



STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

ANNUAL FINANCIAL REPORT
June 30, 2014

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



STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
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TATUM MUNICIPAL SCHOOLS
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STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Official Roster
June 30, 2014

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 School District (District), as of and for the year ended June 30, 2014, 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 funds, debt service 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, 2014, 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, 2014, 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, 2014, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital projects funds, debt service 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 October 22, 2014, 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
October 22, 2014

FINANCIAL SECTION

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
 Government-Wide Statement of Net Position
 June 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 1,046,336
Investments	976,224
Taxes Receivable	61,141
Due From Grantor	87,250
Inventory	2,142
Total Current Assets	<u>2,173,093</u>
Noncurrent Assets	
Capital Assets	19,653,767
Less: Accumulated Depreciation	<u>(11,532,690)</u>
Total Noncurrent Assets	<u>8,121,077</u>
Total Assets	<u>10,294,170</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	46,104
Accrued Interest	23,612
Compensated Absences	56,831
Current Portion of Long-Term Debt	400,000
Total Current Liabilities	<u>526,547</u>
Noncurrent Liabilities	
Bonds and Notes, Net	<u>4,142,667</u>
Total Noncurrent Liabilities	<u>4,142,667</u>
Total Liabilities	<u>4,669,214</u>
NET POSITION	
Net Investment in Capital Assets	3,578,410
Restricted for:	
Capital Projects	702,450
Debt Service	557,345
Unrestricted	786,751
Total Net Position	<u>\$ 5,624,956</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, 2014

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	\$ 3,394,966	\$ 15,117	\$ 224,072	\$ 0	\$ (3,155,777)
Support Service					
Students	143,913	0	16,703	0	(127,210)
Instruction	93,284	0	34,086	0	(59,198)
General Administration	169,754	0	0	0	(169,754)
School Administration	226,732	0	17,121	0	(209,611)
Central Services	149,624	0	0	0	(149,624)
Operation of Plant	733,547	8,250	0	0	(725,297)
Student Transportation	256,806	0	261,549		4,743
Other	3,221	0	0	0	(3,221)
Food Services	184,996	29,236	105,889	0	(49,871)
Community Service	12,097	0	0	0	(12,097)
Interest on Long-Term Obligations	75,010	0	0	0	(75,010)
Total Governmental Activities	<u>\$ 5,443,950</u>	<u>\$ 52,603</u>	<u>\$ 659,420</u>	<u>\$ 0</u>	<u>(4,731,927)</u>
General Revenues					
Taxes					
Property Taxes, Levied for General Purposes					59,407
Property Taxes, Levied for Capital Projects					245,176
Property Taxes, Levied for Debt Service					391,819
Federal and State aid not restricted to specific purpose					
General					3,572,588
Capital					107,368
Interest and investment earnings					
Miscellaneous					3,124
Subtotal, General Revenues					<u>4,411,428</u>
Change in Net Position					
					<u>(320,499)</u>
Net Position - Beginning					
Restatement					5,978,379
Restated Beginning Net Position					<u>(32,924)</u>
					<u>5,945,455</u>
Net Position - Ending					
					<u>\$ 5,624,956</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, 2014

	General		
	Operational 11000	Teacherage 12000	Transportation 13000
ASSETS			
Cash and Cash Equivalents	\$ 346,381	\$ 11,559	\$ 5,680
Investments	149,635	0	0
Receivables			
Property Taxes	5,214	0	0
Due From Grantor	0	0	0
Interfund Balance	87,250	0	0
Inventory	0	0	0
Total Assets	\$ 588,480	\$ 11,559	\$ 5,680
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 9,345	\$ 0	\$ 182
Interfund Balance	0	0	0
Total Liabilities	9,345	0	182
Deferred Inflows of Resources			
Unavailable Revenue	1,171	0	0
Total Deferred Inflows of Resources	1,171	0	0
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Projects	0	0	0
Debt Service	0	0	0
Assigned-Capital Projects	0	0	0
Unassigned	577,964	11,559	5,498
Total Fund Balances	577,964	11,559	5,498
Total Liabilities and Fund Balances	\$ 588,480	\$ 11,559	\$ 5,680

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, 2014

	General		Special Revenue	
	Instructional Material 14000		Title I 24101	IDEA B Entitlement 24106
ASSETS				
Cash and Cash Equivalents	\$ 16,684	\$	0	\$ 0
Investments	0		0	0
Receivables				
Property Taxes	0		0	0
Due From Grantor	0		19,660	24,328
Interfund Balance	0		0	0
Inventory	0		0	0
Total Assets	<u>\$ 16,684</u>	\$	<u>19,660</u>	<u>\$ 24,328</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 0	\$	0	\$ 0
Interfund Balance	0		19,660	24,328
Total Liabilities	<u>0</u>		<u>19,660</u>	<u>24,328</u>
Deferred Inflows of Resources				
Unavailable Revenue	0		0	0
Total Deferred Inflows of Resources	<u>0</u>		<u>0</u>	<u>0</u>
Fund Balances				
Nonspendable-Inventory	0		0	0
Restricted for:				
Special Revenue Funds	0		0	0
Capital Projects	0		0	0
Debt Service	0		0	0
Assigned-Capital Projects	0		0	0
Unassigned	16,684		0	0
Total Fund Balances	<u>16,684</u>		<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 16,684</u>	\$	<u>19,660</u>	<u>\$ 24,328</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, 2014

	<u>Capital Projects</u>		
	<u>Bond Building 31100</u>	<u>Senate Bill Nine 31700</u>	<u>Debt Service 41000</u>
ASSETS			
Cash and Cash Equivalents	\$ 169,257	\$ 86,317	\$ 368,656
Investments	500,000	124,441	113,536
Receivables			
Property Taxes	0	21,539	34,388
Due From Grantor	0	0	0
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 669,257</u>	<u>\$ 232,297</u>	<u>\$ 516,580</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ 0	\$ 36,577	\$ 0
Interfund Balance	0	0	0
Total Liabilities	<u>0</u>	<u>36,577</u>	<u>0</u>
Deferred Inflows of Resources			
Unavailable Revenue	0	5,105	7,612
Total Deferred Inflows of Resources	<u>0</u>	<u>5,105</u>	<u>7,612</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Projects	669,257	0	0
Debt Service	0	0	508,968
Assigned-Capital Projects	0	190,615	0
Unassigned	0	0	0
Total Fund Balances	<u>669,257</u>	<u>190,615</u>	<u>508,968</u>
Total Liabilities and Fund Balances	<u>\$ 669,257</u>	<u>\$ 232,297</u>	<u>\$ 516,580</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, 2014

	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and Cash Equivalents	\$ 41,802	\$ 1,046,336
Investments	88,612	976,224
Receivables		
Property Taxes	0	61,141
Due From Grantor	43,262	87,250
Interfund Balance	0	87,250
Inventory	2,142	2,142
Total Assets	<u>\$ 175,818</u>	<u>\$ 2,260,343</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 0	\$ 46,104
Interfund Balance	43,262	87,250
Total Liabilities	<u>43,262</u>	<u>133,354</u>
Deferred Inflows of Resources		
Unavailable Revenue	0	13,888
Total Deferred Inflows of Resources	<u>0</u>	<u>13,888</u>
Fund Balances		
Nonspendable-Inventory	2,142	2,142
Restricted for:		
Special Revenue Funds	48,844	48,844
Capital Projects	33,193	702,450
Debt Service	48,377	557,345
Assigned-Capital Projects	0	190,615
Unassigned	0	611,705
Total Fund Balances	<u>132,556</u>	<u>2,113,101</u>
Total Liabilities and Fund Balances	<u>\$ 175,818</u>	<u>\$ 2,260,343</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, 2014

Total Fund Balance - Governmental Funds \$ 2,113,101

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.

Capital Assets	\$ 19,653,767	
Accumulated depreciation	<u>(11,532,690)</u>	8,121,077

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.

