

STATE OF NEW MEXICO



CAPITAN MUNICIPAL SCHOOLS

Home of the Tigers

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

(This page intentionally left blank.)

INTRODUCTORY SECTION

(This page intentionally left blank.)

ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2016

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	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	80

(This page intentionally left blank.)

STATE OF NEW MEXICO
 Capitan Municipal Schools
 For the Fiscal Year Ended June 30, 2016
 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	86
Athletics Special Revenue Fund	A-4	87
Non-Instructional Support Special Revenue Fund	A-5	88
Title I Special Revenue Fund	A-6	89
IDEA-B Entitlement Special Revenue Fund	A-7	90
IDEA-B Autism Special Revenue Fund	A-8	91
IDEA-B Preschool Special Revenue Fund	A-9	92
IDEA B Risk Pool Special Revenue Fund	A-10	93
Teacher/Principal Training & Recruiting Special Revenue Fund	A-11	94
USDA Equipment Assistance	A-12	95
Title XIX Medicaid Special Revenue Fund	A-13	96
Rural Education Achievement Program Special Revenue Fund	A-14	97
Dual Credit PED Special Revenue Fund	A-15	98
GO Bond Library Audio & Visual Special Revenue Fund	A-16	99
NM Reads to Lead Special Revenue Fund	A-17	100
Breakfast for Elementary Students Special Revenue Fund	A-18	101
School Buses Special Revenue Fund	A-19	102
Next Generation Assessments Special Revenue Fund	A-20	103
Ed Tech Equipment Act Special Revenue Fund	A-21	104
Bond Building Capital Projects Fund	A-22	105
Capital Improvements SB-9 Capital Projects Fund	A-23	106
Debt Service Fund	A-24	107
Ed Tech Debt Service Fund	A-25	108
Schedule of Changes in Assets and Liabilities – Agency Funds	B	113
 REQUIRED SUPPLEMENTARY INFORMATION		
Pension Liability		
Schedule of Proportionate Share of the Net Pension Liability		117
Schedule of Contributions		119
Notes to Required Supplemental Information		121
 SUPPORTING SCHEDULES		
Schedule of Collateral Pledged by Depository	I	125
Schedule of Deposit and Investment Accounts	II	127
Cash Reconciliation	III	128
Schedule of Vendor Information	IV	133
 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>		137
 FEDERAL FINANCIAL ASSISTANCE		
Schedule of Findings and Responses		141
 OTHER DISCLOSURES		
		143

(This page intentionally left blank.)

OFFICIAL ROSTER
June 30, 2016

Name

Board of Education

Title

Justin King

President

Gary Tregembo

Vice President

Dennis Rich

Secretary

Troy Stone

Member

Daryl Lindsay

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, 2016, 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, 2016, as listed in the table of contents. We did not audit the 2015 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, 2016, 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, 2016, 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 117, the *Schedule of Contributions* on page 119, and the notes to the required supplementary information on page 121 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 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 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 October 6, 2016 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
October 6, 2016

(This page intentionally left blank.)

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

June 30, 2016

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, 2016. 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, 2016 are as follows:

- The assets of the District exceeded its liabilities at the end of the fiscal year by \$9,847,818 (net position and deferred inflows of resources). Of this amount, \$11,821,322 is invested in capital assets, \$3,373,627 is restricted for Capital Projects, \$519,671 is restricted for Debt Service, \$136,842 for Special Revenue Funds, \$36,102 is restricted for General Fund, and \$(6,039,746) 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 \$620,907.
- The District's total net position increased by \$ 4,876,094 which is reflected in the District's Statement of Activities. The District's liabilities increased by \$1,640,460 in fiscal year 2016.
- At June 30, 2016, the unreserved and undesignated fund balance for the general fund was \$1,104,887, which reflects an increase of \$10,519 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, 2016 is \$8,884,775. This includes current year depreciation in the amount of \$839,928.
- Capital Outlay expenditures were \$664,870 in the year ending June 30, 2016. 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 \$5,410,000. An Ed Tech Bond was issued in September of 2015 for a total of \$1,500,000

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

June 30, 2016

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, 2016

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:

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

	Current Year	Prior Year
Assets	2016	2015
Cash and Other Equivalents	\$ 4,573,087	\$ 5,906,251
Current and Other Assets	352,084	170,596
Capital Assets, Net	17,231,322	9,875,876
Deferred Outflows of Resources	<u>615,501</u>	<u>381,058</u>
TOTAL ASSETS	22,681,048	16,333,781
Liabilities		
Current Liabilities	1,333,493	968,426
Noncurrent Liabilities	<u>10,878,939</u>	<u>9,603,396</u>
TOTAL LIABILITIES	12,212,282	10,571,822
Deferred Inflows of Resources	711,743	790,235
Net Position		
Net Investment in Capital Assets	11,821,322	5,590,876
Restricted:		
Debt Services	519,671	914,114
Capital Projects	3,373,627	5,620,218
Special Revenue Funds	136,819	629,791
General Funds	36,102	85,763
Unrestricted	<u>(6,039,746)</u>	<u>(7,869,038)</u>
TOTAL NET POSITION	\$ <u>9,847,818</u>	\$ <u>4,971,724</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ <u>22,771,994</u>	\$ <u>16,333,781</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, 2016

discretion of the District and to meet ongoing obligations to creditors and stakeholders. .% 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 \$1,063,239. This increase was due to a bond issuance during the fiscal year. 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**

	2016	2015
Revenues:		
Program Revenues		
Charges for Services	\$ 76,208	\$ 68,675
Operating Grants & Contributions	1,154,504	1,531,589
Capital Grants & Contributions	<u>4,892,241</u>	<u>30,354</u>
Total Program Revenues	6,122,953	1,630,618
General Revenues:		
Property Taxes		
General Purpose	106,281	100,832
Debt Service	951,598	895,333
Capital Projects	817,864	766,527
Grants & Contributions, not restricted	4,293,838	4,281,913
Unrestricted Investment Earnings	18,583	33,286
Loss on disposal of assets	(1)	(301,662)
Sale of Bonds	<u>15,448</u>	<u>-</u>
Total General Revenues	<u>6,203,611</u>	<u>5,776,229</u>
TOTAL REVENUES	12,326,564	7,406,847
Expenditures:		
Direct Instruction	4,162,242	3,685,675
Students	422,147	386,868
Instruction	6,645	64,235
General Administration	256,958	265,315
School Administration	323,648	312,278
Central Services	183,692	146,854
Operation & Maintenance of Plant	532,899	561,115
Student Transportation	440,556	347,672
Other Support Services	-	965
Food Services	336,492	290,340
Capital Outlay	664,870	586,464
Interest on Long term debt	<u>104,764</u>	<u>24,200</u>
TOTAL EXPENDITURES	<u>7,434,913</u>	<u>6,671,981</u>
Change in Net Position	4,876,094	734,866
Net Position, Beginning of Year	<u>4,971,724</u>	<u>10,214,765</u>
Restatement	(-)	(5,977,907)
Net Position, End of Year	\$ <u>9,847,818</u>	\$ <u>4,971,724</u>

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

June 30, 2016

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 \$5,327,755. The final general fund expenditure budget was \$5,544,009 of which \$4,335,471 was expended in the current year. Budgets were not exceeded in any of the functions in the general fund.

Of the \$4,445,204 total District revenue budget, the District received 1% more in actual revenue for an increase of \$5,905 in actual revenue received over budgeted revenue.

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, 2016 is \$11,821,322. 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 \$8,884,775, of which \$839,928 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 \$5,410,000 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, 2016**

CAPITAL MUNICIPAL SCHOOL DISTRICT'S LONG-TERM OBLIGATION

Governmental Activities:

General Obligation Debt

		Balance at <u>6/30/15</u>		Additions		Deletions		Balance at <u>6/30/15</u>		Due within <u>One Year</u>
<i>TOTAL</i>	\$	4,285,000	\$	1,500,000	\$	375,000	\$	5,410,000	\$	830,000

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:
519 Smokey Bear Blvd.
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, 2016

Exhibit A-1
(Page 1 of 2)

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 4,573,087
Taxes Receivable	120,418
Due from other Governments	213,698
Prepaid Assets	15,535
Inventory	2,433
Total current assets	<u>4,925,171</u>
Noncurrent assets:	
Capital assets:	
Other capital assets	26,116,097
Less accumulated depreciation	<u>(8,884,775)</u>
Total Capital assets	<u>17,231,322</u>
Total noncurrent assets	<u>17,231,322</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Post Measurement Date Contributions-Employer	399,158
Change in Assumptions	<u>214,856</u>
Total deferred outflows of resources	614,014
Total assets and deferred outflows of resources	<u><u>\$ 22,770,507</u></u>

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2016

Exhibit A-1
(Page 2 of 2)

	<u>Governmental Activities</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 273,288
Accrued salaries and benefits	200,751
Accrued interest	29,304
Unearned Revenue	151
Current portion of long-term debt	830,000
Total current liabilities	<u>1,333,494</u>
Noncurrent liabilities:	
Accrued compensated absences	30,665
Net Pension Liability	6,246,676
Bonds, loans and other payables:	
Due in more than one year	4,580,000
Bond Premium net of amortization of \$4,320	21,598
Total noncurrent liabilities	<u>10,878,939</u>
Total liabilities	12,212,433
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue-Property Taxes	90,836
Actuarial Experience	115,808
Change in Proportion of Net Pension Liability	70,260
Reallocation of Net Pension Liability	129,058
Investment Experience for Net Pension Liability	28,118
Total deferred inflows of resources	<u>434,080</u>
NET POSITION	
Net Investment in Capital Assets	11,821,322
Unrestricted	(5,763,570)
Restricted for General Funds	36,102
Restricted for Special Revenue Funds	136,842
Restricted for Capital Projects Funds	3,373,627
Restricted for Debt Service Funds	519,671
Total net position	<u>10,123,994</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 22,770,507</u></u>

