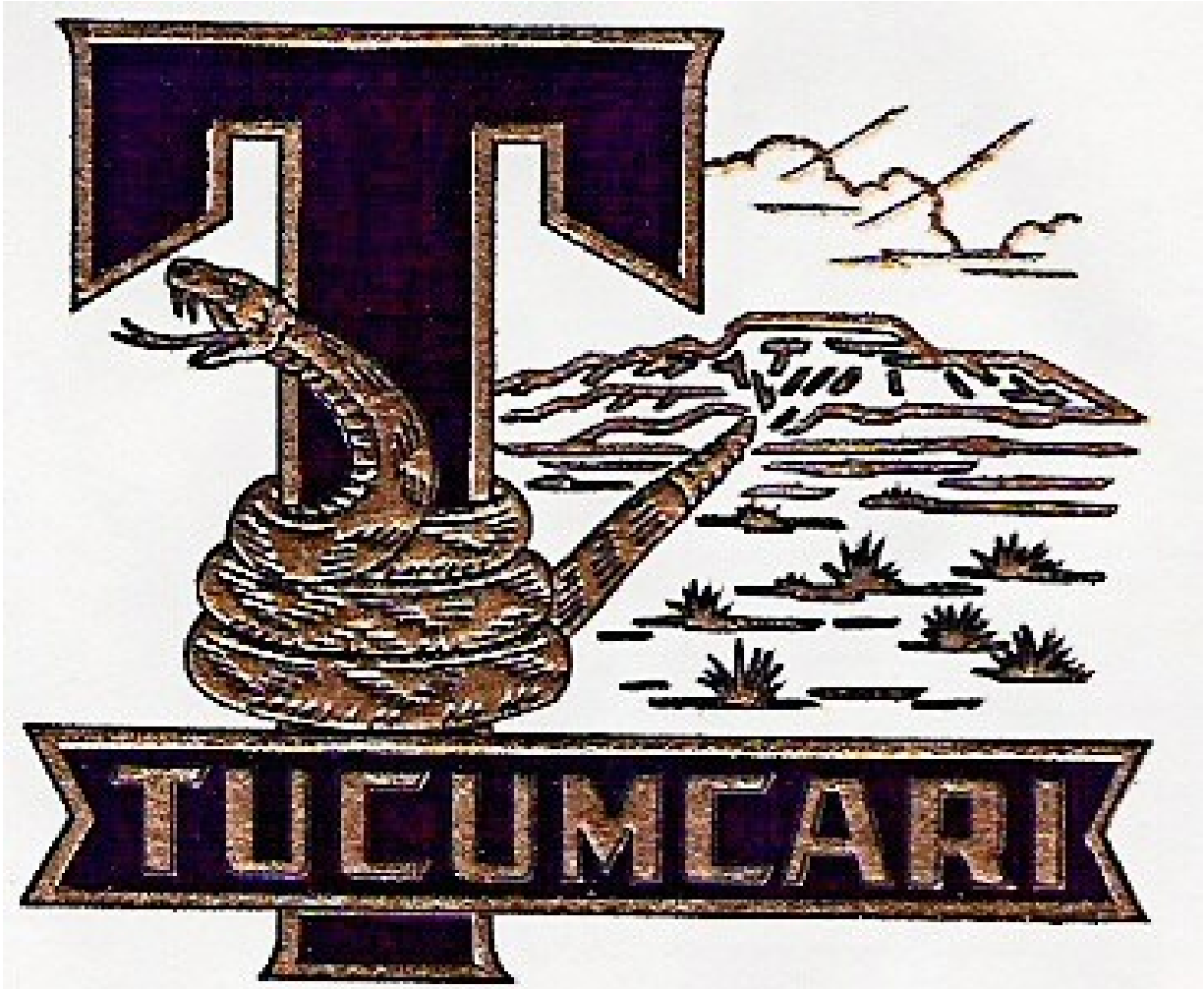


STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2017



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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
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**FOR THE YEAR ENDED JUNE 30, 2017**

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**TUCUMCARI PUBLIC SCHOOLS**  
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**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**OFFICIAL ROSTER**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<u><b>Name</b></u>		<u><b>Title</b></u>
	<u><b>School Board</b></u>	
Carlos Romero		President
Heather Gonzales		Vice-President
Corrine Hayes		Secretary
Leif Gray		Member
Chris Birch		Member
	<u><b>District Officials</b></u>	
Aaron McKinney		Superintendent
Dave Johnson		Assist. Superintendent
Leola Patterson		Business Manager

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**FINANCIAL SECTION**





# Manning Accounting and Consulting Services, LLC

## INDEPENDENT AUDITOR'S REPORT

Wayne A. Johnson, New Mexico State Auditor  
And the Governing Council of  
Tucumcari Public Schools  
Tucumcari, New Mexico

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of Tucumcari Public 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.

### 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 misstatement, 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 from 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 and each major fund and the aggregate remaining fund information of Tucumcari Public Schools as of June 30, 2017 and the respective changes in financial position and the respective budgetary comparisons for the general funds and the major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Management has omitted the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by 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 this missing information.

