

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

**AUDITED FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION**

JUNE 30, 2017

Woodard, Cowen & Co.

Certified Public Accountants

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
JUNE 30, 2017

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STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

OFFICIAL ROSTER

June 30, 2017

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
School Board
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, 2017, 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, 2017 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, 2017, 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, 2017, 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 50, the Schedule of Contributions on page 51, with the notes to the required supplementary information of page 52 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2017 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, Steven E." followed by a period.

Portales, New Mexico
November 14, 2017

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
STATEMENT OF NET POSITION

June 30, 2017

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 1,060,219
Property Taxes Receivable	41,489
Due From Other Agencies	72,777
Inventory	1,339
Total Current Assets	<u>1,175,824</u>
Non-current assets:	
Bond Premium	94,667
Capital assets, net	<u>7,211,258</u>
Total Non-current assets:	<u>7,305,925</u>
TOTAL ASSETS	8,481,749
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflows of resources related to pensions	<u>1,131,490</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 9,613,239</u>
 <u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>	
<u>LIABILITIES</u>	
Current:	
Accounts Payable	\$ -
Accrued Interest Payable	16,584
Compensated Absences	53,363
Debt due in one year	<u>360,000</u>
Total Current Liabilities	429,947
Non-current:	
Debt in more than one year:	2,975,000
Net Pension Liability	<u>6,775,442</u>
Total Non-current Liabilities	9,750,442
TOTAL LIABILITIES	<u>10,180,389</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows of resources related to pensions	64,443
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>64,443</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	3,876,258
Restricted for:	
Capital Projects	172,472
Debt Service	524,534
Inventory	1,339
Textbooks	20,303
Cafeteria	17,595
Athletics	17,633
Unrestricted	<u>(5,261,727)</u>
NET POSITION	<u>(631,593)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 9,613,239</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, 2017

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	\$ 2,896,623	\$ 15,495	\$ 198,089	\$ -	\$ (2,683,039)
Support Services			-		
Support Services-Students	147,891	-	1,846	-	(146,045)
Support Services-Instruction	102,418	-	9,887	-	(92,531)
Support Services-General Administration	288,711	-	36,998	-	(251,713)
Support Services-School Administration	251,265	-	-	-	(251,265)
Central Services	216,439	-	-	-	(216,439)
Operation & Maintenance of Plant	764,877	-	-	-	(764,877)
Student Transportation	259,237	-	252,001	-	(7,236)
Other Support Services	-	-	-	-	-
Food Services-Operations	217,468	35,151	91,687	-	(90,630)
Community Services-operations	11,000	-	-	-	(11,000)
Bond Interest	84,125	-	-	-	(84,125)
Depreciation-unallocated	523,378	-	-	-	(523,378)
Amortization Unallocated	-	-	-	-	-
Unallocated Revenue	-	-	-	-	-
Total governmental activities	\$ 5,763,432	\$ 50,646	\$ 590,508	\$ -	\$ (5,122,278)

General revenues:

Property taxes:

Levied for General purpose	\$ 45,274
Levied for Capital Projects	189,504
Levied for Debt Service	537,933
State Capital Grants	21,070
Operating Grants	59,262
PED Equalization Guarantee	3,538,727
Unrestricted interest income	3,257
Miscellaneous	15,765
Rents	7,950
Donations	1,316
Total general revenues	<u>4,420,058</u>

Change in net position (702,220)

Net position - beginning 499,109

Restatement (428,482)

Restated Beginning Net Position 70,627

Net position - ending \$ (631,593)

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

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2017

	GENERAL	ENTITLEMENT	RDA REVENUE
ASSETS			
Cash on Deposit	\$ 347,369	\$ -	\$ -
Due from Other Funds	72,777	-	-
Due from Other Governments	-	45,464	21,785
Due From External Funds	-	-	-
Property Taxes Receivable	2,544	-	-
Inventory	-	-	-
TOTAL ASSETS	<u>\$ 422,690</u>	<u>\$ 45,464</u>	<u>\$ 21,785</u>
LIABILITIES			
Due to Other Funds	\$ -	\$ 45,464	\$ 21,785
Accounts Payable	-	-	-
TOTAL LIABILITIES	-	45,464	21,785
DEFERRED INFLOWS OF RESOURCES			
Unearned Revenue	1,127	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,127</u>	-	-
FUND BALANCE			
Non-spendable	-	-	-
Restricted for: Capital Projects	-	-	-
Restricted for: Debt Service	-	-	-
Restricted for: Instructional Materials	20,303	-	-
Restricted for: Cafeteria	-	-	-
Restricted for: Athletics	-	-	-
Restricted for: Special Revenue	-	-	-
Unassigned:			
General Fund	401,260	-	-
Special Revenue Funds	-	-	-
TOTAL FUND BALANCE	<u>421,563</u>	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 422,690</u>	<u>\$ 45,464</u>	<u>\$ 21,785</u>

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

SENATE BILL NINE LOCAL	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
\$ 131,937	\$ 421,294	\$ 159,619	\$ 1,060,219
-	-	-	72,777
-	-	5,528	72,777
-	-	-	-
10,289	28,655	-	41,488
-	-	1,339	1,339
<u>\$ 142,226</u>	<u>\$ 449,949</u>	<u>\$ 166,486</u>	<u>\$ 1,248,600</u>
\$ -	\$ -	\$ 5,528	\$ 72,777
-	-	-	-
-	-	5,528	72,777
5,382	14,178	-	20,687
<u>5,382</u>	<u>14,178</u>	<u>-</u>	<u>20,687</u>
-	-	1,339	1,339
136,844	-	35,628	172,472
-	435,771	88,763	524,534
-	-	-	20,303
-	-	17,595	17,595
-	-	17,633	17,633
-	-	-	-
-	-	-	401,260
-	-	-	-
<u>136,844</u>	<u>435,771</u>	<u>160,958</u>	<u>1,155,136</u>
<u>\$ 142,226</u>	<u>\$ 449,949</u>	<u>\$ 166,486</u>	<u>\$ 1,248,600</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, 2017

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

Fund Balances - total governmental funds	\$ 1,155,136
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	7,211,258
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds are as follows:	20,687
Net Pension Liability not reported in the funds	(6,775,442)
Deferred Outflows of Resources related to pensions not reported in the funds.	1,131,490
Deferred Inflows of Resources related to pensions not reported in the funds.	(64,443)
Bond Premium-Net	94,667
Accrued interest payable not reported in the funds.	(16,583)
Liabilities not due and payable in the current period and therefore are not reported as liabilities in the funds.	(53,363)
Bonded Debt	<u>(3,335,000)</u>
Net positon of governmental activities	<u><u>\$ (631,593)</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, 2017

