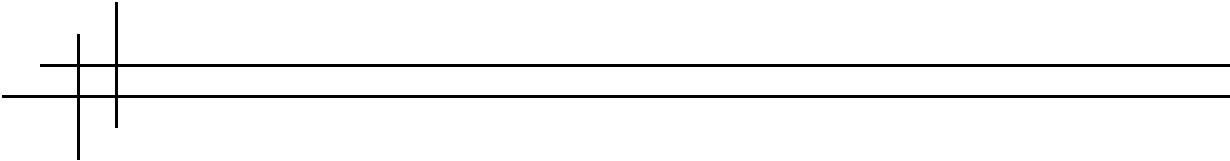


STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

ANNUAL FINANCIAL REPORT
June 30, 2013

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



STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
 Table of Contents
 For the Year Ended June 30, 2013

	<u>Page</u>
Official Roster.....	5
Independent Auditor's Report.....	6-7
FINANCIAL SECTION	
Basic Financial Statements	
Government Wide Financial Statements	
Statement of Net Position.....	9
Statement of Activities.....	10
Fund Financial Statements	
Government Funds - Balance Sheet.....	11-14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	16-19
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities.....	20
Operational-11000	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	21-23
Teacherage-12000	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	24
Transportation-13000	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	25
Instructional Material-14000	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	26
Major Special Revenue Funds	
Title I-24101	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	27
IDEA B Entitlement-24106	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	28
Statement of Fiduciary Assets and Liabilities - Agency Funds.....	29
Notes to Financial Statements.....	30-45

	<u>Page</u>
SUPPLEMENTAL INFORMATION RELATED TO MAJOR FUNDS	
Senate Bill Nine-31700	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	47
Debt Service-41000	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	48
SUPPLEMENTAL INFORMATION RELATED TO NON MAJOR FUNDS	
Combining Non-Major Governmental Funds	
Combining Balance Sheet - by Fund Type.....	52-57
Combining Statement of Revenues, Expenditures and Changes in Fund Balance and Changes in Fund Balance - by Fund Type.....	58-63
Food Service-21000	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	64
Athletics-22000	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	65
IDEA Preschool-24109	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	66
IDEA B Risk Pool-24120	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	67
Improving Teacher Quality-24154	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	67
Rural Education Achievement Program-25233	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	69
Dual Credit-27103	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	72
School Bus Replacement-27104	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	73
Library GO Bonds-27105	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	73
2010 GO Library Books-27106	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	73
Formative Assessments-27111	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	74

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
 Table of Contents
 For the Year Ended June 30, 2013

	<u>Page</u>
Pre K-27149	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	75
2010 GOB Instructional Materials-27171	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	76
Special Capital Outlay-Local-31300	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	77
Senate Bill Nine-31700	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	78
Debt Service-Deferred Sick Leave-42000	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	79
OTHER SUPPLEMENTAL INFORMATION	
Agency Funds	
Statement of Fiduciary Assets and Liabilities-Agency Funds	82
Activity	
Schedule of Changes in Assets and Liabilities - Agency Funds	83
Cash Reconciliations-All Funds.....	84
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>	85-86
Schedule of Findings and Responses.....	87-88

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Official Roster
June 30, 2013

BOARD OF EDUCATION

Travis Glenn	President
Ben Powell	Vice-President
Fernando Jimenez	Secretary
Rusty Henard	Member
Open	Member

SCHOOL OFFICIALS

Buddy Little	Superintendent
Leslie Pearce	Business Manager

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101
(855) 253-4313

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Tatum Municipal Schools

Mr. Balderas and Members of the Board

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 for the general fund and major special revenue funds of Tatum Municipal Schools (District), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, and the budgetary comparisons for the major capital projects and 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, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2013, and the respective changes in financial position, thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2013, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital projects and 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

Management has omitted the Management's Discussion and Analysis which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule required by 2.2.2.NMAC is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule required by 2.2.2 NMAC is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule required by 2.2.2 NMAC is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 11, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

De'Ann Willoughby CPA PC

Clovis, New Mexico
November 11, 2013

FINANCIAL SECTION

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
 Government-Wide Statement of Net Position
 June 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 4,213,050
Investments	545,222
Taxes Receivable	46,916
Due From Grantor	121,710
Inventory	1,713
Total Current Assets	<u>4,928,611</u>
Noncurrent Assets	
Capital Assets	16,915,113
Less: Accumulated Depreciation	<u>(10,855,263)</u>
Total Noncurrent Assets	<u>6,059,850</u>
Total Assets	<u>10,988,461</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	28,540
Accrued Interest	13,480
Current Portion of Long-Term Debt	385,000
Total Current Liabilities	<u>427,020</u>
Noncurrent Liabilities	
Compensated Absences	57,319
Bonds and Notes, Net	4,525,743
Total Noncurrent Liabilities	<u>4,583,062</u>
Total Liabilities	<u>5,010,082</u>
NET POSITION	
Net Investment in Capital Assets	1,149,107
Restricted for:	
Capital Projects	3,599,695
Debt Service	635,777
Unrestricted	593,800
Total Net Position	<u>\$ 5,978,379</u>

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
 Government-Wide Statement of Activities
 For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ 3,078,849	\$ 17,886	\$ 269,202	\$ 0	\$ (2,791,761)
Support Service-Students	123,954	0	3,511	0	(120,443)
Support Services-Instruction	79,362	0	22,788	0	(56,574)
Support Services-General Administration	173,033	0	0	0	(173,033)
Support Services-School Administration	291,737	0	70,775	0	(220,962)
Central Services	143,260	0	0	0	(143,260)
Operation & Maintenance of Plant	651,594	9,000	0	0	(642,594)
Student Transportation	248,793	0	248,755	77,834	77,796
Other	3,562	0	0	0	(3,562)
Food Services	166,759	34,878	97,869	0	(34,012)
Community Service	11,258	0	0	0	(11,258)
Interest on Long-Term Obligations	38,250	0	0	0	(38,250)
Total Governmental Activities	<u>\$ 5,010,411</u>	<u>\$ 61,764</u>	<u>\$ 712,900</u>	<u>\$ 77,834</u>	<u>(4,157,913)</u>
General Revenues					
Taxes					
Property Taxes, Levied for General Purposes					59,426
Property Taxes, Levied for Capital Projects					244,675
Property Taxes, Levied for Debt Service					362,294
Federal and State aid not restricted to specific purpose					
General					3,162,824
Capital					0
Interest and investment earnings					1,794
Miscellaneous					24,231
Subtotal, General Revenues					<u>3,855,244</u>
Change in Net Position					(302,669)
Net Position - beginning					<u>6,281,048</u>
Net Position - ending					<u>\$ 5,978,379</u>

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2013

	General		
	Operational 11000	Teacherage 12000	Transportation 13000
ASSETS			
Cash and Cash Equivalents	\$ 352,555	\$ 18,154	\$ 197
Investments	0	0	0
Receivables			
Property Taxes	4,144	0	0
Due From Grantor	0	0	0
Interfund Balance	121,710	0	0
Inventory	0	0	0
Total Assets	<u>\$ 478,409</u>	<u>\$ 18,154</u>	<u>\$ 197</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 0
Accounts Payable	14,014	0	0
Deferred Revenue	713	0	0
Total Liabilities	<u>14,727</u>	<u>0</u>	<u>0</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Assigned-Capital Projects	0	0	0
Unassigned-General Fund	463,682	18,154	197
Total Fund Balances	<u>463,682</u>	<u>18,154</u>	<u>197</u>
Total Liabilities and Fund Balances	<u>\$ 478,409</u>	<u>\$ 18,154</u>	<u>\$ 197</u>

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2013

	General		Special Revenue	
	Instructional Material 14000		Title I 24101	IDEA B Entitlement 24106
ASSETS				
Cash and Cash Equivalents	\$ 8,572	\$	0	\$ 0
Investments	0		0	0
Receivables				
Property Taxes	0		0	0
Due From Grantor	0		19,798	82,879
Interfund Balance	0		0	0
Inventory	0		0	0
Total Assets	<u>\$ 8,572</u>	\$	<u>19,798</u>	<u>\$ 82,879</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Interfund Balance	\$ 0	\$	19,798	\$ 82,879
Accounts Payable	4,880		0	0
Deferred Revenue	0		0	0
Total Liabilities	<u>4,880</u>		<u>19,798</u>	<u>82,879</u>
Fund Balances				
Nonspendable-Inventory	0		0	0
Restricted for, reported in				
Special Revenue Funds	0		0	0
Capital Projects	0		0	0
Debt Service	0		0	0
Assigned-Capital Projects	0		0	0
Unassigned-General Fund	3,692		0	0
Total Fund Balances	<u>3,692</u>		<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 8,572</u>	\$	<u>19,798</u>	<u>\$ 82,879</u>

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2013

	<u>Capital Projects</u>		
	<u>Bond Building 31100</u>	<u>Debt Service 41000</u>	<u>Other Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,021,317	\$ 566,475	\$ 245,780
Investments	545,222	0	0
Receivables			
Property Taxes	0	25,610	17,162
Due From Grantor	0	0	19,033
Interfund Balance	0	0	0
Inventory	0	0	1,713
Total Assets	<u>\$ 3,566,539</u>	<u>\$ 592,085</u>	<u>\$ 283,688</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 19,033
Accounts Payable	0	0	9,646
Deferred Revenue	0	4,636	3,109
Total Liabilities	<u>0</u>	<u>4,636</u>	<u>31,788</u>
Fund Balances			
Nonspendable-Inventory	0	0	1,713
Restricted for, reported in			
Special Revenue Funds	0	0	38,907
Capital Projects	3,566,539	0	33,156
Debt Service	0	587,449	48,328
Assigned-Capital Projects	0	0	129,796
Unassigned-General Fund	0	0	0
Total Fund Balances	<u>3,566,539</u>	<u>587,449</u>	<u>251,900</u>
Total Liabilities and Fund Balances	<u>\$ 3,566,539</u>	<u>\$ 592,085</u>	<u>\$ 283,688</u>