Accounting principles generally accepted in the United States of America requires Schedules I and II and the notes to the Required Supplementary Information on pages 46 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the District's financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplemental information required by 2.2.2 NMAC, Schedules III through VII are presented for the purposes of additional analysis and are not a required part of the financial statements.

The schedules listed in the other supplemental information, Schedules III through VII on pages 63 through 70, required by 2.2.2 NMAC 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 auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and Schedules III through VII required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section on pages i through iii and the Summary Schedule of Prior Audit Findings on pages 90 through 96 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Manning Accounting and Consulting Services, LLC*

Manning Accounting and Consulting Services, LLC  
Kirtland, New Mexico  
October 19, 2017

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**BASIC FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
STATEMENT OF NET POSITION  
JUNE 30, 2017

Exhibit A-1

	<b>Governmental Activities</b>
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash and temporary investments	\$ 2,595,938
Receivables (net of allowance for uncollectibles)	797,059
Inventory	44,250
<i>Total current assets</i>	<u>3,437,247</u>
<i>Noncurrent assets</i>	
Restricted cash	1,132,173
Capital assets (net of accumulated depreciation)	
Land and land improvements	1,280,955
Buildings and building improvements	59,317,533
Furniture, fixtures and equipment	4,189,534
Vehicles	1,287,901
Less: accumulated depreciation	<u>(31,377,752)</u>
<i>Total noncurrent assets</i>	<u>35,830,344</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension - change in proportion	164,679
Pension - change in assumptions	292,161
Pension - change in investment experience	856,728
Pension - change in actuarial experience	62,267
Pension - employer contributions after measurement date	802,471
<i>Total deferred outflows</i>	<u>2,178,306</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 41,445,897</u>
<b>LIABILITIES</b>	
<i>Current liabilities</i>	
Accounts payable	\$ 34,650
Accrued payroll liabilities	208,745
Accrued interest payable	54,828
Current maturities of:	
Bonds payable	830,000
Compensated absences	45,777
<i>Total current liabilities</i>	<u>1,174,000</u>
<i>Noncurrent liabilities:</i>	
Bonds payable	5,135,000
Net pension liability	14,352,567
<i>Total noncurrent liabilities</i>	<u>19,487,567</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension - change in actuarial experiences	136,511
Pension - change in proportion	384,030
<i>Total deferred inflows</i>	<u>520,541</u>
<b>NET POSITION</b>	
Net investment in capital assets	28,733,171
Restricted for:	
Debt service	1,514,312
Capital projects	860,095
Other purposes - special revenue	454,444
Unrestricted	<u>(11,298,233)</u>
<i>Total net position</i>	<u>20,263,789</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 41,445,897</u>

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

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

Exhibit A-2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary Government</b>					
Governmental activities:					
Instruction	\$ 5,086,781	\$ 40,804	\$ 951,900	\$ -	\$ (4,094,077)
Support services:					
Students	914,981	-	170,862	-	(744,119)
Instruction	258,814	-	32,398	-	(226,416)
General administration	495,164	-	-	-	(495,164)
School administration	601,420	-	-	-	(601,420)
Other	438	-	-	-	(438)
Central services	339,323	35,158	-	-	(304,165)
Operation & maintenance of plant	410,979	9,601	-	-	(401,378)
Student transportation	401,133	-	383,527	-	(17,606)
Food services operation	718,455	30,899	650,452	-	(37,104)
Community services	674	-	-	-	(674)
Interest on long-term debt	132,654	-	-	-	(132,654)
Facilities materials, supplies, & other services	3,063,475	-	-	-	(3,063,475)
Total Primary Government	<u>\$ 12,424,291</u>	<u>\$ 116,462</u>	<u>\$ 2,189,139</u>	<u>\$ -</u>	<u>(10,118,690)</u>
<b>General Revenues:</b>					
Property taxes:					
Levied for general purposes 61,514					
Levied for debt service 1,068,808					
Levied for capital projects 295,498					
State Equalization Guarantee 7,980,720					
Unrestricted investment earnings 4,015					
Loss on disposal of fixed assets (19,392)					
Miscellaneous 43,132					
<u>Total general revenues 9,434,295</u>					
Change in net position (684,395)					
Net position - beginning of year <u>20,948,184</u>					
Net position - end of year <u>\$ 20,263,789</u>					

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

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and temporary investments	\$ 1,376,894	\$ -	\$ 24,096
Accounts receivable			
Taxes	20,372	-	-
Due from other governments	-	-	-
Interfund receivables	270,812	-	-
Other	-	-	-
Inventory	-	41,174	-
<i>Total assets</i>	<u>1,668,078</u>	<u>41,174</u>	<u>24,096</u>
<b>LIABILITIES</b>			
<i>Current liabilities:</i>			
Accounts payable	27,388	842	-
Accrued payroll liabilities	208,745	-	-
Interfund payables	-	-	-
Unearned revenue	-	-	-
<i>Total liabilities</i>	<u>236,133</u>	<u>842</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	19,481	-	-
<i>Total deferred inflows of resources</i>	<u>19,481</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	-	41,174	-
Restricted for:			
Transportation	-	(525)	-
Instructional materials	-	-	24,096
Grant mandates	-	-	-
Capital projects	-	-	-
Debt service	-	-	-
Assigned	899,085	-	-
Unassigned	513,379	(317)	-
<i>Total fund balances</i>	<u>1,412,464</u>	<u>40,332</u>	<u>24,096</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,668,078</u>	<u>\$ 41,174</u>	<u>\$ 24,096</u>

