided checks	-	-	-	-	-	-
Outstanding Checks	-	-	-	-	-	(826,414)
Cash June 30, 2015	\$ -	\$ 842,571	\$ -	\$ 43,547	\$ 6,752	\$ 5,949,268

(This page intentionally left blank.)

Capitan Municipal Schools
Schedule of Vendor Information for purchases exceeding \$60,000 (excluding GRT)
For the Year Ended June 30, 2015

RFP# RFB#/RFP# / State-Wide Price Agreement	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address of ALL Vendors that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N)	Brief Description of the Scope of Work
2014-15 CapSecondary	RFP for Cost Reimbursement Contract	HB Construction	8,560,000.00	N/A	HB Construction - 5301 Beverly Hills Ave. NE, Albuquerque, NM 87113	Y	N	Construction of new secondary school
2014-15 CapSecondary	RFP for Cost Reimbursement Contract	N/A	N/A	N/A	Bradbury Stamm Construction - 7110 2nd Street NW, Albuquerque NM 87107	Y	N	Construction of new secondary school
2014-15 CapSecondary	RFP for Cost Reimbursement Contract	N/A	N/A	N/A	Jaynes Corporation - 2906 Broadway NE, Albuquerque, NM 87107	Y	N	Construction of new secondary school
2014-15 CapSecondary	RFP for Cost Reimbursement Contract	N/A	N/A	N/A	Tatsch Construction Inc. - 208 Highway 180 West, Silver City NM 88061	Y	N	Construction of new secondary school
2014-15 CapSecondary	RFP for Cost Reimbursement Contract	N/A	N/A	N/A	Gerald A. Martin LTD - 4901 McLeod NE, Albuquerque, NM 87109	Y	N	Construction of new secondary school
2014-15 CapSecondary	RFP for Cost Reimbursement Contract	N/A	N/A	N/A	DND Contractors Inc. - 205 W. Boutz Building 3, Ste. B, Las Cruces, NM 88005	Y	N	Construction of new secondary school
N/A	RFP for Cost Reimbursement Contract	Summit Food Service Management	Cost Reimbursement. Amount paid to contractor: \$230,459.32	N/A	Summit Food Service - P.O. Box 743293, Atlanta, GA 30374	N	N	Food Service Management
2013-1	RFP for Cost Reimbursement Contract	Dekker/Perich/Sabatini LTD.	\$ 553,275.65	N/A	Dekker/Perich/Sabatini LTD. - 7601 Jefferson NE, Suite 100, Albuquerque, NM 87109	Y	N	Architect services for construction or renovations and additions to Elementary School & High School, demolition, replacement and relocation of some existing facilities on campus.
2013-1	RFP for Cost Reimbursement Contract	N/A	N/A	N/A	Huitt-Zollars - 6565 Americas Parkway NE, Suite 550, Albuquerque, NM 87110-8154	Y	N	Architect services for construction of renovations and additions to Elementary School & High School, demolition, replacement and relocation of some existing facilities on campus.
2013-1	RFP for Cost Reimbursement Contract	N/A	N/A	N/A	PA Architects - P.O. Box 51057, Albuquerque, NM 87181	Y	N	Architect services for construction of renovations and additions to Elementary School & High School, demolition, replacement and relocation of some existing facilities on campus.

(This page intentionally left blank.)

COMPLIANCE SECTION

(This page intentionally left blank.)



**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*
INDEPENDENT AUDITOR'S REPORT**

Timothy M. Keller
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Capitan Municipal Schools
Capitan, NM

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons of the General fund and Special Revenue funds, of the Capitan Municipal Schools as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Capitan Municipal Schools' basic financial statements, and the combining and individual and related budgetary comparisons of the Capitan Municipal Schools, presented as supplemental information, and have issued our report thereon dated August 20, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Capitan Municipal Schools' internal control over financial reporting to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Capitan Municipal Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Capitan Municipal Schools' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned function, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. The significant deficiency is described as 2015-001.

(This page intentionally left blank.)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Capitan Municipal Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 2015-001.

Capitan Municipal Schools' Response to Findings

The Capitan Municipal Schools' response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Capitan Municipal Schools' response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Precision Accounting LLC
Albuquerque, New Mexico
September 9, 2015

(This page intentionally left blank.)

FEDERAL FINANCIAL ASSISTANCE

(This page intentionally left blank.)



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
INDEPENDENT AUDITOR'S REPORT**

Timothy M. Keller
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Capitan Municipal Schools
Capitan, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the Capitan Municipal Schools' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Capitan Municipal Schools' major federal programs for the year ended June 30, 2015. The Capitan Municipal Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Capitan Municipal Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Capitan Municipal Schools' compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Capitan Municipal Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, the Capitan Municipal Schools' complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

(This page intentionally left blank.)

