

**STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS**

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
JUNE 30, 2016**

Woodard, Cowen & Co.

Certified Public Accountants

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
JUNE 30, 2016

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TATUM MUNICIPAL SCHOOLS
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STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

OFFICIAL ROSTER

June 30, 2016

BOARD OF EDUCATION

Travis Glenn	President
Rusty Henard	Vice President
Dan Partin	Secretary
Jonathan Peppin	Member
Jacob Jiron	Member

SCHOOL OFFICIALS

Buddy Little	Superintendent
Leslie Pearce	Director of Business & Finance

Woodard, Cowen & Co.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
The Board of Education
Tatum Municipal Schools
Tatum, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Tatum Municipal Schools (the District) as of and for the year ended June 30, 2016, 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 non-major governmental, fiduciary funds and the budgetary comparisons for all non-major funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016 as listed in the table of contents.

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, 2016, and the respective changes in financial position, thereof and the respective budgetary comparison statements 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 non-major governmental fund and the fiduciary funds of the District, as of June 30, 2016, and the respective changes in financial position, thereof and the respective budgetary comparisons statements for all non-major funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The District has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the omission of the Management Discussion and Analysis.

Other Information

Accounting principles generally accepted in the United States of America require that the Schedule of Proportionate Share of the Net Pension Liability on page 60, the Schedule of Contributions on page 61, with the notes to the required supplementary information of page 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to this required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

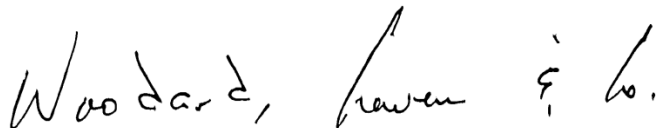
Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements and budgetary comparisons. The schedules required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part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

The schedule of changes in assets and liabilities – agency funds and the additional schedules listed as “required supplemental information” in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the Vendor Listing on pages 63 and 64 of this report, 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 of changes in assets and liabilities – agency funds and the additional schedules listed as “required supplemental information” in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Vendor Information schedule on pages 63 and 64 of this report has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2016 on our consideration of the District's internal control over financial reporting and 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.

A handwritten signature in cursive script that reads "Woodward, Lewen & Co." The signature is written in black ink and is positioned above the typed name and date.

Portales, New Mexico
November 14, 2016

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
STATEMENT OF NET POSITION

June 30, 2016

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 1,248,658
Property Taxes Receivable	26,778
Due From Other Agencies	128,236
Inventory	794
Total Current Assets	<u>1,404,466</u>
Non-current assets:	
Bond Premium	110,667
Capital assets, net	<u>7,696,317</u>
Total Non-current assets:	<u>7,806,984</u>
TOTAL ASSETS	<u>\$ 9,211,450</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows of resources related to pensions	\$ 798,005
<u>LIABILITIES</u>	
Current:	
Accounts Payable	\$ 29,582
Accrued Interest Payable	17,950
Compensated Absences	64,681
Debt due in one year	<u>340,000</u>
Total Current Liabilities	452,213
Non-current:	
Debt in more than one year:	3,335,000
Net Pension Liability	<u>6,005,721</u>
Total Non-current Liabilities	<u>9,340,721</u>
TOTAL LIABILITIES	<u>9,792,934</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows of resources related to pensions	138,374
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>138,374</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	4,441,579
Restricted for:	
Capital Projects	180,478
Debt Service	371,997
Inventory	794
Textbooks	27,700
Cafeteria	29,277
Athletics	19,359
Unrestricted	<u>(4,572,075)</u>
TOTAL NET POSITION	<u>\$ 499,109</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue & Changes in Net Position
					Primary Governmental Activities
Primary government:					
Governmental activities:					
Instruction	\$ 2,832,564	\$ 15,159	\$ 188,917	\$ -	\$ (2,628,488)
Support Services					
Support Services-Students	152,169	-	8,289	-	(143,880)
Support Services-Instruction	89,940	-	-	-	(89,940)
Support Services-General Administration	228,792	-	16,480	-	(212,312)
Support Services-School Administration	255,247	-	5,150	-	(250,097)
Central Services	197,438	-	-	-	(197,438)
Operation & Maintenance of Plant	786,023	-	-	-	(786,023)
Student Transportation	301,606	-	283,780	-	(17,826)
Other Support Services	2,150	-	-	-	(2,150)
Food Services-Operations	194,398	28,402	93,298	-	(72,698)
Community Services-operations	16,605	-	-	-	(16,605)
Bond Interest	73,018	-	-	-	(73,018)
Depreciation-unallocated	101,475	-	-	-	(101,475)
Amortization Unallocated	16,000	-	-	-	(16,000)
Unallocated Revenue	-	-	-	-	-
Total governmental activities	\$ 5,247,425	\$ 43,561	\$ 595,914	\$ -	\$ (4,607,950)

General revenues:

Property taxes:

Levied for General purpose	\$	46,639
Levied for Capital Projects		194,574
Levied for Debt Service		329,319
Fees		4,600
State Grants		98,315
PED Equalization Guarantee		3,797,645
Unrestricted interest income		2,428
Miscellaneous		6,487
Donations		5,409
Total general revenues		<u>4,485,416</u>
Change in net position		(122,534)
Net position - beginning		636,059
Restatement		(14,416)
Restated Beginning Net Position		<u>621,643</u>
Net position - ending	\$	<u><u>499,109</u></u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2016

	<u>GENERAL</u>	<u>TITLE I</u>	<u>ENTITLEMENT</u>
ASSETS			
Cash on Deposit	\$ 624,225	\$ -	\$ -
Due from Other Funds	128,236	-	-
Due from Other Governments	-	37,768	49,780
Due From External Funds	-	-	-
Property Taxes Receivable	2,041	-	-
Inventory	-	-	-
TOTAL ASSETS	<u><u>\$ 754,502</u></u>	<u><u>\$ 37,768</u></u>	<u><u>\$ 49,780</u></u>
LIABILITIES			
Due to Other Funds	\$ -	\$ 37,768	\$ 49,780
Accounts Payable	3,193	-	-
TOTAL LIABILITIES	3,193	37,768	49,780
DEFERRED INFLOWS OF RESOURCES			
Unearned Revenue	355	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>355</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
Non-spendable	-	-	-
Restricted for: Capital Projects	-	-	-
Restricted for: Debt Service	-	-	-
Restricted for: Instructional Materials	27,700	-	-
Restricted for: Cafeteria	-	-	-
Restricted for: Athletics	-	-	-
Restricted for: Special Revenue	-	-	-
Unassigned:			
General Fund	723,254	-	-
Special Revenue Funds	-	-	-
TOTAL FUND BALANCE	<u><u>750,954</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u><u>\$ 754,502</u></u>	<u><u>\$ 37,768</u></u>	<u><u>\$ 49,780</u></u>

The accompanying footnotes are an integral part of these financial statements.

SENATE BILL NINE	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
\$ 107,780	\$ 309,256	\$ 207,396	\$ 1,248,657
-	-	-	128,236
-	-	40,688	128,236
-	-	-	-
9,122	15,614	-	26,777
-	-	794	794
<u>\$ 116,902</u>	<u>\$ 324,870</u>	<u>\$ 248,878</u>	<u>\$ 1,532,700</u>
\$ -	\$ -	\$ 40,688	\$ 128,236
26,389	-	-	29,582
26,389	-	40,688	157,818
2,215	3,890	-	6,460
2,215	3,890	-	6,460
-	-	794	794
88,298	-	75,316	163,614
-	320,980	88,535	409,515
-	-	-	27,700
-	-	26,186	26,186
-	-	17,359	17,359
-	-	-	-
-	-	-	723,254
-	-	-	-
<u>88,298</u>	<u>320,980</u>	<u>208,190</u>	<u>1,368,422</u>
<u>\$ 116,902</u>	<u>\$ 324,870</u>	<u>\$ 248,878</u>	<u>\$ 1,532,700</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
RECONCILIATION OF THE BALANCE SHEET
ALL GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION

June 30, 2016

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

Fund Balances - total governmental funds	\$ 1,368,422
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	8,116,580
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds are as follows:	6,460
Net Pension Liability not reported in the funds	(6,005,721)
Deferred Outflows of Resources related to pensions not reported in the funds.	798,005
Deferred Inflows of Resources related to pensions not reported in the funds.	(138,374)
Bond Premium-Net	110,668
Accrued interest payable not reported in the funds.	(17,950)
Liabilities not due and payable in the current period and therefore are not reported as liabilities in the funds.	(63,981)
Bonded Debt	<u>(3,675,000)</u>
Net positon of governmental activities	<u><u>\$ 499,109</u></u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE-- GOVERNMENTAL FUNDS