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
 GOVERNMENTAL FUNDS
 Balance Sheet
 June 30, 2013

	Total Governmental Funds
	<u> </u>
ASSETS	
Cash and Cash Equivalents	\$ 4,213,050
Investments	545,222
Receivables	
Property Taxes	46,916
Due From Grantor	121,710
Interfund Balance	121,710
Inventory	1,713
Total Assets	<u>\$ 5,050,321</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Interfund Balance	\$ 121,710
Accounts Payable	28,540
Deferred Revenue	8,458
Total Liabilities	<u>158,708</u>
Fund Balances	
Nonspendable-Inventory	1,713
Restricted for, reported in	
Special Revenue Funds	38,907
Capital Projects	3,599,695
Debt Service	635,777
Assigned-Capital Projects	129,796
Unassigned-General Fund	485,725
Total Fund Balances	<u>4,891,613</u>
Total Liabilities and Fund Balances	<u>\$ 5,050,321</u>

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 June 30, 2013

Total Fund Balance - Governmental Funds \$ 4,891,613

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

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

The cost of capital assets	\$ 16,915,113	
Accumulated depreciation	<u>(10,855,263)</u>	6,059,850

Property taxes receivable will be collected after the period of availability, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 8,458

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

Bonds payable	(4,785,000)	
Issue Costs	55,784	
Accumulated Amortization	(22,860)	
Premium on Bond Issue	(160,000)	
Accumulated Amortization	1,333	
Accrued Interest	(13,480)	
Compensated Absences	<u>(57,319)</u>	<u>(4,981,542)</u>

Total Net Position - Governmental Activities \$ 5,978,379

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2013

	General		
	Operational 11000	Teachorage 12000	Transportation 13000
Revenues			
Property Taxes	\$ 58,713	\$ 0	\$ 0
Investment Income	1,134	0	0
Fees	0	9,000	0
State and Local Grants	3,162,824	0	248,755
Federal Grants	0	0	0
Miscellaneous	23,930	0	0
Total Revenues	3,246,601	9,000	248,755
Expenditures			
Current			
Instruction	2,186,310	0	0
Support Services-Students	122,536	0	0
Support Services-Instruction	75,957	0	0
Support Services-General Administration	170,936	0	0
Support Services-School Administration	220,962	0	0
Central Services	143,260	0	0
Operation & Maintenance of Plant	387,921	4,927	0
Student Transportation	0	0	248,775
Other	3,562	0	0
Food Service	39,383	0	0
Community Services	11,258	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Bond Proceeds Cost	0	0	0
Total Expenditures	3,362,085	4,927	248,775
Excess (Deficiency) of Revenues Over Expenditures	(115,484)	4,073	(20)
Other Financing Sources (Uses)			
Bond Proceeds	0	0	0
Premium on Sale of Bond	0	0	0
Total Other Sources (Uses)	0	0	0
Net Change in Fund Balance	(115,484)	4,073	(20)
Fund Balances at Beginning of Year	579,166	14,081	217
Fund Balance End of Year	\$ 463,682	\$ 18,154	\$ 197

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2013

	General		
	Instructional Material 14000	Special Revenue	
		Title I 24101	IDEA B Entitlement 24106
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Fees	0	0	0
State and Local Grants	21,652	0	0
Federal Grants	0	144,520	121,806
Miscellaneous	0	0	0
Total Revenues	21,652	144,520	121,806
Expenditures			
Current			
Instruction	21,230	143,384	52,254
Support Services-Students	0	0	1,288
Support Services-Instruction	0	1,136	0
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	68,264
Central Services	0	0	0
Operation & Maintenance of Plant	0	0	0
Student Transportation	0	0	0
Other	0	0	0
Food Service	0	0	0
Community Services	0	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Bond Proceeds Cost	0	0	0
Total Expenditures	21,230	144,520	121,806
Excess (Deficiency) of Revenues Over Expenditures	422	0	0
Other Financing Sources (Uses)			
Bond Proceeds	0	0	0
Premium on Sale of Bond	0	0	0
Total Other Sources (Uses)	0	0	0
Net Change in Fund Balance	422	0	0
Fund Balances at Beginning of Year	3,270	0	0
Fund Balance End of Year	\$ 3,692	\$ 0	\$ 0

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2013

	<u>Capital Projects</u>		
	<u>Bond Building 31100</u>	<u>Debt Service 41000</u>	<u>Other Governmental Funds</u>
Revenues			
Property Taxes	\$ 0	\$ 357,658	\$ 241,566
Investment Income	0	164	496
Fees	0	0	52,764
State and Local Grants	0	0	110,049
Federal Grants	0	0	143,952
Miscellaneous	0	0	301
Total Revenues	<u>0</u>	<u>357,822</u>	<u>549,128</u>
Expenditures			
Current			
Instruction	9,628	0	92,531
Support Services-Students	0	0	0
Support Services-Instruction	0	0	2,223
Support Services-General Administration	0	1,255	842
Support Services-School Administration	0	0	2,511
Central Services	0	0	0
Operation & Maintenance of Plant	0	0	258,746
Student Transportation	0	0	0
Other	0	0	0
Food Service	0	0	127,376
Community Services	0	0	0
Capital Outlay	393,164	0	121,557
Debt Service			
Principal	0	375,000	0
Interest	0	33,109	0
Bond Proceeds Cost	30,669		0
Total Expenditures	<u>433,461</u>	<u>409,364</u>	<u>605,786</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(433,461)</u>	<u>(51,542)</u>	<u>(56,658)</u>
Other Financing Sources (Uses)			
Bond Proceeds	4,000,000	0	0
Premium on Sale of Bond	0	160,000	0
Total Other Sources (Uses)	<u>4,000,000</u>	<u>160,000</u>	<u>0</u>
Net Change in Fund Balance	3,566,539	108,458	(56,658)
Fund Balances at Beginning of Year	<u>0</u>	<u>478,991</u>	<u>308,558</u>
Fund Balance End of Year	<u>\$ 3,566,539</u>	<u>\$ 587,449</u>	<u>\$ 251,900</u>

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2013

	Total Governmental Funds
	<u> </u>
Revenues	
Property Taxes	\$ 657,937
Investment Income	1,794
Fees	61,764
State and Local Grants	3,543,280
Federal Grants	410,278
Miscellaneous	24,231
Total Revenues	<u>4,699,284</u>
Expenditures	
Current	
Instruction	2,505,337
Support Services-Students	123,824
Support Services-Instruction	79,316
Support Services-General Administration	173,033
Support Services-School Administration	291,737
Central Services	143,260
Operation & Maintenance of Plant	651,594
Student Transportation	248,775
Other	3,562
Food Service	166,759
Community Services	11,258
Capital Outlay	514,721
Debt Service	
Principal	375,000
Interest	33,109
Bond Proceeds Cost	30,669
Total Expenditures	<u>5,351,954</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(652,670)</u>
Other Financing Sources (Uses)	
Bond Proceeds	4,000,000
Premium on Sale of Bond	160,000
Total Other Sources (Uses)	<u>4,160,000</u>
Net Change in Fund Balance	3,507,330
Fund Balances at Beginning of Year	<u>1,384,283</u>
Fund Balance End of Year	<u>\$ 4,891,613</u>

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balance
 To the Statement of Activities
 June 30, 2013

Net Change in Fund Balance \$ 3,507,330

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

Some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead reported as deferred revenues. They are however, recorded as revenues in the Statement of Activities.

Property Taxes Receivable, June 30, 2012	\$ 0	
Property Taxes Receivable, June 30, 2013	<u>8,458</u>	8,458

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

Depreciation expense	(573,704)	
Capital Outlays	<u>514,721</u>	(58,983)

The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net position. (4,000,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 375,000

Bond issue costs and premium on the bond issue are amortized in the Statement of Activities but are recorded as an expenditure and revenue respectfully in the year of issue on the Statement of Revenues, Expenditures and Changes in Fund Balances. The bond issue costs and premiums are amortized over the life of the bonds.

Issue Costs	30,669	
Premium on Bond Issue	(160,000)	
Amortization of Issue Cost this year	(2,767)	
Amortization of Premiums this year	<u>1,333</u>	(130,765)

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

Accrued Interest, June 30, 2012	9,773	
Accrued Interest, June 30, 2013	<u>(13,480)</u>	(3,707)

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences, June 30, 2012	57,317	
Compensated Absences, June 30, 2013	<u>(57,319)</u>	<u>(2)</u>

Changes in Net Position of Governmental Activities \$ (302,669)

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
GENERAL FUND-OPERATIONAL-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 63,439	\$ 63,439	\$ 58,615	\$ (4,824)
Investment Income	1,300	1,300	1,134	(166)
State Grant	3,108,047	3,108,047	3,162,824	54,777
Miscellaneous	0	0	23,930	23,930
Total Revenues	<u>3,172,786</u>	<u>3,172,786</u>	<u>3,246,503</u>	<u>73,717</u>
Expenditures				
Instruction				
Personnel Services	1,640,157	1,633,763	1,574,025	59,738
Employee Benefits	532,130	505,730	474,864	30,866
Professional & Tech Services	17,500	22,150	15,120	7,030
Purchased Property Services	3,000	3,000	2,904	96
Other Purchased Services	46,050	60,650	41,795	18,855
Supplies	83,200	102,900	68,367	34,533
Supply Assets	14,000	10,844	4,289	6,555
Total Instruction	<u>2,336,037</u>	<u>2,339,037</u>	<u>2,181,364</u>	<u>157,673</u>
Support Services-Students				
Personnel Services	26,122	36,922	36,888	34
Employee Benefits	5,904	8,119	7,919	200
Professional & Tech Services	83,000	82,657	77,587	5,070
Supplies	0	143	143	0
Total Support Services-Students	<u>115,026</u>	<u>127,841</u>	<u>122,537</u>	<u>5,304</u>
Support Services-Instruction				
Personnel Services	74,210	48,495	46,544	1,951
Employee Benefits	24,733	24,333	16,400	7,933
Professional & Tech Services	0	9,470	9,597	(127)
Supplies	0	1,630	1,311	319
Supply Assets	0	2,200	2,104	96
Total Support Services-Instruction	<u>98,943</u>	<u>86,128</u>	<u>75,956</u>	<u>10,172</u>
Support Services-General Administration				
Personnel Services	97,097	126,161	114,879	11,282
Employee Benefits	33,064	35,311	30,722	4,589
Professional & Tech Services	15,970	22,443	17,910	4,533
Purchased Property Services	5,000	400	0	400
Other Purchased Services	5,750	7,600	5,265	2,335
Supplies	4,500	4,300	2,160	2,140
Total Support Services-General Administration	<u>\$ 161,381</u>	<u>\$ 196,215</u>	<u>\$ 170,936</u>	<u>\$ 25,279</u>