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Service</u>
Governmental activities:		
Instruction:		
Direct instruction	\$ 3,886,066	\$ 7,033
Support services:		
Students	422,147	-
Instruction	6,645	-
General Administration	256,958	-
School Administration	323,648	-
Central Services	183,692	21,963
Operation & Maintenance of Plant	532,899	-
Student Transportation	440,556	-
Other Support Services	-	-
Food Services	336,492	47,212
Capital Outlay	664,870	-
Interest on long-term debt	104,764	-
Total governmental activities	<u>\$ 7,158,737</u>	<u>\$ 76,208</u>

Program Revenues		Net (Expenses) Revenues and Changes in Net Position
Operating Grants and Contributions	Capital Grants and Contributions	
\$ 524,482	\$ -	\$ (3,354,551)
-	4,892,241	4,470,094
-	-	(6,645)
-	-	(256,958)
-	-	(323,648)
-	-	(161,729)
-	-	(532,899)
406,429	-	(34,127)
-	-	-
223,482	-	(65,798)
-	-	(664,870)
-	-	(104,764)
<u>\$ 1,154,393</u>	<u>\$ 4,892,241</u>	<u>(1,035,895)</u>

General Revenues:

Property taxes:	
Levied for general purposes	106,281
Levied for debt service	951,598
Levied for capital projects	817,864
State aid not restricted	4,293,838
Loss on disposal of assets	1
Unrestricted investment earnings	18,583
	<u>6,188,165</u>
Total general revenues	<u>6,188,165</u>
Change in net position	5,152,270
Net position - beginning	<u>4,971,724</u>
Net position - ending	10,123,994

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General Fund		
	Operational	Transportation	Instructional Materials
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 1,104,538	\$ -	\$ 11,598
Investments	-	-	-
Accounts receivable			
Taxes	2,404	-	-
Due from other governments	-	-	-
Other accounts receivable	-	-	-
Interfund receivable	213,547	-	-
Prepaid assets	12,488	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>\$ 1,332,977</u>	<u>\$ -</u>	<u>\$ 11,598</u>
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	\$ 37,676	\$ 775	\$ 399
Accrued salaries and benefits	200,751	-	-
Interfund payable	-	-	-
Unearned revenue	-	-	-
<i>Total liabilities</i>	<u>238,427</u>	<u>775</u>	<u>399</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	-	-
<i>Total deferred inflow of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>			
Fund Balance			
Non-spendable	-	-	-
Restricted for:			
General Fund	-	-	11,199
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	1,094,550	(775)	-
<i>Total fund balances</i>	<u>1,094,550</u>	<u>(775)</u>	<u>11,199</u>
<i>Total liabilities deferred inflows of resources and fund balances</i>	<u>\$ 1,332,977</u>	<u>\$ -</u>	<u>\$ 11,598</u>

Bond Building	Capital Improvements SB-9	Ed Tech Equipment Act	Other Governmental Funds	Total Governmental Funds
\$ 1,004,651	\$ 986,823	\$ 849,485	\$ 615,992	\$ 4,573,087
-	-	-	-	-
-	17,225	-	9,953	29,582
-	-	-	213,698	213,698
-	-	-	-	-
-	-	-	-	213,547
-	-	-	3,047	15,535
-	-	-	2,433	2,433
<u>\$ 1,004,651</u>	<u>\$ 1,004,048</u>	<u>\$ 849,485</u>	<u>\$ 845,123</u>	<u>\$ 5,047,882</u>
\$ 96,327	\$ 85,407	\$ 30,788	\$ 21,916	\$ 273,288
-	-	-	-	200,751
-	-	-	213,547	213,547
-	-	-	151	151
<u>96,327</u>	<u>85,407</u>	<u>30,788</u>	<u>235,614</u>	<u>687,737</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	2,433	2,433
-	-	-	-	11,199
-	-	-	82,180	82,180
908,324	918,641	818,697	-	2,645,662
-	-	-	524,896	524,896
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,093,775
<u>908,324</u>	<u>918,641</u>	<u>818,697</u>	<u>609,509</u>	<u>4,360,145</u>
<u>\$ 1,004,651</u>	<u>\$ 1,004,048</u>	<u>\$ 849,485</u>	<u>\$ 845,123</u>	<u>\$ 5,047,882</u>

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2016

Exhibit B-1
(Page 2 of 2)

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

Fund balances - total governmental funds	\$	4,360,145
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		17,231,322
Other liabilities are not due and payable in the current period and therefore are not reported in the funds -		
accrued interest payable		(29,304)
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>(11,438,169)</u>
Net Position of Governmental Activities in the Statement of Net Position	\$	<u><u>10,123,994</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, 2016

	General Fund		
	Operational	Transportation	Instructional Materials
<i>Revenues:</i>			
Taxes			
Taxes levied/assessed	\$ 106,281	\$ -	\$ -
Local sources			
Tuition	-	-	-
Investment income	4,169	-	-
Food services	-	-	-
District activities	7,033	-	-
Other revenue	4,253	-	-
State sources			
Unrestricted Grants	4,293,838	-	-
Restricted Grants	-	324,240	35,028
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	23,717	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	-	-	-
Department of Interior	-	-	-
Other items	14,221	-	-
<i>Total revenues</i>	<u>4,453,512</u>	<u>324,240</u>	<u>35,028</u>
<i>Expenditures:</i>			
Current:			
Instruction	2,700,263	-	23,830
Support Services			
Students	402,034	-	-
Instruction	-	-	-
General Administration	239,501	-	-
School Administration	313,915	-	-
Central Services	183,692	-	-
Operation & maintenance of plant	532,899	-	-
Student transportation	34,643	324,857	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>4,406,947</u>	<u>324,857</u>	<u>23,830</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>46,565</u>	<u>(617)</u>	<u>11,198</u>
<i>Other financing sources (uses)</i>			
Transfers (In) Out	-	-	-
Proceeds from the Sale of Assets	1	-	-
Bond Proceeds	-	-	-
<i>Total other financing sources (uses)</i>	<u>1</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	46,566	(617)	11,198
<i>Fund balances - beginning of year</i>	1,047,984	(158)	1
<i>Fund balances - end of year</i>	<u>\$ 1,094,550</u>	<u>\$ (775)</u>	<u>\$ 11,199</u>

Bond Building	Capital Improvements SB-9	Ed Tech Equipment Act	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 817,864	\$ -	\$ 951,598	\$ 1,875,743
-	-	-	-	-
8,162	2,587	2,585	1,080	18,583
-	-	-	47,212	47,212
-	-	-	21,963	28,996
-	24,257	-	16,556	45,066
-	-	-	-	-
4,854,526	13,458	-	147,554	5,374,806
-	-	-	28,869	28,869
-	-	-	77,807	101,524
-	-	-	13,151	13,151
-	-	-	455,146	455,146
-	-	-	-	-
-	-	-	13,851	28,072
<u>4,862,688</u>	<u>858,166</u>	<u>2,585</u>	<u>1,774,787</u>	<u>12,311,006</u>
-	-	-	416,302	3,140,395
-	-	-	20,113	422,147
-	-	-	6,645	6,645
-	8,006	-	9,451	256,958
-	-	-	9,733	323,648
-	-	-	-	183,692
-	-	-	-	532,899
-	-	-	82,189	441,689
-	-	-	-	-
-	-	-	-	-
-	-	-	343,353	343,353
7,304,688	765,855	699,336	-	8,769,879
-	-	-	-	-
-	-	-	468,389	468,389
<u>7,304,688</u>	<u>773,861</u>	<u>699,336</u>	<u>1,356,175</u>	<u>14,889,694</u>
<u>(2,442,000)</u>	<u>84,305</u>	<u>(696,751)</u>	<u>418,612</u>	<u>(2,578,688)</u>
-	-	-	-	-
-	-	-	-	1
-	-	1,515,448	-	1,515,448
-	-	1,515,448	-	1,515,449
<u>(2,442,000)</u>	<u>84,305</u>	<u>818,697</u>	<u>418,612</u>	<u>(1,063,239)</u>
3,350,324	834,336	-	190,897	5,423,384
<u>\$ 908,324</u>	<u>\$ 918,641</u>	<u>\$ 818,697</u>	<u>\$ 609,509</u>	<u>\$ 4,360,145</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, 2016

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	\$	(1,063,239)
--	----	-------------

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		8,195,374
Depreciation expense		(839,928)
Current year capital deletions, net of amortization		-

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		(15,790)
Increase in accrued interest		(5,225)
Decrease in compensated absences		6,078
Bond Proceeds		(1,500,000)
Principal payments on bonds		375,000

Changes in Net Position of Governmental Activities	\$	<u>5,152,270</u>
--	----	------------------

(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, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ 123,299	\$ 124,621	129,385	\$ 4,764
State sources	4,254,667	4,296,866	4,293,838	(3,028)
Federal sources	-	23,717	23,717	-
Interest	-	-	4,169	4,169
<i>Total revenues</i>	<u>4,377,966</u>	<u>4,445,204</u>	<u>4,451,109</u>	<u>5,905</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	3,029,801	3,113,522	2,647,287	466,235
Support Services				
Students	357,610	476,931	402,034	74,897
Instruction	27,500	27,500	-	27,500
General Administration	342,410	344,956	232,753	112,203
School Administration	416,619	418,019	313,915	104,104
Central Services	284,408	284,408	183,692	100,716
Operation & maintenance of plant	800,190	806,890	521,075	285,815
Student transportation	55,222	57,788	34,628	23,160
Other Support Services	13,995	13,995	-	13,995
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>5,327,755</u>	<u>5,544,009</u>	<u>4,335,384</u>	<u>1,208,625</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(949,789)</u>	<u>(1,098,805)</u>	<u>115,725</u>	<u>1,214,530</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Designated Cash	949,789	1,098,805	137,803	(961,002)
<i>Total other financing sources (uses)</i>	<u>949,789</u>	<u>1,098,805</u>	<u>137,803</u>	<u>(961,002)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>253,528</u>	<u>253,528</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,064,557</u>	<u>1,064,557</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,318,085</u>	<u>\$ 1,318,085</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 253,528	
<i>Adjustment to revenue for accruals and other deferrals</i>			14,892	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			(221,854)	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ 46,566</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, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	327,150	324,240	324,240	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>327,150</u>	<u>324,240</u>	<u>324,240</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	327,153	324,243	324,240	3
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>327,153</u>	<u>324,243</u>	<u>324,240</u>	<u>3</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(3)</u>	<u>(3)</u>	<u>-</u>	<u>3</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Designated Cash	3	3	-	(3)
<i>Total other financing sources (uses)</i>	<u>3</u>	<u>3</u>	<u>-</u>	<u>(3)</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>	\$ -	\$ -	\$ -	\$ -
<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>			(617)	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ (617)</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, 2016