Report on Internal Control Over Compliance

The management of the Capitan Municipal Schools' is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered the Capitan Municipal Schools' internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance on each major program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Capitan Municipal Schools' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

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



Precision Accounting LLC
Albuquerque, New Mexico
September 9, 2015

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

Schedule IV

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Program or Award Amount	Disbursements/ Expenditures
<i>Direct Programs:</i>				
U.S. Department of Education				
Rural Educational Achievement Program (REAP)	84.358	25233	28,934	44,111
Subtotal Direct Programs			<u>28,934</u>	<u>44,111</u>
U.S. Department of Agriculture				
Forest Reserve	10.665	11000	26,165	26,165
Subtotal Department of Agriculture			<u>26,165</u>	<u>26,165</u>
Total Direct Awards			<u>55,099</u>	<u>70,276</u>
<i>Pass Through Programs:</i>				
U.S. Department of Agriculture				
Passed through Health and Human Services:				
Commodities Program	10.550	21000	19,397	19,397
National School Lunch Program	10.555	21000	178,623	249,187
Total U.S. Department of Agriculture			<u>198,020</u>	<u>268,584</u>
U.S. Department of Education				
Passed through NM Public Education Department:				
Title I	84.010	24101	78,586	78,586
IDEA B State Directed	84.027	27200/11000	12,477	12,477
IDEA B Entitlement	84.027	24106	133,134	133,134
IDEA B Austism Project	84.027	24108	7,558	7,558
IDEA B Preschool	84.173	24109	3,263	3,263
IDEA B Risk Pool	84.027	24120	111	111
Teacher/Principal Training and Recruiting	84.367A	24154	24,540	25,051
Total U.S. Department of Education			<u>259,669</u>	<u>260,180</u>
Total Federal Financial Assistance			<u>\$ 512,788</u>	<u>\$ 599,040</u>

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Capitan Municipal Schools (District) and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Subrecipients

The District did not provide any federal awards to subrecipients during the year.

3. Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2015 was \$15,497.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 599,040
Total expenditures funded by other sources	<u>8,165,400</u>
Total expenditures	<u>\$ 8,764,440</u>

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Capitan Municipal Schools.
2. One (1) significant deficiency was disclosed during the audit of the financial statements.
3. One instance of noncompliance material to the financial statements of the Capitan Municipal Schools was disclosed during the audit.
4. There were no audit findings required to be reported under A-133.510(a).
5. The auditor's report on compliance for major federal award programs for the Capitan Municipal Schools expresses an unmodified opinion.
6. The programs tested as major were the National School Lunch Program CFDA No. 10.555, IDEA B Entitlement CFDA No. 84.027, IDEA B Autism Project CFDA No. 84.027, and IDEA B Risk Pool CFDA No. 84.027
7. The threshold for distinguishing Types A and B programs was \$300,000.
8. The Capitan Municipal Schools qualified as a **high** risk auditee.

B. FINDINGS-FINANCIAL STATEMENT AUDIT

2015-001 Activities Funds (Significant Deficiency, Control Deficiency)

CONDITION: : The District notified us that one of the activity funds may have been compromised as the former Athletic Director did not follow PSAB 18 regulations with regard to cash management of depositing, recording receipts and expenditures in the Districts accounting records. After consultation with the IPA, the District notified the State Auditor of the matter.

CRITERIA: PSAB 18 and NMAC 6.20.2.14 requires that all cash be appropriately collected, receipted, deposited and recorded when accounting for activity funds' monies. NMAC 2.2.2, the State Audit Rule, requires entities to report any potential misappropriation to their office immediately.

CAUSE: Unknown

EFFECT: It is impossible for the auditors to determine whether the amount of monies received and deposited into a personal bank account were complete and intact and whether or not the expenditures were proper. In addition to non-compliance with PSAB 18, the student's monies may have been compromised. The District did handle the issue as a personnel matter.

RECOMMENDATION: The District should train all personnel on the importance of proper handling of monies for activity funds to ensure compliance with PSAB 18 and to mitigate potential liability for responsible parties.

CLIENT RESPONSE: The district upon learning of the mis-handling of monies by the former Athletic Director reviewed the case in its entirety and decided to not renew the individual's contract. In the new fiscal year our Chief Financial Officer has performed detailed trainings with each employee in the district on all business office procedures as well as provided and reviewed the PSAB 18 of the School Business Manual of Procedures for their information. Employees were required to sign off as having received and understanding all procedures, this document is in each personnel file.

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

C. FINDINGS-FEDERAL AWARDS

None

D. PRIOR YEAR AUDIT FINDINGS

None

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
OTHER DISCLOSURES
Year Ended June 30, 2015

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Kimberly Stone, the Chief Financial Officer, is capable of preparing, understanding and accepting responsibility for the GAAP basic financial statements. Although the District is responsible for the content of the financial statements, they have contracted with the auditor to prepare the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

B. EXIT CONFERENCE

The contents of this report were discussed on August 20, 2015. The following individuals were in attendance.

Capitan Municipal Schools

Shirley Crawford, Superintendent
Kimberly Stone, Chief Financial Officer
Justin King, Board President
Deril Lindsay, Audit Committee
Kelli Olmstead, Audit Committee
Gary Tregembo, Board Member

Precision Accounting LLC

Melissa R. Santistevan, CPA, CFE, CGMA
Mei Y. To, CPA
Daniel Perea, Staff Accountant
Steve Folkes, Quality