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
GENERAL FUND-OPERATIONAL-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Support Services-School Administration				
Personnel Services	\$ 205,930	\$ 171,997	\$ 158,860	\$ 13,137
Employee Benefits	73,566	57,566	49,191	8,375
Professional & Tech Services	850	11,450	9,856	1,594
Other Purchased Services	2,500	2,500	1,921	579
Supplies	6,000	6,000	1,134	4,866
Supply Assets	800	2,299	0	2,299
Total Support Services-School Administration	<u>289,646</u>	<u>251,812</u>	<u>220,962</u>	<u>30,850</u>
Central Services				
Personnel Services	100,718	100,718	95,399	5,319
Employee Benefits	49,726	43,376	36,021	7,355
Professional & Tech Services	6,500	6,500	1,577	4,923
Purchased Property Services	12,500	11,500	5,690	5,810
Other Purchased Services	2,200	4,100	1,811	2,289
Supplies	3,200	4,870	2,626	2,244
Supply Assets	1,000	850	0	850
Total Central Services	<u>175,844</u>	<u>171,914</u>	<u>143,124</u>	<u>28,790</u>
Operation & Maintenance of Plant				
Personnel Services	140,300	149,630	141,552	8,078
Employee Benefits	53,465	53,855	50,729	3,126
Professional & Tech Services	350	350	0	350
Purchased Property Services	119,000	130,980	89,604	41,376
Other Purchased Services	86,213	84,543	80,608	3,935
Supplies	2,500	28,200	21,398	6,802
Fixed Assets	0	0	0	0
Supply Assets	17,300	1,000	0	1,000
Total Operation & Maintenance of Plant	<u>419,128</u>	<u>448,558</u>	<u>383,891</u>	<u>64,667</u>
Other Support Services				
Professional & Tech Services	18,168	18,168	3,562	14,606
Total Other Support Services	<u>18,168</u>	<u>18,168</u>	<u>3,562</u>	<u>14,606</u>
Food Service				
Personnel Services	0	250	248	2
Employee Benefits	0	25	24	1
Professional & Tech Services	100	100	55	45
Other Purchased Services	300	300	141	159
Supplies	34,000	38,331	38,715	(384)
Total Food Service	<u>\$ 34,400</u>	<u>\$ 39,006</u>	<u>\$ 39,183</u>	<u>\$ (177)</u>

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
GENERAL FUND-OPERATIONAL-11000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Community Service				
Personnel Services	\$ 13,000	\$ 12,650	\$ 9,901	\$ 2,749
Employee Benefits	1,346	1,371	1,033	338
Professional & Tech Services	0	325	324	1
Total Community Service	<u>14,346</u>	<u>14,346</u>	<u>11,258</u>	<u>3,088</u>
Total Expenditures	<u>3,662,919</u>	<u>3,693,025</u>	<u>3,352,773</u>	<u>340,252</u>
Excess (Deficiency) of Revenues Over Expenditures	(490,133)	(520,239)	(106,270)	413,969
Cash Balance Beginning of Year	<u>580,535</u>	<u>580,535</u>	<u>580,535</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 90,402</u>	<u>\$ 60,296</u>	<u>\$ 474,265</u>	<u>\$ 413,969</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (106,270)	
Net Change in Taxes Receivable			812	
Net Change in Deferred Revenue			(9,312)	
Net Change in Accounts Payable			(714)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (115,484)</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
GENERAL FUND-TEACHERAGE-12000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees-Rents	\$ 9,000	\$ 9,000	\$ 9,000	\$ 0
Total Revenues	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>0</u>
Expenditures				
Operation & Maintenance of Plant				
Personnel Services	5,500	5,500	2,806	2,694
Employee Benefits	1,455	1,455	724	731
Purchased Property Services	5,245	5,245	397	4,848
Other Purchased Services	1,000	1,000	1,000	0
Supplies	2,500	2,500	0	2,500
Supply Assets	2,700	2,700	0	2,700
Total Operation & Maintenance of Plant	<u>18,400</u>	<u>18,400</u>	<u>4,927</u>	<u>2,700</u>
Total Expenditures	<u>18,400</u>	<u>18,400</u>	<u>4,927</u>	<u>2,700</u>
Excess (Deficiency) of Revenues Over Expenditures	(9,400)	(9,400)	4,073	13,473
Cash Balance Beginning of Year	<u>14,081</u>	<u>14,081</u>	<u>14,081</u>	<u>0</u>
Cash Balance End of Year	\$ <u>4,681</u>	\$ <u>4,681</u>	\$ <u>18,154</u>	\$ <u>13,473</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>4,073</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>4,073</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
GENERAL FUND-TRANSPORTATION-13000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grants	\$ 225,347	\$ 248,558	\$ 248,755	\$ 197
Total Revenues	<u>225,347</u>	<u>248,558</u>	<u>248,755</u>	<u>197</u>
Expenditures				
Student Transportation				
Personnel Services	88,049	97,331	104,558	(7,227)
Employee Benefits	53,756	47,856	49,133	(1,277)
Professional & Tech Services	1,400	900	601	299
Purchased Property Services	40,572	49,632	48,686	946
Other Purchased Services	5,470	5,990	8,036	(2,046)
Supplies	31,000	46,246	37,941	8,305
Fixed Assets	5,100	1,000	0	1,000
Total Student Transportation	<u>225,347</u>	<u>248,955</u>	<u>248,955</u>	<u>0</u>
Total Expenditures	<u>225,347</u>	<u>248,955</u>	<u>248,955</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(397)	(200)	197
Cash Balance Beginning of Year	<u>397</u>	<u>397</u>	<u>397</u>	<u>0</u>
Cash Balance End of Year	\$ <u>397</u>	\$ <u>0</u>	\$ <u>197</u>	\$ <u>197</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (200)	
Net Change in Accounts Payable			<u>180</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(20)</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
GENERAL FUND-INSTRUCTIONAL MATERIAL-14000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grants	\$ 21,652	\$ 21,652	\$ 21,652	\$ 0
Total Revenues	<u>21,652</u>	<u>21,652</u>	<u>21,652</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	21,652	21,652	16,350	5,302
Total Instruction	<u>21,652</u>	<u>21,652</u>	<u>16,350</u>	<u>5,302</u>
Total Expenditures	<u>21,652</u>	<u>21,652</u>	<u>16,350</u>	<u>5,302</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	5,302	5,302
Cash Balance Beginning of Year	<u>3,270</u>	<u>3,270</u>	<u>3,270</u>	<u>0</u>
Cash Balance End of Year	\$ <u>3,270</u>	\$ <u>3,270</u>	\$ <u>8,572</u>	\$ <u>5,302</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 5,302	
Net Change in Accounts Payable			<u>(4,880)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>422</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-TITLE I-24101
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 102,402	\$ 184,048	\$ 157,127	\$ (26,921)
Total Revenues	<u>102,402</u>	<u>184,048</u>	<u>157,127</u>	<u>(26,921)</u>
Expenditures				
Instruction				
Personnel Services	43,000	43,000	44,981	(1,981)
Employee Benefits	13,010	13,010	13,676	(666)
Professional & Tech Services	5,400	5,400	4,259	1,141
Other Purchased Services	1,800	1,800	2,876	(1,076)
Supplies	5,500	9,146	12,273	(3,127)
Supply Assets	0	78,000	65,802	12,198
Total Instruction	<u>68,710</u>	<u>150,356</u>	<u>143,867</u>	<u>6,489</u>
Support Services-Instruction				
Supplies	1,770	1,770	1,136	634
Total Support Services-Instruction	<u>1,770</u>	<u>1,770</u>	<u>1,136</u>	<u>634</u>
Total Expenditures	<u>70,480</u>	<u>152,126</u>	<u>145,003</u>	<u>7,123</u>
Excess (Deficiency) of Revenues Over Expenditures	31,922	31,922	12,124	(19,798)
Cash Balance Beginning of Year	<u>(31,922)</u>	<u>(31,922)</u>	<u>(31,922)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (19,798)</u>	<u>\$ (19,798)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 12,124	
Net Change in Due from Grantor			(12,607)	
Net Change in Accounts Payable			483	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-IDEA B ENTITLEMENT-24106
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 23,456	\$ 175,725	\$ 62,383	\$ (113,342)
Total Revenues	<u>23,456</u>	<u>175,725</u>	<u>62,383</u>	<u>(113,342)</u>
Expenditures				
Instruction				
Personnel Services	0	47,672	40,474	7,198
Employee Benefits	0	13,814	11,780	2,034
Total Instruction	<u>0</u>	<u>61,486</u>	<u>52,254</u>	<u>9,232</u>
Support Services-Students				
Personnel Services	0	3,000	1,192	1,808
Employee Benefits	0	271	96	175
Total Support Services-Students	<u>0</u>	<u>3,271</u>	<u>1,288</u>	<u>1,983</u>
Support Services-School Administration				
Professional & Tech Services	0	87,512	68,264	19,248
Total Support Services-School Administration	<u>0</u>	<u>87,512</u>	<u>68,264</u>	<u>19,248</u>
Total Expenditures	<u>0</u>	<u>152,269</u>	<u>121,806</u>	<u>30,463</u>
Excess (Deficiency) of Revenues Over Expenditures	23,456	23,456	(59,423)	(82,879)
Cash Balance Beginning of Year	<u>(23,456)</u>	<u>(23,456)</u>	<u>(23,456)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (82,879)</u>	<u>\$ (82,879)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (59,423)	
Net Change in Due from Grantor			59,423	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2013