Year Ended June 30, 2016

	GENERAL	TITLE I	ENTITLEMENT	SENATE BILL NINE
REVENUE				
Residential/Non-Residential Taxes	\$ 46,527	\$ -	\$ -	\$ 193,890
Fees-Users	4,600	-	-	-
Interest Income	1,496	-	-	294
State Equalization	3,797,645	-	-	-
State Flow Through Grants	-	-	-	-
State Programs	407,544	-	-	-
Impact Aid	-	-	-	-
Donations	5,409	-	-	-
Refunds	132	-	-	6,354
Federal Program	-	43,441	87,739	-
TOTAL REVENUES	4,263,353	43,441	87,739	200,538
EXPENDITURES				
Current				
Instruction	2,527,497	43,441	65,360	-
Support Services				
Support Services-Students	141,315	-	8,289	-
Support Services-Instruction	86,241	-	-	-
Support Services-General Administration	200,312	-	14,090	1,281
Support Services-School Administration	238,961	-	-	-
Central Services	190,467	-	-	-
Operation & Maintenance of Plant	520,794	-	-	-
Student Transportation	295,300	-	-	-
Other Support Services	2,150	-	-	-
Food Services-Operations	66,617	-	-	-
Community Services-operations	16,605	-	-	-
Acquisition & Construction	-	-	-	274,684
Bond Principal	-	-	-	-
Bond Interest	-	-	-	-
TOTAL EXPENDITURES	4,286,259	43,441	87,739	275,965
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(22,906)	-	-	(75,427)
Other Financing Sources				
Funds returned to PED	-	-	-	-
Bond Premium	-	-	-	-
Transfers In<Out>	(40,000)	-	-	-
Total Other Financial Sources	(40,000)	-	-	-
Net Change In Fund Balances	(62,906)	-	-	(75,427)
FUND BALANCE				
June 30, 2015	828,283	-	-	163,725
Restatement	(14,423)	-	-	-
Restated Fund Balance June 30, 2015	813,860	-	-	163,725
FUND BALANCE				
June 30, 2016	\$ 750,954	\$ -	\$ -	\$ 88,298

The accompanying footnotes are an integral part of these financial statements.

DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 327,945	\$ -	\$ 568,362
-	43,561	48,161
268	370	2,428
-	-	3,797,645
-	3,958	3,958
-	975	408,519
-	-	-
-	-	5,409
-	-	6,486
-	167,776	298,956
<u>328,213</u>	<u>216,640</u>	<u>5,139,924</u>
-	71,860	2,708,158
-	-	149,604
-	-	86,241
2,171	2,390	220,244
-	5,150	244,111
-	-	190,467
-	-	520,794
-	-	295,300
-	-	2,150
-	141,225	207,842
-	-	16,605
-	16,381	291,065
325,000	-	325,000
74,237	-	74,237
<u>401,408</u>	<u>237,006</u>	<u>5,331,818</u>
(73,195)	(20,366)	(191,894)
-	-	-
-	40,000	-
<u>-</u>	<u>40,000</u>	<u>-</u>
(73,195)	19,634	(191,894)
394,175	188,549	1,574,732
-	7	(14,416)
<u>394,175</u>	<u>188,556</u>	<u>1,560,316</u>
<u>\$ 320,980</u>	<u>\$ 208,190</u>	<u>\$ 1,368,422</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE -
ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

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

Net change in fund balance - total governmental funds	\$ (191,894)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year	(65,843)
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 government funds, and are instead reported as deferred revenues. They are however, recorded as revenues in the Statement of Activities.	2,171
(Increase)/Decrease in pension expense from apportionment of NPL	(168,753)
Expenses in the statement of activities which do not require use of current financial resources	
Decrease in interest payable	1,219
Bond principal payments	325,000
Bond issue cost ammortization	(16,000)
Increase in Compensated Absences	(8,434)
	<hr/>
Change in Net Position	<u><u>\$ (122,534)</u></u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
COMBINED STATEMENT OF REVENUE AND EXPENDITURES--BUDGET
(NON-GAAP) AND ACTUAL-GENERAL FUND
Year Ended June 30, 2016

	General Fund			VARIANCE
	ORIGINAL BUDGET	BUDGET	ACTUAL	Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 60,530	\$ 60,530	\$ 46,912	\$ (13,618)
Donations/Gifts	-	-	5,409	5,409
Interest Income	1,300	1,300	1,496	196
State Equalization	3,776,837	3,776,837	3,797,645	20,808
State Flow Through Grants	322,311	333,214	407,544	74,330
Rent	6,600	6,600	4,600	(2,000)
Refunds	-	-	-	-
City/Local Grants	-	-	132	132
TOTAL REVENUE	4,167,578	4,178,481	\$ 4,263,738	\$ 85,257
Cash Balance Budgeted	574,835	589,842		
TOTAL REVENUE & CASH	\$ 4,742,413	\$ 4,768,323		
EXPENDITURES				
Current				
Instruction	\$ 2,847,868	\$ 2,847,868	\$ 2,527,497	\$ 320,371
Support Services-Students	139,569	141,469	141,315	154
Support Services-Instruction	110,313	108,413	86,241	22,172
Support Services-General Administration	217,602	217,602	200,312	17,290
Support Services-School Administration	251,587	251,587	238,961	12,626
Central Services	196,949	196,949	190,467	6,482
Operation & Maintenance of Plant	594,127	597,117	520,794	76,323
Student Transportation	272,877	298,787	292,107	6,680
Other Support Services	12,750	12,750	2,150	10,600
Food Services-Operations	78,800	85,300	66,617	18,683
Community Services-operations	19,971	19,971	16,605	3,366
TOTAL EXPENDITURES	\$ 4,742,413	\$ 4,777,813	\$ 4,283,066	\$ 494,747

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 4,263,738
Differences-Budget to GAAP	
Property tax Receivable	1,686
Prior Year Tax Receivables	(2,071)
Total Revenues (GAAP Basis)	\$ 4,263,353

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 4,283,066
Differences-budget to GAAP	
Accounts Payable	3,193
Total Expenditures (GAAP Basis)	\$ 4,286,259

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--TITLE I

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 53,911	\$ 48,127	\$ 35,492	\$ (12,635)
TOTAL REVENUE	<u>53,911</u>	<u>48,127</u>	<u>\$ 35,492</u>	<u>\$ (12,635)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 53,911</u>	<u>\$ 48,127</u>		
EXPENDITURES				
Current				
Instruction	\$ 53,911	\$ 48,127	\$ 43,441	\$ 4,686
Support Services				-
Support Services-Instruction			-	-
TOTAL EXPENDITURES	<u>\$ 53,911</u>	<u>\$ 48,127</u>	<u>\$ 43,441</u>	<u>\$ 4,686</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 35,492
Differences-Budget to GAAP	
Current Year Receivable	37,768
Prior Year Receivable	(29,819)
Total Revenues (GAAP Basis)	<u>\$ 43,441</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 43,441
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 43,441</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--ENTITLEMENT

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 83,970	\$ 107,890	\$ 123,257	\$ 15,367
TOTAL REVENUE	<u>83,970</u>	<u>107,890</u>	<u>\$ 123,257</u>	<u>\$ 15,367</u>
 Cash Balance Budgeted	 <u>-</u>	 <u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 83,970</u>	<u>\$ 107,890</u>		
EXPENDITURES				
Current				
Instruction	\$ 68,325	\$ 68,325	\$ 65,359	\$ 2,966
Support Services-Students	6,825	8,825	8,289	536
Support Services-General Administration	8,820	30,740	14,090	16,650
TOTAL EXPENDITURES	<u>\$ 83,970</u>	<u>\$ 107,890</u>	<u>\$ 87,738</u>	<u>\$ 20,152</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 123,257
Differences-Budget to GAAP	
Current Year Receivable	49,780
Prior Year Receivable	(85,298)
Total Revenues (GAAP Basis)	<u>\$ 87,739</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 87,738
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 87,738</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2016

ASSETS

Cash and Cash Equivalents	\$ 48,503
Investments	13,271
Total Assets	<u>\$ 61,774</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Deposits Held for Students	\$ 61,774
Total Liabilities	<u>\$ 61,774</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Tatum Municipal Schools (District), have been prepared in the conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing 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 change 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 is 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 in 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, and agency fund, are 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.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 if the District not encompassed within other funds. The Teacherage accounts for the rents collected from teachers and related expenditures. The Transportation fund includes 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. 1411-1420. 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

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 GWFA. 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 requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues

Program revenue included in the Statement of Activities derive directly from the program in 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 benefits from the goods or services provided by the given function. 2) program-specific operating grants and contributions, transportation, food services, Special Revenue Funds such as Special Education as well as others., 3) program capital grants and contributions.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 judgements 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 Grant

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 district).
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 providers offer of resources is contingent upon 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 the time.

Expenditure

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 twelve-month employee's 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.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.
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 into 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, demands 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 associated or credit unions for the present purchase and resale at a specified time in the future of specific securities are 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 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.

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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 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 procedure 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 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, improvement 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 in the following useful lives:

Building 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 section on the balance sheet.

Short-Term Debt

Short-term debt results from borrowing characterized by anticipation notes, use of lines of credit, and similar loans. The District does not have and 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 the bonds will be amortized prospectively from the date of adoption of GASB Statement No. 34.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 find 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 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 of 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 in 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 revenue occurs 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 of full time employees earn vacation and sick leave in amounts varying with tenure and classification. Employees cannot accumulate vacation leave.