	GENERAL	ENTITLEMENT	RDA REVENUE
REVENUE			
Residential/Non-Residential Taxes	\$ 44,500	\$ -	\$ -
Fees-Users	7,950	-	-
Interest Income	1,648	-	-
State Equalization	3,538,727	-	-
State Flow Through Grants	-	-	-
State Programs	335,980	-	-
Impact Aid	-	-	-
Donations	1,316	-	-
Refunds	15,766	-	-
Federal Program	-	67,038	29,999
TOTAL REVENUES	<u>3,945,887</u>	<u>67,038</u>	<u>29,999</u>
EXPENDITURES			
Current			
Instruction	2,466,489	31,930	29,999
Support Services			
Support Services-Students	140,217	1,846	-
Support Services-Instruction	93,381	-	-
Support Services-General Administration	224,814	33,262	-
Support Services-School Administration	227,802	-	-
Central Services	200,080	-	-
Operation & Maintenance of Plant	582,269	-	-
Student Transportation	247,922	-	-
Other Support Services	-	-	-
Food Services-Operations	74,514	-	-
Community Services-operations	10,160	-	-
Acquisition & Construction	-	-	-
Bond Principal	-	-	-
Bond Interest	-	-	-
TOTAL EXPENDITURES	<u>4,267,648</u>	<u>67,038</u>	<u>29,999</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(321,761)	-	-
Other Financing Sources			
Funds returned to PED	(7,664)		
Bond Premium	-	-	-
Transfers In<Out>	-	-	-
Total Other Financial Sources	<u>(7,664)</u>	<u>-</u>	<u>-</u>
Net Change In Fund Balances	(329,425)	-	-
FUND BALANCE			
June 30, 2016	750,954	-	-
Restatement	34	-	-
Restated Fund Balance June 30, 2016	<u>750,988</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
June 30, 2017	<u>\$ 421,563</u>	<u>\$ -</u>	<u>\$ -</u>

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

SENATE BILL NINE LOCAL	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 186,338	\$ 527,645	\$ -	\$ 758,483
-	-	50,646	58,596
515	551	542	3,256
-	-	-	3,538,727
21,070	-	12,638	33,708
-	-	-	335,980
-	-	-	-
-	-	-	1,316
-	-	-	15,766
-	-	204,117	301,154
<u>207,923</u>	<u>528,196</u>	<u>267,943</u>	<u>5,046,986</u>
-	-	136,717	2,665,135
-	-	-	142,063
-	-	-	93,381
1,337	3,914	3,736	267,063
-	-	-	227,802
-	-	-	200,080
-	-	-	582,269
-	-	-	247,922
-	-	-	-
-	-	134,912	209,426
-	-	-	10,160
158,040	-	39,920	197,960
-	340,000	-	340,000
-	69,491	-	69,491
<u>159,377</u>	<u>413,405</u>	<u>315,285</u>	<u>5,252,752</u>
48,546	114,791	(47,342)	(205,766)
-	-	-	(7,664)
-	-	-	-
-	-	-	(7,664)
48,546	114,791	(47,342)	(213,430)
88,298	320,980	208,190	1,368,422
-	-	110	144
<u>88,298</u>	<u>320,980</u>	<u>208,300</u>	<u>1,368,566</u>
<u>\$ 136,844</u>	<u>\$ 435,771</u>	<u>\$ 160,958</u>	<u>\$ 1,155,136</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, 2017

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

Net change in fund balance - total governmental funds	\$ (213,430)
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	(485,059)
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.	14,226
Pension expense from apportionment of NPL	(362,305)
Expenses in the statement of activities which do not require use of current financial resources	
Refund to PED	7,664
Decrease in interest payable	1,366
Bond principal payments	340,000
Bond issue cost ammortization	(16,000)
Decrease in Compensated Absences	11,318
	<hr/>
Change in Net Position	<u><u>\$ (702,220)</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, 2017

	General Fund			VARIANCE
	ORIGINAL BUDGET	BUDGET	ACTUAL	Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 61,411	\$ 61,411	\$ 45,027	\$ (16,384)
Donations/Gifts	1,000	1,000	1,316	316
Interest Income	1,300	1,300	1,648	348
State Equalization	3,654,943	3,599,419	3,538,727	(60,692)
State Flow Through Grants	360,633	317,344	335,980	18,636
Rent	5,500	5,500	7,950	2,450
Refunds	-	-	15,576	15,576
City/Local Grants	-	-	190	190
TOTAL REVENUE	4,084,787	3,985,974	\$ 3,946,414	\$ (39,560)
Cash Balance Budgeted	672,391	674,392		
TOTAL REVENUE & CASH	\$ 4,757,178	\$ 4,660,366		
EXPENDITURES				
Current				
Instruction	\$ 2,794,687	\$ 2,702,867	\$ 2,466,489	\$ 236,378
Support Services-Students	143,052	143,052	140,217	2,835
Support Services-Instruction	113,108	103,708	93,381	10,327
Support Services-General Administration	230,117	234,317	224,814	9,503
Support Services-School Administration	275,328	255,328	227,802	27,526
Central Services	215,890	208,988	200,080	8,908
Operation & Maintenance of Plant	580,240	645,975	582,269	63,706
Student Transportation	290,966	255,341	251,115	4,226
Other Support Services	23,761	23,761	-	23,761
Food Services-Operations	69,800	75,680	74,514	1,166
Community Services-operations	20,229	11,349	10,160	1,189
TOTAL EXPENDITURES	\$ 4,757,178	\$ 4,660,366	\$ 4,270,841	\$ 389,525

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 3,946,414
Differences-Budget to GAAP	
Property tax Receivable	2,544
Prior Year Tax Receivables	(2,041)
Current Year Deferral	(1,127)
Prior Year Deferral	97
Commodities Received	-
Total Revenues (GAAP Basis)	\$ 3,945,887

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 4,270,841
Differences-budget to GAAP	
Prior Year Accounts Payable	(3,193)
Total Expenditures (GAAP Basis)	\$ 4,267,648

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, 2017

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 84,193	\$ 115,964	\$ 71,354	\$ (44,610)
TOTAL REVENUE	<u>84,193</u>	<u>115,964</u>	<u>\$ 71,354</u>	<u>\$ (44,610)</u>
 Cash Balance Budgeted	 -	 -		
TOTAL REVENUE & CASH	<u>\$ 84,193</u>	<u>\$ 115,964</u>		
EXPENDITURES				
Current				
Instruction	\$ 68,790	\$ 68,790	\$ 31,930	\$ 36,860
Support Services-Students	9,710	9,710	1,846	7,864
Support Services-General Administration	5,693	37,464	33,262	4,202
TOTAL EXPENDITURES	<u>\$ 84,193</u>	<u>\$ 115,964</u>	<u>\$ 67,038</u>	<u>\$ 48,926</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 71,354
Differences-Budget to GAAP	
Current Year Receivable	45,464
Prior Year Receivable	(49,780)
Total Revenues (GAAP Basis)	<u>\$ 67,038</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 67,038
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 67,038</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--RDA REVENUE

Year Ended June 30, 2017

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 30,000	\$ 30,000	\$ 25,654	\$ (4,346)
TOTAL REVENUE	<u>30,000</u>	<u>30,000</u>	<u>\$ 25,654</u>	<u>\$ (4,346)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 30,000</u>	<u>\$ 30,000</u>		
EXPENDITURES				
Current				
Instruction	\$ 30,000	\$ 30,000	\$ 29,999	\$ 1
TOTAL EXPENDITURES	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 29,999</u>	<u>\$ 1</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 25,654
Differences-Budget to GAAP	
Current Year Receivable	21,785
Prior Year Receivable	(17,440)
Total Revenues (GAAP Basis)	<u>\$ 29,999</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 29,999
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 29,999</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, 2017

ASSETS

Cash and Cash Equivalents	\$ 68,671
	-
Total Assets	<u>\$ 68,671</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Deposits Held for Students	\$ 68,671
Total Liabilities	<u>\$ 68,671</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, 2017

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

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.