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 64,042
Investment	13,274
Total Assets	<u>\$ 77,316</u>
Liabilities	
Deposits Held for Others	\$ 77,316
Total Liabilities	<u>\$ 77,316</u>

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Tatum Municipal Schools (District) ,have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Financial Reporting Entity

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

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

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

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

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

Governmental Funds

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

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

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

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

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

Fiduciary Fund Type

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

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

MAJOR FUNDS

The District reports the following major governmental funds:

General Fund (11000)(12000)(13000)(14000). The General Fund consist of four sub funds. The first is the Operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Teacherage accounts for rents collected from teachers and related expenditures. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

MAJOR SPECIAL REVENUE FUNDS

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

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

MAJOR CAPITAL PROJECTS FUND

Bond Building (31100). The revenues are derived from a School Building Bond Issue. The expenditures are restricted to major capital improvements.

MAJOR DEBT SERVICE FUND

Debt Service Fund(41000). To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

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

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

Program Revenues

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

Fund Financial Statements (FFS)

Governmental Funds

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

Revenues

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

Grants. Government mandated nonexchange transaction and voluntary nonexchange transactions. Recipients should recognize revenues in the period when all applicable eligibility requirements have been met and the resources are available.

Revenue Recognition for Grants.

Eligibility requirements for government-mandated and voluntary nonexchange transaction comprise one or more of the following:

1. Required characteristics of recipients. The recipient has the characteristics specified by the provider (are required to be school districts).
2. Time requirements. Time requirements specified by enabling legislation or the provider have been met (period when the resources are required to be used).
3. Reimbursements. The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program.
4. Contingencies. The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred (the recipient has raised the matching funds).

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

Expenditures

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

Other Financing Sources (Uses)

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

Basis of Budgeting

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

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

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

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1st. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2013

2. Prior to June 20th, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBFAU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

Cash and Cash Equivalents

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

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

Investments

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

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

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

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

Receivables and Payables

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

Property Taxes

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

Elimination and Reclassifications of Certain Receivables and Payables

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

Inventories and Prepaid Items

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Food Services Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both District-wide and fund financial statements.

Capital Assets

Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

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

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

Capital Leases

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

Short -Term Debt

Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The District does not have any activity in short-term debt.

Long-Term Liabilities

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

Restricted Net Position

For the Government-Wide Statement of Net Position, net positions are reported as restricted when constraints placed on net positions use are either:

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

Imposed by law through constitutional provisions or enabling legislation.

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

Fund Balances of Fund Financial Statements

Nonspendable fund balance indicates that portion of fund equity is not spendable such as inventory.

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resources providers, or through enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual amount that is not restricted or committed.

Interfund Transfers

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

Deferred Revenue

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

Deferred Sick Leave

All 12-month or full time employees earn vacation and sick leave in amounts varying with tenure and classification. Employees cannot accumulate vacation leave.

The District's recognition and measurement criteria for deferred sick leave follow:

The District established a "deferred sick leave payment plan" for all its regular employees who qualify for sick leave. The purpose of the plan is to encourage wise conservative use of sick leave from all employees of the school. To be eligible, an employee must have been employed by the Tatum Municipal Schools for a minimum of ten (10) consecutive years on at least a half-time basis. The total days of unused sick leave (not to exceed one day for each month worked) is compiled at the end of each year and the respective employee will be credited based on the amount deducted for substitute pay in effect at the time the eligible employee terminates employment with the District.

Fired or dismissed employees by the District are not eligible for deferred sick leave benefit except in the case of required "reduction in force".

The present deferred sick leave payment rates are as follows:

Support Staff	50% of substitute pay	\$ 37.50
Certified	50% of teacher substitute pay	\$ 45.00

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

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

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2013

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

Estimates

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

NOTE B: DEPOSITS AND INVESTMENTS

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

Western Commerce Bank	Balance Per Bank 6/30/13	Reconciled Balance	<u>Type</u>	
General	\$ 4,357,830	\$ 4,183,126	Checking	Interest
School Lunch	26,732	20,107	Checking	Interest
Athletics	9,818	9,818	Checking	Interest
Activity	65,489	64,042	Checking	Interest
TOTAL Deposited	<u>4,459,869</u>	<u>\$ 4,277,093</u>		
Less: FDIC Coverage	<u>(250,000)</u>			
Uninsured Amount	4,209,869			
50% collateral requirement	2,104,935			
Pledged securities	<u>3,481,924</u>			
Over (Under) requirement	<u>\$ 1,376,990</u>			

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

The following securities are pledged at **Western Commerce Bank**:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FHLMC #420175	31346AFQ3	\$ 20,607	03/01/2019	FHLB Dallas, TX
FHLMC ARM #420088 7001264	31346ACZ6	3,304	08/01/2016	FHLB Dallas, TX
GNMA #8390	36202KKB0	8,795	08/20/2018	FHLB Dallas, TX
GNMA #8324	36202KG90	13,872	11/20/2023	FHLB Dallas, TX
GNMA #80643	36225CWD4	24,147	10/20/2032	FHLB Dallas, TX
GNMA #80500	36225CRW8	42,621	03/20/2031	FHLB Dallas, TX
GNMA #80515	36225CSD9	6,181	05/20/2031	FHLB Dallas, TX
FNMA #604975	31388HCL1	253,351	09/01/2031	FHLB Dallas, TX
FNMA #420192B	31346AF91	25,389	06/01/2029	FHLB Dallas, TX
FNMA #888129	31410FVW2	139,989	02/01/2037	FHLB Dallas, TX
FNMA #AB2748	31416YBS6	1,454,910	04/01/2041	FHLB Dallas, TX
GNMA #MA1082	36179NFX1	1,488,758	06/20/2043	FHLB Dallas, TX
		<u>\$ 3,481,924</u>		

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2013

Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank in District's name	3,481,924
Uninsured and uncollateralized	727,945
Total Deposits	<u>\$ 4,459,869</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2013 \$727,945 of the District's bank balance of \$4,459,869, was exposed to custodial credit risk.

New Mexico State Treasurer	Balance	Reconciled	Type
<u>Name of Account</u>	<u>Per Bank 6/30/13</u>	<u>Balance</u>	
Tatum Municipal School	\$ 8,974	\$ 8,974	Savings
TMS Reserve Contingencies	4	4	Savings
Tatum Municipal School	13,267	13,267	Savings
TMS Reserve Contingencies	7	7	Savings
Tatum Municipal School	61,708	61,708	Savings
TMS Reserve Contingencies	49	49	Savings
Tatum Municipal School	164,328	164,328	Savings
TMS Reserve Contingencies	113	113	Savings
Tatum Municipal School	149,562	149,562	Savings
TMS Reserve Contingencies	73	73	Savings
Tatum Municipal School	113,382	113,382	Savings
TMS Reserve Contingencies	154	154	Savings
TMS LGIP Pool 4101	46,853	46,853	Savings
TMS Reserve Contingencies	23	23	Savings
TOTAL Deposited	<u>\$ 558,496</u>	<u>\$ 558,496</u>	

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, relates to how deposits and investments are reported in the annual financial statements of governmental entities. GASB Statement No. 40 disclosures inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. GASB Statement No. 40 requires governments to disclose deposit and investment risks related to credit risk (including custodial credit risk), concentration of credit risk, interest rate risk, and foreign currency risk. The State Treasurer's Office provides the following information regarding the LGIP:

1. With respect to credit risk, the LGIP, a government investment pool, is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2013

2. GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure. However, our portfolio is posted on the State Treasurer's website www.stonm.org and available for review by participants at any time.

3. GASB Statement No. 40 defines interest rate risk as the risk that interest rate variations may adversely affect the fair value of an investment. According to GASB Statement No. 40, an acceptable method for reporting interest rate risk is weighted average maturity ("WAM"). The State Treasurer's Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer's Office website at www.nmsto.gov. As of June 30, 2013, the LGIP WAM(R) is 59 days and WAM(F) is 90 days.

4. Finally, with respect to foreign currency risk, all investments in the LGIP are in U.S. dollar denominated assets. Therefore, the LGIP has no foreign currency risk.

NOTE C: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

Receivable Fund	Payable Funds			Total
	Title I	IDEA B	Other	
	24101	Entitlement 24106	Governmental Funds	
General Fund	\$ 19,798	\$ 82,879	\$ 19,033	\$ 121,710
Totals	\$ 19,798	\$ 82,879	\$ 19,033	\$ 121,710

The above interfund balances resulted from reimbursement grants. The shortfalls were covered by the General Fund. All transactions will be repaid within one year.