13,888

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	(4,400,000)	
Premium on Bond Issue	(160,000)	
Accumulated Amortization	17,333	
Accrued Interest	(23,612)	
Compensated Absences	<u>(56,831)</u>	<u>(4,623,110)</u>

Total Net Position - Governmental Activities \$ 5,624,956

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, 2014

	General		
	Operational 11000	Teachergage 12000	Transportation 13000
Revenues			
Property Taxes	\$ 58,949	\$ 0	\$ 0
Investment Income	1,434	0	0
Fees	0	8,250	0
State and Local Grants	3,572,588	0	261,549
Federal Grants	0	0	0
Miscellaneous	31,744	0	202
Total Revenues	3,664,715	8,250	261,751
Expenditures			
Current			
Instruction	2,300,043	0	0
Support Services			
Students	127,062	0	0
Instruction	81,877	0	0
General Administration	167,225	0	0
School Administration	209,611	0	0
Central Services	149,624	0	0
Operation of Plant	443,443	14,845	0
Student Transportation	0	0	256,450
Other	3,221	0	0
Food Service	56,230	0	0
Community Services	12,097	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	3,550,433	14,845	256,450
Excess (Deficiency) of Revenues Over Expenditures	114,282	(6,595)	5,301
Fund Balances at Beginning of Year	463,682	18,154	197
Fund Balance End of Year	\$ 577,964	\$ 11,559	\$ 5,498

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, 2014

	General	Special Revenue	
	Instructional Material 14000	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	22,792	0	0
Federal Grants	0	66,178	77,432
Miscellaneous	0	0	0
Total Revenues	<u>22,792</u>	<u>66,178</u>	<u>77,432</u>
Expenditures			
Current			
Instruction	9,800	64,078	62,340
Support Services			
Students	0	0	11,951
Instruction	0	2,100	0
General Administration	0	0	0
School Administration	0	0	3,141
Central Services	0	0	0
Operation 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	<u>9,800</u>	<u>66,178</u>	<u>77,432</u>
Excess (Deficiency) of Revenues Over Expenditures	12,992	0	0
Fund Balances at Beginning of Year	<u>3,692</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 16,684</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
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 2014

	Capital Projects		
	Bond Building 31100	Senate Bill Nine 31700	Debt Service 41000
Revenues			
Property Taxes	\$ 0	\$ 243,180	\$ 388,843
Investment Income	1,304	134	120
Fees	0	0	0
State and Local Grants	0	107,368	0
Federal Grants	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>1,304</u>	<u>350,682</u>	<u>388,963</u>
Expenditures			
Current			
Instruction	173,571	0	0
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	963	1,566
School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	275,259	0
Student Transportation	0	0	0
Other	0	0	0
Food Service	0	0	0
Community Services	0	0	0
Capital Outlay	2,725,015	13,641	0
Debt Service			
Principal	0	0	385,000
Interest	0	0	80,878
Bond Proceeds Cost	0	0	0
Total Expenditures	<u>2,898,586</u>	<u>289,863</u>	<u>467,444</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,897,282)	60,819	(78,481)
Fund Balances at Beginning of Year	<u>3,566,539</u>	<u>129,796</u>	<u>587,449</u>
Fund Balance End of Year	<u>\$ 669,257</u>	<u>\$ 190,615</u>	<u>\$ 508,968</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, 2014

	Other Governmental Funds	Total Governmental Funds
Revenues		
Property Taxes	\$ 0	\$ 690,972
Investment Income	132	3,124
Fees	44,353	52,603
State and Local Grants	61,333	4,025,630
Federal Grants	170,136	313,746
Miscellaneous	0	31,946
Total Revenues	<u>275,954</u>	<u>5,118,021</u>
Expenditures		
Current		
Instruction	111,060	2,720,892
Support Services		
Students	4,752	143,765
Instruction	9,194	93,171
General Administration	0	169,754
School Administration	13,980	226,732
Central Services	0	149,624
Operation of Plant	0	733,547
Student Transportation	0	256,450
Other	0	3,221
Food Service	126,516	182,746
Community Services	0	12,097
Capital Outlay	0	2,738,656
Debt Service		
Principal	0	385,000
Interest	0	80,878
Bond Proceeds Cost	0	0
Total Expenditures	<u>265,502</u>	<u>7,896,533</u>
Excess (Deficiency) of Revenues Over Expenditures	10,452	(2,778,512)
Fund Balances at Beginning of Year	<u>122,104</u>	<u>4,891,613</u>
Fund Balance End of Year	<u>\$ 132,556</u>	<u>\$ 2,113,101</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, 2014

Excess (Deficiency) of Revenues Over Expenditures \$ (2,778,512)

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, 2013	\$ (8,458)	
Property Taxes Receivable, June 30, 2014	<u>13,888</u>	5,430

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	(677,427)	
Capital Outlays	<u>2,738,656</u>	2,061,229

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

385,000

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.

Amortization of Premiums this year	<u>16,000</u>	16,000
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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, 2013	13,480	
Accrued Interest, June 30, 2014	<u>(23,612)</u>	(10,132)

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, 2013	57,317	
Compensated Absences, June 30, 2014	<u>(56,831)</u>	<u>486</u>