The District's 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 day's unused sick leave (not to exceed on 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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Estimates

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

NOTE B: DEPOSITS AND INVESTMENTS

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

Western Commerce Bank	Balance Per Bank 6/30/2016	Reconcile Balance	<u>Type</u>	
General	\$ 860,177	\$ 688,033	Checking	Interest
School Lunch	34,870	26,186	Checking	Interest
Athletics	8,594	8,383	Checking	Interest
Activity	50,655	48,503	Checking	Interest
TOTAL Deposited	954,296	\$ 771,105		
Less: FDIC Coverage	(250,000)			
Uninsured Amount	704,296			
50% Collateral Requirement	352,148			
Pledged Securities	1,880,392			
Over (Under) Requirement	\$ 1,528,244			

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>
GNMA #MA1082	36179NFX1	\$ 963,662	6/20/2043	FHLB Dallas, TX
SBAP #2014-20E		916,730	5/4/2034	FHLB Dallas, TX
		<u>\$ 1,880,392</u>		

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE B: DEPOSITS AND INVESTMENTS (continued)

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	1,880,392
Uninsured and uncollateralized	-
Total Deposits	<u>\$ 2,130,392</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, 2016, none of the District's bank balance of \$1,506,980, was exposed to custodial credit risk.

New Mexico State Treasurer

Name of Account	Balance June 30, 2016	Reconciled Balance	Type
Tatum Municipal Schools	\$ 8,976	\$ 8,976	Savings
Tatum Municipal Schools	13,271	13,271	Savings
Tatum Municipal Schools	32,737	32,737	Savings
Tatum Municipal Schools	124,395	124,395	Savings
Tatum Municipal Schools	149,606	149,606	Savings
Tatum Municipal Schools	113,382	113,382	Savings
TMS LGIP Pool 4101	46,866	46,866	Savings
TMS Bond 31100	50,000	50,000	Savings
Total Deposited	<u>\$ 539,233</u>	<u>\$ 539,233</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.
2. GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any on 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, 2016, the LGIP WAM(R) is 59 days and WAM(F) is 96 days.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE B: DEPOSITS AND INVESTMENTS (continued)

4. Finally, with respect to foreign currency risk, all investments in the LGIP are in US 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:

<u>Due From</u>	<u>Due to Operational</u>
Title I	\$ 37,768
IDEA - B Entitlement	49,780
IDEA - B Preschool	11,162
IDEA - B Risk Pool	69
RDA Revenue	17,440
Teacher/Principal Training	4,065
Rural Education	6,383
Dual Credit	594
NM Reads to Lead	975
	<u>\$ 128,236</u>

NOTE D: TAXES RECEIVABLE

Following is a schedule of property taxes receivable as of June 30, 2016:

	General Fund 11000	SB - 9 31700	Debt Service 41000	<u>Total</u>
Property Taxes Receivable	\$ 2,041	\$ 9,122	\$ 15,614	\$ 26,777

NOTE E: DUE FROM GRANTOR

Amounts due from other agencies and units of government as of June 30, 2016 are as follows:

Title I	\$ 37,768
IDEA - B Entitlement	49,780
IDEA - B Preschool	11,162
IDEA - B Risk Pool	69
RDA Revenue	17,440
Teacher/Principal Training	4,065
Rural Education	6,383
Dual Credit	594
NM Reads to Lead	975
Total	<u>\$ 128,236</u>

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE F: CAPITAL ASSETS

Capital assets balances and activity for the year ended June 30, 2016 is as follows:

	Balance 6/30/2015	Increases	Decreases	Balance 6/30/2016
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 819,961	\$ -	\$ -	\$ 819,961
Total capital assets, not being depreciated	<u>819,961</u>	<u>-</u>	<u>-</u>	<u>819,961</u>
Capital assets, being depreciated				
Buildings & Improvements	16,857,889	-	-	16,857,889
Equipment, Vehicles, Information Technology Equipment, Software, & Library Books	<u>2,658,794</u>	<u>35,632</u>	<u>-</u>	<u>2,694,426</u>
Total capital assets, being depreciated	<u>19,516,683</u>	<u>35,632</u>	<u>-</u>	<u>19,552,315</u>
Less Accumulated Depreciation				
Buildings & Improvements	10,211,119	418,606	-	10,629,725
Equipment, Vehicles, Information Technology Equipment, Software, & Library Books	<u>1,943,103</u>	<u>103,131</u>	<u>-</u>	<u>2,046,234</u>
Total accumulated depreciation	<u>12,154,222</u>	<u>521,737</u>	<u>-</u>	<u>12,675,959</u>
Net capital assets, being depreciated	7,362,461	(486,105)	-	6,876,356
Total Net Capital Assets	<u>\$ 8,182,422</u>	<u>\$ (486,105)</u>	<u>\$ -</u>	<u>\$ 7,696,317</u>

NOTE G: LONG-TERM DEBT

A summary of activity in long-term debt is as follows:

	Balance 6/30/2015	Additions	Reductions	Balance 6/30/2016	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 4,000,000	\$ -	\$ 325,000	\$ 3,675,000	\$ 340,000
Total Bonds	<u>4,000,000</u>	<u>-</u>	<u>325,000</u>	<u>3,675,000</u>	<u>340,000</u>
Other Long-term Liabilities					
Compensated Absences	55,547	15,570	6,436	64,681	64,681
Total other long-term liabilities	<u>55,547</u>	<u>15,570</u>	<u>6,436</u>	<u>64,681</u>	<u>64,681</u>
Total long-term liabilities	<u>\$ 4,055,547</u>	<u>\$ 15,570</u>	<u>\$ 331,436</u>	<u>\$ 3,739,681</u>	<u>\$ 404,681</u>

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Notes to the Financial Statements
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NOTE G: LONG-TERM DEBT (continued)

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.

<u>Series</u>	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance</u>
2013	10/1/2012	4,000,000	2%	4,000,000
				<u>4,000,000</u>

The annual requirements to amortize the 2004 Series general obligation bonds as of June 30, 2016, including interest payments are as follows:

2017	\$340,000	\$69,250	\$409,250
	<u>\$340,000</u>	<u>\$69,250</u>	<u>\$409,250</u>

The annual requirements to amortize the 2013 Series general obligation bond as of June 30, 2015, including interest payments are as follows.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	340,000	69,250	409,250
2018	360,000	63,100	423,100
2019	400,000	55,500	455,500
2020	425,000	47,250	472,250
2021	500,000	38,350	538,350
2022-2024	1,650,000	53,250	1,703,250
	<u>\$3,675,000</u>	<u>\$326,700</u>	<u>\$4,001,700</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 in Notes	\$ 4,000,000
Premium on Bond Issue	160,000
Accumulated Amortization	(17,333)
	<u>142,667</u>
	<u>4,142,667</u>

Government Wide Statements

Amount Reported as Current Amount Due	340,000
Amount Reported as Long-Term Due	<u>3,802,667</u>
Statement of Net Position	<u>\$ 4,142,667</u>

NOTE H: COMMITMENTS

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

NOTE I: PENSION PLAN

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

General Information about the Pension Plan

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

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

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

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

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

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

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

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TATUM MUNICIPAL SCHOOLS
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NOTE I: PENSION PLAN (continued)

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

Contributions. The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$366,266 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015. At June 30, 2015, the District's reported a liability of \$6,005,721 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2015. The contribution amounts were defined by section 22-11-21, NMSA 1978. At June 30, 2015, the District's proportion was .09272 percent, which was an increase of .00341% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$542,384. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Beginning balance	\$ 457,577	\$ 539,134
Changes of assumptions	206,569	-
Net difference between projected and actual earnings on pension plan investments	-	(333,655)
Changes in proportion	158,200	20,592
2015 Actual Employer Contributions	(366,266)	-
2016 Actual Employer Contributions	373,630	-
Differences between expected and actuarial experience	-	59,897
Proportionate change in deferred outflow	-	-
Net amortization of deferred amounts from changes in proportion	(31,705)	(147,594)
Total	<u>\$798,005</u>	<u>\$ 138,374</u>

\$373,630 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$71,933
2018	\$71,411
2019	\$59,238
2020	\$83,414

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE I: PENSION PLAN (continued)

Actuarial assumptions. As described above, the total ERB pension liability and net liability are based on an actuarial valuation performed as of June 30, 2015. The liabilities reflect the impact of Senate Bill 115, signed into law on March 29, 2013 and new assumptions adopted by the Board of Trustees on June 12, 2015. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLA's for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on June 30, 2015 in conjunction with the six-year experience study period ending June 30, 2014.
5. For those purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

The actuarial methods and assumptions used to determine contribution rates included in the measurements are as follows:

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

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows etc.).

Sensitivity of the District's proportionate share of the net pension to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2015. In particular, the table presents the District's net pension liability under the current single rate assumption; as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75)	1% Increase (8.75%)
	_____	_____	_____
District's proportionate share of the net pension liability	<u>\$8,081,099</u>	<u>\$6,005,721</u>	<u>\$4,262,188</u>

NOTE I: PENSION PLAN (continued)

Pension plan fiduciary net position. Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2015 and 2014 which are publicly available at www.nmerb.org.

Payable to the pension plan. The District has no payables to the pension plan.