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	26,554	30,451	35,028	4,577
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>26,554</u>	<u>30,451</u>	<u>35,028</u>	<u>4,577</u>
<i>Expenditures:</i>				
Current:				
Instruction	26,554	30,451	23,431	7,020
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>26,554</u>	<u>30,451</u>	<u>23,431</u>	<u>7,020</u>
<i>Excess (deficiency) of revenues</i>	<u>-</u>	<u>-</u>	<u>11,597</u>	<u>11,597</u>
<i>over (under) expenditures</i>				
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
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>11,597</u>	<u>11,597</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,598</u>	<u>\$ 11,598</u>
<i>Net change in fund balance (Non-GAAP Budgetary basis)</i>			\$ 11,597	
<i>Adjustment to revenue for accruals and other deferrals</i>			-	
<i>Adjustment to expenditures for payables, prepaids and other accruals</i>			(399)	
<i>Net change in fund balance (GAAP basis)</i>			<u>\$ 11,198</u>	

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2016

Exhibit D

ASSETS

Current Assets

Cash \$ 50,671

Total assets \$ 50,671

LIABILITIES

Current Liabilities

Deposits held in trust for others \$ 50,671

Total liabilities \$ 50,671

(This page intentionally left blank.)

STATE OF NEW MEXICO
Capitan Municipal Schools
Notes to the Financial Statements
June 30, 2016

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, 2016

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, 2016

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.

Ed Tech Equipment Act is used 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.

Capital Improvements SB-9 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.

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, 2016.

STATE OF NEW MEXICO
Capitan Municipal Schools
Notes to the Financial Statements
June 30, 2016

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, 2016

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, 2016.

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, 2016

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, 2016

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, 2016

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 \$4,293,838 in state equalization guarantee distributions during the year ended June 30, 2016.

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 \$1,875,743 in tax revenues in the governmental fund financial statements during the year ended June 30, 2016. 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 \$324,240 in transportation distributions during the year ended June 30, 2016.

Instructional Materials: The District had allocations allowed by the State for the current year of \$35,028. Of the allocation, the District used \$35,028 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, 2016

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, 2016

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, 2016.

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	\$	4,871,338
Less: FDIC Coverage		(250,000)
Total uninsured public funds		<u>4,621,338</u>
Collateral requirement (50%)		2,310,669
Pledged Securities		<u>5,770,229</u>
(Over) Under collateralized	\$	<u>(3,459,560)</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, 2016, \$4,621,338 of the District's bank balance of \$4,871,338 was exposed to custodial credit risk as follows:

STATE OF NEW MEXICO
 Capitan Municipal Schools
 Notes to the Financial Statements
 June 30, 2016

NOTE 3. Cash and Temporary Investments (continued)

Custodial Credit Risk Deposits	
Account Balance	\$ 4,871,338
FDIC Insurance	250,000
Collateral held by pledging bank's trust department not in the District's name	5,770,229
Uninsured and uncollateralized	<u>(1,148,891)</u>
Total	<u>\$ 4,871,338</u>

Reconciliation of Cash and Temporary Investments

Governmental Funds - Balance Sheet

Cash and cash equivalents per Exhibit A-1	\$	4,572,866
Cash per Exhibit D-1		50,671
Add outstanding checks and other reconciling items		<u>247,837</u>
Bank Balance of Deposits	\$	<u>4,871,338</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 joint 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, 2016, the District had no investment in the State Treasurer Local Government and therefore no balances were exposed to custodial credit risk.

NOTE 4. Accounts Receivable

Accounts receivable as of June 30, 2016, are as follows:

	Other Governmental Funds	Total
Property taxes	\$ 29,582	\$ 29,582
Due from other governments:		
Title I	47,217	47,217
IDEA B Entitlement	44,731	44,731
IDEA B Autism	5,098	5,098
IDEA B Preschool	662	662
Teacher Principal Training	5,836	5,836
USDA Equipment Assistance	8,000	8,000
Rural Education Assistance Program	9,228	9,228
Dual Credit	754	754
GO Bond Library and Audio Visual	8,844	8,844
NM Reads to Lead	628	628
School Busses	82,189	82,189
NM Grown Fresh Fruits and Vegetables	511	511
	<u>\$ 243,280</u>	<u>\$ 243,280</u>

The above receivables are deemed 100% collectible.

STATE OF NEW MEXICO
 Capitan Municipal Schools
 Notes to the Financial Statements
 June 30, 2016

NOTE 5. Accounts Payables

Accounts payable as of June 30, 2016, are as follows:

Payable to suppliers	\$ 273,288
Accrued salaries and benefits	200,751
Accrued interest	<u>29,304</u>
Total accounts payable and accrued expenses	<u><u>\$ 503,343</u></u>

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, 2016 is as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ <u>213,547</u>	\$ -
Nonmajor Funds:		
Title I Entitlement	-	47,217
IDEA B Entitlement	-	44,731
IDEA B Autism	-	5,098
IDEA B Preschool	-	662
Teacher Principal Training	-	5,836
USDA Equipment Assistance	-	8,000
Rural Education Assistance Program	-	9,077
Dual Credit	-	754
GO Bond Library Audio and Visual	-	8,844
NM Reads to Lead	-	628
School Busses	-	82,189
NM Grown Fresh Fruits and Vegetables	-	511
	<u>\$ 213,547</u>	<u>\$ 213,547</u>

STATE OF NEW MEXICO
 Capitan Municipal Schools
 Notes to the Financial Statements
 June 30, 2016

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2016, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

	<u>Balance June 30, 2015</u>	<u>Additions, Adjustments and Transfers In</u>	<u>Deletions, Adjustments and Transfers Out</u>	<u>Balance June 30, 2016</u>
Capital assets not being depreciated:				
Land	\$ 96,884	\$ -	\$ -	\$ 96,884
Construction in Progress	<u>916,386</u>	<u>7,772,892</u>	<u>-</u>	<u>8,689,278</u>
Total capital assets not being depreciated	<u>1,013,270</u>	<u>7,772,892</u>	<u>-</u>	<u>8,786,162</u>
Capital assets being depreciated:				
Buildings and improvements	13,058,240	-	-	13,058,240
Land Improvements	2,188,242	1,592	-	2,286,717
Furniture, Fixtures, & Equipment	719,296	290,284	1,206	1,008,374
Vehicles	<u>942,881</u>	<u>130,605</u>	<u>-</u>	<u>1,073,487</u>
Total capital assets being depreciated	<u>16,908,659</u>	<u>422,481</u>	<u>1,206</u>	<u>17,329,934</u>
Total capital assets	<u>17,921,929</u>	<u>8,195,374</u>	<u>1,206</u>	<u>26,116,097</u>
Less accumulated depreciation:				
Buildings and improvements	(6,019,555)	(561,705)	-	(6,581,260)
Land Improvements	(1,295,975)	(116,895)	-	(1,412,870)
Furniture, Fixtures, & Equipment	(576,888)	(37,349)	1,206	(643,031)
Vehicles	<u>(153,635)</u>	<u>(93,979)</u>	<u>-</u>	<u>(247,614)</u>
Total accumulated depreciation	<u>(8,046,053)</u>	<u>(839,928)</u>	<u>1,206</u>	<u>(8,884,775)</u>
Total capital assets, net of depreciation	<u>\$ 9,875,876</u>	<u>\$ 7,355,445</u>	<u>\$ -</u>	<u>\$ 17,231,321</u>

Capital assets, net of accumulated depreciation, at June 30, 2016 appear in the Statement of Net Position as follows:

Governmental activities	\$ 17,231,321
-------------------------	---------------

Depreciation expense for the year ended June 30, 2016 was charged to the following functions and funds:

Governmental activities:	
Student Transportation	82,371
Capital Outlay	<u>757,557</u>
	<u>\$ 839,928</u>

STATE OF NEW MEXICO
 Capitan Municipal Schools
 Notes to the Financial Statements
 June 30, 2016

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, 2016 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, 2016, 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%	\$ 3,910,000
Series 2015	08/08/2015	1,500,000	2.0%	1,500,000
Total				<u>\$ 5,410,000</u>

The following is a summary of the long-term debt and the activity for the year ended June 30, 2016:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
General obligation bonds					
General Obligation Bonds	\$4,285,000	\$ -	\$375,000	\$3,910,000	\$385,000
Ed Tech Bonds	-	1,500,000	-	1,500,000	445,000
Compensated Absences	36,743	139,466	145,544	30,665	-
	<u>\$4,321,743</u>	<u>\$1,639,466</u>	<u>\$520,544</u>	<u>\$5,440,665</u>	<u>\$830,000</u>

The annual requirements to amortize the General Obligation Bonds as of June 30, 2016, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
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	435,000	46,606	481,606
2022 and thereafter	<u>1,865,000</u>	<u>97,025</u>	<u>1,962,025</u>
Total	<u>\$ 3,910,000</u>	<u>\$ 411,756</u>	<u>\$ 4,321,756</u>

STATE OF NEW MEXICO
 Capitan Municipal Schools
 Notes to the Financial Statements
 June 30, 2016

NOTE 8. Long-term Debt (continued)

The annual requirements to amortize the Ed Tech Bonds as of June 30, 2016, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2017	\$ 445,000	\$ 25,550	\$ 470,050
2018	460,000	16,500	476,500
2019	245,000	9,450	254,450
2020	220,000	4,800	224,800
2021	130,000	1,300	131,300
Total	<u>\$ 1,500,000</u>	<u>\$ 57,600</u>	<u>\$ 1,557,600</u>

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

There is a written motion to approve an advance of \$6,800,000 from PSCOC. Although there is no note or amortization schedule signed between PSFA and Capitan Municipal Schools, the motion does state that the district will be responsible for paying back the amount borrowed over four years. As of June 30, 2016, the District has drawn down \$4,854,526 for the construction of new school facilities and has not made any repayments.