RDA Revenue (24132) – To provide funding to schools for professional development, coaching, technical assistance, and additional funds to support school improvement targeted to earl elementary rading achievement. Authority for this fund comes from the Individuals with Disabilities Act, Part B.

MAJOR CAPITAL PROJECTS FUND

Senate Bill Nine Local (31701) The revenues are derived from a district tax levy. 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 judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the district-wide financial statements.

Revenues

Taxes

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

Grants

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

Revenue Recognition for 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, 2017

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, 2017

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		Reconcile		
<u>Name of Account</u>	Per Bank		Balance		Type
	6/30/2017				
General	\$ 806,112	\$	590,913	Checking	Interest
School Lunch	28,445		17,595	Checking	Interest
Athletics	8,921		8,657	Checking	Interest
Activity	59,105		55,400	Checking	Interest
TOTAL Deposited	902,583	\$	<u>672,565</u>		
Less: FDIC Coverage	<u>(250,000)</u>				
Uninsured Amount	652,583				
50% Collateral Requirement	326,292				
Pledged Securities	<u>1,525,925</u>				
Over (Under) Requirement	<u>\$ 1,199,634</u>				

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

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

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
GNMA #MA1082	36179NFX1	\$ 747,148	6/20/2043	FHLB Dallas, TX
SBAP #2014-20E		<u>778,777</u>	5/4/2034	FHLB Dallas, TX
		<u>\$ 1,525,925</u>		

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2017

NOTE B: DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk-Deposits

Depository Account	Bank Balance
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging	
Bank in District's name	1,525,925
Uninsured and uncollateralized	-
Total Deposits	\$ 1,775,925

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, 2017, none of the District's bank balance of \$1,358,908, was exposed to custodial credit risk.

New Mexico State Treasurer

Name of Account	Balance June 30, 2017	Reconciled Balance	Type
Tatum Municipal Schools	\$ 8,976	\$ 8,976	Savings
Tatum Municipal Schools	13,271	13,271	Savings
Tatum Municipal Schools	19,737	19,737	Savings
Tatum Municipal Schools	104,395	104,395	Savings
Tatum Municipal Schools	149,606	149,606	Savings
Tatum Municipal Schools	113,474	113,474	Savings
TMS LGIP Pool 4101	46,866	46,866	Savings
Total Deposited	\$ 456,325	\$ 456,325	

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, 2017, the LGIP WAM(R) is 54 days and WAM(F) is 109 days.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2017

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>
IDEA - B Entitlement	45,464
IDEA - B Preschool	3,461
RDA Revenue	21,785
Teacher/Principal Training	2,067
	<u>\$ 72,777</u>

NOTE D: TAXES RECEIVABLE

Following is a schedule of property taxes receivable as of June 30, 2017:

	<u>General Fund 11000</u>	<u>SB - 9 31700</u>	<u>Debt Service 41000</u>	<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, 2017 are as follows:

IDEA - B Entitlement	45,464
IDEA - B Preschool	3,461
RDA Revenue	21,785
Teacher/Principal Training	2,067
Total	<u>\$ 72,777</u>

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS
Notes to the Financial Statements
June 30, 2017

NOTE F: CAPITAL ASSETS

Capital assets balances and activity for the year ended June 30, 2017 is as follows:

	Balance 6/30/2016	Increases	Decreases	Balance 6/30/2017
Government Activities				
Capital assets, not being depreciated				
Land	\$ 819,961	\$ -	\$ -	\$ 819,961
Total capital assets, not being depreciated	819,961	-	-	819,961
Capital assets, being depreciated				
Buildings & Improvements	16,857,889	38,319		16,785,208
Equipment, Vehicles, Information Technology Equipment, Software, & Library Books	2,694,426	-	(479,054)	2,215,372
Total capital assets, being depreciated	19,552,315	38,319	(479,054)	19,111,580
Less Accumulated Depreciation				
Buildings & Improvements	10,629,725	417,635	-	11,047,360
Equipment, Vehicles, Information Technology Equipment, Software, & Library Books	2,046,234	105,743	(479,054)	1,672,923
Total capital assets, being depreciated	12,675,959	523,378	(479,054)	12,720,283
Net capital assets, being depreciated	6,876,356			6,391,297
Total Net Capital Assets	7,696,317			7,211,258

NOTE G: LONG-TERM DEBT

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

	Balance 6/30/2016	Additions	Reductions	Balance 6/30/2017	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 3,675,000	\$ -	\$ 340,000	\$ 3,335,000	\$ 360,000
Total Bonds	3,675,000	-	340,000	3,335,000	360,000
Other Long-term Liabilities					
Compensated Absences	62,419	6,514	15,570	53,363	53,363
Total other long-term liabilities	62,419	6,514	15,570	53,363	53,363
Total long-term liabilities	\$ 3,737,419	\$ 6,514	\$ 355,570	\$ 3,388,363	\$ 413,363

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

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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>Amount</u>	<u>Rate</u>	<u>Balance</u>
2013	10/1/2012	4,000,000	2%	<u>3,335,000</u>
				<u>3,335,000</u>

The annual requirements to amortize the 2013 Series general obligation bonds as of June 30, 2017, including interest payments are as follows:

2018	\$360,000	\$63,100	\$423,100
	<u>\$360,000</u>	<u>\$63,100</u>	<u>\$423,100</u>

The annual requirements to amortize the 2013 Series general obligation bond as of June 30, 2017, including interest payments are as follows.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	550,000	28,700	578,700
2023-2024	<u>1,100,000</u>	<u>24,550</u>	<u>1,124,550</u>
	<u>\$3,335,000</u>	<u>\$257,450</u>	<u>\$3,592,450</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	\$ 3,335,000
Premium on Bond Issue	160,000
Accumulated Amortization	(65,332)
	<u>94,668</u>
	<u>3,429,668</u>

Government Wide Statements	
Amount Reported as Current Amount Due	360,000
Amount Reported as Long-Term Due	3,069,668
Statement of Net Position	<u>\$ 3,429,668</u>

NOTE H: PENSION PLAN

General Information about the Pension Plan

Plan description – The New Mexico Educational Retirement Act (ERA) was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Retirement Board (NMERB). The Plan is included in NMERB's comprehensive annual financial report. The report can be found on NMERB's Web site at https://www.nmerb.org/Annual_reports.html.