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 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 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 (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, 2015, 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, 2016, 2015 and 2014 were \$53,809, \$52,714 and \$49,233 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 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: RELATED PARTY TRANSACTIONS

The District paid \$16,317 to Little Therapy Services for ancillary service. Little Therapy Services is owned by the Superintendent's spouse. The amount paid was for services rendered at a fair price.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2016

NOTE O: FUND BALANCES CLASSIFIED

Fund Balance is classified as Nonspendable, restricted, committed, assigned and/or unassigned upon the use of the resources in the government funds. The constraints placed on the fund balance for the major government funds and all other governmental funds are presented here:

Fund Balances	General Fund	Senate Bill Nine	Debt Service	Other Governmental Funds	Total Governmental Funds
Non-Spendable:					
Inventory	-	-	-	\$ 794	\$ 794
Total non-spendable	-	-	-	794	794
Restricted for:					
Capital Projects	-	88,298	-	75,316	163,614
Debt Service	-	-	320,980	88,535	409,515
Instructional Materials	27,700	-	-	-	27,700
Cafeteria	-	-	-	26,186	26,186
Athletics	-	-	-	17,359	17,359
Total Restricted	27,700	88,298	320,980	207,396	644,374
Unassigned	723,254	-	-	-	723,254
Total Fund Balance	<u>\$ 750,954</u>	<u>\$ 88,298</u>	<u>\$ 320,980</u>	<u>\$ 208,190</u>	<u>\$ 1,368,422</u>

NOTE P: RESTATEMENT OF NET POSITION

Net Position was restated by (\$14,416) for the recording of the District's net pension liability, write off of the loss in the New Mexico Local Government Investment Pool, and funds returned to PED for the District's Transportation fund.

Restatements of Net Position are as follows:

Restatement:	
Recording of Net Pension Liability	\$ 636,059
Prior year voided check in the Operating Fund	584
Prior year voided check in the Cafeteria Fund	7
Transportation funds returned to PED	(15,007)
Restated Net Position July 1, 2014	<u>\$ 621,643</u>

NOTE Q: RESTATEMENT OF FUND BALANCE

Fund balance was restated by (\$14,416) for the voiding of prior fiscal year checks in the Operating Fund and the Cafeteria Fund.

Restatements of Fund Balance are as follows:

Fund Balance at June 30, 2015	\$ 1,574,732
Transportation funds returned to PED	\$ (15,007)
Prior year voided check in the Operating Fund	584
Prior year voided check in the Cafeteria Fund	7
Fund Balance at June 30, 2015	<u>\$ 1,560,316</u>

NON-MAJOR GOVERNMENTAL FUNDS

ALL FUNDS – All funds were created by management directive.

Special Revenue

CAFETERIA – The purpose of this account is to receive income from lunch sales or state and federal school lunch grants, and to make disbursements for those activities, which have as their purpose the preparation and serving of meals, lunches or snacks in connection with bona-fide food service operations in agreement with the School Lunch Division of the State Department of Education. Authority for the creation of this fund is NMSA 1978, 22-13-13.

ATHLETICS – This is an auxiliary fund to account for budgeted athletics of the school for activities that are considered to be non-instructional. Authority for the creation of this fund is NMAC 6.20.2.

IDEA B – PRESCHOOL – To account for revenue received under the Preschool Public Act P.L. 99-457 for the purpose of providing special educational services to the developmentally delayed preschool children. This fund is federally funded and is restricted to expenditure by grant application. Required by the New Mexico State Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund.

IDEA-B RISK POOL – To account for a federal grant restricted to the operation and maintenance of meeting education needs of children with disabilities. Authority for this fund comes from the Individuals with Disabilities Act, Part B, Sec 611, as amended; P.L. 91-230, 93-380, 94-142, 98-199, 99-457, 100-630, and 101-476; U.S.C. 1401-1419, P.L. 105-17.

RDA REVENUE – To provide funding to schools for professional development, coaching, technical assistance, and additional funds to support school improvement targeted to early elementary reading achievement. Authority for this fund comes from the Individuals with Disabilities Act, Part B.

TEACHER/PRINCIPAL TRAINING – To provide grants to State Education Agencies 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. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 as amended, Title II, Part A, Public Law 107-110.

RURAL EDUCATION ACHIEVEMENT – To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

DUAL CREDIT INSTRUCTIONAL MATERIALS – To provide financial assistance to purchase instructional materials for the college classes offered to students who are taking college classes for dual credit. The fund was created by the funding and authority of state grant provisions.

NEW MEXICO READS TO LEAD – To account for the funding provided by the PED for the purchase of K-3 non-fiction books, K-3 non-fiction classroom libraries, and K-3 non-fiction text materials. Fund was created under the state-wide reading initiative authorized under NM Section 22-13-1.3.

Capital Projects

BOND BUILDING - The Revenues are derived from a School Building Bond Issue. The expenditures are restricted to major capital improvements.

SPECIAL CAPITAL OUTLAY – LOCAL – To account for local resources of funds used for construction and remodeling of the District's buildings.

Debt Service

DEFERRED LEAVE – To account for the transfers from funds used to pay eligible District employees for their unused sick leave upon their separation of employment from the District.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
JUNE 30, 2016

	SPECIAL REVENUE					
	CAFETERIA	ATHLETICS	PRESCHOOL	RISK POOL	RDA REVENUE	TEACHER/ PRINCIPAL TRAINING
ASSETS						
Cash	\$ 26,186	\$ 17,359	\$ -	\$ -	\$ -	\$ -
Due from Other Governments	-	-	11,162	69	17,440	4,065
Due from External Funds	-	-	-	-	-	-
Property Taxes Receivable	-	-	-	-	-	-
Inventory	794	-	-	-	-	-
TOTAL ASSETS	<u>\$ 26,980</u>	<u>\$ 17,359</u>	<u>\$ 11,162</u>	<u>\$ 69</u>	<u>\$ 17,440</u>	<u>\$ 4,065</u>
LIABILITIES						
Due to other Funds	\$ -	\$ -	\$ 11,162	\$ 69	\$ 17,440	\$ 4,065
Accounts Payable	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>11,162</u>	<u>69</u>	<u>17,440</u>	<u>4,065</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned Revenue	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE						
Restricted						
Cafeteria	26,980	-	-	-	-	-
Athletics	-	17,359	-	-	-	-
Debt Service	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
TOTAL FUND BALANCE	<u>26,980</u>	<u>17,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 26,980</u>	<u>\$ 17,359</u>	<u>\$ 11,162</u>	<u>\$ 69</u>	<u>\$ 17,440</u>	<u>\$ 4,065</u>

The accompanying footnotes are an integral part of these financial statements.

SPECIAL REVENUE			CAPITAL PROJECTS		DEBT SERVICE	TOTAL NONMAJOR FUNDS
RURAL EDUCATION ACHIEVEMENT	DUAL CREDIT INSTRUCTIONAL MATERIALS	NEW MEXICO READS TO LEAD	BOND BUILDING	CAPITAL PROJECTS LOCAL	DEFERRED LEAVE	
\$ -	\$ -	\$ -	\$ 44,999	\$ 30,317	\$ 88,535	\$ 207,396
6,383	594	975	-	-	-	40,688
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	794
<u>\$ 6,383</u>	<u>\$ 594</u>	<u>\$ 975</u>	<u>\$ 44,999</u>	<u>\$ 30,317</u>	<u>\$ 88,535</u>	<u>\$ 248,878</u>
\$ 6,383	\$ 594	\$ 975	\$ -	\$ -	\$ -	\$ 40,688
-	-	-	-	-	-	-
<u>6,383</u>	<u>594</u>	<u>975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,688</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	26,980
-	-	-	-	-	-	17,359
-	-	-	-	-	88,535	88,535
-	-	-	44,999	30,317	-	75,316
-	-	-	<u>44,999</u>	<u>30,317</u>	<u>88,535</u>	<u>208,190</u>
<u>\$ 6,383</u>	<u>\$ 594</u>	<u>\$ 975</u>	<u>\$ 44,999</u>	<u>\$ 30,317</u>	<u>\$ 88,535</u>	<u>\$ 248,878</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE					TEACHER/ PRINCIPAL TRAINING
	CAFETERIA	ATHLETICS	PRESCHOOL	RISK POOL	RDA REVENUE	
REVENUE						
Residential/Non-Residential Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees-Users	28,402	15,159	-	-	-	-
Interest Income	24	34	-	-	-	-
State Fflow Through Grants	-	-	-	-	-	-
State Programs	-	-	-	-	-	-
Federal Program	110,502	-	17,634	69	17,440	8,676
TOTAL REVENUES	138,928	15,193	17,634	69	17,440	8,676
EXPENDITURES						
Current						
Instruction	-	17,193	15,313	-	17,440	3,526
Support Services						
Support Services-General Administration	-	-	2,321	69	-	-
Support Services-School Administration	-	-	-	-	-	5,150
Food Services-Operations	141,225	-	-	-	-	-
Community Services-operations	-	-	-	-	-	-
Acquisition & Construction	-	-	-	-	-	-
TOTAL EXPENDITURES	141,225	17,193	17,634	69	17,440	8,676
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,297)	(2,000)	-	-	-	-
OTHER FINANCING SOURCES (USES)						
TRANSFERS IN/ TRANSFERS OUT	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-
Net Change In Fund Balance	(2,297)	(2,000)	-	-	-	-
FUND BALANCE						
June 30, 2015	29,270	19,359	-	-	-	-
Restatement	7	-	-	-	-	-
FUND BALANCE	29,277	19,359	-	-	-	-
June 30, 2016	\$ 26,980	\$ 17,359	\$ -	\$ -	\$ -	\$ -

The accompanying footnotes are an integral part of these financial statements.