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, 2016, there have been no claims that have exceeded insurance coverage.

STATE OF NEW MEXICO
Capitan Municipal Schools
Notes to the Financial Statements
June 30, 2016

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 (\$775)

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.

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

STATE OF NEW MEXICO
Capitan Municipal Schools
Notes to the Financial Statements
June 30, 2016

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

reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

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

Contributions. The contribution requirements of defined benefit plan members and the 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 and 2016 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 \$309,991 for the year ended June 30, 2016.

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, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015. At June 30, 2016, the District reported a liability of \$6,246,676 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, 2015. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2015, the District's proportion was 0.09644% percent, which was a decrease of 0.0027% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the District recognized pension expense of \$393,353. At the June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

STATE OF NEW MEXICO
 Capitan Municipal Schools
 Notes to the Financial Statements
 June 30, 2016

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 115,808
Reallocation	-	129,058
Changes of assumptions	214,856	-
Net difference between projected and actual earnings on pension plan investments	-	28,118
Changes in proportion and differences between District contributions and proportionate share of contributions	-	70,260
District contributions subsequent to the measurement date	399,158	-
Total	\$ 614,014	\$ 343,244

\$399,158 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:		
2017		\$ (96,077)
2018		(88,178)
2019		(30,887)
2020		86,760
2021	\$	-

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, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 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, 2016. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2016 and 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 July 12, 2015 in conjunction with the six-year experience study period ending June 30, 2014.

STATE OF NEW MEXICO
 Capitan Municipal Schools
 Notes to the Financial Statements
 June 30, 2016

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

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 2015 and 2014 for 30-year return assumptions are summarized in the following table:

Asset Class	2015 Long-Term Expected Real Rate of Return	2014 Long-Term Expected Real Rate of Return
Cash	1.50%	1.50%
Treasuries	2.00%	2.00%
IG Corp Credit	3.50%	3.50%
MBS	2.25%	2.25%
Core Bonds	2.53%	2.53%
TIPS	2.50%	2.50%
High Yield Bonds	4.5%	4.5%
Bank Loans	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	1.25%
Global Bonds (Hedged)	1.38%	1.38%
EMD External	5.00%	5.00%
EMD Local Currency	5.75%	5.75%
Large Cap Equities	6.25%	6.25%
Small/Mid Cap	6.25%	6.25%
International Equities (Unhedged)	7.25%	7.25%
International Equities (Hedged)	7.50%	7.50%
Emerging International Equities	9.50%	9.50%
Private Equity	8.75%	8.75%
Private Debt	8.00%	8.00%
Private Real Assets	7.75%	7.75%
Real Estate	6.25%	6.25%
Commodities	5.00%	5.00%
Hedge Funds Low Vol	5.50%	5.50%
Hedge Funds Mod Vol	5.50%	5.50%

STATE OF NEW MEXICO
 Capitan Municipal Schools
 Notes to the Financial Statements
 June 30, 2016

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

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2015, 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	\$ 8,405,319	\$ 6,246,676	\$ 4,433,190

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, 2016 and 2015 which are publicly available at www.nmerb.org.

Payables to the pension plan. At June 30, 2016, the District had no outstanding amount of contributions to the pension plan and therefore, had no payables reported at fiscal year 2016

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

STATE OF NEW MEXICO
Capitan Municipal Schools
Notes to the Financial Statements
June 30, 2016

NOTE 13. Post-Employment Benefits

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, 2016, 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 total contributions to the RHCA for the years ended June 30, 2016, 2015 and 2014 were \$86,151, \$82,242, and \$81,036 respectively, which equal the required contributions for each year.

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, 2016 was \$13,851.

STATE OF NEW MEXICO
Capitan Municipal Schools
Notes to the Financial Statements
June 30, 2016

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, 2015 and shall remain in effect indefinitely

Actual Amount Contributed by PSFA: \$4,854,526

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, 2015 – June 30, 2016

Total Estimated Amount of Project and Actual Amount Contributed: The District paid the REC for services and costs totaling \$167,356.

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 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 University-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

STATE OF NEW MEXICO
Capitan Municipal Schools
Notes to the Financial Statements
June 30, 2016

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 \$8,675,195, where the District has paid \$7,689,864 and an outstanding balance remains in the amount of \$985,331. Dekker, Perrich, Sabitini Architects is under contract for the amount of \$507,941, where the District has paid \$500,830 with a remaining outstanding balance of \$7,111.

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 2016, 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, 2016, which will be used in the future to construct the school buildings.

There is a written motion to approve an advance of \$6,800,000 from PSCOC. Although there is no note or amortization schedule signed between PSFA and Capitan Municipal Schools, the motion does state that the district will be responsible for paying back the amount borrowed over four years. As of June 30, 2016, the District has drawn down \$4,854,526 for the construction of new school facilities and has not made any repayments.

NOTE 20. Related Party Transactions

The Capitan Municipal Schools had no related party transactions conducted during the year.

NOTE 21. Subsequent Events Review

The Capitan Municipal Schools has evaluated subsequent events through October 6, 2016, which is the date the financial statements were available to be issued. Nothing additional is required to be reported.

NOTE 22. Restatement of Fund Balance

In the prior year, District controlled activity fund were classified in the operational fund. The fund balance is being restated to reclassify the District controlled activity fund to fund 23000.

Beginning Fund Balance	\$ 1,077,795
Restatement for District Funds	<u>29,811</u>
Beginning Fund Balance, restated	\$ 1,047,984

(This page intentionally left blank.)

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

USDA Equipment Assistance – The purpose of this fund is to assist schools in purchasing kitchen equipment purchases over \$5,000 for their school lunch program.

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.

NM Grown Fresh Fruits and Vegetables – The purpose of fund is to provide the school lunch program with produce grown in New Mexico.

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 three separate funds classified as major Capital Projects Funds as described in footnote 1c.

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

ASSETS	Food Service	Athletics	Non-Instructional Support
<i>Current Assets</i>			
Cash and cash equivalents	\$ 48,512	\$ 8,417	\$ 32,717
Investments	-	-	-
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	-
Other accounts receivable	-	-	-
Interfund receivable	-	-	-
Prepaid Assets	-	3,047	-
Inventory	2,433	-	-
	<u>50,945</u>	<u>11,464</u>	<u>32,717</u>
<i>Total assets</i>	<u>\$ 50,945</u>	<u>\$ 11,464</u>	<u>\$ 32,717</u>
 LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	\$ 21,916	\$ -	-
Accrued salaries and benefits	-	-	-
Interfund payable	-	-	-
Unearned Revenue	-	-	-
	<u>21,916</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>	<u>21,916</u>	<u>-</u>	<u>-</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflow of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
 <i>Fund Balances</i>			
Fund Balance			
Non-spendable	2,433	-	-
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	26,596	11,464	32,717
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	-	-	-
	<u>29,029</u>	<u>11,464</u>	<u>32,717</u>
<i>Total fund balances</i>	<u>29,029</u>	<u>11,464</u>	<u>32,717</u>
<i>Total liabilities deferred inflows of resources and fund balances</i>	<u>\$ 50,945</u>	<u>\$ 11,464</u>	<u>\$ 32,717</u>

	Title I	IDEA-B Entitlement	IDEA-B Autism	IDEA-B Preschool	IDEA-B Risk Pool
\$	-	-	-	-	-
	-	-	-	-	-
	47,217	44,731	5,098	662	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
\$	<u>47,217</u>	<u>44,731</u>	<u>5,098</u>	<u>662</u>	<u>-</u>
\$	-	-	-	-	-
	-	-	-	-	-
	47,217	44,731	5,098	662	-
	-	-	-	-	-
	<u>47,217</u>	<u>44,731</u>	<u>5,098</u>	<u>662</u>	<u>-</u>
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
\$	<u>47,217</u>	<u>44,731</u>	<u>5,098</u>	<u>662</u>	<u>-</u>

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

	Teacher/ Principal Training	USDA Equipment Assistance	Title XIX Medicaid	Rural Education Achievment Program
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ 11,403	\$ -
Investments	-	-	-	-
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	5,836	8,000	-	9,228
Other accounts receivable	-	-	-	-
Interfund receivable	-	-	-	-
Prepaid Assets	-	-	-	-
Inventory	-	-	-	-
	<u>5,836</u>	<u>8,000</u>	<u>11,403</u>	<u>9,228</u>
<i>Total assets</i>	<u>\$ 5,836</u>	<u>\$ 8,000</u>	<u>\$ 11,403</u>	<u>\$ 9,228</u>
LIABILITIES				
<i>Current Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	-	-	-
Interfund payable	5,836	8,000	-	9,077
Unearned Revenue	-	-	-	151
	<u>5,836</u>	<u>8,000</u>	<u>-</u>	<u>9,228</u>
<i>Total liabilities</i>	<u>5,836</u>	<u>8,000</u>	<u>-</u>	<u>9,228</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflow of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>				
Fund Balance				
Non-spendable	-	-	-	-
Restricted for:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	11,403	-
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	-	-	-	-
	<u>-</u>	<u>-</u>	<u>11,403</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>11,403</u>	<u>-</u>
<i>Total liabilities deferred inflows of resources and fund balances</i>	<u>\$ 5,836</u>	<u>\$ 8,000</u>	<u>\$ 11,403</u>	<u>\$ 9,228</u>