The Plan is a cost-sharing, multiple-employer pension 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 state agencies providing educational programs. Additional tenets of the ERA can be found in Section 22-11-1 through 22-11-52, NMSA 1978, as amended.

The Plan is considered a component unit of the State's financial reporting entity. The ERA assigns the authority to establish and amend benefit provisions to a seven-member Board of Trustees (Board); the state legislature has the authority to set or amend contribution rates and other terms of the Plan which is a pension benefit trust fund of the State of New Mexico. NMERB is self-funded through investment income and educational employer contributions. The Plan does not receive General Fund Appropriations from the State of New Mexico.

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined Section 22-11- 2, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, technical-vocational institutions, state special schools, charter schools, and state agencies providing an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

Benefits – A member's retirement benefit is determined by a formula which includes three component parts: 1) the member's final average salary (FAS), 2) the number of years of service credit, and 3) 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.

Summary of Plan Provisions for Retirement Eligibility – 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 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 refunded all member contributions and then becomes re-employed after July 1, 2010 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.

NOTE H: PENSION PLAN (continued)

Section 2-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions, and returned to work for an ERB employer on or after July 1, 2013. These members must meet one of the following requirements.

- The member's minimum age is 55, and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.
- The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits
- The member's age is 67, and has earned 5 or more years of service credit.

Forms of Payment – 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.

Benefit Options – The Plan has three benefit options available.

- Option A – Straight Life Benefit – The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.
- Option B – Joint 100% Survivor Benefit – The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.
- Option C – Joint 50% Survivor Benefit – The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

Disability Benefit – An NMERB member is eligible for disability benefits if they have acquired at least ten years of earned service credit and is found totally disabled. The disability benefit is equal to 2% of the member's Final Average Salary (FAS) multiplied by the number of years of total service credits. However, the disability benefit shall not be less than the smaller of (a) one-third of the member's FAS or (b) 2% of the member's FAS multiplied by total years of service credit projected to age 60.

Cost of Living Adjustment (COLA) – All retired members and beneficiaries receiving benefits receive an automatic adjustment in their benefit on July 1 following the later of 1) the year a member retires, or 2) the year a member reaches age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

- Tier 1 membership is comprised of employees who became members prior to July 1, 2010
- Tier 2 membership is comprised of employees who became members after July 1, 2010, but prior to July 1, 2013
- Tier 3 membership is comprised of employees who became members on or after July 1, 2013

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NOTE H: PENSION PLAN (continued)

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%.

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.

Refund of Contributions – Members may withdraw their contributions only when they terminate covered employment in the State and their former employer(s) certification determination has been received by NMERB. Interest is paid to members when they withdraw their contributions following termination of employment at a rate set by the Board. Interest is not earned on contributions credited to accounts prior to July 1, 1971, or for contributions held for less than one year.

Contributions – For the fiscal year ended June 30, 2017 and 2016 educational employers contributed to the Plan based on the following rate schedule.

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2017	7-1-16 to 6-30-17	Over \$20k	10.70%	13.90%	24.60%	0.00%
2017	7-1-16 to 6-30-17	\$20k or less	7.90%	13.90%	21.80%	0.00%
2016	7-1-15 to 6-30-17	Over \$20k	10.70%	13.90%	24.60%	0.00%
2016	7-1-15 to 6-30-17	\$20k or less	7.90%	13.90%	21.80%	0.00%

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2017 and 2016, the District paid employee and employer contributions of \$110,615 and \$152,041, which equal the amount of the required contributions for each fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the District reported a liability of \$6,775,442 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the District's portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2016, the District's proportion was .09415%, which was an increase of 0.00143% from its proportion measured as of June 30, 2015.

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NOTE H: PENSION PLAN (continued)

For the year ended June 30, 2017, the District recognized pension expense of \$362,305. At June 30, 2017, District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 29,394	\$ 64,443
Changes of assumptions	137,921	
Net difference between projected and actual earnings on pension plan investments	404,437	
Changes in proportion and differences between contributions and proportionate share of contributions	200,569	
Employer contributions subsequent to the measurement date	359,169	
Total	<u>\$1,131,490</u>	<u>\$ 64,443</u>

\$359,169 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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:	
2018	\$ 205,487
2019	\$ 193,566
2020	\$ 210,200
2021	\$ 98,626

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	Composed of 3.0% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.
Investment rate of return	7.75% compounded annually, net of expenses. This is made up of a 3.00% inflation rate and a 4.75 real rate of return. 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.) developed for each major asset class.
Average of Expected Remaining Service Lives	3.77 years.

NOTE H: PENSION PLAN (continued)

Mortality	Healthy males: Based on the RP-2000 Combined Mortality Table with White Collar adjustments, generational mortality improvements with Scale BB. Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012. Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB. Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB. Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.
Retirement Age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.
Cost-of-living increases	2% per year, compounded annually.
Payroll growth	3.5% per year (with no allowance for membership growth).
Contribution accumulation	5% increase per year for all years prior to the valuation date. (Contributions are credited with 4.0% interest, compounded annually, applicable to the account balance in the past as well as the future).
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service.

The actuarial assumptions and methods are set by the Plan's Board of Trustees, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on June 12, 2015 in conjunction with the six-year actuarial experience study period ending June 30, 2014. At that time, the Board adopted several assumption changes, which included a decrease in the annual wage inflation rate from 4.25% to 3.75%, and changes to the mortality rates, disability rates, and retirement rates for members who joined the plan after June 30, 2010. In addition, the board lowered the population growth rate assumption to zero.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	35%	
Fixed Income	28%	
Alternatives	36%	
Cash	1%	
Total	100%	7.75%

Discount rate. A single discount rate of 7.75% was used to measure the total pension liability as of June 30, 2016. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.75%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

NOTE H: PENSION PLAN (continued)

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$8,973,916	\$6,775,442	\$4,951,330

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued NMERB'S financial reports. The reports can be found on NMERB's Web site at https://www.nmerb.org/Annual_reports.html.

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 RCHA 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.

NOTE J: RETIREE HEALTH CARE ACT CONTRIBUTIONS (continued)

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, 2017, 2016 and 2015 were \$51,689, \$53,809 and \$52,714 respectively, which equal the required contributions for each year.

NOTE I: 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 J: 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 K: 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.