RURAL EDUCATION ACHIEVEMENT	SPECIAL REVENUE		CAPITAL PROJECTS		DEBT SERVICE	TOTAL NONMAJOR FUNDS
	DUAL CREDIT INSTRUCTIONAL MATERIALS	NEW MEXICO READS TO LEAD	BOND BUILDING	CAPITAL PROJECTS LOCAL	DEFERRED LEAVE	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	43,561
-	-	-	124	77	111	370
-	3,958	-	-	-	-	3,958
-	-	975	-	-	-	975
13,455	-	-	-	-	-	167,776
<u>13,455</u>	<u>3,958</u>	<u>975</u>	<u>124</u>	<u>77</u>	<u>111</u>	<u>216,640</u>
13,455	3,958	975	-	-	-	71,860
-	-	-	-	-	-	2,390
-	-	-	-	-	-	5,150
-	-	-	-	-	-	141,225
-	-	-	-	-	-	-
-	-	-	13,408	2,973	-	16,381
<u>13,455</u>	<u>3,958</u>	<u>975</u>	<u>13,408</u>	<u>2,973</u>	<u>-</u>	<u>237,006</u>
-	-	-	(13,284)	(2,896)	111	(20,366)
-	-	-	-	-	40,000	40,000
-	-	-	-	-	40,000	40,000
-	-	-	(13,284)	(2,896)	40,111	19,634
-	-	-	58,283	33,213	48,424	188,549
-	-	-	-	-	-	7
-	-	-	<u>58,283</u>	<u>33,213</u>	<u>48,424</u>	<u>188,556</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,999</u>	<u>\$ 30,317</u>	<u>\$ 88,535</u>	<u>\$ 208,190</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--CAFETERIA

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Fees-Users	\$ 39,416	\$ 39,416	\$ 28,402	\$ (11,014)
Interest Income	25	25	24	(1)
Federal Revenue	77,000	77,000	93,297	16,297
TOTAL REVENUE	<u>116,441</u>	<u>116,441</u>	<u>\$ 121,723</u>	<u>\$ 5,282</u>
Cash Balance Budgeted	<u>14,697</u>	<u>14,697</u>		
TOTAL REVENUE & CASH	<u>\$ 131,138</u>	<u>\$ 131,138</u>		
EXPENDITURES				
Current				
Food Services-Operations	\$ 131,138	\$ 131,138	\$ 123,075	\$ 8,063
TOTAL EXPENDITURES	<u>\$ 131,138</u>	<u>\$ 131,138</u>	<u>\$ 123,075</u>	<u>\$ 8,063</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 121,723
Differences-Budget to GAAP	
Commodities Received	17,205
Total Revenues (GAAP Basis)	<u>\$ 138,928</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 123,075
Differences-budget to GAAP	
Cost of Commodities Used	17,205
Inventory Adjustment	945
Total Expenditures (GAAP Basis)	<u>\$ 141,225</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--ATHLETICS

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Fees-Users	\$ 10,000	\$ 10,000	\$ 15,159	\$ 5,159
Interest Income	30	30	34	4
TOTAL REVENUE	<u>10,030</u>	<u>10,030</u>	<u>\$ 15,193</u>	<u>\$ 5,163</u>
Cash Balance Budgeted	<u>19,787</u>	<u>19,787</u>		
TOTAL REVENUE & CASH	<u>\$ 29,817</u>	<u>\$ 29,817</u>		
EXPENDITURES				
Current				
Instruction	\$ 29,817	\$ 29,389	\$ 17,193	\$ 12,196
TOTAL EXPENDITURES	<u>\$ 29,817</u>	<u>\$ 29,389</u>	<u>\$ 17,193</u>	<u>\$ 12,196</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 15,193
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 15,193</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 17,193
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 17,193</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--IDEA-B PRESCHOOL

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 17,252	\$ 20,441	\$ 8,572	\$ (11,869)
TOTAL REVENUE	<u>17,252</u>	<u>20,441</u>	<u>\$ 8,572</u>	<u>\$ (11,869)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 17,252</u>	<u>\$ 20,441</u>		
EXPENDITURES				
Current				
Instruction	\$ 15,600	\$ 15,600	\$ 15,313	\$ 287
Support Services				
Support Services-General Administration	1,652	4,841	2,321	2,520
TOTAL EXPENDITURES	<u>\$ 17,252</u>	<u>\$ 20,441</u>	<u>\$ 17,634</u>	<u>\$ 2,807</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 8,572
Differences-Budget to GAAP	
Current Year Receivable	11,162
Prior Year Receivable	(2,100)
Total Revenues (GAAP Basis)	<u>\$ 17,634</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 17,634
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 17,634</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--IDEA-B RISK POOL

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 69	\$ 70	\$ 1
TOTAL REVENUE	<u>-</u>	<u>69</u>	<u>70</u>	<u>1</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 69</u>		
EXPENDITURES				
Current				
Support Services-General Administration	\$ -	\$ 69	\$ 69	\$ -
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 69</u>	<u>\$ 69</u>	<u>\$ -</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 70
Differences-Budget to GAAP	
Current Year Receivable	69
Prior Year Receivable	(70)
Total Revenues (GAAP Basis)	<u>\$ 69</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 69
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 69</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--IDEA-B RESULTS PLAN

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
TOTAL REVENUE	<u>20,000</u>	<u>20,000</u>	<u>\$ -</u>	<u>\$ (20,000)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 20,000</u>	<u>\$ 20,000</u>		
EXPENDITURES				
Current				
Instruction	\$ 20,000	\$ 20,000	\$ 17,440	\$ 2,560
TOTAL EXPENDITURES	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 17,440</u>	<u>\$ 2,560</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ -
Differences-Budget to GAAP	
Current Year Receivable	17,440
Prior Year Receivable	-
Total Revenues (GAAP Basis)	<u>\$ 17,440</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 17,440
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 17,440</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--TEACHER/PRINCIPAL TRAINING & RECRUITING

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 8,376	\$ 22,452	\$ 10,677	\$ (11,775)
TOTAL REVENUE	<u>8,376</u>	<u>22,452</u>	<u>\$ 10,677</u>	<u>\$ (11,775)</u>
 Cash Balance Budgeted	 <u>-</u>	 <u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 8,376</u>	<u>\$ 22,452</u>		
EXPENDITURES				
Current				
Instruction	\$ 5,000	\$ 5,000	\$ 3,526	\$ 1,474
Support Services				
Support Services-School Administration	3,376	17,452	5,150	12,302
TOTAL EXPENDITURES	<u>\$ 8,376</u>	<u>\$ 22,452</u>	<u>\$ 8,676</u>	<u>\$ 13,776</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 10,677
Differences-Budget to GAAP	
Current Year Receivable	4,065
Prior Year Receivable	(6,066)
Total Revenues (GAAP Basis)	<u>\$ 8,676</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 8,676
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 8,676</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--RURAL EDUCATION ACHIEVEMENT

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 6,124	\$ 37,014	\$ 7,071	\$ (29,943)
TOTAL REVENUE	<u>6,124</u>	<u>37,014</u>	<u>\$ 7,071</u>	<u>\$ (29,943)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 6,124</u>	<u>\$ 37,014</u>		
EXPENDITURES				
Current				
Instruction	\$ 6,124	\$ 37,014	\$ 13,455	\$ 23,559
TOTAL EXPENDITURES	<u>\$ 6,124</u>	<u>\$ 37,014</u>	<u>\$ 13,455</u>	<u>\$ 23,559</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 7,071
Differences-Budget to GAAP	
Current Year Receivable	6,384
Prior Year Receivable	
Total Revenues (GAAP Basis)	<u>\$ 13,455</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 13,455
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 13,455</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--DUAL CREDIT TEXTBOOKS

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ -	\$ 3,958	\$ 3,971	\$ 13
TOTAL REVENUE	<u>-</u>	<u>3,958</u>	<u>3,971</u>	<u>13</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 3,958</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 3,958	\$ 3,958	\$ -
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 3,958</u>	<u>\$ 3,958</u>	<u>\$ -</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 3,971
Differences-Budget to GAAP	
Current Year Deferral	594
Prior Year Deferral	(607)

Total Revenues (GAAP Basis) \$ 3,958

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 3,958
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 3,958</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--NEW MEXICO READS TO LEAD

Year Ended June 30, 2016

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 50,000	\$ 50,000	\$ -	
TOTAL REVENUE	<u>50,000</u>	<u>50,000</u>	<u>\$ -</u>	<u>\$ -</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 50,000</u>	<u>\$ 50,000</u>		
EXPENDITURES				
Current				
Instruction	\$ 50,000	\$ 50,000	\$ 975	\$ 49,025
TOTAL EXPENDITURES	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 975</u>	<u>\$ 49,025</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ -
Differences-Budget to GAAP	
Current Year Receivable	975
Prior Year Receivable	-
Total Revenues (GAAP Basis)	<u>\$ 975</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 975
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 975</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--CAPITAL PROJECTS FUND--BOND BUILDING