Changes in Net Position of Governmental Activities	\$	<u><u>(320,499)</u></u>
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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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 65,035	\$ 65,035	\$ 58,336	\$ (6,699)
Investment Income	901	901	1,434	533
State Grant	3,378,002	3,572,588	3,572,588	0
Miscellaneous	0	0	31,744	31,744
Total Revenues	<u>3,443,938</u>	<u>3,638,524</u>	<u>3,664,102</u>	<u>25,578</u>
Expenditures				
Instruction				
Personnel Services	1,691,283	1,740,143	1,637,264	102,879
Employee Benefits	583,426	557,157	521,065	36,092
Professional & Tech Services	15,400	28,570	23,134	5,436
Purchased Property Services	2,856	3,006	2,918	88
Other Purchased Services	37,750	45,541	39,427	6,114
Supplies	60,550	89,945	65,090	24,855
Supply Assets	64,010	125,251	12,350	112,901
Total Instruction	<u>2,455,275</u>	<u>2,589,613</u>	<u>2,301,248</u>	<u>288,365</u>
Support Services				
Students				
Personnel Services	38,645	38,745	38,745	0
Employee Benefits	7,972	9,007	8,923	84
Professional & Tech Services	79,752	77,702	76,958	744
Supplies	143	2,533	2,436	97
Total Students	<u>126,512</u>	<u>127,987</u>	<u>127,062</u>	<u>925</u>
Instruction				
Personnel Services	64,286	62,836	47,850	14,986
Employee Benefits	22,831	21,381	17,123	4,258
Professional & Tech Services	10,000	15,480	15,278	202
Supplies	1,351	1,031	719	312
Supply Assets	30,000	17,453	907	16,546
Total Instruction	<u>128,468</u>	<u>118,181</u>	<u>81,877</u>	<u>36,304</u>
General Administration				
Personnel Services	130,353	125,653	116,906	8,747
Employee Benefits	40,164	39,449	33,938	5,511
Professional & Tech Services	17,980	17,980	11,438	6,542
Purchased Property Services	400	400	0	400
Other Purchased Services	5,900	5,900	3,003	2,897
Supplies	2,800	4,200	1,857	2,343
Supply Assets	0	750	0	750
Total General Administration	<u>\$ 197,597</u>	<u>\$ 194,332</u>	<u>\$ 167,142</u>	<u>\$ 27,190</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Support Services Continued				
School Administration				
Personnel Services	\$ 163,595	\$ 155,595	\$ 147,904	\$ 7,691
Employee Benefits	57,232	57,052	47,473	9,579
Professional & Tech Services	10,100	9,450	8,746	704
Other Purchased Services	2,100	2,050	1,289	761
Supplies	2,000	3,950	2,385	1,565
Supply Assets	0	1,850	1,814	36
Total School Administration	<u>235,027</u>	<u>229,947</u>	<u>209,611</u>	<u>20,336</u>
Central Services				
Personnel Services	100,442	100,442	96,491	3,951
Employee Benefits	43,234	43,734	39,932	3,802
Professional & Tech Services	1,500	25,100	4,011	21,089
Purchased Property Services	7,000	6,225	5,359	866
Other Purchased Services	1,600	1,750	1,093	657
Supplies	3,600	9,025	3,119	5,906
Total Central Services	<u>157,376</u>	<u>186,276</u>	<u>150,005</u>	<u>36,271</u>
Operation of Plant				
Personnel Services	151,282	166,422	149,594	16,828
Employee Benefits	60,500	59,600	56,659	2,941
Professional & Tech Services	350	350	0	350
Purchased Property Services	120,200	147,200	133,328	13,872
Other Purchased Services	84,800	88,217	87,917	300
Supplies	26,100	26,040	18,911	7,129
Supply Assets	0	750	0	750
Total Operation of Plant	<u>443,232</u>	<u>488,579</u>	<u>446,409</u>	<u>42,170</u>
Other Support Services				
Other	23,379	23,629	3,221	20,408
Total Other Support Services	<u>23,379</u>	<u>23,629</u>	<u>3,221</u>	<u>20,408</u>
Total Support Services	<u>1,311,591</u>	<u>1,368,931</u>	<u>1,185,327</u>	<u>183,604</u>
Food Service				
Professional & Tech Services	100	850	821	29
Other Purchased Services	300	300	88	212
Supplies	40,000	59,250	55,520	3,730
Total Food Service	<u>\$ 40,400</u>	<u>\$ 60,400</u>	<u>\$ 56,429</u>	<u>\$ 3,971</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Community Service				
Personnel Services	\$ 13,000	\$ 14,000	\$ 11,056	\$ 2,944
Employee Benefits	1,571	1,879	941	938
Professional & Tech Services	0	500	100	400
Supplies	325	325	0	325
Total Community Service	<u>14,896</u>	<u>16,704</u>	<u>12,097</u>	<u>4,607</u>
Total Expenditures	<u>3,822,162</u>	<u>4,035,648</u>	<u>3,555,101</u>	<u>480,547</u>
Excess (Deficiency) of Revenues Over Expenditures	(378,224)	(397,124)	109,001	506,125
Cash Balance Beginning of Year	<u>474,265</u>	<u>474,265</u>	<u>474,265</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 96,041</u>	<u>\$ 77,141</u>	<u>\$ 583,266</u>	<u>\$ 506,125</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 109,001	
Net Change in Taxes Receivable			1,069	
Net Change in Deferred Revenue			(457)	
Net Change in Accounts Payable			4,669	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 114,282</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Rents	\$ 9,000	\$ 9,000	\$ 8,250	\$ (750)
Total Revenues	<u>9,000</u>	<u>9,000</u>	<u>8,250</u>	<u>(750)</u>
Expenditures				
Support Services				
Operation of Plant				
Personnel Services	8,500	8,500	8,500	0
Employee Benefits	2,023	3,068	3,065	3
Purchased Property Services	5,548	5,548	1,280	4,268
Other Purchased Services	1,000	2,000	2,000	0
Supplies	2,500	2,500	0	2,500
Supply Assets	5,000	2,955	0	2,955
Total Operation of Plant	<u>24,571</u>	<u>24,571</u>	<u>14,845</u>	<u>2,955</u>
Total Support Services	<u>24,571</u>	<u>24,571</u>	<u>14,845</u>	<u>2,955</u>
Total Expenditures	<u>24,571</u>	<u>24,571</u>	<u>14,845</u>	<u>2,955</u>
Excess (Deficiency) of Revenues Over Expenditures	(15,571)	(15,571)	(6,595)	8,976
Cash Balance Beginning of Year	<u>18,154</u>	<u>18,154</u>	<u>18,154</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,583</u>	<u>\$ 2,583</u>	<u>\$ 11,559</u>	<u>\$ 8,976</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (6,595)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (6,595)</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grants	\$ 249,257	\$ 249,257	\$ 261,549	\$ 12,292
Miscellaneous	0	0	202	202
Total Revenues	<u>249,257</u>	<u>249,257</u>	<u>261,751</u>	<u>12,494</u>
Expenditures				
Support Services				
Student Transportation				
Personnel Services	105,293	103,793	102,717	1,076
Employee Benefits	48,178	60,478	59,794	684
Professional & Tech Services	900	1,600	1,595	5
Purchased Property Services	48,300	34,441	34,260	181
Other Purchased Services	6,892	16,294	15,756	538
Supplies	39,100	42,800	40,938	1,862
Supply Assets	594	2,244	1,107	1,137
Other	0	0	101	(101)
Total Student Transportation	<u>249,257</u>	<u>261,650</u>	<u>256,268</u>	<u>5,382</u>
Total Support Services	<u>249,257</u>	<u>261,650</u>	<u>256,268</u>	<u>5,382</u>
Total Expenditures	<u>249,257</u>	<u>261,650</u>	<u>256,268</u>	<u>5,382</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(12,393)	5,483	17,876
Cash Balance Beginning of Year	<u>197</u>	<u>197</u>	<u>197</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 197</u>	<u>\$ (12,196)</u>	<u>\$ 5,680</u>	<u>\$ 17,876</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 5,483	
Net Change in Accounts Payable			(182)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 5,301</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grants	\$ 16,922	\$ 16,922	\$ 22,792	\$ 5,870
Total Revenues	<u>16,922</u>	<u>16,922</u>	<u>22,792</u>	<u>5,870</u>
Expenditures				
Instruction				
Supplies	20,340	25,494	14,680	10,814
Total Instruction	<u>20,340</u>	<u>25,494</u>	<u>14,680</u>	<u>10,814</u>
Total Expenditures	<u>20,340</u>	<u>25,494</u>	<u>14,680</u>	<u>10,814</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,418)	(8,572)	8,112	16,684
Cash Balance Beginning of Year	<u>8,572</u>	<u>8,572</u>	<u>8,572</u>	<u>0</u>
Cash Balance End of Year	\$ <u>5,154</u>	\$ <u>0</u>	\$ <u>16,684</u>	\$ <u>16,684</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 8,112	
Net Change in Accounts Payable			<u>4,880</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>12,992</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 83,244	\$ 90,338	\$ 66,316	\$ (24,022)
Total Revenues	<u>83,244</u>	<u>90,338</u>	<u>66,316</u>	<u>(24,022)</u>
Expenditures				
Instruction				
Personnel Services	45,000	43,750	42,465	1,285
Employee Benefits	14,655	14,805	14,278	527
Professional & Tech Services	1,240	5,850	5,850	0
Other Purchased Services	0	621	621	0
Supplies	451	3,414	864	2,550
Total Instruction	<u>61,346</u>	<u>68,440</u>	<u>64,078</u>	<u>4,362</u>
Support Services				
Instruction				
Supplies	2,100	2,100	2,100	0
Total Instruction	<u>2,100</u>	<u>2,100</u>	<u>2,100</u>	<u>0</u>
Total Support Services	<u>2,100</u>	<u>2,100</u>	<u>2,100</u>	<u>0</u>
Total Expenditures	<u>63,446</u>	<u>70,540</u>	<u>66,178</u>	<u>4,362</u>
Excess (Deficiency) of Revenues Over Expenditures	19,798	19,798	138	(19,660)
Cash Balance Beginning of Year	<u>(19,798)</u>	<u>(19,798)</u>	<u>(19,798)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (19,660)</u>	<u>\$ (19,660)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 138	
Net Change in Due from Grantor			<u>(138)</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 ENTITLEMENT-24106
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 82,879	\$ 197,980	\$ 135,982	\$ (61,998)
Total Revenues	<u>82,879</u>	<u>197,980</u>	<u>135,982</u>	<u>(61,998)</u>
Expenditures				
Instruction				
Personnel Services	0	45,871	45,871	0
Employee Benefits	0	15,615	15,614	1
Other Purchased Services	0	7,714	854	6,860
Total Instruction	<u>0</u>	<u>69,200</u>	<u>62,339</u>	<u>6,861</u>
Support Services				
Students				
Personnel Services	0	3,000	2,018	982
Employee Benefits	0	271	153	118
Other Purchased Services	0	39,489	9,780	29,709
Total Students	<u>0</u>	<u>42,760</u>	<u>11,951</u>	<u>30,809</u>
School Administration				
Professional & Tech Services	0	3,141	3,141	0
Total School Administration	<u>0</u>	<u>3,141</u>	<u>3,141</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>45,901</u>	<u>15,092</u>	<u>30,809</u>
Total Expenditures	<u>0</u>	<u>115,101</u>	<u>77,431</u>	<u>37,670</u>
Excess (Deficiency) of Revenues Over Expenditures	82,879	82,879	58,551	(24,328)
Cash Balance Beginning of Year	<u>(82,879)</u>	<u>(82,879)</u>	<u>(82,879)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (24,328)</u>	<u>\$ (24,328)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 58,551	
Net Change in Due from Grantor			<u>(58,551)</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
Statement of Fiduciary Assets and Liabilities - Agency Funds
June 30, 2014

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 65,920
Investment	<u>13,273</u>
Total Assets	<u>\$ 79,193</u>
Liabilities	
Deposits Held for Others	\$ 79,193
Total Liabilities	<u>\$ 79,193</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.