Dual Credit PED	GO Bond Library Audio & Visual	NM Reads to Lead	Breakfast for Elementary Students
\$ -	\$ -	\$ -	-
-	-	-	-
754	8,844	628	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>754</u>	<u>8,844</u>	<u>628</u>	<u>-</u>
\$ -	\$ -	\$ -	-
-	-	-	-
754	8,844	628	-
-	-	-	-
<u>754</u>	<u>8,844</u>	<u>628</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>754</u>	<u>8,844</u>	<u>628</u>	<u>-</u>

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

	School Busses	NM Grown FFV	Debt Service
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	\$ -	\$ 46,812
Investments	-	-	-
Accounts receivable			
Taxes	-	-	9,953
Due from other governments	82,189	511	-
Other accounts receivable	-	-	-
Interfund receivable	-	-	-
Prepaid Assets	-	-	-
Inventory	-	-	-
	<u>82,189</u>	<u>511</u>	<u>56,765</u>
<i>Total assets</i>	<u>\$ 82,189</u>	<u>\$ 511</u>	<u>\$ 56,765</u>
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable	\$ -	\$ -	-
Accrued salaries and benefits	-	-	-
Interfund payable	82,189	511	-
Unearned Revenue	-	-	-
	<u>82,189</u>	<u>511</u>	<u>-</u>
<i>Total liabilities</i>	<u>82,189</u>	<u>511</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflow of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>			
Fund Balance			
Non-spendable	-	-	-
Restricted for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Debt Service Funds	-	-	56,765
Committed for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Assigned for:			
General Fund	-	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
Unassigned for:			
General Fund	-	-	-
	<u>-</u>	<u>-</u>	<u>56,765</u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>56,765</u>
<i>Total liabilities deferred inflows of resources and fund balances</i>	<u>\$ 82,189</u>	<u>\$ 511</u>	<u>\$ 56,765</u>

Statement A-1
 (Page 3 of 3)

<u>Ed Tech Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 468,131	\$ 615,992
-	-
-	9,953
-	213,698
-	-
-	-
-	3,047
-	2,433
<u>\$ 468,131</u>	<u>\$ 845,123</u>
\$ -	\$ 21,916
-	-
-	213,547
-	151
<u>-</u>	<u>235,614</u>
<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>
-	2,433
-	-
-	82,180
-	-
468,131	524,896
-	-
-	-
-	-
-	-
-	-
<u>468,131</u>	<u>609,509</u>
<u>\$ 468,131</u>	<u>\$ 845,123</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, 2016

	<u>Food Services</u>	<u>Athletics</u>	<u>Non-Instructional Support</u>
<i>Revenues:</i>			
Taxes			
Taxes levied/assessed	\$ -	\$ -	-
Local sources			
Tuition	-	-	-
Investment income	82	10	184
Food services	47,212	-	-
District activities	-	21,963	-
Other revenue	-	314	16,219
State sources			
Unrestricted Grants	-	-	-
Restricted Grants	-	-	-
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	77,807	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	131,824	-	-
Department of Interior	-	-	-
Other items	13,851	-	-
<i>Total revenues</i>	<u>270,776</u>	<u>22,287</u>	<u>16,403</u>
<i>Expenditures:</i>			
Current:			
Instruction	-	19,003	13,497
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	333,856	-	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>333,856</u>	<u>19,003</u>	<u>13,497</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(63,080)</u>	<u>3,284</u>	<u>2,906</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>	(63,080)	3,284	2,906
<i>Fund balances - beginning of year</i>	<u>92,109</u>	<u>8,180</u>	<u>29,811</u>
<i>Fund balances - end of year</i>	<u>\$ 29,029</u>	<u>\$ 11,464</u>	<u>\$ 32,717</u>

Title I	IDEA-B Entitlement	IDEA-B Autism	IDEA-B Preschool	IDEA-B Risk Pool
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
142,242	132,013	6,622	2,505	3,999
-	-	-	-	-
<u>142,242</u>	<u>132,013</u>	<u>6,622</u>	<u>2,505</u>	<u>3,999</u>
142,242	122,013	6,622	2,505	3,999
-	10,000	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>142,242</u>	<u>132,013</u>	<u>6,622</u>	<u>2,505</u>	<u>3,999</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</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, 2016

	Teacher/ Principal Training	USDA Equipment Assistance	Title XIX Medicaid
<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	-	-	451
Unrestricted -state passthrough	-	-	-
Restricted Grants	-	-	3,173
Restricted -state passthrough	27,941	8,000	-
Department of Interior	-	-	-
Other items	-	-	-
<i>Total revenues</i>	<u>27,941</u>	<u>8,000</u>	<u>3,624</u>
<i>Expenditures:</i>			
Current:			
Instruction	13,037	-	-
Support Services			
Students	4,660	-	5,453
Instruction	-	-	-
General Administration	-	-	-
School Administration	9,733	-	-
Central Services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	-	8,000	-
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>27,430</u>	<u>8,000</u>	<u>5,453</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>511</u>	<u>-</u>	<u>(1,829)</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	-	(1,829)
<i>Fund balances - beginning of year</i>	<u>(511)</u>	<u>-</u>	<u>13,232</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,403</u>

Rural Education Achievement Program	Dual Credit PED	GO Bond Library Audio & Visual	NM Reads to Lead
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
23	-	-	-
-	-	-	-
-	5,024	8,844	50,000
28,418	-	-	-
-	-	-	-
9,978	-	-	-
-	-	-	-
-	-	-	-
<u>38,419</u>	<u>5,024</u>	<u>8,844</u>	<u>50,000</u>
38,360	5,024	-	50,000
-	-	-	-
-	-	6,645	-
35	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>38,395</u>	<u>5,024</u>	<u>6,645</u>	<u>50,000</u>
<u>24</u>	<u>-</u>	<u>2,199</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
24	-	2,199	-
(24)	-	(2,199)	-
<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, 2016

	Breakfast for Elementary Students	School Busses	NM Grown FFV
	<u> </u>	<u> </u>	<u> </u>
<i>Revenues:</i>			
Taxes			
Taxes levied/assessed	\$ -	\$ -	\$ -
Local sources			
Tuition	-	-	-
Investment income	-	-	-
Food services	-	-	-
District activities	-	-	-
Other revenue	-	-	-
State sources			
Unrestricted Grants	-	-	-
Restricted Grants	986	82,189	511
Federal sources			
Unrestricted Grants	-	-	-
Unrestricted -state passthrough	-	-	-
Restricted Grants	-	-	-
Restricted -state passthrough	-	-	-
Department of Interior	-	-	-
Other items			
<i>Total revenues</i>	<u>986</u>	<u>82,189</u>	<u>511</u>
<i>Expenditures:</i>			
Current:			
Instruction	-	-	-
Support Services			
Students	-	-	-
Instruction	-	-	-
General Administration	-	-	-
School Administration	-	-	-
Central Services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	82,189	-
Other Support Services	-	-	-
Operation of Non-instructional Services			
Food services operations	986	-	511
Capital outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>986</u>	<u>82,189</u>	<u>511</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</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>	-	-	-
<i>Fund balances - beginning of year</i>	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Statement A-2
(Page 3 of 3)

Debt Service	Ed Tech Debt Service	Total Nonmajor Governmental Funds
\$ 475,129	\$ 476,469	\$ 951,598
-	-	-
297	507	1,080
-	-	47,212
-	-	21,963
-	-	16,556
-	-	-
-	-	147,554
-	-	28,869
-	-	77,807
-	-	13,151
-	-	455,146
-	-	-
-	-	13,851
<u>475,426</u>	<u>476,976</u>	<u>1,774,787</u>
-	-	416,302
-	-	20,113
-	-	6,645
4,652	4,764	9,451
-	-	9,733
-	-	-
-	-	-
-	-	82,189
-	-	-
-	-	343,353
-	-	-
-	-	-
457,556	10,833	468,389
<u>462,208</u>	<u>15,597</u>	<u>1,356,175</u>
<u>13,218</u>	<u>461,379</u>	<u>418,612</u>
-	-	-
-	-	-
-	-	-
-	-	-
13,218	461,379	418,612
43,547	6,752	190,897
<u>\$ 56,765</u>	<u>\$ 468,131</u>	<u>\$ 609,509</u>

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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 47,060	\$ 47,060	\$ 61,063	\$ 14,003
State sources	-	-	-	-
Federal sources	172,600	172,600	209,631	37,031
Interest	-	-	82	82
<i>Total revenues</i>	<u>219,660</u>	<u>219,660</u>	<u>270,776</u>	<u>51,116</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	269,970	311,647	314,251	(2,604)
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>269,970</u>	<u>311,647</u>	<u>314,251</u>	<u>(2,604)</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(50,310)</u>	<u>(91,987)</u>	<u>(43,475)</u>	<u>48,512</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	50,310	91,987	-	(91,987)
<i>Total other financing sources (uses)</i>	<u>50,310</u>	<u>91,987</u>	<u>-</u>	<u>(91,987)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(43,475)</u>	<u>(43,475)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>91,987</u>	<u>91,987</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,512</u>	<u>\$ 48,512</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (43,475)	
Adjustment to revenue for accruals and other deferrals			2,311	
Adjustment to expenditures for payables, prepaids and other accruals			(21,916)	
Net change in fund balance (GAAP basis)			<u>\$ (63,080)</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, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ 22,022	\$ 22,022	\$ 22,277	\$ 255
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	10	10
<i>Total revenues</i>	<u>22,022</u>	<u>22,022</u>	<u>22,287</u>	<u>265</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	27,647	30,202	22,050	8,152
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>27,647</u>	<u>30,202</u>	<u>22,050</u>	<u>8,152</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(5,625)</u>	<u>(8,180)</u>	<u>237</u>	<u>8,417</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	5,625	8,180	-	(8,180)
<i>Total other financing sources (uses)</i>	<u>5,625</u>	<u>8,180</u>	<u>-</u>	<u>(8,180)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>237</u>	<u>237</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>8,180</u>	<u>8,180</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,417</u>	<u>\$ 8,417</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 237	
Adjustment to revenue for accruals and other deferrals			3,047	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ 3,284</u>	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
NON-INSTRUCTIONAL SUPPORT 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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 16,219	\$ 16,219	\$ 16,219	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	184	184	184	-
<i>Total revenues</i>	<u>16,403</u>	<u>16,403</u>	<u>16,403</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	13,497	13,497	13,497	-
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>13,497</u>	<u>13,497</u>	<u>13,497</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>2,906</u>	<u>2,906</u>	<u>2,906</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	(2,906)	(2,906)	-	2,906
<i>Total other financing sources (uses)</i>	<u>(2,906)</u>	<u>(2,906)</u>	<u>-</u>	<u>2,906</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>2,906</u>	<u>2,906</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>29,811</u>	<u>29,811</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,717</u>	<u>\$ 32,717</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 2,906	
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>\$ 2,906</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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	78,586	142,981	105,039	(37,942)
Interest	-	-	-	-
<i>Total revenues</i>	<u>78,586</u>	<u>142,981</u>	<u>105,039</u>	<u>(37,942)</u>
<i>Expenditures:</i>				
Current:				
Instruction	78,586	142,981	142,242	739
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>78,586</u>	<u>142,981</u>	<u>142,242</u>	<u>739</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(37,203)</u>	<u>(37,203)</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>(37,203)</u>	<u>(37,203)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(10,014)</u>	<u>(10,014)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (47,217)</u>	<u>\$ (47,217)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (37,203)	
Adjustment to revenue for accruals and other deferrals			37,203	
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, 2016