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TATUM MUNICIPAL SCHOOLS
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June 30, 2017

NOTE L: 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 Gunds	Total Governmental Funds
Non-Spendable					
Inventory	-	-	-	\$ 1,339	\$ 1,139
Total non-spendable	-	-	-	1,339	1,139
Restricted for:					
Capital Projects		136,844		35,628	172,472
Debt Service			435,771	88,763	524,534
Instructional Materials	20,303				20,303
Cafeteria				17,595	17,595
Athletics				17,633	17,633
Total Restricted	20,303	136,844	435,771	160,958	752,537
Unassigned	401,260			-	401,260
Total Fund Balance	<u>\$ 421,563</u>	<u>\$ 136,844</u>	<u>\$ 435,771</u>	<u>\$ 160,958</u>	<u>\$ 1,155,136</u>

NOTE M: RESTATEMENT OF NET POSITION

Net Position was restated by (\$428,482) 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:

Net Position at June 30, 2016	\$ 499,109.00
Restatement:	
Increase in prior year accumulated depreciation	(420,262)
Increase in prior year compensated absences	(700)
Prior year voided check in the Operating Fund	34
Prior year voided check in the Athletics Fund	110
Transportation funds returned to PED	(3,340)
Instructional Materials funds returned to PED	(4,324)
Restated Net Position July 1, 2016	<u>\$ (428,482)</u>

NOTE N: RESTATEMENT OF FUND BALANCE

Fund balance was restated by \$144 for the voiding of prior fiscal year checks in the Operating Fund and the Athletics Fund.

Restatements of Fund Balance are as follows:

Fund Balance at June 30, 2016	\$ 1,368,422
Prior year voided check in Operating Fund	34
Prior year voided check Athletics Fund	110
Fund Balance at July 1, 2016	<u>\$ 1,368,566</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.

TITLE I - 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 – 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.

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.

2012 G.O. BOND LIBRARY FUND SB-66 – This fund is used to account for the revenue and expenditures to acquire supplementary library books, equipment, and library resources for public schools and juvenile detention libraries statewide.

Capital Projects

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

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

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, 2017

	SPECIAL REVENUE				
	CAFETERIA	ATHLETICS	TITLE I	PRESCHOOL	TEACHER/ PRINCIPAL TRAINING
ASSETS					
Cash	\$ 17,595	\$ 17,633	\$ -	\$ -	\$ -
Due from Other Governments	-	-	-	3,461	2,067
Due from External Funds	-	-	-	-	-
Property Taxes Receivable	-	-	-	-	-
Inventory	1,339	-	-	-	-
TOTAL ASSETS	<u>\$ 18,934</u>	<u>\$ 17,633</u>	<u>\$ -</u>	<u>\$ 3,461</u>	<u>\$ 2,067</u>
LIABILITIES					
Due to other Funds	\$ -	\$ -	\$ -	\$ 3,461	\$ 2,067
Accounts Payable	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,461</u>	<u>2,067</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned Revenue	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Restricted					
Cafeteria	18,934	-	-	-	-
Athletics	-	17,633	-	-	-
Debt Service	-	-	-	-	-
Capital Projects	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCE	<u>18,934</u>	<u>17,633</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 18,934</u>	<u>\$ 17,633</u>	<u>\$ -</u>	<u>\$ 3,461</u>	<u>\$ 2,067</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	2012 GO BONDS	BOND BUILDING	CAPITAL PROJECTS LOCAL	DEFERRED LEAVE	
\$ -	\$ -	\$ -	\$ 5,210	\$ 30,418	\$ 88,763	\$ 159,619
-	-	-	-	-	-	5,528
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,339
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,210</u>	<u>\$ 30,418</u>	<u>\$ 88,763</u>	<u>\$ 166,486</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,528
-	-	-	-	-	-	-
-	-	-	-	-	-	5,528
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	18,934
-	-	-	-	-	-	17,633
-	-	-	-	-	88,763	88,763
-	-	-	5,210	30,418	-	35,628
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>5,210</u>	<u>30,418</u>	<u>88,763</u>	<u>160,958</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,210</u>	<u>\$ 30,418</u>	<u>\$ 88,763</u>	<u>\$ 166,486</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, 2017

	SPECIAL REVENUE				
	CAFETERIA	ATHLETICS	TITLE I	PRESCHOOL	TEACHER/ PRINCIPAL TRAINING
REVENUE					
Residential/Non-Residential Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fees-Users	35,151	15,495	-	-	-
Interest Income	28	54	-	-	-
State Fflow Through Grants	-	-	-	-	-
State Programs	-	-	-	-	-
Federal Program	91,687	-	45,086	19,401	5,788
TOTAL REVENUES	126,866	15,549	45,086	19,401	5,788
EXPENDITURES					
Current					
Instruction	-	15,385	45,086	15,665	5,788
Support Services					
Support Services-Students	-	-	-	-	-
Support Services-Instruction	-	-	-	-	-
Support Services-General Administration	-	-	-	3,736	-
Support Services-School Administration	-	-	-	-	-
Food Services-Operations	134,912	-	-	-	-
Community Services-operations	-	-	-	-	-
Acquisition & Construction	-	-	-	-	-
TOTAL EXPENDITURES	134,912	15,385	45,086	19,401	5,788
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,046)	164	-	-	-
OTHER FINANCING SOURCES (USES)					
TRANSFERS IN/ TRANSFERS OUT	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
Net Change In Fund Balance	(8,046)	164	-	-	-
FUND BALANCE					
June 30, 2016	26,980	17,359	-	-	-
Restatement	-	110	-	-	-
FUND BALANCE	26,980	17,469	-	-	-
June 30, 2017	\$ 18,934	\$ 17,633	\$ -	\$ -	\$ -

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	2012 GO BONDS	BOND BUILDING	CAPITAL PROJECTS LOCAL	DEFERRED LEAVE	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	50,646
-	-	-	131	101	228	542
-	2,751	9,887	-	-	-	12,638
-	-	-	-	-	-	-
42,155	-	-	-	-	-	204,117
<u>42,155</u>	<u>2,751</u>	<u>9,887</u>	<u>131</u>	<u>101</u>	<u>228</u>	<u>267,943</u>
42,155	2,751	9,887	-	-	-	136,717
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	3,736
-	-	-	-	-	-	-
-	-	-	-	-	-	134,912
-	-	-	-	-	-	-
-	-	-	39,920	-	-	39,920
<u>42,155</u>	<u>2,751</u>	<u>9,887</u>	<u>39,920</u>	<u>-</u>	<u>-</u>	<u>315,285</u>
-	-	-	(39,789)	101	228	(47,342)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(39,789)	101	228	(47,342)
-	-	-	44,999	30,317	88,535	208,190
-	-	-	-	-	-	110
-	-	-	44,999	30,317	88,535	208,300
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,210</u>	<u>\$ 30,418</u>	<u>\$ 88,763</u>	<u>\$ 160,958</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, 2017

	OPERATIONAL	TEACHERAGE	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TOTALS
ASSETS					
Cash on Deposit	\$ 310,253	\$ 12,587	\$ 4,226	\$ 20,303	347,369
Due from Other Funds	72,777	-	-	-	72,777
Taxes Receivable	2,544	-	-	-	2,544
TOTAL ASSETS	\$ 385,574	\$ 12,587	\$ 4,226	\$ 20,303	422,690
LIABILITIES					
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES					
Unearned Revenue	1,127	-	-	-	1,127
TOTAL DEFERRED INFLOWS OF RESOURCES	1,127	-	-	-	1,127
FUND BALANCE					
Fund Balance					
Reserved for Text Books	-	-	-	20,303	20,303
Restricted	-	-	-	-	-
Unassigned	384,447	12,587	4,226	-	401,260
TOTAL FUND BALANCE	384,447	12,587	4,226	20,303	421,563
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 385,574	\$ 12,587	\$ 4,226	\$ 20,303	422,690