NOTE D: TAXES RECEIVABLE

Following is a schedule of property taxes receivable as of June 30, 2013:

	General Fund 11000	Debt Service 41000	Other Governmental Funds	Total
Property Taxes Receivable:				
Available	\$ 3,431	\$ 20,974	\$ 17,162	\$ 41,567
Unavailable	713	4,636	0	5,349
TOTAL Property Taxes Receivable	\$ 4,144	\$ 25,610	\$ 17,162	\$ 46,916

NOTE E: DUE FROM GRANTOR

Amounts due from other agencies and units of government were as follows as of June 30, 2013:

Federal Agencies	\$ 112,397
State Agencies	9,313
Total	\$ 121,710

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2013

NOTE F: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2013, is as follows:

	Balance 6/30/12	Increases	Decreases	Balance 6/30/13
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 819,961	\$ 0	\$ 0	\$ 819,961
Construction in Progress	0	415,025		415,025
Total Capital Assets, not being Depreciated	<u>819,961</u>	<u>415,025</u>	<u>0</u>	<u>1,234,986</u>
Capital Assets, being Depreciated				
Buildings & Improvements	13,119,455	0	0	13,119,455
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>2,460,976</u>	<u>99,696</u>	<u>0</u>	<u>2,560,672</u>
Total Capital Assets, being Depreciated	<u>15,580,431</u>	<u>99,696</u>	<u>0</u>	<u>15,680,127</u>
Total Capital Assets	<u>16,400,392</u>	<u>514,721</u>	<u>0</u>	<u>16,915,113</u>
Less Accumulated Depreciation				
Buildings & Improvements	8,619,087	486,056	0	9,105,143
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>1,662,472</u>	<u>87,648</u>	<u>0</u>	<u>1,750,120</u>
Total Accumulated Depreciation	<u>9,684,940</u>	<u>573,704</u>	<u>0</u>	<u>10,855,263</u>
Capital Assets, net	<u>\$ 6,593,832</u>	<u>\$ (58,983)</u>	<u>\$ 0</u>	<u>\$ 6,059,850</u>

NOTE G: LONG TERM DEBT

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

	Balance 6/30/12	Additions	Reductions	Balance 6/30/13	Amounts Due Within One Year
Governmental Activities					
General Obligation					
Bonds	\$ 1,160,000	\$ 4,000,000	\$ 375,000	\$ 4,785,000	\$ 385,000
Total Bonds	<u>1,160,000</u>	<u>4,000,000</u>	<u>375,000</u>	<u>4,785,000</u>	<u>385,000</u>
Other Liabilities					
Compensated					
Absences	57,317	9,889	9,887	57,319	0
Total Other Liabilities	<u>57,317</u>	<u>9,889</u>	<u>9,887</u>	<u>57,319</u>	<u>0</u>
Long-Term Liabilities	<u>\$ 1,217,317</u>	<u>\$ 4,009,889</u>	<u>\$ 384,887</u>	<u>\$ 4,842,319</u>	<u>\$ 385,000</u>

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2013

Payments on the general obligation bonds are made by the Debt Service Funds. Compensated Absences are paid out of the General Fund.

General Obligation Bonds.

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

Series	Date of Issue	Original Amount	Interest Rate	Balance
2004	5-21-04	3,500,000	1.15%-3.52%	\$ 785,000
2013	10-1-12	4,000,000	2%	4,000,000
				<u>\$ 4,785,000</u>

The annual requirements to amortize the 2004 Series general obligation bonds as of June 30, 2013, including interest payments are as follows:

	Principal	Interest	Total
2014	\$ 385,000	\$ 20,606	\$ 405,606
2015	400,000	7,040	407,040
	<u>\$ 785,000</u>	<u>\$ 27,646</u>	<u>\$ 812,646</u>

The annual requirements to amortize the 2013 Series general obligation bonds as of June 30, 2013, including interest payments are as follows:

	Principal	Interest	Total
2014	\$ 0	\$ 60,275	\$ 60,275
2015	0	76,675	76,675
2016	325,000	74,238	399,238
2017	340,000	69,250	409,250
2018	360,000	63,100	423,100
2019-2023	2,340,000	188,000	2,528,000
2024	635,000	6,350	641,350
	<u>\$ 4,000,000</u>	<u>\$ 537,888</u>	<u>\$ 4,537,888</u>

Reconciliation of Long-Term Debt disclosed in Note G to the Long-Term Debt reported in the Statement of Net Position.

Reconciliation of Notes to the Government Wide Statements

Outstanding Bonds and Loans in Notes	\$ 4,785,000
Net Issue Costs/Premium/Discounts on Bond Issues	125,743
	<u>\$ 4,910,743</u>

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2013

Government Wide Statements	
Amount Reported as Current Amount Due	\$ 385,000
Amount Reported as Long-Term Due	4,525,743
Statement of Net Position	<u>\$ 4,910,743</u>

NOTE H: COMMITMENTS

They have various construction jobs at all campuses for maintenance and improvements.

NOTE I: PENSION PLAN

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

Funding Policy-As of July 1, 2012 plan members are required by statute to continue 7.9% of their gross salary if they earned \$20,000 or less annually. Plan members earning more than \$20,000 annually are required to contribute 9.4% of their gross salary. The District is required to contribute 12.4% of gross covered salaries for employees earning \$20,000 or less, and 10.9% of the gross covered salaries of employees earning more than \$20,000 annually. The contribution requirements of plan members and the District are established in State Statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2013, 2012, and 2011, were \$261,684, \$214,164, and \$261,655 respectively, which equal the amount of the required contributions for each fiscal year.

NOTE J: RETIREE HEALTH CARE ACT CONTRIBUTIONS

Plan Description. The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

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

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

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

The District's contributions to the RHCA for the years ended June 30, 2013, 2012 and 2011 were \$47,740, \$42,311 and \$38,081 respectively, which equal the required contributions for each year.

NOTE K: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS

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

A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

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

Reconciliations are located at the bottom of each budget actual.

NOTE L: INSURANCE COVERAGE

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

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

NOTE M: 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 N: JOINT POWERS AGREEMENT

Tatum Municipal Schools is part of a joint powers agreement with the Lea Regional Education Cooperation # 7 (REC). The REC administers the following programs listed below for the District. The financial statements for these funds have been prepared separately and are available at the REC.

The agreement is to remain in effect until the end of any fiscal year during which the District gives notice of intent to terminate.

The expenditures were \$22,400. The revenues and expenditures are reported as the Pre-K, 27149 special revenue fund

The REC is responsible for their audit. The information is available at the Lea Regional Education Cooperation, 315 East Clinton, Hobbs, New Mexico 88240.

NOTE O: RELATED PARTY TRANSACTIONS

The District paid \$13,985 to Little Therapy Services for ancillary services. Little Therapy Services is owned by the Superintendent's spouse. The amount paid was for services rendered at a fair price.

NOTE P: BUDGET VIOLATIONS

The District has maintained expenditures at the function level in which actual expenditures exceeded budgetary authority in the General Fund, function Food Service of \$(177).

**SUPPLEMENTAL INFORMATION RELATED TO
MAJOR FUNDS**

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
 CAPITAL PROJECT FUND-BOND BUILDING-31100
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Sale of Bonds	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 0
Total Revenues	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>0</u>
Expenditures				
Capital Outlay				
Professional & Tech Services	10,000	10,000	62,953	(52,953)
Building Improvements	2,000,000	2,000,000	353,766	1,646,234
Fixed Assets	1,990,000	1,990,000	7,114	1,982,886
Supply Assets	0	0	9,628	(9,628)
Total Capital Outlay	<u>4,000,000</u>	<u>4,000,000</u>	<u>433,461</u>	<u>3,566,539</u>
Total Expenditures	<u>4,000,000</u>	<u>4,000,000</u>	<u>433,461</u>	<u>3,566,539</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	3,566,539	3,566,539
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,566,539</u>	<u>\$ 3,566,539</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 3,566,539</u>	
Net Change in Fund Balance			<u>\$ 3,566,539</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
DEBT SERVICE-41000

Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 381,000	\$ 381,000	\$ 356,355	\$ (24,645)
Investment Income	200	200	164	(36)
Premium on Sale of Bond	0	0	160,000	160,000
Total Revenues	<u>381,200</u>	<u>381,200</u>	<u>516,519</u>	<u>135,319</u>
Expenditures				
Support Services-General Administration				
Professional & Tech Services	<u>1,300</u>	<u>1,300</u>	<u>1,254</u>	<u>46</u>
Total Support Services-General Administration	<u>1,300</u>	<u>1,300</u>	<u>1,254</u>	<u>46</u>
Debt Service				
Principal	375,000	375,000	375,000	0
Interest	<u>33,110</u>	<u>33,110</u>	<u>33,109</u>	<u>1</u>
Total Debt Service	<u>408,110</u>	<u>408,110</u>	<u>408,109</u>	<u>1</u>
Total Expenditures	<u>409,410</u>	<u>409,410</u>	<u>409,363</u>	<u>47</u>
Excess (Deficiency) of Revenues Over Expenditures	(28,210)	(28,210)	107,156	135,366
Cash Balance Beginning of Year	<u>459,319</u>	<u>459,319</u>	<u>459,319</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 431,109</u>	<u>\$ 431,109</u>	<u>\$ 566,475</u>	<u>\$ 135,366</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 107,156	
Net Change in Taxes Receivable			5,938	
Net Change in Deferred Revenue			(4,636)	
Net Change in Fund Balance			<u>\$ 108,458</u>	

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

**SUPPLEMENTAL INFORMATION RELATED TO
NON MAJOR FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

IDEA Risk Pool (24120). To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

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

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

Dual Credit (27103). To provide financial assistance to purchased instructional materials for the college classes offered to students who are taking them for dual credits. The fund was created by the authority of state grant provisions.

School Bus Replacement (27104). To account for revenues and expenditures from a state bond issue to purchase a school bus. The fund was created by the authority of state grant provisions.

Library GO Bonds (27105). To account for revenues and expenditures from a state grant to provide for public school libraries. Funding provided by a bond issue at the state level. The fund was created by the authority of state grant provisions.

2010 GO Library Books (27106). To account for revenues and expenditures from a state grant to provide for public school libraries. Funding provided by a bond issue at the state level. The fund was created by the authority of state grant provisions.

Formative Assessments-(27111) To account for the revenues and expenditures to purchase testing materials for the achievement tests required by NMPED. The fund was created by the authority of state grant provision.

Pre K (27149). To account for revenues and expenditures from a state grant provided for the running of the Pre K program.. The fund was created by state grant provisions.