Year Ended June 30, 2016

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Interest Income	\$ 150	\$ 150	\$ 124	\$ (26)
TOTAL REVENUE	<u>150</u>	<u>150</u>	<u>\$ 124</u>	<u>\$ (26)</u>
Cash Balance Budgeted	<u>59,559</u>	<u>59,559</u>		
TOTAL REVENUE & CASH	<u>\$ 59,709</u>	<u>\$ 59,709</u>		
EXPENDITURES				
Current				
Acquisition & Construction	\$ 59,709	\$ 59,709	\$ 13,408	\$ 46,301
TOTAL EXPENDITURES	<u>\$ 59,709</u>	<u>\$ 59,709</u>	<u>\$ 13,408</u>	<u>\$ 46,301</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 124
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 124</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 13,408
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 13,408</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--CAPITAL PROJECTS FUND--SPECIAL CAPITAL OUTLAY LOCAL

Year Ended June 30, 2016

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Interest Income	\$ 39	\$ 39	\$ 77	\$ 38
Sale of Property/Equipment				-
TOTAL REVENUE	<u>39</u>	<u>39</u>	<u>\$ 77</u>	<u>\$ 38</u>
Cash Balance Budgeted	<u>33,233</u>	<u>33,233</u>		
TOTAL REVENUE & CASH	<u>\$ 33,272</u>	<u>\$ 33,272</u>		
EXPENDITURES				
Current				
Acquisition & Construction	\$ 33,272	\$ 33,272	\$ 2,973	\$ 30,299
TOTAL EXPENDITURES	<u>\$ 33,272</u>	<u>\$ 33,272</u>	<u>\$ 2,973</u>	<u>\$ 30,299</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 77
Total Revenues (GAAP Basis)	<u>\$ 77</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 2,973
Total Expenditures (GAAP Basis)	<u>\$ 2,973</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
ACTUAL (NON GAAP BUDGETARY BASIS)--DEBT SERVICE FUND--DEFERRED SICK LEAVE

Year Ended June 30, 2015

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Interest Income	\$ 60	\$ 60	\$ 111	\$ 51
TOTAL REVENUE	<u>60</u>	<u>60</u>	<u>111</u>	<u>51</u>
Cash Balance Budgeted	<u>48,434</u>	<u>48,434</u>		
TOTAL REVENUE & CASH	<u>\$ 48,494</u>	<u>\$ 48,494</u>		
EXPENDITURES				
Current				
Central Services	\$ 48,494	\$ 48,494	\$ -	\$ 48,494
TOTAL EXPENDITURES	<u>\$ 48,494</u>	<u>\$ 48,494</u>	<u>\$ -</u>	<u>\$ 48,494</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 111
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 111</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ -
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ -</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET -- GENERAL FUND

June 30, 2016

	OPERATIONAL	TEACHERAGE	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TOTALS
ASSETS					
Cash on Deposit	\$ 577,469	\$ 12,376	\$ 6,680	\$ 27,700	624,225
Due from Other Funds	128,236	-	-	-	128,236
Taxes Receivable	2,041	-	-	-	2,041
TOTAL ASSETS	\$ 707,746	\$ 12,376	\$ 6,680	\$ 27,700	754,502
LIABILITIES					
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	3,193	-	3,193
TOTAL LIABILITIES	-	-	3,193	-	3,193
DEFERRED INFLOWS OF RESOURCES					
Unearned Revenue	355	-	-	-	355
TOTAL DEFERRED INFLOWS OF RESOURCES	355	-	-	-	355
FUND BALANCE					
Fund Balance					
Reserved for Text Books	-	-	-	27,700	27,700
Restricted	-	-	-	-	-
Unassigned	707,391	12,376	3,487	-	723,254
TOTAL FUND BALANCE	707,391	12,376	3,487	27,700	750,954
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 707,746	\$ 12,376	\$ 6,680	\$ 27,700	754,502

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE -- GENERAL FUND

Year Ended June 30, 2016

	OPERATIONAL	TEACHERAGE	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TOTALS
REVENUE					
Residential/Non-Residential Taxes	\$ 46,527	\$ -	\$ -	\$ -	46,527
Fees-Users		4,600			4,600
Interest Income	1,496	-	-	-	1,496
State Equalization	3,797,645	-	-	-	3,797,645
State Programs	98,315	-	283,780	25,449	407,544
Donations	5,409	-	-	-	5,409
Refunds	132	-	-	-	132
TOTAL REVENUES	3,949,524	4,600	283,780	25,449	4,263,353
EXPENDITURES					
Instruction	2,515,454	-	-	12,043	2,527,497
Support Services-Students	141,315	-	-	-	141,315
Support Services-Instruction	86,241	-	-	-	86,241
Support Services-General Administration	200,312	-	-	-	200,312
Support Services-School Administration	238,961	-	-	-	238,961
Central Services	190,467	-	-	-	190,467
Operation & Maintenance of Plant	517,299	3,495	-	-	520,794
Student Transportation	-	-	295,300	-	295,300
Other Support Services	2,150	-	-	-	2,150
Food Services-Operations	66,617	-	-	-	66,617
Community Services-operations	16,605	-	-	-	16,605
TOTAL EXPENDITURES	3,975,421	3,495	295,300	12,043	4,286,259
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(25,897)	1,105	(11,520)	13,406	(22,906)
OTHER FINANCING SOURCES (USES)					
TRANSFERS IN/ TRANSFERS OUT	(40,000)	-	-	-	(40,000)
TOTAL OTHER FINANCING SOURCES (USES)	(40,000)	-	-	-	(40,000)
Net Change In Fund Balance	(65,897)	1,105	(11,520)	13,406	(62,906)
FUND BALANCE					
June 30, 2015	772,704	11,271	30,014	14,294	828,283
Restatement	584	-	(15,007)	-	(14,423)
Restated Fund Balance June 30, 2015	773,288	11,271	15,007	14,294	813,860
FUND BALANCE					
June 30, 2016	\$ 707,391	\$ 12,376	\$ 3,487	\$ 27,700	750,954

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--GENERAL FUND--OPERATIONAL

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 60,530	\$ 60,530	\$ 46,912	\$ (13,618)
Donations/Gifts	-	-	5,409	5,409
Interest Income	1,300	1,300	1,496	196
State Equalization	3,776,837	3,776,837	3,797,645	20,808
State Flow Through Grants	28,856	28,856	98,315	69,459
Refunds	-	-	-	-
Abatement	-	-	132	132
TOTAL REVENUE	3,867,523	3,867,523	\$ 3,949,909	\$ 82,386
Cash Balance Budgeted	552,265	552,265		
TOTAL REVENUE & CASH	\$ 4,419,788	\$ 4,419,788		
EXPENDITURES				
Current				
Instruction	\$ 2,818,740	\$ 2,818,740	\$ 2,515,454	\$ 303,286
Support Services				
Support Services-Students	139,569	141,469	141,315	154
Support Services-Instruction	110,313	108,413	86,241	22,172
Support Services-General Administration	217,602	217,602	200,312	17,290
Support Services-School Administration	251,587	251,587	238,961	12,626
Central services	196,949	196,949	190,467	6,482
Operation & Maintenance of Plant	573,507	576,497	517,299	59,198
Other Support Services	12,750	12,750	2,150	10,600
Food Services-Operations	78,800	85,300	66,617	18,683
Community Services-operations	19,971	19,971	16,605	3,366
TOTAL EXPENDITURES	\$ 4,419,788	\$ 4,429,278	\$ 3,975,421	\$ 453,857

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 3,949,909
Differences-Budget to GAAP	
Property tax Receivable	1,686
Prior Year Tax Receivables	(2,071)
Total Revenues (GAAP Basis)	\$ 3,949,524

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 3,975,421
Differences-budget to GAAP	
Accounts Payable	-
Total Expenditures (GAAP Basis)	\$ 3,975,421

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--SPECIAL REVENUE FUND--TEACHERAGE

Year Ended June 30, 2016

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Rent	\$ 6,600	\$ 6,600	\$ 4,600	\$ (2,000)
TOTAL REVENUE	<u>6,600</u>	<u>6,600</u>	<u>\$ 4,600</u>	<u>\$ (2,000)</u>
Cash Balance Budgeted	<u>14,020</u>	<u>14,020</u>		
TOTAL REVENUE & CASH	<u>\$ 20,620</u>	<u>\$ 20,620</u>		
EXPENDITURES				
Current				
Operation & Maintenance of Plant	\$ 20,620	\$ 20,620	\$ 3,495	\$ 17,125
TOTAL EXPENDITURES	<u>\$ 20,620</u>	<u>\$ 20,620</u>	<u>\$ 3,495</u>	<u>\$ 17,125</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 4,600
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 4,600</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 3,495
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 3,495</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--GENERAL FUND--TRANSPORTATION FUND

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 272,877	\$ 283,780	\$ 283,780	\$ -
TOTAL REVENUE	<u>272,877</u>	<u>283,780</u>	<u>\$ 283,780</u>	<u>\$ -</u>
Cash Balance Budgeted	<u>-</u>	<u>15,007</u>		
TOTAL REVENUE & CASH	<u>\$ 272,877</u>	<u>\$ 298,787</u>		
EXPENDITURES				
Current				
Student Transportation	\$ 272,877	\$ 298,787	\$ 292,107	\$ 6,680
TOTAL EXPENDITURES	<u>\$ 272,877</u>	<u>\$ 298,787</u>	<u>\$ 292,107</u>	<u>\$ 6,680</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 283,780
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 283,780</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 292,107
Differences-budget to GAAP	
Accounts Payable	3,193
Total Expenditures (GAAP Basis)	<u>\$ 295,300</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--GENERAL FUND--INSTRUCTIONAL MATERIALS