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, 2017

	OPERATIONAL	TEACHERAGE	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TOTALS
REVENUE					
Residential/Non-Residential Taxes	\$ 44,500	\$ -	\$ -	\$ -	44,500
Fees-Users		7,950			7,950
Interest Income	1,648	-	-	-	1,648
State Equalization	3,538,727	-	-	-	3,538,727
State Programs	59,263	-	252,001	24,716	335,980
Donations	1,316	-	-	-	1,316
Refunds	15,766	-	-	-	15,766
TOTAL REVENUES	3,661,220	7,950	252,001	24,716	3,945,887
EXPENDITURES					
Instruction	2,438,700	-	-	27,789	2,466,489
Support Services-Students	140,217	-	-	-	140,217
Support Services-Instruction	93,381	-	-	-	93,381
Support Services-General Administration	224,814	-	-	-	224,814
Support Services-School Administration	227,802	-	-	-	227,802
Central Services	200,080	-	-	-	200,080
Operation & Maintenance of Plant	574,530	7,739	-	-	582,269
Student Transportation	-	-	247,922	-	247,922
Other Support Services	-	-	-	-	-
Food Services-Operations	74,514	-	-	-	74,514
Community Services-operations	10,160	-	-	-	10,160
TOTAL EXPENDITURES	3,984,198	7,739	247,922	27,789	4,267,648
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(322,978)	211	4,079	(3,073)	(321,761)
OTHER FINANCING SOURCES (USES)					
FUNDS RETURNED TO PED			(3,340)	(4,324)	(7,664)
TRANSFERS IN/ TRANSFERS OUT	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(3,340)	(4,324)	(7,664)
Net Change In Fund Balance	(322,978)	211	739	(7,397)	(329,425)
FUND BALANCE					
June 30, 2016	707,391	12,376	3,487	27,700	750,954
Restatement	34	-	-	-	34
Restated Fund Balance June 30, 2016	707,425	12,376	3,487	27,700	750,988
FUND BALANCE June 30, 2017	\$ 384,447	\$ 12,587	\$ 4,226	\$ 20,303	421,563

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, 2017

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 61,411	\$ 61,411	\$ 45,027	\$ (16,384)
Donations/Gifts	1,000	1,000	1,316	316
Interest Income	1,300	1,300	1,648	348
State Equalization	3,654,943	3,599,419	3,538,727	(60,692)
State Flow Through Grants	50,000	50,000	59,263	9,263
Refunds	-	-	15,576	15,576
Abatement	-	-	190	190
TOTAL REVENUE	3,768,654	3,713,130	\$ 3,661,747	\$ (51,383)

Cash Balance Budgeted	646,569	630,602
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TOTAL REVENUE & CASH	\$ 4,415,223	\$ 4,343,732
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EXPENDITURES

Current

Instruction	\$ 2,761,948	\$ 2,659,824	\$ 2,438,700	\$ 221,124
Support Services				
Support Services-Students	143,052	143,052	140,217	2,835
Support Services-Instruction	113,108	103,708	93,381	10,327
Support Services-General Administration	230,117	234,317	224,814	9,503
Support Services-School Administration	275,328	255,328	227,802	27,526
Central services	215,890	208,988	200,080	8,908
Operation & Maintenance of Plant	561,990	627,725	574,530	53,195
Other Support Services	23,761	23,761	-	23,761
Food Services-Operations	69,800	75,680	74,514	1,166
Community Services-operations	20,229	11,349	10,160	1,189
TOTAL EXPENDITURES	\$ 4,415,223	\$ 4,343,732	\$ 3,984,198	\$ 359,534

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 3,661,747
Differences-Budget to GAAP	
Property tax Receivable	2,544
Prior Year Tax Receivables	(2,041)
Current Year Deferral	(1,127)
Prior Year Deferral	97

Total Revenues (GAAP Basis)	\$ 3,661,220
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Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 3,984,198
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 3,984,198

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, 2017

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Rent	\$ 5,500	\$ 5,500	\$ 7,950	\$ 2,450
TOTAL REVENUE	<u>5,500</u>	<u>5,500</u>	<u>\$ 7,950</u>	<u>\$ 2,450</u>
Cash Balance Budgeted	<u>12,750</u>	<u>12,750</u>		
TOTAL REVENUE & CASH	<u>\$ 18,250</u>	<u>\$ 18,250</u>		
EXPENDITURES				
Current				
Operation & Maintenance of Plant	\$ 18,250	\$ 18,250	\$ 7,739	\$ 10,511
TOTAL EXPENDITURES	<u>\$ 18,250</u>	<u>\$ 18,250</u>	<u>\$ 7,739</u>	<u>\$ 10,511</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 7,950
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 7,950</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 7,739
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 7,739</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, 2017

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 290,966	\$ 252,001	\$ 252,001	\$ -
TOTAL REVENUE	<u>290,966</u>	<u>252,001</u>	<u>\$ 252,001</u>	<u>\$ -</u>
Cash Balance Budgeted	<u>-</u>	<u>3,340</u>		
TOTAL REVENUE & CASH	<u>\$ 290,966</u>	<u>\$ 255,341</u>		
EXPENDITURES				
Current				
Student Transportation	\$ 290,966	\$ 255,341	\$ 251,115	\$ 4,226
TOTAL EXPENDITURES	<u>\$ 290,966</u>	<u>\$ 255,341</u>	<u>\$ 251,115</u>	<u>\$ 4,226</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 252,001
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 252,001</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 251,115
Differences-budget to GAAP	
Prior Year Accounts Payable	(3,193)
Total Expenditures (GAAP Basis)	<u>\$ 247,922</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, 2017

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 19,667	\$ 15,343	\$ 24,716	\$ 9,373
Refunds	-	-	-	-
TOTAL REVENUE	<u>19,667</u>	<u>15,343</u>	<u>\$ 24,716</u>	<u>\$ 9,373</u>
Cash Balance Budgeted	<u>13,072</u>	<u>27,700</u>		
TOTAL REVENUE & CASH	<u>\$ 32,739</u>	<u>\$ 43,043</u>		
EXPENDITURES				
Current				
Instruction	\$ 32,739	\$ 43,043	\$ 27,789	\$ 15,254
TOTAL EXPENDITURES	<u>\$ 32,739</u>	<u>\$ 43,043</u>	<u>\$ 27,789</u>	<u>\$ 15,254</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 24,716
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 24,716</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 27,789
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 27,789</u>