NONMAJOR SPECIAL REVENUE FUNDS

2010 GOB Instructional Materials (27171). To account for revenues and expenditures from a state grant to provide for public school instructional materials. The fund was created by the authority of state grant provision.

NONMAJOR CAPITAL PROJECTS FUNDS

Special Capital Outlay-Local (31300). To account for local resources for the use of construction and remodeling of various school buildings.

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

NONMAJOR DEBT SERVICE FUND

DEBT SERVICE-Deferred Leave (42000). To account for the transfers from other funds. The expenditures are restricted to paying terminated employees their sick leave.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2013

	Special Revenue		
	Food Service 21000	Athletics 22000	IDEA Preschool 24109
ASSETS			
Cash and Cash Equivalents	\$ 20,111	\$ 18,796	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	0	0	7,294
Inventory	1,713	0	0
Total Assets	\$ 21,824	\$ 18,796	\$ 7,294
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 7,294
Accounts Payable		0	0
Deferred Revenue		0	0
Total Liabilities	0	0	7,294
Fund Balance			
Nonspendable-Inventory	1,713	0	0
Restricted for, reported in			
Special Revenue Funds	20,111	18,796	0
Capital Projects	0	0	0
Debt Service	0	0	0
Assigned-Capital Projects	0	0	0
Total Fund Balance	21,824	18,796	0
Total Liabilities and Fund Balance	\$ 21,824	\$ 18,796	\$ 7,294

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2013

	Special Revenue		
	IDEA B Risk Pool 24120	Improving Teacher Quality 24154	Rural Education Achievement Program 25233
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	426	2,000	0
Inventory	0	0	0
Total Assets	\$ 426	\$ 2,000	\$ 0
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 426	\$ 2,000	\$ 0
Accounts Payable	0	0	0
Deferred Revenue	0	0	0
Total Liabilities	426	2,000	0
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Assigned-Capital Projects	0	0	0
Total Fund Balance	0	0	0
Total Liabilities and Fund Balance	\$ 426	\$ 2,000	\$ 0

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2013

	Special Revenue		
	Duel Credit 27103	School Bus Replacement 27104	Library GO Bonds 27105
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	\$ 0	\$ 0	\$ 0
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 0
Accounts Payable	0	0	0
Deferred Revenue	0	0	0
Total Liabilities	0	0	0
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Assigned-Capital Projects	0	0	0
Total Fund Balance	0	0	0
Total Liabilities and Fund Balance	\$ 0	\$ 0	\$ 0

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2013

	Special Revenue		
	2010 GO Library Books 27106	Formative Assessments 27111	Pre K 27149
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Property Taxes	0	0	0
Due From Grantor	0	0	9,313
Inventory	0	0	0
Total Assets	\$ 0	\$ 0	\$ 9,313
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 9,313
Accounts Payable	0	0	0
Deferred Revenue	0	0	0
Total Liabilities	0	0	9,313
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Assigned-Capital Projects	0	0	0
Total Fund Balance	0	0	0
Total Liabilities and Fund Balance	\$ 0	\$ 0	\$ 9,313

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2013

	Special Revenue	Capital Projects	
	2010 GOB Instructional Materials 27171	Special Capital Outlay Local 31300	Senate Bill Nine 31700
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 33,156	\$ 125,389
Receivables			
Property Taxes	0	0	17,162
Due From Grantor	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 33,156</u>	<u>\$ 142,551</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 0
Accounts Payable	0	0	9,646
Deferred Revenue	0	0	3,109
Total Liabilities	<u>0</u>	<u>0</u>	<u>12,755</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Capital Projects	0	33,156	0
Debt Service	0	0	0
Assigned-Capital Projects	0	0	129,796
Total Fund Balance	<u>0</u>	<u>33,156</u>	<u>129,796</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 33,156</u>	<u>\$ 142,551</u>

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Balance Sheet
June 30, 2013

	<u>Debt Service</u>	
	Deferred Leave 42000	<u>Total</u>
ASSETS		
Cash and Cash Equivalents	\$ 48,328	\$ 245,780
Receivables		
Property Taxes	0	17,162
Due From Grantor	0	19,033
Inventory	0	1,713
Total Assets	<u>\$ 48,328</u>	<u>\$ 283,688</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Interfund Balance	\$ 0	\$ 19,033
Accounts Payable	0	9,646
Deferred Revenue	0	3,109
Total Liabilities	<u>0</u>	<u>31,788</u>
Fund Balance		
Nonspendable-Inventory	0	1,713
Restricted for, reported in		
Special Revenue Funds	0	38,907
Capital Projects	0	33,156
Debt Service	48,328	48,328
Assigned-Capital Projects	0	129,796
Total Fund Balance	<u>48,328</u>	<u>251,900</u>
Total Liabilities and Fund Balance	<u>\$ 48,328</u>	<u>\$ 283,688</u>

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2013

	Special Revenue		
	Food Service 21000	Athletics 22000	IDEA Preschool 24109
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Investment Income	23	28	0
Fees	34,878	17,886	0
State and Local Grants	0	0	0
Federal Grants	97,869	0	16,415
Miscellaneous	0	301	0
Total Revenues	<u>132,770</u>	<u>18,215</u>	<u>16,415</u>
Expenditures			
Current			
Instruction	0	18,967	14,330
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	2,085
Operation & Maintenance of Plant	0	0	0
Student Transportation	0	0	0
Food Service	127,376	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>127,376</u>	<u>18,967</u>	<u>16,415</u>
Excess (Deficiency) of Revenues Over Expenditures	5,394	(752)	0
Fund Balances at Beginning of Year	<u>16,430</u>	<u>19,548</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 21,824</u>	<u>\$ 18,796</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2013

	Special Revenue		
	IDEA B Risk Pool 24120	Improving Teacher Quality 24154	Rural Education Achievement Program 25233
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Fees	0	0	0
State and Local Grants	0	0	0
Federal Grants	426	13,777	15,465
Miscellaneous	0	0	0
Total Revenues	426	13,777	15,465
Expenditures			
Current			
Instruction	0	13,777	15,465
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Support Services-School Administration	426	0	0
Operation & Maintenance of Plant	0	0	0
Student Transportation	0	0	0
Food Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	426	13,777	15,465
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	0	0	0
Fund Balance End of Year	\$ 0	\$ 0	\$ 0

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2013

	Special Revenue		
	Duel Credit 27103	School Bus Replacement 27104	Library GO Bonds 27105
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Fees	0	0	0
State and Local Grants	1,184	77,834	0
Federal Grants	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>1,184</u>	<u>77,834</u>	<u>0</u>
Expenditures			
Current			
Instruction	1,184	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	0
Operation & Maintenance of Plant	0	0	0
Student Transportation	0	0	0
Food Service	0	0	0
Capital Outlay	0	77,834	0
Total Expenditures	<u>1,184</u>	<u>77,834</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2013

	Special Revenue		
	2010 GO Library Books 27106	Formative Assessments 27111	Pre K 27149
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 0
Investment Income	0	0	0
Fees	0	0	0
State and Local Grants	6,281	2,223	22,400
Federal Grants	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>6,281</u>	<u>2,223</u>	<u>22,400</u>
Expenditures			
Current			
Instruction	6,281	0	22,400
Support Services-Instruction	0	2,223	0
Support Services-General Administration	0	0	0
Support Services-School Administration	0	0	0
Operation & Maintenance of Plant	0	0	0
Student Transportation	0	0	0
Food Service	0	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>6,281</u>	<u>2,223</u>	<u>22,400</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2013

	Special		
	Revenue	Capital Projects	
	2010 GOB Instructional Materials 27171	Special Capital Outlay Local 31300	Senate Bill Nine 31700
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 241,566
Investment Income	0	101	258
Fees	0	0	0
State and Local Grants	127	0	0
Federal Grants	0	0	0
Miscellaneous	0	0	0
Total Revenues	127	101	241,824
Expenditures			
Current			
Instruction	127	0	0
Support Services-Instruction	0	0	0
Support Services-General Administration	0	0	842
Support Services-School Administration	0	0	0
Operation & Maintenance of Plant	0	0	258,746
Student Transportation	0	0	0
Food Service	0	0	0
Capital Outlay	0	28,975	14,748
Total Expenditures	127	28,975	274,336
Excess (Deficiency) of Revenues Over Expenditures	0	(28,874)	(32,512)
Fund Balances at Beginning of Year	0	62,030	162,308
Fund Balance End of Year	\$ 0	\$ 33,156	\$ 129,796

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
NONMAJOR FUNDS
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2013

	<u>Debt Service</u>	
	<u>Deferred Leave 42000</u>	<u>Total</u>
Revenues		
Property Taxes	\$ 0	\$ 241,566
Investment Income	86	496
Fees	0	52,764
State and Local Grants	0	110,049
Federal Grants	0	143,952
Miscellaneous	0	301
Total Revenues	<u>86</u>	<u>549,128</u>
Expenditures		
Current		
Instruction	0	92,531
Support Services-Instruction	0	2,223
Support Services-General Administration	0	842
Support Services-School Administration	0	2,511
Operation & Maintenance of Plant	0	258,746
Student Transportation	0	0
Food Service	0	127,376
Capital Outlay	0	121,557
Total Expenditures	<u>0</u>	<u>605,786</u>
Excess (Deficiency) of Revenues Over Expenditures	86	(56,658)
Fund Balances at Beginning of Year	<u>48,242</u>	<u>308,558</u>
Fund Balance End of Year	<u>\$ 48,328</u>	<u>\$ 251,900</u>