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

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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.

Unavailable or Unearned Revenue

The District reports unavailable or unearned revenues on its Statement of Net Position and Fund Balance Sheet. Unearned 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 unearned revenue is removed from the combined balance sheet and the revenue is recognized. Unavailable revenues 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.

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

Estimates

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

NOTE B: DEPOSITS AND INVESTMENTS

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

<u>Western Commerce Bank</u>	Balance Per Bank 6/30/14	Reconciled Balance	<u>Type</u>	
General	\$ 1,212,752	\$ 1,006,471	Checking	Interest
School Lunch	32,012	28,314	Checking	Interest
Athletics	11,662	11,552	Checking	Interest
Activity	67,683	65,919	Checking	Interest
TOTAL Deposited	<u>1,324,109</u>	<u>\$ 1,112,256</u>		
Less: FDIC Coverage	<u>(250,000)</u>			
Uninsured Amount	1,074,109			
50% collateral requirement	537,055			
Pledged securities	<u>1,534,082</u>			
Over (Under) requirement	<u>\$ 997,028</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	\$ 15,000	03/01/2019	FHLB Dallas, TX
FHLMC ARM #420088 7001264	31346ACZ6	2,369	08/01/2016	FHLB Dallas, TX
GNMA #8390	36202KKB0	5,840	08/20/2018	FHLB Dallas, TX
GNMA #8324	36202KG90	11,869	11/20/2023	FHLB Dallas, TX
GNMA #80643	36225CWD4	22,605	10/20/2032	FHLB Dallas, TX
GNMA #80500	36225CRW8	40,257	03/20/2031	FHLB Dallas, TX
GNMA #80515	36225CSD9	5,751	05/20/2031	FHLB Dallas, TX
FNMA #420192B	31346AF91	18,876	06/01/2029	FHLB Dallas, TX
GNMA #MA1082	36179NFX1	1,411,516	06/20/2043	FHLB Dallas, TX
		<u>\$ 1,534,082</u>		

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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	1,074,109
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 1,324,109</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, 2014 none of the District's bank balance of \$1,324,109, was exposed to custodial credit risk.

<u>New Mexico State Treasurer Name of Account</u>	<u>Balance Per Bank 6/30/14</u>	<u>Reconciled Balance</u>	<u>Type</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	32,708	32,708	Savings
TMS Reserve Contingencies	49	49	Savings
Tatum Municipal School	124,328	124,328	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
TMS Bond 31100	500,000	500,000	Savings
TOTAL Deposited	<u>\$ 989,497</u>	<u>\$ 989,497</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.

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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, 2014, the LGIP WAM(R) is 59 days and WAM(F) is 96 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 24101	IDEA B Entitlement 24106	Other Governmental Funds	
	General Fund	\$ 19,660	\$ 24,328	
Totals	\$ 19,660	\$ 24,328	\$ 43,262	\$ 87,250

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, 2014:

	General Fund 11000	SB-9 31700	Debt Service 41000	Total
Property Taxes Receivable:				
Available	\$ 4,043	\$ 16,434	\$ 26,776	\$ 47,253
Unavailable	1,171	5,105	7,612	13,888
Totals	\$ 5,214	\$ 21,539	\$ 34,388	\$ 61,141

NOTE E: DUE FROM GRANTOR

Amounts due from other agencies and units of government were as follows as of June 30, 2014:

Federal Agencies	\$ 68,083
State Agencies	19,167
Total	\$ 87,250

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NOTE F: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2014, is as follows:

	Balance 6/30/13	Increases	Decreases	Balance 6/30/14
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 819,961	\$ 0	\$ 0	\$ 819,961
Construction in Progress	415,025	2,725,015	3,088,530	51,510
Total Capital Assets, not being Depreciated	<u>819,961</u>	<u>2,725,015</u>	<u>3,088,530</u>	<u>871,471</u>
Capital Assets, being Depreciated				
Buildings & Improvements	13,119,455	3,088,530	0	16,207,985
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>2,560,670</u>	<u>13,641</u>	<u>0</u>	<u>2,574,311</u>
Total Capital Assets, being Depreciated	<u>15,680,125</u>	<u>3,102,171</u>	<u>0</u>	<u>18,782,296</u>
Total Capital Assets	<u>16,500,086</u>	<u>5,827,186</u>	<u>3,088,530</u>	<u>19,653,767</u>
Less Accumulated Depreciation				
Buildings & Improvements	9,105,143	589,949	0	9,695,092
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>1,750,120</u>	<u>87,478</u>	<u>0</u>	<u>1,837,598</u>
Total Accumulated Depreciation	<u>9,684,940</u>	<u>677,427</u>	<u>0</u>	<u>11,532,690</u>
Capital Assets, net	<u>\$ 6,593,832</u>	<u>\$ 5,149,759</u>	<u>\$ 3,088,530</u>	<u>\$ 8,121,077</u>

NOTE G: LONG TERM DEBT

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

	Balance 6/30/13	Additions	Reductions	Balance 6/30/14	Amounts Due Within One Year
Governmental Activities					
General Obligation					
Bonds	\$ 4,785,000	\$ 0	\$ 385,000	\$ 4,400,000	\$ 400,000
Total Bonds	<u>4,785,000</u>	<u>0</u>	<u>385,000</u>	<u>4,400,000</u>	<u>400,000</u>
Other Liabilities					
Compensated Absences					
Absences	<u>57,319</u>	<u>16,568</u>	<u>17,056</u>	<u>56,831</u>	<u>56,831</u>
Total Other Liabilities	<u>57,319</u>	<u>16,568</u>	<u>17,056</u>	<u>56,831</u>	<u>56,831</u>
Long-Term Liabilities	<u>\$ 4,842,319</u>	<u>\$ 16,568</u>	<u>\$ 402,056</u>	<u>\$ 4,456,831</u>	<u>\$ 456,831</u>

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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%	\$ 400,000
2013	10-1-12	4,000,000	2%	4,000,000
				<u>\$ 4,400,000</u>

The annual requirements to amortize the 2004 Series general obligation bonds as of June 30, 2014, including interest payments are as follows:

	Principal	Interest	Total
2015	\$ 400,000	\$ 7,040	\$ 407,040
	<u>\$ 400,000</u>	<u>\$ 7,040</u>	<u>\$ 407,040</u>

The annual requirements to amortize the 2013 Series general obligation bonds as of June 30, 2014, including interest payments are as follows:

	Principal	Interest	Total
2015	\$ 0	\$ 83,715	\$ 83,715
2016	325,000	74,238	399,238
2017	340,000	69,250	409,250
2018	360,000	63,100	423,100
2019	400,000	55,500	455,500
2020-2024	2,575,000	138,850	2,713,850
	<u>\$ 4,000,000</u>	<u>\$ 484,653</u>	<u>\$ 4,484,653</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		\$ 4,400,000
Premium on Bond Issue	160,000	
Accumulated Amortization	(17,333)	142,667
	<u></u>	<u>\$ 4,542,667</u>

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Government Wide Statements	
Amount Reported as Current Amount Due	\$ 400,000
Amount Reported as Long-Term Due	4,142,667
Statement of Net Position	<u>\$ 4,542,667</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 some state agency employees) 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

Member Contributions-Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required make the following contributions to the Plan: 10.10% of their gross salary in the fiscal year 2014; and 10.17% of their gross salary in fiscal year 2015 and thereafter.

Employer Contributions-The District contributed 13.15% of the gross covered salary in the fiscal year 2014. In fiscal year 2014 the District will contribute 13.9% of gross covered salary.

The contribution requirements of the 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, 2014, 2013, and 2012, were \$323,712, \$261,684, 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, 2014, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; 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, 2014, 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, 2014, 2013 and 2012 were \$49,233, \$47,740 and \$42,311 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 \$23,200. 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 \$22,220 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: RESTATEMENT

Net Position was restated by \$(32,924) for the unamortized bond issue costs in accordance with the GASB Statement No. 65.