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

TATUM MUNICIPAL SCHOOLS

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

Year Ended June 30, 2017

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 253,809	\$ 253,809	\$ 188,338	\$ (65,471)
Interest Income	150	150	515	365
State Flow Through Grants	-	-	21,070	21,070
TOTAL REVENUE	<u>253,959</u>	<u>253,959</u>	<u>\$ 209,923</u>	<u>\$ (44,036)</u>
Cash Balance Budgeted	<u>107,779</u>	<u>107,779</u>		
TOTAL REVENUE & CASH	<u>\$ 361,738</u>	<u>\$ 361,738</u>		
EXPENDITURES				
Current				
Support Services-General Administration	\$ 1,272	\$ 1,272	\$ 1,337	\$ (65)
Acquisition & Construction	360,466	360,466	163,359	197,107
TOTAL EXPENDITURES	<u>\$ 361,738</u>	<u>\$ 361,738</u>	<u>\$ 164,696</u>	<u>\$ 197,042</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 209,923
Differences-Budget to GAAP	
Property tax Receivable	10,289
Prior Year Tax Receivables	(9,122)
Current Year Deferral	(5,382)
Prior Year Deferral	2,215
Total Revenues (GAAP Basis)	<u>\$ 207,923</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 164,696
Differences-budget to GAAP	
Accounts Payable	-
Prior Year Accounts Payable	(5,319)
Total Expenditures (GAAP Basis)	<u>\$ 159,377</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, 2017

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Residential/Non-Residential Taxes	\$ 362,580	\$ 364,580	\$ 524,892	\$ 160,312
Interest Income	300	300	551	251
TOTAL REVENUE	<u>362,880</u>	<u>364,880</u>	<u>\$ 525,443</u>	<u>\$ 160,563</u>
Cash Balance Budgeted	<u>342,270</u>	<u>342,270</u>		
TOTAL REVENUE & CASH	<u>\$ 705,150</u>	<u>\$ 707,150</u>		
EXPENDITURES				
Current				
Support Services-General Administration	\$ 1,496	\$ 3,496	\$ 3,914	\$ (418)
Principal	340,000	340,000	340,000	-
Interest and Finance Charges	69,250	69,500	69,491	9
Debt Service Reserve	294,404	294,154	-	294,154
TOTAL EXPENDITURES	<u>\$ 705,150</u>	<u>\$ 707,150</u>	<u>\$ 413,405</u>	<u>\$ 293,745</u>

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

Sources/inflows of resources

Actual amounts (budgetary basis)	\$ 525,443
Differences-Budget to GAAP	
Property tax Receivable	28,655
Prior Year Tax Receivables	(15,614)
Current Year Receivable	
Prior Year Receivable	
Current Year Deferral	(14,178)
Prior Year Deferral	3,890
Total Revenues (GAAP Basis)	<u>\$ 528,196</u>

Uses/outflows of resources

Actual amounts (budgetary basis)	\$ 413,405
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 413,405</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, 2017

	TOTAL DEPOSITS	FDIC INSURANCE	UNINSURED DEPOSITS	COLLATERAL REQUIRED	COLLATERAL PLEDGED	UNINSURED & UNCOLLATERALIZED DEPOSITS	PLEDGED COLLATERAL DEFICIT
WESTERN COMMERCE BANK	\$ 902,583	\$ 250,000	\$ 652,583	\$ 326,292	\$ 1,525,925	\$ -	\$ -
COLLATERAL		CUSIP #	MATURES				
GNMA	\$ 747,148	MA1082	06/20/43				
SBAP	778,777	2014-20E	05/04/34				
	<u>\$ 1,525,925</u>						
COLLATERAL IS HELD AT INDEPENDENT BANKERS BANK DALLAS TEXAS							
NEW MEXICO STATE TREASURER	\$ 456,325	\$ -	\$ 539,326	\$ -	\$ 539,326	\$ -	\$ -
SECURITIES HELD BY CHASE BANK, NEW YORK CITY							
TOTAL ALL INSTITUTIONS	<u>\$ 1,358,908</u>	<u>\$ 250,000</u>	<u>\$ 1,191,909</u>	<u>\$ 326,292</u>	<u>\$ 2,065,251</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

BANK RECONCILIATION

June 30, 2017

	<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, 2016	\$ 705,704	\$ 12,376	\$ 6,680	\$ 26,186	\$ 17,359	\$ (126,667)
LGIP Adjustment	(223)	-	-	-	110	-
Outstanding Loans	(128,235)	-	-	-	-	126,667
TOTAL CASH BALANCE						
JUNE 30, 2016	577,246	12,376	6,680	26,186	17,469	-
Loans Paid back	128,235					(126,667)
Add: Prior year void checks	-	-	-	-	-	-
2016-2017 Revenue	3,661,747	7,950	252,001	114,254	15,549	263,357
Transfers In	-	-	-	-	-	-
TOTAL AVAILABLE CASH	4,367,228	20,326	258,681	140,440	33,018	136,690
Prior year void checks	-	-	-	-	-	-
2016-2017 Expenditures	3,984,199	7,739	251,115	122,845	15,385	209,467
Loss on Investment Pool	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
	<u>3,984,199</u>	<u>7,739</u>	<u>251,115</u>	<u>122,845</u>	<u>15,385</u>	<u>209,467</u>
NET CASH, JUNE 30, 2017	383,029	12,587	7,566	17,595	17,633	(72,777)
Cash On hand	-	-	-	-	-	-
Paid back to PED	-	-	(3,340)	-	-	-
Loans (Out) In	(72,777)	-	-	-	-	72,777
TOTAL CASH, JUNE 30, 2017	<u>\$ 310,252</u>	<u>\$ 12,587</u>	<u>\$ 4,226</u>	<u>\$ 17,595</u>	<u>\$ 17,633</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
\$ (1,568)	\$ 107,780	\$ 61,774	\$ 27,700	\$ 30,317	\$ 44,999	\$ 309,256	\$ 88,535
-	-	-	-	-	-	-	-
1,568	-	-	-	-	-	-	-
-	107,780	61,774	27,700	30,317	44,999	309,256	88,535
(1,568)	-	-	-	-	-	-	-
14,206	209,923	100,794	24,716	101	131	525,444	228
-	-	-	-	-	-	-	-
12,638	317,703	162,568	52,416	30,418	45,130	834,700	88,763
-	-	-	-	-	-	-	-
12,638	185,766	93,897	27,789	-	39,921	413,404	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,638	185,766	93,897	27,789	-	39,921	413,404	-
-	131,937	68,671	24,627	30,418	5,209	421,296	88,763
-	-	-	-	-	-	-	-
-	-	-	(4,324)	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ 131,937	\$ 68,671	\$ 20,303	\$ 30,418	\$ 5,209	\$ 421,296	\$ 88,763