Statement A-7

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	118,835	132,036	114,506	(17,530)
Interest	-	-	-	-
<i>Total revenues</i>	<u>118,835</u>	<u>132,036</u>	<u>114,506</u>	<u>(17,530)</u>
<i>Expenditures:</i>				
Current:				
Instruction	108,835	122,036	122,013	23
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>118,835</u>	<u>132,036</u>	<u>132,013</u>	<u>23</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(17,507)</u>	<u>(17,507)</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>(17,507)</u>	<u>(17,507)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(27,224)</u>	<u>(27,224)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (44,731)</u>	<u>\$ (44,731)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (17,507)	
Adjustment to revenue for accruals and other deferrals			17,507	
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, 2016

Statement A-8

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	7,720	3,940	(3,780)
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>7,720</u>	<u>3,940</u>	<u>(3,780)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	7,720	6,622	1,098
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>7,720</u>	<u>6,622</u>	<u>1,098</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(2,682)</u>	<u>(2,682)</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>(2,682)</u>	<u>(2,682)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(2,416)</u>	<u>(2,416)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,098)</u>	<u>\$ (5,098)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (2,682)	
Adjustment to revenue for accruals and other deferrals			2,682	
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, 2016

Statement A-9

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	3,264	3,264	2,044	(1,220)
Interest	-	-	-	-
<i>Total revenues</i>	<u>3,264</u>	<u>3,264</u>	<u>2,044</u>	<u>(1,220)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	3,266	3,266	2,505	761
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>3,266</u>	<u>3,266</u>	<u>2,505</u>	<u>761</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(2)</u>	<u>(2)</u>	<u>(461)</u>	<u>(459)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	2	2	-	(2)
<i>Total other financing sources (uses)</i>	<u>2</u>	<u>2</u>	<u>-</u>	<u>(2)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(461)</u>	<u>(461)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(201)</u>	<u>(201)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (662)</u>	<u>\$ (662)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (461)	
Adjustment to revenue for accruals and other deferrals			461	
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, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	4,099	4,110	11
Interest	-	-	-	-
<i>Total revenues</i>	-	4,099	4,110	11
<i>Expenditures:</i>				
Current:				
Instruction	-	4,099	3,999	100
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>	-	4,099	3,999	100
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	111	111
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	111	111
<i>Cash balances - beginning of year</i>	-	-	(111)	(111)
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 111	
Adjustment to revenue for accruals and other deferrals			(111)	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ -	

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, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	24,893	31,454	22,105	(9,349)
Interest	-	-	-	-
<i>Total revenues</i>	<u>24,893</u>	<u>31,454</u>	<u>22,105</u>	<u>(9,349)</u>
<i>Expenditures:</i>				
Current:				
Instruction	11,331	15,660	13,037	2,623
Support Services				
Students	5,442	5,442	4,660	782
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	8,118	10,350	9,733	617
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>24,891</u>	<u>31,452</u>	<u>27,430</u>	<u>4,022</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>2</u>	<u>2</u>	<u>(5,325)</u>	<u>(5,327)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	(2)	(2)	-	2
<i>Total other financing sources (uses)</i>	<u>(2)</u>	<u>(2)</u>	<u>-</u>	<u>2</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(5,325)</u>	<u>(5,325)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(511)</u>	<u>(511)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,836)</u>	<u>\$ (5,836)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (5,325)	
Adjustment to revenue for accruals and other deferrals			5,836	
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
 USDA EQUIPMENT ASSISTANCE ACT 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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	8,000	-	(8,000)
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>(8,000)</u>
<i>Expenditures:</i>				
Current:				
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	-	8,000	8,000	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(8,000)</u>	<u>(8,000)</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>(8,000)</u>	<u>(8,000)</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>\$ (8,000)</u>	<u>\$ (8,000)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (8,000)	
Adjustment to revenue for accruals and other deferrals			8,000	
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
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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	6,000	6,000	3,624	(2,376)
Interest	-	-	-	-
<i>Total revenues</i>	<u>6,000</u>	<u>6,000</u>	<u>3,624</u>	<u>(2,376)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	8,275	13,232	5,453	7,779
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>8,275</u>	<u>13,232</u>	<u>5,453</u>	<u>7,779</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(2,275)</u>	<u>(7,232)</u>	<u>(1,829)</u>	<u>5,403</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	2,275	7,232	-	(7,232)
<i>Total other financing sources (uses)</i>	<u>2,275</u>	<u>7,232</u>	<u>-</u>	<u>(7,232)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(1,829)</u>	<u>(1,829)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>13,232</u>	<u>13,232</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,403</u>	<u>\$ 11,403</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (1,829)	
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>\$ (1,829)</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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ 174	\$ 174
State sources	-	-	-	-
Federal sources	30,000	30,000	51,843	21,843
Interest	-	-	-	-
<i>Total revenues</i>	<u>30,000</u>	<u>30,000</u>	<u>52,017</u>	<u>22,017</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	38,465	38,465	38,360	105
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	250	250	35	215
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>38,715</u>	<u>38,715</u>	<u>38,395</u>	<u>320</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(8,715)</u>	<u>(8,715)</u>	<u>13,622</u>	<u>22,337</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	8,715	8,715	-	(8,715)
<i>Total other financing sources (uses)</i>	<u>8,715</u>	<u>8,715</u>	<u>-</u>	<u>(8,715)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>13,622</u>	<u>13,622</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(22,699)</u>	<u>(22,699)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,077)</u>	<u>\$ (9,077)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 13,622	
Adjustment to revenue for accruals and other deferrals			(13,471)	
Adjustment to expenditures for payables, prepaids and other accruals			(151)	
Net change in fund balance (GAAP basis)			<u>\$ -</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, 2016

Statement A-15

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	5,024	5,069	45
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>5,024</u>	<u>5,069</u>	<u>45</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	5,024	5,024	-
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>5,024</u>	<u>5,024</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>45</u>	<u>45</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>45</u>	<u>45</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(799)</u>	<u>(799)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (754)</u>	<u>\$ (754)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 45	
Adjustment to revenue for accruals and other deferrals			(45)	
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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	10,321	10,321	-	(10,321)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>10,321</u>	<u>10,321</u>	<u>-</u>	<u>(10,321)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	10,321	10,321	8,844	1,477
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>10,321</u>	<u>10,321</u>	<u>8,844</u>	<u>1,477</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(8,844)</u>	<u>(8,844)</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>(8,844)</u>	<u>(8,844)</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>\$ (8,844)</u>	<u>\$ (8,844)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (8,844)	
Adjustment to revenue for accruals and other deferrals			8,844	
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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	50,000	50,000	70,229	20,229
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>50,000</u>	<u>50,000</u>	<u>70,229</u>	<u>20,229</u>
<i>Expenditures:</i>				
Current:				
Instruction	50,001	50,001	50,000	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>50,001</u>	<u>50,001</u>	<u>50,000</u>	<u>1</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(1)</u>	<u>(1)</u>	<u>20,229</u>	<u>20,230</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	1	1	-	(1)
<i>Total other financing sources (uses)</i>	<u>1</u>	<u>1</u>	<u>-</u>	<u>(1)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>20,229</u>	<u>20,229</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(20,857)</u>	<u>(20,857)</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (628)</u>	<u>\$ (628)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 20,229	
Adjustment to revenue for accruals and other deferrals			(20,229)	
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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	986	3,047	2,061
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	-	986	3,047	2,061
<i>Expenditures:</i>				
Current:				
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	-	986	986	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	986	986	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	2,061	2,061
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	2,061	2,061
<i>Cash balances - beginning of year</i>	-	-	(2,061)	(2,061)
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
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)			\$ -	

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, 2016

Statement A-19

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	82,189	-	(82,189)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	-	82,189	-	(82,189)
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	82,189	82,189	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	82,189	82,189	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	(82,189)	(82,189)
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net change in fund balances</i>	-	-	(82,189)	(82,189)
<i>Cash balances - beginning of year</i>	-	-	-	-
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ (82,189)	\$ (82,189)
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (82,189)	
Adjustment to revenue for accruals and other deferrals			82,189	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			\$ -	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
NM GROWN FFV 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, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	511	-	(511)
Federal sources	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>511</u>	<u>-</u>	<u>(511)</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	-	511	511	-
Capital outlay	-	-	-	-
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>511</u>	<u>511</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(511)</u>	<u>(511)</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>(511)</u>	<u>(511)</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>\$ (511)</u>	<u>\$ (511)</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (511)	
Adjustment to revenue for accruals and other deferrals			511	
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, 2016