**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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Investment Income	\$ 0	\$ 0	\$ 1,305	\$ 1,305
Total Revenues	<u>0</u>	<u>0</u>	<u>1,305</u>	<u>1,305</u>
Expenditures				
Capital Outlay				
Professional & Tech Services	0	23,628	22,798	830
Building Improvements	3,553,000	3,424,222	2,702,218	722,004
Fixed Assets	250,000	355,150	0	355,150
Supply Assets	0	0	173,571	(173,571)
Total Capital Outlay	<u>3,803,000</u>	<u>3,803,000</u>	<u>2,898,587</u>	<u>904,413</u>
Total Expenditures	<u>3,803,000</u>	<u>3,803,000</u>	<u>2,898,587</u>	<u>904,413</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,803,000)	(3,803,000)	(2,897,282)	905,718
Cash Balance Beginning of Year	<u>3,566,539</u>	<u>3,566,539</u>	<u>3,566,539</u>	<u>0</u>
Cash Balance End of Year	<u>\$ (236,461)</u>	<u>\$ (236,461)</u>	<u>\$ 669,257</u>	<u>\$ 905,718</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (2,897,282)</u>	
Net Change in Fund Balance			<u>\$ (2,897,282)</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 266,771	\$ 266,771	\$ 240,799	\$ (25,972)
Investment Income	150	150	134	(16)
State Grant	0	107,367	107,368	1
Total Revenues	<u>266,921</u>	<u>374,288</u>	<u>348,301</u>	<u>(25,987)</u>
Expenditures				
Support Services				
General Administration				
Professional & Tech Services	<u>1,900</u>	<u>1,900</u>	<u>963</u>	<u>937</u>
Total General Administration	<u>1,900</u>	<u>1,900</u>	<u>963</u>	<u>937</u>
Total Support Services	<u>1,900</u>	<u>1,900</u>	<u>963</u>	<u>937</u>
Capital Outlay				
Maintenance & Repairs	160,000	214,069	164,781	49,288
Supplies	45,000	54,050	83,547	(29,497)
Fixed Assets	<u>256,260</u>	<u>298,913</u>	<u>13,641</u>	<u>285,272</u>
Total Capital Outlay	<u>461,260</u>	<u>567,032</u>	<u>261,969</u>	<u>305,063</u>
Total Expenditures	<u>463,160</u>	<u>568,932</u>	<u>262,932</u>	<u>306,000</u>
Excess (Deficiency) of Revenues Over Expenditures	(196,239)	(194,644)	85,369	280,013
Cash Balance Beginning of Year	<u>125,389</u>	<u>125,389</u>	<u>125,389</u>	<u>0</u>
Cash Balance End of Year	<u><u>\$ (70,850)</u></u>	<u><u>\$ (69,255)</u></u>	<u><u>\$ 210,758</u></u>	<u><u>\$ 280,013</u></u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 85,369	
Net Change in Taxes Receivable			4,377	
Net Change in Accounts Payable			(26,931)	
Net Change in Deferred Revenue			<u>(1,996)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u><u>\$ 60,819</u></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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 426,073	\$ 426,073	\$ 383,042	\$ (43,031)
Investment Income	350	350	119	(231)
Total Revenues	<u>426,423</u>	<u>426,423</u>	<u>383,161</u>	<u>(43,262)</u>
Expenditures				
Support Services				
General Administration				
Professional & Tech Services	<u>1,553</u>	<u>1,567</u>	<u>1,566</u>	<u>1</u>
Total General Administration	<u>1,553</u>	<u>1,567</u>	<u>1,566</u>	<u>1</u>
Total Support Services	<u>1,553</u>	<u>1,567</u>	<u>1,566</u>	<u>1</u>
Debt Service				
Principal	860,231	860,231	385,000	475,231
Interest	<u>0</u>	<u>0</u>	<u>80,878</u>	<u>(80,878)</u>
Total Debt Service	<u>860,231</u>	<u>860,231</u>	<u>465,878</u>	<u>394,353</u>
Total Expenditures	<u>861,784</u>	<u>861,798</u>	<u>467,444</u>	<u>394,354</u>
Excess (Deficiency) of Revenues Over Expenditures	(435,361)	(435,375)	(84,283)	351,092
Cash Balance Beginning of Year	<u>566,475</u>	<u>566,475</u>	<u>566,475</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 131,114</u>	<u>\$ 131,100</u>	<u>\$ 482,192</u>	<u>\$ 351,092</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (84,283)	
Net Change in Taxes Receivable			8,778	
Net Change in Deferred Revenue			(2,976)	
Net Change in Fund Balance			<u>\$ (78,481)</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 Instructional Materials (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.

2012 GO Library Books (27107). To account for revenues and expenditures from a state grant to provide for public school and juvenile detention libraries. The funding made available to update and expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by the State of New Mexico.

NM Reads to Lead (27114). To account for revenue and expenditures received from a state grant for the purpose of improving skills of young students in the area of reading. The fund was created by the authority of state grant provisions.

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.

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.

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, 2014

	Special Revenue		
	Food Service 21000	Athletics 22000	IDEA Preschool 24109
ASSETS			
Cash and Cash Equivalents	\$ 28,314	\$ 11,552	\$ 0
Investments	0	8,978	0
Receivables			
Due From Grantor	0	0	9,702
Inventory	2,142	0	0
Total Assets	<u>\$ 30,456</u>	<u>\$ 20,530</u>	<u>\$ 9,702</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 9,702
Total Liabilities	<u>0</u>	<u>0</u>	<u>9,702</u>
Fund Balance			
Nonspendable-Inventory	2,142	0	0
Restricted for, reported in			
Special Revenue Funds	28,314	20,530	0
Capital Projects	0	0	0
Debt Service	0	0	0
Total Fund Balance	<u>30,456</u>	<u>20,530</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 30,456</u>	<u>\$ 20,530</u>	<u>\$ 9,702</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, 2014

	Special Revenue		
	IDEA B Risk Pool 24120	Improving Teacher Quality 24154	Rural Education Achievement Program 25233
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Investments	0	0	0
Receivables			
Due From Grantor	635	13,758	0
Inventory	0	0	0
Total Assets	<u>\$ 635</u>	<u>\$ 13,758</u>	<u>\$ 0</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 635	\$ 13,758	\$ 0
Total Liabilities	<u>635</u>	<u>13,758</u>	<u>0</u>
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
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 635</u>	<u>\$ 13,758</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 Balance Sheet
June 30, 2014

	Special Revenue		
	Duel Credit Instructional Materials 27103	2012 GO Library Books 27107	NM Reads to Lead 27114
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Investments	0	0	0
Receivables			
Due From Grantor	329	0	3,790
Inventory	0	0	0
Total Assets	<u>\$ 329</u>	<u>\$ 0</u>	<u>\$ 3,790</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 329	\$ 0	\$ 3,790
Total Liabilities	<u>329</u>	<u>0</u>	<u>3,790</u>
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
Total Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 329</u>	<u>\$ 0</u>	<u>\$ 3,790</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, 2014

	Special Revenue		Capital Projects
	Pre K 27149	2010 GOB Instructional Materials 27171	Special Capital Outlay Local 31300
ASSETS			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 436
Investments	0	0	32,757
Receivables			
Due From Grantor	14,011	1,037	0
Inventory	0	0	0
Total Assets	<u>\$ 14,011</u>	<u>\$ 1,037</u>	<u>\$ 33,193</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Interfund Balance	\$ 14,011	\$ 1,037	\$ 0
Total Liabilities	<u>14,011</u>	<u>1,037</u>	<u>0</u>
Fund Balance			
Nonspendable-Inventory	0	0	0
Restricted for, reported in			
Special Revenue Funds	0	0	0
Capital Projects	0	0	33,193
Debt Service	0	0	0
Total Fund Balance	<u>0</u>	<u>0</u>	<u>33,193</u>
Total Liabilities and Fund Balance	<u>\$ 14,011</u>	<u>\$ 1,037</u>	<u>\$ 33,193</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, 2014