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

BANK SUMMARY

JUNE 30, 2017

Bank	ACCT TYPE	FUND		BANK BALANCE	OUTSTANDING CHECKS	OUTSTANDING DEPOSITS	CASH BALANCE
WESTERN COMMERCE BANK	Checking	General	*	\$ 806,112	\$ 222,652	\$ 7,453	\$ 590,913
	Checking	Cafeteria	*	28,445	10,850	-	17,595
	Checking	Athletics	*	8,921	264	-	8,657
	Checking	Activity Fund	*	59,105	3,705	-	55,400
Total Wells Fargo Bank				<u>902,583</u>	<u>237,471</u>	<u>7,453</u>	<u>672,565</u>
New Mexico State Treas	C.D.	OPERATIONAL	*	149,606	-	-	149,606
New Mexico State Treas	C.D.	SB-9	*	104,395	-	-	104,395
New Mexico State Treas	C.D.	DEBT SERVICE	*	113,474	-	-	113,474
New Mexico State Treas	C.D.	SPECIAL CAPITAL OUTLA)	*	19,737	-	-	19,737
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>456,325</u>			<u>456,325</u>
Amount on Deposit				<u>\$ 1,358,908</u>	<u>\$ 237,471</u>	<u>\$ 7,453</u>	\$ 1,128,890
Total Cash on Financial Statements					Less: Activity		<u>(68,671)</u>
							<u>\$ 1,060,219</u>
				*	Interest Bearing		

See Independent Auditor's Report

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

Year Ended June 30, 2017

	Balance 6/30/2016	ADDITIONS	DEDUCTIONS	Balance 6/30/2017
After Prom Party	\$ 356	\$ 5,412	\$ 3,968	\$ 1,800
Battle of the Border	2,031	2,518	2,000	2,549
Booster Club	669	-	-	669
Boys Basketball	43	3,135	2,110	1,068
Building Trades	(542)	606	64	-
Computer Lab	2,243	-	999	1,244
District 4	639	705	1,025	319
Drama	2,045	2,153	3,198	1,000
Elementary Teachers	988	1,397	1,006	1,379
FFA	1,640	24,533	25,445	728
Field House	53	166	-	219
Girls Basketball	375	2,099	2,474	-
Home Economics	11	-	-	11
HS A/R	(118)	511	-	393
HS Vending	2,514	5,186	3,985	3,715
Interest	383	114	72	425
Library	3,579	3,720	4,508	2,791
Miscellaneous	638	-	332	306
NHS	3,518	717	1,205	3,030
SCAT	459	-	-	459
Student Council	1,213	2,764	2,422	1,555
Summer Recreation	858	583	961	480
Textbooks	1,884	43	-	1,927
Varsity Cheerleaders	1,460	1,788	3,248	-
Varsity Gym	1,849	1,197	1,052	1,994
Volleyball	1,738	1,595	1,876	1,457
WERC Scholarship	488	-	-	488
Yearbooks	8,764	8,555	6,798	10,521
Class of 2017	7,368	1,642	8,984	26
Class of 2018	-	20,301	11,469	8,832
Class of 2019	140	2,337	-	2,477
Class of 2020	705	147	-	852
Class of 2021	-	261	-	261
Class of 2022	512	-	-	512
Class of 2023	-	3,242	2,277	965
Class of 2024	-	3,367	2,419	948
Sub Total	<u>48,503</u>	<u>100,794</u>	<u>93,897</u>	<u>55,400</u>
Certificate of Deposit	13,271		-	13,271
Total	<u>\$ 61,774</u>	<u>\$ 100,794</u>	<u>\$ 93,897</u>	<u>\$ 68,671</u>

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

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

JUNE 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.09415%	0.09272%	0.08931%
Proportionate share of the net pension liability	\$ 6,775,442	\$ 6,005,721	\$ 5,095,779
Covered Employee Payroll	\$ 2,584,438	\$ 2,531,553	\$ 2,461,685
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	262.16%	237.23%	207.00%
Plan fiduciary net position as a percentage of total pension liability	61.58%	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, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 359,169	\$ 373,630	\$ 366,266
Contributions in relation to the contractually required contribution	\$ 359,169	\$ 373,630	\$ 366,266
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,584,438	\$ 2,531,553	\$ 2,461,685
Contributions as a percentage of covered-employee payroll	13.90%	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, 2017

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%

There were no benefit or assumption changes adopted since the last actuarial valuation. However, the actual cost of living adjustment (COLA) was less than the expected 2.0%, which resulted in a net \$138 million decrease in the unfunded actuarial accrued liability.

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

Woodard, Cowen & Co.

Certified Public Accountants

INDEPENDENT AUDITOR'S 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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tatum Municipal Schools (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 14, 2017.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. 2015-001 & 2017-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2015-001, 2017-001 & 2017-002.

The District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

Woodard, Cowen & Compan

Portales, New Mexico

November 14, 2017

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2017

PRIOR YEAR AUDIT FINDINGS – Tatum Municipal Schools

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 \$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.

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

Response: Revised and repeated.

SCHEDULE OF FINDINGS AND RESPONSES – per Section 12-6-5 NMSA 1978
June 30, 2016

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 – Local was overspent \$65 and Support Services – General Administration for the Debt Service Fund was overspent \$416. 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: NMAC 6.20.2.9 A states that over-expenditure of a function shall not be allowed.

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.

2017-001 – Expenditure made before purchase order – Noncompliance and control

Statement of Condition: During the control testing of expenditures, the auditor found on instance of an invoice pre-dating the purchase order. The invoice was for \$266.93 and appears to be a single occurrence.

Criteria: 6.20.2.14.E NMSA states the District shall verify that there is sufficient cash and budget available prior to disbursement of cash.

Cause: The purchase order request was not submitted until the invoice was received and the service had already been performed.

Effect: Without adherence to the purchase order system, there is the potential to overspend a budget line item or overspend the District's resources.

Recommendation: Management should communicate to District staff that a purchase order must be obtained for each and every expenditure.

Response: The business manager will immediately inform the District employees of the finding and remind them that purchase orders must be obtained before any purchase.

2017-002 – Cafeteria receipts not deposited within 24-hours – Noncompliance and control – Significant deficiency

Statement of Condition: During the testing of bank deposits, 12 receipts totaling \$677 out of 50 deposits tested was not in compliance. These exceptions came from the District's cafeteria.

Criteria: NMAC 6.20.2.14 Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day.

Cause: It appears that from time to time the cafeteria staff would hold on to funds and deposit them at one time.

Effect: The purpose of the 24hour rule is to limit the vulnerability of fund to theft or loss. The longer funds sit on District property there is an increased chance of theft or loss. In addition, some activities are dependent on having funds available in the bank to pay for fund raising or operating expenditures. Funds kept in the office are not available for expenditures.

Recommendation: All funds should be deposited with 24 hours or one banking day. Funds that must remain on District property due the bank being closed should be in a secure place to prevent theft or destruction. Management should continue monitoring the process and continue training District staff.

Response: The business manager will discuss the finding with the cafeteria staff the necessity of daily deposits. The business office will request funds delivered each day.

STATE OF NEW MEXICO
TATUM MUNICIPAL SCHOOLS

June 30, 2017

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, 2017. In attendance at the 8:00 a.m. meeting were Buddy Little, Superintendent, Dan Partin, School Board Secretary, Rusty Henard, School Board Vice President, 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.