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-FOOD SERVICE-21000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Investment Income	\$ 20	\$ 20	\$ 23	\$ 3
Fees	27,900	27,900	34,878	6,978
Federal Grant	90,000	90,000	89,364	(636)
Total Revenues	<u>117,920</u>	<u>117,920</u>	<u>124,265</u>	<u>6,345</u>
Expenditures				
Food Service				
Personnel Services	50,500	50,500	49,693	807
Employee Benefits	38,068	38,068	27,577	10,491
Supplies	31,758	31,758	41,621	(9,863)
Total Food Service	<u>120,326</u>	<u>120,326</u>	<u>118,891</u>	<u>1,435</u>
Total Expenditures	<u>120,326</u>	<u>120,326</u>	<u>118,891</u>	<u>1,435</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,406)	(2,406)	5,374	7,780
Cash Balance Beginning of Year	<u>14,737</u>	<u>14,737</u>	<u>14,737</u>	<u>0</u>
Cash Balance End of Year	\$ <u>12,331</u>	\$ <u>12,331</u>	\$ <u>20,111</u>	\$ <u>7,780</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 5,374	
Net Change in Inventory			20	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 5,394</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-ATHLETICS-22000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Investment Income	\$ 30	\$ 30	\$ 28	\$ (2)
Fees	17,767	17,767	17,886	119
Miscellaneous	0	0	301	301
Total Revenues	<u>17,797</u>	<u>17,797</u>	<u>18,215</u>	<u>418</u>
Expenditures				
Instruction				
Professional & Tech Services	7,000	7,000	6,727	273
Other Purchased Services	25,000	25,000	12,240	12,760
Property	5,344	5,344	0	5,344
Total Instruction	<u>37,344</u>	<u>37,344</u>	<u>18,967</u>	<u>18,377</u>
Total Expenditures	<u>37,344</u>	<u>37,344</u>	<u>18,967</u>	<u>18,377</u>
Excess (Deficiency) of Revenues Over Expenditures	(19,547)	(19,547)	(752)	18,795
Cash Balance Beginning of Year	<u>19,548</u>	<u>19,548</u>	<u>19,548</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 18,796</u>	<u>\$ 18,795</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (752)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (752)</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-IDEA PRESCHOOL-24109
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 7,287	\$ 31,023	\$ 16,407	\$ (14,616)
Total Revenues	<u>7,287</u>	<u>31,023</u>	<u>16,407</u>	<u>(14,616)</u>
Expenditures				
Instruction				
Personnel Services	0	12,112	11,211	901
Employee Benefits	0	3,388	3,119	269
Total Instruction	<u>0</u>	<u>15,500</u>	<u>14,330</u>	<u>1,170</u>
Support Services-School Administration				
Professional & Tech Services	0	8,236	2,085	6,151
Total Support Services-School Administration	<u>0</u>	<u>8,236</u>	<u>2,085</u>	<u>6,151</u>
Total Expenditures	<u>0</u>	<u>23,736</u>	<u>16,415</u>	<u>7,321</u>
Excess (Deficiency) of Revenues Over Expenditures	7,287	7,287	(8)	(7,295)
Cash Balance Beginning of Year	<u>(7,286)</u>	<u>(7,286)</u>	<u>(7,286)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ (7,294)</u>	<u>\$ (7,295)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (8)	
Net Change in Due from Grantor			<u>8</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-IDEA B RISK POOL-24120
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 426	\$ 0	\$ (426)
Total Revenues	<u>0</u>	<u>426</u>	<u>0</u>	<u>(426)</u>
Expenditures				
Support Services-School Administration				
Other Purchased Services	<u>0</u>	<u>426</u>	<u>426</u>	<u>0</u>
Total Support Services-School Administration	<u>0</u>	<u>426</u>	<u>426</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>426</u>	<u>426</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(426)	(426)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (426)</u>	<u>\$ (426)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (426)	
Net Change in Due From Grantor			<u>426</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-IMPROVING TEACHER QUALITY-24154
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 0	\$ 37,344	\$ 11,777	\$ (25,567)
Total Revenues	<u>0</u>	<u>37,344</u>	<u>11,777</u>	<u>(25,567)</u>
Expenditures				
Instruction				
Personnel Services	0	6,500	0	6,500
Employee Benefits	0	500	0	500
Other Purchased Services	<u>0</u>	<u>30,344</u>	<u>13,777</u>	<u>16,567</u>
Total Instruction	<u>0</u>	<u>37,344</u>	<u>13,777</u>	<u>23,567</u>
Total Expenditures	<u>0</u>	<u>37,344</u>	<u>13,777</u>	<u>23,567</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(2,000)	(2,000)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,000)</u>	<u>\$ (2,000)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,000)	
Net Change in Due From Grantor			<u>2,000</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-RURAL EDUCATION ACHIEVEMENT PROGRAM-25233
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 24,819	\$ 44,983	\$ 15,465	\$ (29,518)
Total Revenues	<u>24,819</u>	<u>44,983</u>	<u>15,465</u>	<u>(29,518)</u>
Expenditures				
Instruction				
Professional & Tech Services	24,819	18,319	8,480	9,839
Supplies	0	24,164	4,490	19,674
Supply Assets	<u>0</u>	<u>2,500</u>	<u>2,495</u>	<u>5</u>
Total Instruction	<u>24,819</u>	<u>44,983</u>	<u>15,465</u>	<u>29,518</u>
Total Expenditures	<u>24,819</u>	<u>44,983</u>	<u>15,465</u>	<u>29,518</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-DUEL CREDIT-27103
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 154	\$ 1,338	\$ 1,338	\$ 0
Total Revenues	<u>154</u>	<u>1,338</u>	<u>1,338</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	<u>0</u>	<u>1,184</u>	<u>1,184</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>1,184</u>	<u>1,184</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>1,184</u>	<u>1,184</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	154	154	154	0
Cash Balance Beginning of Year	<u>(154)</u>	<u>(154)</u>	<u>(154)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 154	
Net Change in Due From Grantor			<u>(154)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-SCHOOL BUS REPLACEMENT-27104
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 77,834	\$ 77,834	\$ 0
Total Revenues	<u>0</u>	<u>77,834</u>	<u>77,834</u>	<u>0</u>
Expenditures				
Student Transportation				
Fixed Assets	0	77,834	77,834	0
Total Student Transportation	<u>0</u>	<u>77,834</u>	<u>77,834</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>77,834</u>	<u>77,834</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-LIBRARY GO BONDS-27105
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 433	\$ 2,206	\$ 433	\$ (1,773)
Total Revenues	<u>433</u>	<u>2,206</u>	<u>433</u>	<u>(1,773)</u>
Expenditures				
Instruction				
Supplies	0	1,773	0	1,773
Total Instruction	<u>0</u>	<u>1,773</u>	<u>0</u>	<u>1,773</u>
Total Expenditures	<u>0</u>	<u>1,773</u>	<u>0</u>	<u>1,773</u>
Excess (Deficiency) of Revenues Over Expenditures	433	433	433	0
Cash Balance Beginning of Year	<u>(433)</u>	<u>(433)</u>	<u>(433)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 433	
Net Change in Due from Grantor			<u>(433)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-2010 GO LIBRARY BOOKS-27106
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 6,281	\$ 6,281	\$ 6,281	\$ 0
Total Revenues	<u>6,281</u>	<u>6,281</u>	<u>6,281</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	6,281	6,281	6,281	0
Total Instruction	<u>6,281</u>	<u>6,281</u>	<u>6,281</u>	<u>0</u>
Total Expenditures	<u>6,281</u>	<u>6,281</u>	<u>6,281</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-FORMATIVE ASSESSMENTS-27111
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 2,223	\$ 2,223	\$ 0
Total Revenues	<u>0</u>	<u>2,223</u>	<u>2,223</u>	<u>0</u>
Expenditures				
Support Services-Instruction				
Supplies	0	2,223	2,223	0
Total Support Services- Instruction	<u>0</u>	<u>2,223</u>	<u>2,223</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>2,223</u>	<u>2,223</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-PRE K-27149
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 22,400	\$ 13,087	\$ (9,313)
Total Revenues	<u>0</u>	<u>22,400</u>	<u>13,087</u>	<u>(9,313)</u>
Expenditures				
Instruction				
Personnel Services	0	17,509	17,925	(416)
Employee Benefits	<u>0</u>	<u>4,891</u>	<u>4,475</u>	<u>416</u>
Total Instruction	<u>0</u>	<u>22,400</u>	<u>22,400</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>22,400</u>	<u>22,400</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(9,313)	(9,313)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (9,313)</u>	<u>\$ (9,313)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (9,313)	
Net Change in Due From Grantor			<u>9,313</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-2010 GOB INSTRUCTIONAL MATERIALS-27171
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 2,904	\$ 127	\$ (2,777)
Total Revenues	<u>0</u>	<u>2,904</u>	<u>127</u>	<u>(2,777)</u>
Expenditures				
Instruction				
Supplies	0	2,904	127	2,777
Total Instruction	<u>0</u>	<u>2,904</u>	<u>127</u>	<u>2,777</u>
Total Expenditures	<u>0</u>	<u>2,904</u>	<u>127</u>	<u>2,777</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
 CAPITAL PROJECT FUND-SPECIAL CAPITAL OUTLAY-LOCAL-31300
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Investment Income	\$ 0	\$ 0	\$ 101	\$ 101
Total Revenues	<u>0</u>	<u>0</u>	<u>101</u>	<u>101</u>
Expenditures				
Capital Outlay				
Building Improvements	51,737	51,737	28,975	22,762
Total-Capital Outlay	<u>51,737</u>	<u>51,737</u>	<u>28,975</u>	<u>22,762</u>
Total Expenditures	<u>51,737</u>	<u>51,737</u>	<u>28,975</u>	<u>22,762</u>
Excess (Deficiency) of Revenues Over Expenditures	(51,737)	(51,737)	(28,874)	(22,661)
Cash Balance Beginning of Year	<u>62,030</u>	<u>62,030</u>	<u>62,030</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 10,293</u>	<u>\$ 10,293</u>	<u>\$ 33,156</u>	<u>\$ (22,661)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (28,874)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (28,874)</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
 CAPITAL PROJECTS FUND-SENATE BILL NINE-31700
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 259,968	\$ 259,968	\$ 240,973	\$ (18,995)
Investment Income	0	0	258	258
State Grant	13,087	13,087	0	(13,087)
Total Revenues	<u>273,055</u>	<u>273,055</u>	<u>241,231</u>	<u>(31,824)</u>
Expenditures				
Support Services-General Administration				
Professional & Tech Services	1,900	1,900	842	1,058
Total Support Services-General Administration	<u>1,900</u>	<u>1,900</u>	<u>842</u>	<u>1,058</u>
Capital Outlay				
Maintenance & Repairs	187,624	187,624	202,527	(14,903)
Software	0	0	15,069	(15,069)
Supplies	60,000	60,000	33,625	26,375
Fixed Assets	122,200	122,200	14,747	107,453
Supply Assets	0	0	17,575	(17,575)
Total Capital Outlay	<u>369,824</u>	<u>369,824</u>	<u>283,543</u>	<u>86,281</u>
Total Expenditures	<u>371,724</u>	<u>371,724</u>	<u>284,385</u>	<u>87,339</u>
Excess (Deficiency) of Revenues Over Expenditures	(98,669)	(98,669)	(43,154)	55,515
Cash Balance Beginning of Year	<u>168,543</u>	<u>168,543</u>	<u>168,543</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 69,874</u>	<u>\$ 69,874</u>	<u>\$ 125,389</u>	<u>\$ 55,515</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (43,154)	
Net Change in Taxes Receivable			3,702	
Net Change in Accounts Payable			10,049	
Net Change in Deferred Revenue			(3,109)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (32,512)</u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
DEBT SERVICE-DEFERRED LEAVE-42000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Investment Income	\$ 100	\$ 100	\$ 86	\$ (14)
Total Revenues	<u>100</u>	<u>100</u>	<u>86</u>	<u>(14)</u>
Expenditures				
Support Services-General Administration				
Employee Benefits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services-General Administration	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	100	100	86	(14)
Cash Balance Beginning of Year	<u>48,242</u>	<u>48,242</u>	<u>48,242</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 48,342</u>	<u>\$ 48,342</u>	<u>\$ 48,328</u>	<u>\$ (14)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 86</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 86</u>	