	<u>Debt Service</u>	
	Deferred Leave 42000	<u>Total</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,500	\$ 41,802
Investments	46,877	88,612
Receivables		
Due From Grantor	0	43,262
Inventory	0	2,142
Total Assets	<u>\$ 48,377</u>	<u>\$ 175,818</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Interfund Balance	\$ 0	\$ 43,262
Total Liabilities	<u>0</u>	<u>43,262</u>
Fund Balance		
Nonspendable-Inventory	0	2,142
Restricted for, reported in		
Special Revenue Funds	0	48,844
Capital Projects	0	33,193
Debt Service	48,377	48,377
Total Fund Balance	<u>48,377</u>	<u>132,556</u>
Total Liabilities and Fund Balance	<u>\$ 48,377</u>	<u>\$ 175,818</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, 2014

	Special Revenue		
	Food Service 21000	Athletics 22000	IDEA Preschool 24109
Revenues			
Investment Income	\$ 23	\$ 23	\$ 0
Fees	29,236	15,117	0
State and Local Grants	0	0	0
Federal Grants	105,889	0	20,565
Total Revenues	<u>135,148</u>	<u>15,140</u>	<u>20,565</u>
Expenditures			
Current			
Instruction	0	13,406	15,913
Support Services			
Students	0	0	4,652
Instruction	0	0	0
School Administration	0	0	0
Food Service	126,516	0	0
Total Expenditures	<u>126,516</u>	<u>13,406</u>	<u>20,565</u>
Excess (Deficiency) of Revenues Over Expenditures	8,632	1,734	0
Fund Balances at Beginning of Year	<u>21,824</u>	<u>18,796</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 30,456</u>	<u>\$ 20,530</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, 2014

	Special Revenue		
	IDEA B Risk Pool 24120	Improving Teacher Quality 24154	Rural Education Achievement Program 25233
Revenues			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State and Local Grants	0	0	0
Federal Grants	635	17,523	25,524
Total Revenues	635	17,523	25,524
Expenditures			
Current			
Instruction	535	3,543	25,524
Support Services			
Students	100	0	0
Instruction	0	0	0
School Administration		13,980	0
Food Service	0	0	0
Total Expenditures	635	17,523	25,524
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, 2014

	Special Revenue		
	Duel Credit Instructional Materials 27103	2012 GO Library Books 27107	NM Reads to Lead 27114
Revenues			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State and Local Grants	4,873	9,194	21,291
Federal Grants	0	0	0
Total Revenues	<u>4,873</u>	<u>9,194</u>	<u>21,291</u>
Expenditures			
Current			
Instruction	4,873	0	21,291
Support Services			
Students	0	0	0
Instruction	0	9,194	0
School Administration	0	0	0
Food Service	0	0	0
Total Expenditures	<u>4,873</u>	<u>9,194</u>	<u>21,291</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, 2014

	Special Revenue		Capital Projects
	Pre K 27149	2010 GOB Instructional Materials 27171	Special Capital Outlay Local 31300
Revenues			
Investment Income	\$ 0	\$ 0	\$ 37
Fees	0	0	0
State and Local Grants	23,200	2,775	0
Federal Grants	0	0	0
Total Revenues	23,200	2,775	37
Expenditures			
Current			
Instruction	23,200	2,775	0
Support Services			
Students	0	0	0
Instruction	0		0
School Administration	0	0	0
Food Service	0	0	0
Total Expenditures	23,200	2,775	0
Excess (Deficiency) of Revenues Over Expenditures	0	0	37
Fund Balances at Beginning of Year	0	0	33,156
Fund Balance End of Year	\$ 0	\$ 0	\$ 33,193

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, 2014

	<u>Debt Service</u>	
	<u>Deferred Leave 42000</u>	<u>Total</u>
Revenues		
Investment Income	\$ 49	\$ 132
Fees	0	44,353
State and Local Grants	0	61,333
Federal Grants	0	170,136
Total Revenues	<u>49</u>	<u>275,954</u>
Expenditures		
Current		
Instruction	0	111,060
Support Services		
Students	0	4,752
Instruction	0	9,194
School Administration	0	13,980
Food Service	0	126,516
Total Expenditures	<u>0</u>	<u>265,502</u>
Excess (Deficiency) of Revenues Over Expenditures	49	10,452
Fund Balances at Beginning of Year	<u>48,328</u>	<u>122,104</u>
Fund Balance End of Year	<u>\$ 48,377</u>	<u>\$ 132,556</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Investment Income	\$ 20	\$ 20	\$ 23	\$ 3
Fees	34,350	34,350	29,236	(5,114)
Federal Grant	76,000	76,000	93,499	17,499
Total Revenues	<u>110,370</u>	<u>110,370</u>	<u>122,758</u>	<u>12,388</u>
Expenditures				
Food Service				
Personnel Services	53,191	53,241	53,125	116
Employee Benefits	24,181	30,606	30,382	224
Supplies	37,525	31,050	31,048	2
Total Food Service	<u>114,897</u>	<u>114,897</u>	<u>114,555</u>	<u>342</u>
Total Expenditures	<u>114,897</u>	<u>114,897</u>	<u>114,555</u>	<u>342</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,527)	(4,527)	8,203	12,730
Cash Balance Beginning of Year	<u>20,111</u>	<u>20,111</u>	<u>20,111</u>	<u>0</u>
Cash Balance End of Year	\$ <u>15,584</u>	\$ <u>15,584</u>	\$ <u>28,314</u>	\$ <u>12,730</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 8,203	
Net Change in Inventory			429	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 8,632</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Investment Income	\$ 18	\$ 18	\$ 23	\$ 5
Fees	16,000	16,000	15,117	(883)
Total Revenues	<u>16,018</u>	<u>16,018</u>	<u>15,140</u>	<u>(878)</u>
Expenditures				
Instruction				
Professional & Tech Services	7,000	7,000	5,020	1,980
Other Purchased Services	18,304	18,304	8,386	9,918
Property	8,978	8,978	0	8,978
Total Instruction	<u>34,282</u>	<u>34,282</u>	<u>13,406</u>	<u>20,876</u>
Total Expenditures	<u>34,282</u>	<u>34,282</u>	<u>13,406</u>	<u>20,876</u>
Excess (Deficiency) of Revenues Over Expenditures	(18,264)	(18,264)	1,734	19,998
Cash Balance Beginning of Year	<u>18,796</u>	<u>18,796</u>	<u>18,796</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 532</u>	<u>\$ 532</u>	<u>\$ 20,530</u>	<u>\$ 19,998</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 1,734</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 1,734</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 7,294	\$ 27,067	\$ 18,158	\$ (8,909)
Total Revenues	<u>7,294</u>	<u>27,067</u>	<u>18,158</u>	<u>(8,909)</u>
Expenditures				
Instruction				
Personnel Services	0	12,240	12,215	25
Employee Benefits	0	3,845	3,698	147
Other Purchased Services	<u>0</u>	<u>3,688</u>	<u>0</u>	<u>3,688</u>
Total Instruction	<u>0</u>	<u>19,773</u>	<u>15,913</u>	<u>3,860</u>
Support Services				
Students				
Other Purchased Services	<u>0</u>	<u>4,800</u>	<u>4,653</u>	<u>147</u>
Total Students	<u>0</u>	<u>4,800</u>	<u>4,653</u>	<u>147</u>
Total Support Services	<u>0</u>	<u>4,800</u>	<u>4,653</u>	<u>147</u>
Total Expenditures	<u>0</u>	<u>24,573</u>	<u>20,566</u>	<u>4,007</u>
Excess (Deficiency) of Revenues Over Expenditures	7,294	2,494	(2,408)	(4,902)
Cash Balance Beginning of Year	<u>(7,294)</u>	<u>(7,294)</u>	<u>(7,294)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ (4,800)</u>	<u>\$ (9,702)</u>	<u>\$ (4,902)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,408)	
Net Change in Due from Grantor			<u>2,408</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 426	\$ 1,061	\$ 426	\$ (635)
Total Revenues	<u>426</u>	<u>1,061</u>	<u>426</u>	<u>(635)</u>
Expenditures				
Instruction				
Other Purchased Services	<u>0</u>	<u>535</u>	<u>535</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>535</u>	<u>535</u>	<u>0</u>
Support Services				
Students				
Other Purchased Services	<u>0</u>	<u>100</u>	<u>100</u>	<u>0</u>
Total Students	<u>0</u>	<u>100</u>	<u>100</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>100</u>	<u>100</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>635</u>	<u>635</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	426	426	(209)	(635)
Cash Balance Beginning of Year	<u>(426)</u>	<u>(426)</u>	<u>(426)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(635)</u>	\$ <u>(635)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (209)	
Net Change in Due From Grantor			<u>209</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 18,599	\$ 41,860	\$ 5,764	\$ (36,096)
Total Revenues	<u>18,599</u>	<u>41,860</u>	<u>5,764</u>	<u>(36,096)</u>
Expenditures				
Instruction				
Personnel Services	4,500	8,653	2,700	5,953
Employee Benefits	<u>0</u>	<u>847</u>	<u>843</u>	<u>4</u>
Total Instruction	<u>4,500</u>	<u>9,500</u>	<u>3,543</u>	<u>5,957</u>
Support Services				
School Administration				
Other Purchased Services	<u>12,099</u>	<u>30,360</u>	<u>13,979</u>	<u>16,381</u>
Total School Administration	<u>12,099</u>	<u>30,360</u>	<u>13,979</u>	<u>16,381</u>
Total Support Services	<u>12,099</u>	<u>30,360</u>	<u>13,979</u>	<u>16,381</u>
Total Expenditures	<u>16,599</u>	<u>39,860</u>	<u>17,522</u>	<u>22,338</u>
Excess (Deficiency) of Revenues Over Expenditures	2,000	2,000	(11,758)	(13,758)
Cash Balance Beginning of Year	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (13,758)</u>	<u>\$ (13,758)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (11,758)	
Net Change in Due From Grantor			<u>11,758</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 29,518	\$ 47,260	\$ 25,524	\$ (21,736)
Total Revenues	<u>29,518</u>	<u>47,260</u>	<u>25,524</u>	<u>(21,736)</u>
Expenditures				
Instruction				
Professional & Tech Services	6,000	2,900	1,750	1,150
Other Purchased Services	0	100	99	1
Supplies	21,018	41,661	21,106	20,555
Supply Assets	2,500	2,599	2,569	30
Total Instruction	<u>29,518</u>	<u>47,260</u>	<u>25,524</u>	<u>21,736</u>
Total Expenditures	<u>29,518</u>	<u>47,260</u>	<u>25,524</u>	<u>21,736</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-DUEL CREDIT INSTRUCTIONAL MATERIALS-27103
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grant	\$ 0	\$ 5,348	\$ 4,544	\$ (804)
Total Revenues	<u>0</u>	<u>5,348</u>	<u>4,544</u>	<u>(804)</u>
Expenditures				
Instruction				
Supplies	0	5,348	4,873	475
Total Instruction	<u>0</u>	<u>5,348</u>	<u>4,873</u>	<u>475</u>
Total Expenditures	<u>0</u>	<u>5,348</u>	<u>4,873</u>	<u>475</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(329)	(329)
Cash Balance Beginning of Year		0	0	0
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(329)</u>	\$ <u>(329)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (329)	
Net Change in Due From Grantor			<u>329</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u><u>0</u></u>	