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 20,578	\$ 20,578	\$ 25,449	\$ 4,871
Refunds	-	-	-	-
TOTAL REVENUE	<u>20,578</u>	<u>20,578</u>	<u>\$ 25,449</u>	<u>\$ 4,871</u>
Cash Balance Budgeted	<u>8,550</u>	<u>8,550</u>		
TOTAL REVENUE & CASH	<u>\$ 29,128</u>	<u>\$ 29,128</u>		
EXPENDITURES				
Current				
Instruction	\$ 29,128	\$ 29,128	\$ 12,043	\$ 17,085
TOTAL EXPENDITURES	<u>\$ 29,128</u>	<u>\$ 29,128</u>	<u>\$ 12,043</u>	<u>\$ 17,085</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 25,449
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 25,449</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 12,043
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 12,043</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
AND ACTUAL--CAPITAL PROJECTS FUND--SENATE BILL 9

Year Ended June 30, 2016

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 250,055	\$ 250,055	\$ 195,657	\$ (54,398)
Interest Income	140	140	294	154
State Flow Through Grants	34,032	34,032	-	(34,032)
Abatement	-	-	6,355	6,355
TOTAL REVENUE	<u>284,227</u>	<u>284,227</u>	<u>\$ 202,306</u>	<u>\$ (81,921)</u>
Cash Balance Budgeted	<u>72,379</u>	<u>156,000</u>		
TOTAL REVENUE & CASH	<u>\$ 356,606</u>	<u>\$ 440,227</u>		
EXPENDITURES				
Current				
Support Services-General Administration	\$ 1,093	\$ 1,093	\$ 1,281	\$ (188)
Acquisition & Construction	355,513	439,134	249,460	189,674
TOTAL EXPENDITURES	<u>\$ 356,606</u>	<u>\$ 440,227</u>	<u>\$ 250,741</u>	<u>\$ 189,486</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 202,306
Differences-Budget to GAAP	
Property tax Receivable	6,908
Prior Year Tax Receivables	(8,676)
Total Revenues (GAAP Basis)	<u>\$ 200,538</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 250,741
Differences-budget to GAAP	
Accounts Payable	25,224
Total Expenditures (GAAP Basis)	<u>\$ 275,965</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)
ACTUAL (NON GAAP BUDGETARY BASIS)--DEBT SERVICE FUND

Year Ended June 30, 2016

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 399,238	\$ 399,238	\$ 330,290	\$ (68,948)
Interest Income	130	130	268	138
TOTAL REVENUE	<u>399,368</u>	<u>399,368</u>	<u>\$ 330,558</u>	<u>\$ (68,810)</u>
Cash Balance Budgeted	<u>335,460</u>	<u>335,460</u>		
TOTAL REVENUE & CASH	<u>\$ 734,828</u>	<u>\$ 734,828</u>		
EXPENDITURES				
Current				
Support Services-General Administration	\$ 1,735	\$ 1,735	\$ 2,171	\$ (436)
Principal	325,000	325,000	325,000	-
Interest and Finance Charges	74,238	74,238	74,237	1
Debt Service Reserve	333,855	333,855	-	333,855
TOTAL EXPENDITURES	<u>\$ 734,828</u>	<u>\$ 734,828</u>	<u>\$ 401,408</u>	<u>\$ 333,420</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 330,558
Differences-Budget to GAAP	
Property tax Receivable	11,723
Prior Year Tax Receivables	(14,068)
Total Revenues (GAAP Basis)	<u>\$ 328,213</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 401,408
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 401,408</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES-- AGENCY FUNDS

Year Ended June 30, 2016

	Balance 6/30/2015	ADDITIONS	DEDUCTIONS	Balance 6/30/2016
After Prom Party	\$ 1,705	\$ 4,239	\$ 5,588	\$ 356
Battle of the Border	2,031	-	-	2,031
Booster Club	668	-	-	668
Boys Basketball	-	1,235	1,002	233
Building Trades	191	1,345	1,536	-
Computer Lab	2,521	-	278	2,243
District 4	-	1,786	1,147	639
Drama	1,084	4,106	3,145	2,045
Elementary Teachers	918	2,270	2,200	988
FFA	349	26,305	25,014	1,640
Field House	98	-	45	53
Girls Basketball	-	400	-	400
Home Economics	10	-	-	10
HS A/R	-	394	-	394
HS Vending	2,492	4,855	5,493	1,854
Interest	301	82	-	383
Library	2,926	3,668	3,001	3,593
Miscellaneous	244	244	12	476
NHS	3,734	1,128	1,346	3,516
SCAT	458	1	-	459
Student Council	1,497	1,835	2,209	1,123
Summer Recreation	1,365	1,787	2,294	858
Textbooks	1,839	45	-	1,884
Varsity Cheerleaders	-	5,104	3,644	1,460
Varsity Gym	-	2,659	810	1,849
Volleyball	3,384	647	2,659	1,372
WERC Scholarship	488	-	-	488
Yearbooks	8,198	7,228	6,662	8,764
Class of 2016	4,049	395	4,444	-
Class of 2017	46	18,484	11,162	7,368
Class of 2018	-	-	-	-
Class of 2019	140	-	-	140
Class of 2020	705	-	-	705
Class of 2021	-	-	-	-
Class of 2022	54	457	-	511
Sub Total	<u>41,495</u>	<u>90,699</u>	<u>83,691</u>	<u>48,503</u>
Certificate of Deposit	13,271	-	-	13,271
Total	<u>\$ 54,766</u>	<u>\$ 90,699</u>	<u>\$ 83,691</u>	<u>\$ 61,774</u>

The accompanying footnotes are an integral part of these financial statements.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

SCHEDULE OF PLEDGED COLLATERAL

JUNE 30, 2016

	TOTAL DEPOSITS	FDIC INSURANCE	UNINSURED DEPOSITS	COLLATERAL REQUIRED	COLLATERAL PLEDGED	UNINSURED & UNCOLLATERALIZED DEPOSITS	PLEDGED COLLATERAL DEFICIT
WESTERN COMMERCE BANK	\$ 954,295	\$ 250,000	\$ 704,295	\$ 352,148	\$ 1,880,392	\$ -	\$ -
COLLATERAL		CUSIP #	MATURES				
GNMA	\$ 963,662	MA1082	06/20/43				
SBAP	916,730	2014-20E	05/04/34				
	<u>\$ 1,880,392</u>						
COLLATERAL IS HELD AT INDEPENDENT BANKERS BANK DALLAS TEXAS							
NEW MEXICO STATE TREASURER	\$ 539,326	\$ -	\$ 539,326	\$ -	\$ 539,326	\$ -	\$ -
SECURITIES HELD BY CHASE BANK, NEW YORK CITY							
TOTAL ALL INSTITUTIONS	<u>\$ 1,493,621</u>	<u>\$ 250,000</u>	<u>\$ 1,243,621</u>	<u>\$ 352,148</u>	<u>\$ 2,419,718</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

BANK SUMMARY

JUNE 30, 2016

Bank	ACCT TYPE	FUND		BANK BALANCE	OUTSTANDING CHECKS	OUTSTANDING DEPOSITS	CASH BALANCE
WESTERN COMMERCE BANK	Checking	General	*	\$ 860,177	\$ 172,143	\$ -	\$ 688,034
	Checking	Cafeteria	*	34,870	8,684	-	26,186
	Checking	Athletics	*	8,594	211	-	8,383
	Checking	Activity Fund	*	50,655	2,152	-	48,503
Total Wells Fargo Bank				<u>954,296</u>	<u>183,190</u>	<u>-</u>	<u>771,106</u>
New Mexico State Treas	C.D.	OPERATIONAL	*	149,606	-	-	149,606
New Mexico State Treas	C.D.	BOND BUILDING	*	50,000	-	-	50,000
New Mexico State Treas	C.D.	SB-9	*	124,395	-	-	124,395
New Mexico State Treas	C.D.	DEBT SERVICE	*	113,474	-	-	113,474
New Mexico State Treas	C.D.	SPECIAL CAPITAL OUTLA\	*	32,737	-	-	32,737
New Mexico State Treas	C.D.	DEFERRED LEAVE	*	46,866	-	-	46,866
New Mexico State Treas	C.D.	Activity Fund	*	13,271	-	-	13,271
New Mexico State Treas	C.D.	ATHLETICS	*	8,976	-	-	8,976
Total New Mexico Treas				<u>539,325</u>			<u>539,325</u>
Amount on Deposit				<u>\$ 1,493,621</u>	<u>\$ 183,190</u>	<u>\$ -</u>	<u>\$ 1,310,431</u>
					Less: Activity		<u>(61,774)</u>
Total Cash							<u>\$ 1,248,657</u>
				*	Interest Bearing		