Statement A-21

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	2,585	2,585
<i>Total revenues</i>	-	-	2,585	2,585
<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	-	1,459,438	668,548	790,890
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	-	1,459,438	668,548	790,890
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	(1,459,438)	(665,963)	793,475
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	1,515,448	1,515,448
Designated Cash	-	1,459,438	-	(1,459,438)
<i>Total other financing sources (uses)</i>	-	1,459,438	1,515,448	56,010
<i>Net change in fund balances</i>	-	-	849,485	849,485
<i>Cash balances - beginning of year</i>	-	-	-	-
<i>Cash balances - end of year</i>	\$ -	\$ -	\$ 849,485	\$ 849,485
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 849,485	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			(30,788)	
Net change in fund balance (GAAP basis)			\$ 818,697	

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, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ 15,000	\$ 15,000	\$ -	\$ (15,000)
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	8,162	8,162
<i>Total revenues</i>	<u>15,000</u>	<u>15,000</u>	<u>8,162</u>	<u>(6,838)</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	-	3,857,247	2,845,758	1,011,489
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>3,857,247</u>	<u>2,845,758</u>	<u>1,011,489</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>15,000</u>	<u>(3,842,247)</u>	<u>(2,837,596)</u>	<u>1,004,651</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	(15,000)	3,842,247	-	(3,842,247)
<i>Total other financing sources (uses)</i>	<u>(15,000)</u>	<u>3,842,247</u>	<u>-</u>	<u>(3,842,247)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>(2,837,596)</u>	<u>(2,837,596)</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>3,842,247</u>	<u>3,842,247</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,004,651</u>	<u>\$ 1,004,651</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ (2,837,596)	
Adjustment to revenue for accruals and other deferrals			-	
Adjustment to expenditures for payables, prepaids and other accruals			395,596	
Net change in fund balance (GAAP basis)			<u>\$ (2,442,000)</u>	

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, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance
<i>Revenues:</i>				
Local and county sources	\$ 765,758	\$ 790,014	\$ 824,896	\$ 34,882
State sources	-	14,522	13,458	(1,064)
Federal sources	-	-	-	-
Interest	-	-	2,587	2,587
<i>Total revenues</i>	<u>765,758</u>	<u>804,536</u>	<u>840,941</u>	<u>36,405</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	9,000	9,000	8,006	994
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Services				
Food services operations	-	-	-	-
Capital outlay	-	1,638,107	688,683	949,424
<i>Debt Service:</i>				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>9,000</u>	<u>1,647,107</u>	<u>696,689</u>	<u>950,418</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>756,758</u>	<u>(842,571)</u>	<u>144,252</u>	<u>986,823</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	(756,758)	842,571	-	(842,571)
<i>Total other financing sources (uses)</i>	<u>(756,758)</u>	<u>842,571</u>	<u>-</u>	<u>(842,571)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>144,252</u>	<u>144,252</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>842,571</u>	<u>842,571</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 986,823</u>	<u>\$ 986,823</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 144,252	
Adjustment to revenue for accruals and other deferrals			17,225	
Adjustment to expenditures for payables, prepaids and other accruals			(77,172)	
Net change in fund balance (GAAP basis)			<u>\$ 84,305</u>	

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
DEBT SERVICE FUND

Statement A-24

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 555,957	\$ 555,957	465,176	\$ (90,781)
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	297	297
<i>Total revenues</i>	<u>555,957</u>	<u>555,957</u>	<u>465,473</u>	<u>(90,484)</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	4,605	10,161	4,652	5,509
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plan	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Service:				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	585,955	589,223	-	589,223
Interest	215,560	219,068	457,556	(238,488)
<i>Total expenditures</i>	<u>806,120</u>	<u>818,452</u>	<u>462,208</u>	<u>356,244</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(250,163)</u>	<u>(262,495)</u>	<u>3,265</u>	<u>265,760</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	250,163	262,495	-	(262,495)
<i>Total other financing sources (uses)</i>	<u>250,163</u>	<u>262,495</u>	<u>-</u>	<u>(262,495)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>3,265</u>	<u>3,265</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>43,547</u>	<u>43,547</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,812</u>	<u>\$ 46,812</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 3,265	
Adjustment to revenue for accruals and other deferrals			9,953	
Adjustment to expenditures for payables, prepaids and other accruals			-	
Net change in fund balance (GAAP basis)			<u>\$ 13,218</u>	

STATE OF NEW MEXICO

Statement A-25

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, 2016

	Budgeted Amounts		Actual	Variance
	Original	Final		
<i>Revenues:</i>				
Local and county sources	\$ 200	\$ 456,034	476,469	\$ 20,435
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	507	507
<i>Total revenues</i>	<u>200</u>	<u>456,034</u>	<u>476,976</u>	<u>20,942</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	600	6,952	4,764	2,188
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & maintenance of plan	-	-	-	-
Student transportation	-	-	-	-
Other Support Services	-	-	-	-
Operation of Non-instructional Service:				
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal	11,261	445,000	-	445,000
Interest	-	10,834	10,833	1
<i>Total expenditures</i>	<u>11,861</u>	<u>462,786</u>	<u>15,597</u>	<u>447,189</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(11,661)</u>	<u>(6,752)</u>	<u>461,379</u>	<u>468,131</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
Proceeds from bonds	-	-	-	-
Designated Cash	11,661	6,752	-	(6,752)
<i>Total other financing sources (uses)</i>	<u>11,661</u>	<u>6,752</u>	<u>-</u>	<u>(6,752)</u>
<i>Net change in fund balances</i>	<u>-</u>	<u>-</u>	<u>461,379</u>	<u>461,379</u>
<i>Cash balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>6,752</u>	<u>6,752</u>
<i>Cash balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 468,131</u>	<u>\$ 468,131</u>
Net change in fund balance (Non-GAAP Budgetary basis)			\$ 461,379	
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>\$ 461,379</u>	

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 OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2016

Schedule B

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
ASSETS				
Administration	\$ 81	\$ -	\$ -	\$ 81
Elementary School	1	-	1	-
Middle School	64	4,270	2,039	2,295
High School	30,637	81,302	75,627	36,312
Scholarships	12,233	200	450	11,983
Total Assets	<u>\$ 43,016</u>	<u>\$ 85,772</u>	<u>\$ 78,117</u>	<u>\$ 50,671</u>
LIABILITIES				
Deposits held for others	43,016	85,772	78,117	50,671
Total Liabilities	<u>\$ 43,016</u>	<u>\$ 85,772</u>	<u>\$ 78,117</u>	<u>\$ 50,671</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, 2016

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

	2016	2015
District's proportion of net pension liability (asset)	0.096440%	0.099140%
District's proportionate share of the net pension liability (asset)	\$ 6,246,676	\$ 5,656,655
District's covered-employee payroll	\$ 2,633,121	\$ 2,732,688
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	237.23%	207.00%
Plan fiduciary net position as a percentage of total pension liability	63.97%	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, 2016

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

	2016	2015
Contractually required contribution	\$ 399,158	\$ 381,058
Contributions in relation to the contractually required contribution	\$ 399,158	\$ 381,058
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-employee payroll	\$ 2,633,121	\$ 2,532,049
Contributions as a percentage of covered-employee payroll	15.16%	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, 2016

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 June 30, 2015. The liabilities reflect the impact of Senate Bill 115, signed into law on Mach 29, 2013 and new assumptions adopted by the Board of Trustees on June 12, 2015. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

1. Fiscal year 2015 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 4.25% to 3.75%
 - b. Update the mortality tables to incorporate generational improvements
 - c. Minor changes to demographic assumptions
 - d. Lower popoulation growth from .50% to zero

2. Assumptions that were not changed:
 - a. Investment return will remain at 7.75%
 - b. Inflation will remain at 3.00%
 - c. Maintain payroll growth at 3.50%
 - d. Retain net 4.75% real return assumption
 - e. Retain 7.75% nominal return assumption
 - f. No change to COLA assumption of 2.0% per year

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, 2016

Schedule I

Name of Depository	Description of Pledged Collateral	Market Value June 30, 2016	Name and Location of Safekeeper
First Savings Bank, SD	FHLMC E03114 31294MN72, 2.5%, 4/1/22	\$ 74,418	Federal Reserve Bank Dallas, TX
First Savings Bank, SD	FNMA AQ7878 3138MPXG5, 2.5%, 12/1/22	547,510	Federal Reserve Bank Dallas, TX
First Savings Bank, SD	FHLMC G14692 3128MDNH2, 3.0%, 2/1/23	902,899	Federal Reserve Bank Dallas, TX
First Savings Bank, SD	FHLMC J22440 31307AV90, 2.5%, 2/1/23	493,286	Federal Reserve Bank Dallas, TX
First Savings Bank, SD	FNMA AQ8239 3138MQEM1, 2.5%, 2/1/23	1,025,696	Federal Reserve Bank Dallas, TX
First Savings Bank, SD	FNMA AR6691 3138W4NH0, 2.5%, 2/1/23	868,758	Federal Reserve Bank Dallas, TX
First Savings Bank, SD	FHLMC J22976 31307BJV34, 2.5%, 3/1/23	709,289	Federal Reserve Bank Dallas, TX
First Savings Bank, SD	Roswell ISD 778550JG9, 3.0%, 8/1/23	331,656	Federal Reserve Bank Dallas, TX
First Savings Bank, SD	FNMA MA1859 3148BB54, 3.0%, 4/1/2024	387,624	Federal Reserve Bank Dallas, TX
First Savings Bank, SD	FNMA AB7142 31417D5C3, 2.5%, 12/1/27	429,093	Federal Reserve Bank Dallas, TX
	Total Collateral Pledged	<u>\$ 5,770,229</u>	