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
SPECIAL REVENUE FUND-GO 2012 Library Books
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grant	\$ 9,387	\$ 9,387	\$ 9,194	\$ (193)
Total Revenues	<u>9,387</u>	<u>9,387</u>	<u>9,194</u>	<u>(193)</u>
Expenditures				
Support Services				
Instruction				
Supplies	<u>9,387</u>	<u>9,387</u>	<u>9,194</u>	<u>193</u>
Total Instruction	<u>9,387</u>	<u>9,387</u>	<u>9,194</u>	<u>193</u>
Total Support Services	<u>9,387</u>	<u>9,387</u>	<u>9,194</u>	<u>193</u>
Total Expenditures	<u>9,387</u>	<u>9,387</u>	<u>9,194</u>	<u>193</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-NM READS TO LEAD-27114
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grant	\$ 0	\$ 48,346	\$ 17,501	\$ (30,845)
Total Revenues	<u>0</u>	<u>48,346</u>	<u>17,501</u>	<u>(30,845)</u>
Expenditures				
Instruction				
Professional & Tech Services	0	7,346	0	7,346
Supplies	0	29,000	17,501	11,499
Supply Assets	<u>0</u>	<u>12,000</u>	<u>3,790</u>	<u>8,210</u>
Total Instruction	<u>0</u>	<u>48,346</u>	<u>21,291</u>	<u>27,055</u>
Total Expenditures	<u>0</u>	<u>48,346</u>	<u>21,291</u>	<u>27,055</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(3,790)	(3,790)
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>\$ (3,790)</u>	<u>\$ (3,790)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (3,790)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (3,790)</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grant	\$ 32,513	\$ 32,513	\$ 18,502	\$ (14,011)
Total Revenues	<u>32,513</u>	<u>32,513</u>	<u>18,502</u>	<u>(14,011)</u>
Expenditures				
Instruction				
Personnel Services	17,526	18,064	18,064	0
Employee Benefits	<u>5,674</u>	<u>5,136</u>	<u>5,136</u>	<u>0</u>
Total Instruction	<u>23,200</u>	<u>23,200</u>	<u>23,200</u>	<u>0</u>
Total Expenditures	<u>23,200</u>	<u>23,200</u>	<u>23,200</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	9,313	9,313	(4,698)	(14,011)
Cash Balance Beginning of Year	<u>(9,313)</u>	<u>(9,313)</u>	<u>(9,313)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (14,011)</u>	<u>\$ (14,011)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,698)	
Net Change in Due From Grantor			<u>4,698</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grant	\$ 2,778	\$ 2,778	\$ 1,738	\$ (1,040)
Total Revenues	<u>2,778</u>	<u>2,778</u>	<u>1,738</u>	<u>(1,040)</u>
Expenditures				
Instruction				
Supplies	2,778	2,778	2,775	3
Total Instruction	<u>2,778</u>	<u>2,778</u>	<u>2,775</u>	<u>3</u>
Total Expenditures	<u>2,778</u>	<u>2,778</u>	<u>2,775</u>	<u>3</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(1,037)	(1,037)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,037)</u>	<u>\$ (1,037)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,037)	
Net Change in Due From Grantor			<u>1,037</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
 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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Investment Income	\$ 89	\$ 89	\$ 37	\$ (52)
Total Revenues	<u>89</u>	<u>89</u>	<u>37</u>	<u>(52)</u>
Expenditures				
Capital Outlay				
Building Improvements	33,230	33,230	0	33,230
Total Capital Outlay	<u>33,230</u>	<u>33,230</u>	<u>0</u>	<u>33,230</u>
Total Expenditures	<u>33,230</u>	<u>33,230</u>	<u>0</u>	<u>33,230</u>
Excess (Deficiency) of Revenues Over Expenditures	(33,141)	(33,141)	37	(33,282)
Cash Balance Beginning of Year	<u>33,156</u>	<u>33,156</u>	<u>33,156</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 15</u>	<u>\$ 15</u>	<u>\$ 33,193</u>	<u>\$ (33,282)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 37	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 37</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, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Investment Income	\$ 93	\$ 93	\$ 49	\$ (44)
Total Revenues	<u>93</u>	<u>93</u>	<u>49</u>	<u>(44)</u>
Expenditures				
Support Services				
General Administration				
Employee Benefits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total General Administration	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services	<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	93	93	49	(44)
Cash Balance Beginning of Year	<u>48,328</u>	<u>48,328</u>	<u>48,328</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 48,421</u>	<u>\$ 48,421</u>	<u>\$ 48,377</u>	<u>\$ (44)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>49</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>49</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, 2014

	Beginning Balance 6/30/13	Additions	Deductions	Ending Balance 6/30/14
ASSETS				
Activity Trust Fund	\$ 77,316	\$ 117,430	\$ 115,553	\$ 79,193
TOTAL Assets	<u>\$ 77,316</u>	<u>\$ 117,430</u>	<u>\$ 115,553</u>	<u>\$ 79,193</u>
LIABILITIES				
Due to Student Groups	\$ 77,316	\$ 117,430	\$ 115,553	\$ 79,193
TOTAL Liabilities	<u>\$ 77,316</u>	<u>\$ 117,430</u>	<u>\$ 115,553</u>	<u>\$ 79,193</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, 2014