See Independent Auditor's Report

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

BANK RECONCILIATION

June 30, 2016

	<u>OPERATIONAL</u>	<u>TEACHERAGE</u>	<u>TRANSP.</u>	<u>FOOD SERVICES</u>	<u>ATHLETICS</u>	<u>FEDERAL PROJECTS</u>
Audited Net Cash						
JUNE 30, 2015	\$ 770,664	\$ 11,271	\$ 30,014	\$ 27,531	\$ 19,359	\$ (123,352)
LGIP Adjustment	(30)	-	-	-	-	-
Outstanding Loans	(123,959)	-	-	-	-	123,352
TOTAL CASH BALANCE						
JUNE 30, 2015	646,675	11,271	30,014	27,531	19,359	-
Loans Paid back	123,959	-	-	-	-	(123,352)
Add: Prior year void checks	584	-	-	7	-	-
2015-2016 Revenue	3,949,909	4,600	283,780	121,723	15,193	185,138
Transfers In	-	-	-	-	-	-
TOTAL AVAILABLE CASH	4,721,127	15,871	313,794	149,261	34,552	61,786
Prior year void checks	-	-	-	-	-	-
2015-2016 Expenditures	3,975,423	3,495	292,107	123,075	17,193	188,453
Loss on Investment Pool	-	-	-	-	-	-
Transfers Out	40,000	-	-	-	-	-
	<u>4,015,423</u>	<u>3,495</u>	<u>292,107</u>	<u>123,075</u>	<u>17,193</u>	<u>188,453</u>
NET CASH, JUNE 30, 2016	705,704	12,376	21,687	26,186	17,359	(126,667)
Cash On hand	-	-	-	-	-	-
Paid back to PED	-	-	(15,007)	-	-	-
Loans (Out) In	(128,235)	-	-	-	-	126,667
TOTAL CASH, JUNE 30, 2016	<u>\$ 577,469</u>	<u>\$ 12,376</u>	<u>\$ 6,680</u>	<u>\$ 26,186</u>	<u>\$ 17,359</u>	<u>\$ -</u>

See Independent Auditor's Report

LOCAL/STATE ACCOUNT	SB-9	ACTIVITIES	INSTRUCTIONAL MATERIALS	SPECIAL CAPITAL OUTLAY LOCAL	BOND BUILDING	DEBT SERVICE	DEFERRED SICK LEAVE
\$ (607)	\$ 156,260	\$ 54,766	\$ 14,294	\$ 33,233	\$ 58,283	\$ 380,169	\$ 48,424
-	(45)	-	-	(20)	-	(62)	-
607	-	-	-	-	-	-	-
-	156,215	54,766	14,294	33,213	58,283	380,107	48,424
(607)	-	-	-	-	-	-	-
3,971	202,305	100,203	25,449	77	124	330,558	111
-	-	-	-	-	-	-	40,000
3,364	358,520	154,969	39,743	33,290	58,407	710,665	88,535
-	-	-	-	-	-	-	-
4,932	250,740	93,195	12,043	2,973	13,408	401,409	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,932	250,740	93,195	12,043	2,973	13,408	401,409	-
(1,568)	107,780	61,774	27,700	30,317	44,999	309,256	88,535
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,568	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 107,780</u>	<u>\$ 61,774</u>	<u>\$ 27,700</u>	<u>\$ 30,317</u>	<u>\$ 44,999</u>	<u>\$ 309,256</u>	<u>\$ 88,535</u>

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
SCHEDULE OF THE PROPORTIONATE SHARE OF NET PENSION LIABILITY
Educational Retirement Board (ERB) Pension Plan

JUNE 30, 2016

	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.09272%	0.08931%
Proportionate share of the net pension liability	\$ 6,005,721	\$ 5,095,779
Covered Employee Payroll	\$ 2,531,553	\$ 2,461,685
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	237.23%	207.00%
Plan fiduciary net position as a percentage of total pension liability	63.97%	66.54%

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
SCHEDULE OF CONTRIBUTIONS Educational Retirement Board (ERB) Pension Plan

JUNE 30, 2016

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 373,630	\$ 366,266
Contributions in relation to the contractually required contribution	\$ 373,630	\$ 366,266
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,531,553	\$ 2,461,685
Contributions as a percentage of covered-employee payroll	14.76%	14.88%

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION: SCHEDULE OF THE PROPORTIONATE
SHARE OF NET PENSION LIABILITY and SCHEDULE OF CONTRIBUTIONS Educational
Retirement Board (ERB) Pension Plan

JUNE 30, 2016

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

Changes of assumptions.

ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on June 12 2015, ERB implemented the following changes in assumptions for fiscal years 2015 and 2014.

1. Fiscal year 2015 and 2014 valuation assumptions that changed based on this study:

- a. Lower wage inflation from 4.25% to 3.75%
- b. Lower payroll growth from 3.75% to 3.50%
- c. Update demographic assumptions to use currently published tables
- d. Population growth per year from 0.50% to 0.00%

2. Assumptions that were not changed:

- a. Investment return will remain at 7.75%
- b. Inflation will remain at 3.00%
- c. COLA assumption 2.00% per year
- d. Payroll growth remain at 3.50%

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
VENDOR SCHEDULE

JUNE 30, 2016

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP# (If applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>
7082	Tatum Municipal Schools	Schools	16-17-1	Competitive (RFP or RFB)	Southwest Speech Services	Winner	\$80 Hour/\$250 Per Eval
7082	Tatum Municipal Schools	Schools	GSA GS-35F-0097T	Small Purchase	Education Technologies, Inc		Various Prices for Individual Items

<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
NA	Tatum NM	No	No	Ancillary Services (Speech)	
NA	Albuquerque NM	No	No	District and Classroom Technology	

Woodard, Cowen & Co.

Certified Public Accountants

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 (With Material Weaknesses and Significant Deficiencies Identified; and Reportable Instances of Noncompliance, and Other Matters Identified)*

Independent Auditor's Report

Mr. Tim Keller
New Mexico State Auditor
School Board
Tatum Municipal Schools

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 the Tatum Municipal Schools (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued our report thereon dated November 14, 2016.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

Our consideration of 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 or audit we did not identify certain 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 a significant deficiency. 2015-001

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2015-001.

The District's Response to Findings

The District's responses to the finding identified in our audit are described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Woodard, Cowen & Co.".

Woodard, Cowen, & Company
Portales, New Mexico
November 14, 2016

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2016

PRIOR YEAR AUDIT FINDINGS – Tatum Municipal Schools

2012-001 – Pay schedule of non-exempt employees – Noncompliance and control – Significant deficiency

Statement of Condition: The District's cafeteria employees (non-exempt) are paid once a month. The District had not corrected the prior year finding, because after informing the cafeteria staff of the change, the cafeteria staff did not want to change the pay frequency from once a month to semimonthly.

Recommendation: District management should change its payroll policy to pay its exempt employees twice a month and change the payday to be within 10 days of the end of the pay period.

Status: Resolved.

2014-003 – Bank deposits in compliance with the 24-hour rule – Noncompliance and control– Significant deficiency

Statement of Condition: Upon review of the bank deposits, it was discovered that one athletic fund collection and one cafeteria collection was not deposited within 24 hours or one business day. The number of non-compliant deposits decreased from the prior year.

Recommendation: Management should retrain and reinforce the requirements of the District regarding the collections of funds. All collections regardless of amount should be submitted to the central office so that the deposit may be made within 24 hours or one business day.

Status: Resolved.

2015-001 – Overspent budget line item – Noncompliance and control– Significant deficiency

Statement of Condition: During the review of the budget and expenditure year-end report, it was noted that Support Services – General Administration for the Senate Bill Nine for \$76.

Recommendation: Management should budget the tax collection fee to equal 1% of property taxes receivable.

Response: Revised and repeated.

2015-001 – Overspent budget line item – Noncompliance and control– Significant deficiency (repeated and revised)

Statement of Condition:	During the review of the budget and expenditure year-end report, it was noted that Support Services – General Administration for the Senate Bill Nine for \$188 and Support Services – General Administration for the Debt Service Fund. The business manager failed to adjust the budget for the 1% admin fee for the total property tax due as discussed in prior year audit.
Criteria:	6.20.2.14 C NMAC states that the District should have cash control standards so that cash or funds received and receipted shall be deposited within 24 hours or one business day.
Cause:	The expenditures recorded in this function are the tax collection fees from the local tax collector. The local tax collector collected more property taxes than anticipated, thus the fee was higher than anticipated.
Effect:	The District shows a line item that is overspent. However, the District did receive more tax revenue than anticipated.
Recommendation:	Management should budget the tax collection fee to equal 1% of property taxes receivable.
Response:	Management concurs and the business manager will budget the 1% fee for the total amount of property tax receivable for the next fiscal year and will monitor property tax received against what is budgeted.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

June 30, 2016

OTHER DISCLOSURES

AUDITOR PREPARED FINANCIAL STATEMENTS

These financial statements and related footnotes and supplemental information were prepared by the auditor. The auditor cannot be a part of the District's internal control, thus the preparation of the report is not a substitute for managements' internal control and is not considered in the auditors' evaluation of the severity of the internal control deficiency.

EXIT CONFERENCE

An exit conference, to discuss the contents of this report, was held on November 14, 2016. In attendance at the 8:00 a.m. meeting were Buddy Little, Superintendent, Travis Glenn, School Board Member, Rusty Henard, School Board Member, Leslie Pearce, Director of Business & Finance, and Cristy Mullins, Payroll Clerk. Gayland Cowen, CPA represented our firm at this meeting. Also in attendance was an audit committee members Rosa Barela and Lois Wilson-Stephens.