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

OTHER SUPPLEMENTAL INFORMATION

FIDUCIARY FUND

Activity Trust Fund

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
 AGENCY FUNDS
 Statement of Fiduciary Assets and Liabilities-Agency Funds
 June 30, 2013

	Beginning Balance <u>6/30/12</u>	<u>Additions</u>	<u>Deductions</u>	Ending Balance <u>6/30/13</u>
ASSETS				
Activity Trust Fund	\$ 71,130	\$ 130,726	\$ 124,540	\$ 77,316
TOTAL Assets	<u>\$ 71,130</u>	<u>\$ 130,726</u>	<u>\$ 124,540</u>	<u>\$ 77,316</u>
LIABILITIES				
Due to Student Groups	\$ 71,130	\$ 130,726	\$ 124,540	\$ 77,316
TOTAL Liabilities	<u>\$ 71,130</u>	<u>\$ 130,726</u>	<u>\$ 124,540</u>	<u>\$ 77,316</u>

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
 AGENCY FUNDS - ACTIVITY
 Schedule of Fiduciary Assets and Liabilities-Agency Funds
 For the Year Ended June 30, 2013

	Balance 6/30/12	Additions	Deductions	Balance 6/30/13
ASSETS				
After Prom Party	\$ 3,565	\$ 7,970	\$ 8,002	\$ 3,533
Battle of the Border	1,071	5,867	4,505	2,433
Booster Club	2,340	0	744	1,596
Boys Basketball	1,414	915	1,804	525
Building Trades	364	706	1,070	0
Character Counts	0	38	38	0
Computer Lab	2,021	1,050	0	3,071
Dallas Mercantile	2,500	0	2,500	0
District 8	5,107	3,370	1,585	6,892
Drama	492	1,904	1,118	1,278
Elementary Teachers	45	3,265	2,342	968
FFA	114	39,850	39,964	0
Field House	2	700	458	244
Girls Basketball	0	626	400	226
Home Economics	10	0	0	10
HS A/R	337	89	25	401
HS Vending	1,323	5,530	4,932	1,921
Interest	55	78	0	133
JH Cheerleaders	778	0	778	0
Library	1,031	3,755	3,435	1,351
Miscellaneous	2,885	0	0	2,885
NHS	5,168	3,412	2,724	5,856
SCAT	419	0	54	365
Student Council	730	3,188	3,449	469
Summer Recreation	1,365	3,347	2,241	2,471
Textbooks	1,742	504	467	1,779
Varsity Cheerleaders	0	11,309	11,309	0
Volleyball	3,090	4,758	4,377	3,471
WERC Scholarship	788	0	300	488
Yearbooks	10,886	4,445	2,680	12,651
Class of 2012	1,670	0	0	1,670
Class of 2013	6,004	1,435	4,824	2,615
Class of 2014	195	22,585	18,195	4,585
Class of 2015	280	30	208	102
Class of 2016	50	0	12	38
Class of 2017	16	0	0	16
Investment	13,273	0	0	13,273
Total Assets	<u>\$ 71,130</u>	<u>\$ 130,726</u>	<u>\$ 124,540</u>	<u>\$ 77,316</u>
LIABILITIES				
Deposits Held for Others	<u>\$ 71,130</u>	<u>\$ 130,726</u>	<u>\$ 124,540</u>	<u>\$ 77,316</u>
Total Liabilities	<u>\$ 71,130</u>	<u>\$ 130,726</u>	<u>\$ 124,540</u>	<u>\$ 77,316</u>

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Cash Reconciliations - All Funds
June 30, 2013

		Beginning Cash Balance 6/30/12	Revenue	Expenditures	Ending Cash Balance 6/30/13
Operational	11000	\$ 580,535	\$ 3,246,503	\$ 3,352,773	\$ 474,265
Teacherege	12000	14,081	9,000	4,926	18,155
Transportation	13000	397	248,953	249,153	197
Instructional Materials	14000	3,269	21,652	16,349	8,572
Food Services	21000	14,737	124,265	118,891	20,111
Athletics	22000	19,547	18,215	18,967	18,795
Federal Flowthrough	24000	(62,663)	247,695	297,430	(112,398)
Federal Direct	25000	0	15,465	15,465	0
State Flowthrough	27000	(587)	101,322	110,048	(9,313)
Bond Building	31100	0	4,000,000	433,461	3,566,539
Capital Outlay Local	31300	62,031	101	28,975	33,157
Senate Bill Nine	31700	168,544	241,231	284,385	125,390
Debt Service	41000	459,319	516,519	409,363	566,475
Deferred Leave	42000	48,241	86	0	48,327
Agency Funds		71,130	130,726	124,540	77,316
Total		\$ <u>1,378,581</u>	\$ <u>8,921,733</u>	\$ <u>5,464,726</u>	\$ <u>4,835,588</u>

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

De'Aun Willoughby CPA, PC

Certified Public Accountant

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(855) 253-4313

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

Independent Auditor's Report

Mr. Hector Balderas
State Auditor of the State of New Mexico
Board Members of the Tatum Municipal Schools

Mr. Balderas and Members of the Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of Tatum Municipal Schools (District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued our report thereon dated November 11, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be significant deficiencies. 12-1, 13-1


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses; 12-1, 13-1, 13-2

The District's Responses to Findings

The District's responses to the findings identified in our audit as described in the accompanying Schedule of Findings and Responses. The District's response was not subject to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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

 De'Ann Willoughby CPA PC

Clovis, New Mexico

November 11, 2013

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
 Schedule of Findings and Responses
 For the Year Ended June 30, 2013

Prior Year Audit Findings		<u>Status</u>
12-1	Payroll	Repeated & Modified
12-2	Expenditure Issues	Resolved

Current Year Audit Findings

12-1 Payroll-Compliance and Internal Control-Significant Deficiency

Condition

During our field work we noticed that the District is paying cafeteria workers only once a month.

Criteria

NMAC 6.20.2.18 states the local board shall establish written policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. New Mexico State Statute 50-4-2 requires non-exempt employees to be paid within ten days of a pay period end no further than 15 days apart.

Cause

The employees requested to be paid once a month because the pay checks were so small.

Effect

This is a violation of New Mexico State Statute 50-4-2.

Recommendation

Non-exempt employees should be paid within ten days of a pay period end no further than 15 day apart.

Response

We will pay non-exempt employees within ten days of a pay period end and no further than 15 days apart.

13-1 Expenditures Over Budget-Compliance and Internal Control-Significant Deficiency

Condition

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

<u>MAJOR</u>	<u>Amount</u>
General Fund	
Food Service	(\$177)

Criteria

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

Cause

The District did not make the appropriate budgetary adjustments requests and transfers to the funds mentioned in the condition, which would alleviate over-expenditure within the functions prior to the year end.

Effect

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

Recommendation

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

Response

We will be more diligent to amend our budget to avoid a budget violation.

13-2 Late Audit Contract-Compliance-Other Matter

Condition

The audit contract was not received by the Office of the State Auditor by the required due date of April 15, 2013.

Criteria

Paragraph (6) or Subsection G of 2.2.2.8 NMAC requires the contract be received by the Office of the State Auditor by April 15, 2013.

Cause

The auditor was not on the approved audit list until after that date.

Effect

Paragraph (6) or Subsection G of 2.2.2.8 NMAC was violated.

Recommendation

The auditors will make every effort to be on the approved auditors' list timely in the future.

Agency Response

We will contract with an approved auditor timely.

Financial Statement Preparation

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

Exit Conference

An exit conference was held on November 11, 2013. Those present were Buddy Little-Superintendent, Travis Glenn-Board President, Christie Mullins-Payroll Clerk, Leslie Pearce-Business Manager and De'Aun Willoughby CPA.