	Balance 6/30/13	Additions	Deductions	Balance 6/30/14
ASSETS				
After Prom Party	\$ 3,533	\$ 6,358	\$ 4,756	\$ 5,135
Battle of the Border	2,433	4,082	3,447	3,068
Booster Club	1,596	17,021	14,351	4,266
Boys Basketball	525	830	1,355	0
Building Trades	0	319	277	42
Computer Lab	3,071	0	245	2,826
District 8	6,892	2,252	1,455	7,689
Drama	1,278	2,053	2,303	1,028
Elementary Teachers	968	1,750	1,434	1,284
FFA	0	22,639	22,639	0
Field House	244	0	56	188
Girls Basketball	226	2,304	2,064	466
Home Economics	10	0	0	10
HS A/R	401	106	5	502
HS Vending	1,921	9,258	9,964	1,215
Interest	133	85	0	218
Library	1,351	3,510	2,643	2,218
Miscellaneous	2,885	0	1,760	1,125
NHS	5,856	2,984	3,919	4,921
SCAT	365	323	230	458
Student Council	469	4,759	4,012	1,216
Summer Recreation	2,471	214	2,685	0
Textbooks	1,779	0	0	1,779
Varsity Cheerleaders	0	6,521	5,798	723
Volleyball	3,471	3,997	4,242	3,226
WERC Scholarship	488	0	0	488
Yearbooks	12,651	4,692	6,105	11,238
Class of 2012	1,670	0	1,670	0
Class of 2013	2,615	0	2,615	0
Class of 2014	4,585	1,166	5,434	317
Class of 2015	102	17,199	8,010	9,291
Class of 2016	38	0	0	38
Class of 2017	16	30	0	46
Class of 2018	0	0	0	0
Class of 2019	0	140	0	140
Class of 2020	0	2,784	2,079	705
Class of 2021	0	0	0	0
Class of 2022	0	54	0	54
Investment	13,273	0	0	13,273
Total Assets	<u>\$ 77,316</u>	<u>\$ 117,430</u>	<u>\$ 115,553</u>	<u>\$ 79,193</u>
LIABILITIES				
Deposits Held for Others	<u>\$ 77,316</u>	<u>\$ 117,430</u>	<u>\$ 115,553</u>	<u>\$ 79,193</u>
Total Liabilities	<u>\$ 77,316</u>	<u>\$ 117,430</u>	<u>\$ 115,553</u>	<u>\$ 79,193</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, 2014

		Beginning Cash Balance 6/30/13	Revenue	Expenditures	Ending Cash Balance 6/30/14
Operational	11000	\$ 474,265	\$ 3,664,102	\$ 3,555,101	\$ 583,266
Teacherage	12000	18,155	8,250	14,845	11,560
Transportation	13000	197	261,747	256,269	5,675
Instructional Materials	14000	8,572	22,792	14,680	16,684
Food Services	21000	20,111	122,758	114,555	28,314
Athletics	22000	18,795	15,140	13,406	20,529
Federal Flowthrough	24000	(112,398)	226,648	182,332	(68,082)
Federal Direct	25000	0	25,524	25,524	0
State Flowthrough	27000	(9,313)	51,480	61,332	(19,165)
Bond Building	31100	3,566,539	1,305	2,898,587	669,257
Capital Outlay Local	31300	33,157	37	0	33,194
Senate Bill Nine	31700	125,390	348,301	262,932	210,759
Debt Service	41000	566,475	383,161	467,444	482,192
Deferred Leave	42000	48,327	49	0	48,376
Agency Funds		77,316	117,430	115,553	79,193
Total		\$ <u>4,835,588</u>	\$ <u>5,248,724</u>	\$ <u>7,982,560</u>	\$ <u>2,101,752</u>

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

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

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

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 School (District) as of and for the year ended June 30, 2014, 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 October 22, 2014.

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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses, that we consider to be significant deficiencies. 2012-001(12-1), 2014-001, 2014-002, 2014-003, 2014-004

Compliance and Other Matters

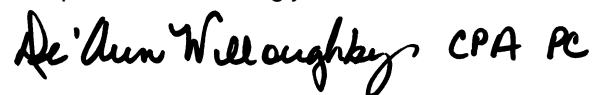
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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; 2012-001(12-1), 2014-001, 2014-002, 2014-003, 2014-004

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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

 De'Ann Willoughby CPA PC

Clovis, New Mexico

October 22, 2014

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
 Schedule of Findings and Responses
 For the Year Ended June 30, 2014

Prior Year Audit Findings		<u>Status</u>
12-1	Payroll	Repeated & Modified
13-1	Expenditures Over Budget	Resolved
13-2	Late Audit Contract	Resolved

Current Year Audit Findings

2012-001 Payroll-Compliance and Internal Control-Significant Deficiency (12-1) 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.

2014-001 Cash Appropriations in Excess of Available Cash Balances-Compliance and Internal Control-Significant Deficiency

Condition

The District maintained a deficit budget in excess of available cash balance in Senate Bill Nine (31700) of \$(69,255).

Criteria

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

Cause

The District does not have a procedure in place to ensure sufficient beginning cash balances exist to absorb budget deficits.

Effect

The District will have to supplement the budget deficit with other funds, which may lead to financial difficulties and deplete the budget in other funds.

Recommendation

BARS should be issued shortly after audited cash balances are confirmed if estimated cash balances are more and cash was used to balance the budget.

Response

BARS will be issued to adjust beginning cash to actual and reduce expenditures as necessary.

2014-002 Credit Cards-Compliance and Internal Control-Significant Deficiency

Condition

We noticed the District had a Lowes Credit Card.

Criteria

In accordance with Laws of 2007, Regular session, Chapter 28, Section 3, Subsection L states, "Except for gasoline credit cards used solely for operation of official vehicles, telephone credit cards used solely for official business and procurement cards used as authorized by section 6-5-9(l) NMSA 1978, none of the appropriations contained in the General Appropriation Act of 2007 may be expended for payment of agency-issued credit card invoices."

Cause

Management was unaware that a credit card could not be used.

Effect

The District potentially could lose spending control with the use of these cards because the purchases do not follow the District's procurement process. In addition the District has a potential risk of loss and theft through inappropriate purchases by an employee or the loss of control of the credit card number resulting in fraudulent use.

Recommendation

The District should immediately cancel the credit cards and only utilize procurement cards authorized by Section 6-5-9(l) NMSA 1978.

Response

We will apply for a purchase card as recommended.

2014-003 Bank Deposits-Compliance and Internal Control-Significant Deficiency

Condition

Cash receipts were not always deposited within 24 hours. A review of all deposits in the month of October revealed a total of \$2,783.12 in the food service fund, a total of \$3,697.00 in the athletics fund and a total of \$8,962.48 in the activity funds were not deposited timely.

Criteria

Section 6-10-3 NMSA 1978. Money received shall be deposited with an authorized banking institution by the end of the next business day after receipt.

Cause

Management wasn't aware of the 24 hour rule and thought the money should be deposited as soon as possible.

Effect

Cash could be misappropriated by the responsible person or stolen by an unrelated individual because it was not secured.

Recommendation

All cash receipts must be deposited by the end of the next business day and always kept in a secure location.

Response

We will deposit the money within 24 hours.

2014-004 PO's after fact-Compliance and Internal Control-Significant Deficiency

Condition

There were 3 invoices dated before the purchase orders in the Food Service Fund totaling \$8,245.32 and 5 invoices in the Activity Accounts totaling \$3,407.14.

Criteria

In accordance with 6.20.2.17 Purchasing each school district shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq, NMSA 1978.

Cause

District personnel are not requesting a PO from the bookkeeper responsible for issuing the purchase orders for the above fund and accounts.

Effect

Without proper documentation and following the procurement act, there are not adequate controls over expenditures. Results could be over spending.

Recommendation

A staff meeting need to be held with training on the procurement process. The Superintendent needs to enforce the process and write up those who violate it. There should be consequences to

Response

We will enforce the procurement process.

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 October 22, 2014. Those present were Buddy Little-Superintendent, Travis Glenn-Board President, Christie Mullins-Payroll Clerk, Leslie Pearce-Business Manager and De'Aun Willoughby CPA.