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
June 30, 2016

Schedule II

Deposit or Investment Account Type	First Savings Bank	Total
Operational Checking- Interest Bearing	\$ 1,560,609	\$ 1,560,609
Money Market- Interest Bearing	<u>3,310,729</u>	<u>3,310,729</u>
Total On Deposit	4,871,338	4,871,338
Reconciling Items	<u>(249,153)</u>	<u>(249,153)</u>
Reconciled Balance June 30, 2016	<u>\$ 4,622,185</u>	<u>\$ 4,622,185</u>
Reconciliation to financial statements:		
Cash and cash equivalents:		
Total cash and cash equivalents per Statement of Net Position	\$	4,573,087
Total cash and cash equivalents per Fiduciary Statement of Assets and Liabilities		<u>50,671</u>
Total Cash & Cash Equivalents	\$	<u>4,623,758</u>

STATE OF NEW MEXICO
Capitan Municipal Schools
Cash Reconciliation
June 30, 2016

	Operational Account	Transportation Account	Instructional Materials Account	Food Services Account	Athletics Account	Non-Instructional Fund
Cash per June 30, 2015 audit report	\$ 1,094,368	\$ -	\$ 1	\$ 91,987	\$ 8,179	\$ -
	(29,811)	-	-	-	-	29,811
	<u>1,064,557</u>	<u>-</u>	<u>1</u>	<u>91,987</u>	<u>8,179</u>	<u>29,811</u>
Add:						
2015-16 revenues	<u>4,451,109</u>	<u>324,240</u>	<u>35,028</u>	<u>270,776</u>	<u>22,287</u>	<u>16,403</u>
Total cash available	5,515,666	324,240	35,029	362,763	30,466	46,214
Less:						
2015-16 expenditures	(4,335,382)	(324,240)	(23,431)	(314,251)	(22,050)	(13,497)
Reinstate cash for payroll liabilities	<u>137,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash June 30, 2016	<u>\$ 1,318,087</u>	<u>\$ -</u>	<u>\$ 11,598</u>	<u>\$ 48,512</u>	<u>\$ 8,416</u>	<u>\$ 32,717</u>
Bank balance end of year	\$ 1,566,983	\$ -	\$ 11,598	\$ 48,512	\$ 8,416	\$ 32,717
Adjustments for voided checks	(1,316)	-	-	-	-	-
Adjustment for held cash	137,803	-	-	-	-	-
Outstanding Checks	<u>(385,383)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash June 30, 2016	<u>\$ 1,318,087</u>	<u>\$ -</u>	<u>\$ 11,598</u>	<u>\$ 48,512</u>	<u>\$ 8,416</u>	<u>\$ 32,717</u>

Student Activities Fund	Federal Flowthrough Fund	Federal Direct Fund	State Flowthrough Fund	Bond Building Fund
\$ 43,016	\$ (40,476)	\$ (9,467)	\$ (23,717)	\$ 3,842,247
<u>43,016</u>	<u>(40,476)</u>	<u>(9,467)</u>	<u>(23,717)</u>	<u>3,842,247</u>
82,670	251,743	55,641	78,345	8,162
125,686	211,267	46,174	54,628	3,850,409
(75,015)	(322,811)	(43,849)	(147,554)	(2,845,758)
<u>50,671</u>	<u>(111,544)</u>	<u>2,325</u>	<u>(92,926)</u>	<u>1,004,651</u>
\$ 50,671	\$ (111,544)	\$ 2,325	\$ (92,926)	\$ 1,004,651
-	-	-	-	-
-	-	-	-	-
<u>50,671</u>	<u>(111,544)</u>	<u>2,325</u>	<u>(92,926)</u>	<u>1,004,651</u>

(This page intentionally left blank.)

STATE OF NEW MEXICO
Capitan Municipal Schools
Cash Reconciliation
June 30, 2016

Schedule III
(Page 2 of 2)

	Capital Improv SB9	Ed Tech Equipment Act	Debt Service Fund	Ed Tech Debt Service Fund	Total
Cash per June 30, 2015 audit report	\$ 842,571	\$ -	\$ 43,547	\$ 6,752	\$ 5,899,008
Reclass of District Activity Funds	-	-	-	-	-
	<u>842,571</u>	<u>-</u>	<u>43,547</u>	<u>6,752</u>	<u>5,899,008</u>
Add:					
2015-16 revenues	<u>840,941</u>	<u>1,518,033</u>	<u>465,473</u>	<u>476,976</u>	<u>8,897,827</u>
Total cash available	1,683,512	1,518,033	509,020	483,728	14,796,835
Less:					
2015-16 expenditures	(696,689)	(668,548)	(462,208)	(15,597)	(10,310,880)
Reinstate cash for payroll liability	-	-	-	-	137,803
Cash June 30, 2016	<u>\$ 986,823</u>	<u>\$ 849,485</u>	<u>\$ 46,812</u>	<u>\$ 468,131</u>	<u>\$ 4,623,758</u>
Bank balance end of year	\$ 986,823	\$ 849,485	\$ 46,812	\$ 468,131	\$ 4,872,654
Adjustments for voided checks	-	-	-	-	(1,316)
Adjustment for held cash	-	-	-	-	137,803
Outstanding Checks	-	-	-	-	(385,383)
Cash June 30, 2016	<u>\$ 986,823</u>	<u>\$ 849,485</u>	<u>\$ 46,812</u>	<u>\$ 468,131</u>	<u>\$ 4,623,758</u>

(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, 2016

Agency Number	Agency Name	Agency Type	RFP/RFPW (if applicable)	Type of Procurement	Vendor Name	Did Vendor Win Contract?	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Physical address of vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veterans preference?	Brief Description of the Scope of Work	If the Procurement is attributable to a Component Unit, Name of Component Unit
7009	Capitan Municipal Schools	Schools	2014-15 CapsSecondary	Competitive (RFP or RFB)	HB Construction	Winner	8,560,000.00	\$8,784,947.23	5301 Beauty Hills Ave, NE Albuquerque, NM 87113	No	No	Construction of new secondary school	N/A
7009	Capitan Municipal Schools	Schools	2014-15 CapsSecondary	Competitive (RFP or RFB)	Bradbury Stamm Construction	Loser	N/A	N/A	7110 2nd Street NW, Albuquerque NM 87107	No	No	Construction of new secondary school	N/A
7009	Capitan Municipal Schools	Schools	2014-15 CapsSecondary	Competitive (RFP or RFB)	Jaymes Corporation	Loser	N/A	N/A	2906 Broadway NE, Albuquerque, NM 87107	No	No	Construction of new secondary school	N/A
7009	Capitan Municipal Schools	Schools	2014-15 CapsSecondary	Competitive (RFP or RFB)	Talsh Construction Inc.	Loser	N/A	N/A	208 Highway 180 West, Silver City NM 88061	No	No	Construction of new secondary school	N/A
7009	Capitan Municipal Schools	Schools	2014-15 CapsSecondary	Competitive (RFP or RFB)	Gerald A. Martin LTD	Loser	N/A	N/A	4801 McLeod NE, Albuquerque, NM 87109	No	No	Construction of new secondary school	N/A
7009	Capitan Municipal Schools	Schools	2014-15 CapsSecondary	Competitive (RFP or RFB)	DND Contractors Inc.	Loser	N/A	N/A	205 W. Bourz Building 3, Ste. B, Las Cruces, NM 88005	No	No	Construction of new secondary school	N/A
7009	Capitan Municipal Schools	Schools	Food Mgmt 15-16	Competitive (RFP or RFB)	Southwest Foodservice Excellence LLC	Winner	\$384,028.00	N/A	P.O. BOX 29338, FORT WORTH, TX 76163	No	No	Food Service Management	N/A
7009	Capitan Municipal Schools	Schools	Food Mgmt 15-16	Competitive (RFP or RFB)	Summit Food Service	Loser	N/A	N/A	8700 Peachtree Dunwoody Rd, Atlanta, GA 30328	No	No	Food Service Management	N/A
7010	Capitan Municipal Schools	Schools	2013-1	RFP for Cost Reimbursement Contract	Dekker/Perich/Sabatini LTD.	Winner	\$ 553,275.65	N/A	7601 Jefferson NE, Suite 100, Albuquerque, NM 87109	No	No	Architect services for construction of renovations and additions to Elementary School & High School, demolition, replacement and relocation of some existing facilities on campus.	N/A
7011	Capitan Municipal Schools	Schools	2013-1	RFP for Cost Reimbursement Contract	Mult-Zollars	Loser	N/A	N/A	6565 Americas Parkway NE, Suite 550, Albuquerque, NM 87110-8158	No	No	Architect services for construction of renovations and additions to Elementary School & High School, demolition, replacement and relocation of some existing facilities on campus.	N/A
7012	Capitan Municipal Schools	Schools	2013-1	RFP for Cost Reimbursement Contract	P.A. Architects	Loser	N/A	N/A	P.O. Box 51057, Albuquerque, NM 87181	No	No	Architect services for construction of renovations and additions to Elementary School & High School, demolition, replacement and relocation of some existing facilities on campus.	N/A

(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, 2016, 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 October 6, 2016.

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 not identify any deficiencies in internal controls.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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

Precision Accounting LLC
Albuquerque, New Mexico
October 6, 2016

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2016

C. FINDINGS-FEDERAL AWARDS

None

D. PRIOR YEAR AUDIT FINDINGS

2015-001 Activities Fund cleared.

(This page intentionally left blank.)

STATE OF NEW MEXICO
CAPITAN MUNICIPAL SCHOOLS
OTHER DISCLOSURES
Year Ended June 30, 2016

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 October 6, 2016. The following individuals were in attendance.

Capitan Municipal Schools

Sean Wootton, Superintendent, Effective August 1, 2016
Kimberly Stone, Chief Financial Officer
Justin King, Board President
Daryl Lindsay, Board Member
Kelli Olmstead, Audit Committee
Richard Hall, Audit Committee

Precision Accounting LLC

Melissa R. Santistevan, CPA, CFE, CGMA
Daniel Perea, Senior Accountant
Zach Hayes, Staff Accountant
Alexandra Yebra, Staff Accountant