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

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	
	Title I - IASA 24101	Bond Building 31100	Capital Improvements SB-9 31700
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and temporary investments	\$ -	\$ 498,240	\$ 259,420
Accounts receivable			
Taxes	-	-	106,848
Due from other governments	148,687	-	-
Interfund receivables	-	-	-
Other	-	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>148,687</u>	<u>498,240</u>	<u>366,268</u>
<b>LIABILITIES</b>			
<i>Current liabilities:</i>			
Accounts payable	-	-	4,413
Accrued payroll liabilities	-	-	-
Interfund payables	148,687	-	-
Unearned revenue	-	-	-
<i>Total liabilities</i>	<u>148,687</u>	<u>-</u>	<u>4,413</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	-	-	102,337
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>102,337</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted for:			
Transportation	-	-	-
Instructional materials	-	-	-
Grant mandates	-	-	-
Capital projects	-	(1,001,760)	35,529
Debt service	-	-	-
Assigned	-	1,500,000	223,989
Unassigned	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>498,240</u>	<u>259,518</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 148,687</u>	<u>\$ 498,240</u>	<u>\$ 366,268</u>

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



STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	Debt Service 41000	Other Governmental Funds	Total Primary Government
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and temporary investments	\$ 1,132,173	\$ 437,288	\$ 3,728,111
Accounts receivable			
Taxes	382,139	-	509,359
Due from other governments	-	139,013	287,700
Interfund receivables	-	-	270,812
Other	-	-	-
Inventory	-	3,076	44,250
<i>Total assets</i>	<u>1,514,312</u>	<u>579,377</u>	<u>4,840,232</u>
<b>LIABILITIES</b>			
<i>Current liabilities:</i>			
Accounts payable	-	2,007	34,650
Accrued payroll liabilities	-	-	208,745
Interfund payables	-	122,125	270,812
Unearned revenue	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>124,132</u>	<u>514,207</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	365,576	-	487,394
<i>Total deferred inflows of resources</i>	<u>365,576</u>	<u>-</u>	<u>487,394</u>
<b>FUND BALANCES</b>			
Nonspendable	-	3,076	44,250
Restricted for:			
Transportation	-	-	(525)
Instructional materials	-	-	24,096
Grant mandates	-	199,359	199,359
Capital projects	-	-	(966,231)
Debt service	143,388	-	143,388
Assigned	1,005,348	255,747	3,884,169
Unassigned	-	(2,937)	510,125
<i>Total fund balances</i>	<u>1,148,736</u>	<u>455,245</u>	<u>3,838,631</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,514,312</u>	<u>\$ 579,377</u>	<u>\$ 4,840,232</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

Exhibit B-2

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances - governmental funds	\$ 3,838,631
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
The cost of capital assets is	66,075,923
Accumulated depreciation is	(31,377,752)
Contributions to the pension plan are expensed in the governmental funds but are deferred outflows for government-wide statements.	802,471
Revenues not collected within sixty days after year-end are considered "available" revenues and are shown as deferred revenues on the balance sheet.	
Delinquent property taxes	487,394
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in governmental funds.	
Deferred outflows of resources related to change in proportion	164,679
Deferred outflows of resources related to change in assumptions	292,161
Deferred outflows of resources related to investment experience	856,728
Deferred outflows of resources related to change in actuarial experience	62,267
Deferred inflows of resources related to actuarial experience	(136,511)
Deferred inflows of resources related to change in proportion	(384,030)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term and other liabilities at year-end consist of:	
Accrued interest payable	(54,828)
Bonds payable	(5,965,000)
Accrued compensated absences	(45,777)
Net pension liability	(14,352,567)
Total net position - governmental activities	<u>\$ 20,263,789</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Exhibit B-3

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
<i>Revenues:</i>			
Property taxes	\$ 49,331	\$ -	\$ -
State grants	7,980,720	383,329	44,041
Federal grants	-	-	-
Miscellaneous	41,852	1,478	-
Charges for services	61,310	-	-
Investment income	1,175	-	-
<i>Total revenues</i>	<u>8,134,388</u>	<u>384,807</u>	<u>44,041</u>
<i>Expenditures:</i>			
<i>Current:</i>			
Instruction	4,886,707	-	61,771
Support services			
Students	607,013	-	-
Instruction	201,308	-	-
General administration	367,417	-	-
School administration	577,181	-	-
Central services	296,979	-	-
Operation & maintenance of plant	1,187,235	-	-
Student transportation	-	371,201	-
Other support services	438	-	-
Food services operations	-	-	-
Community services	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>8,124,278</u>	<u>371,201</u>	<u>61,771</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>10,110</u>	<u>13,606</u>	<u>(17,730)</u>
<i>Other financing sources (uses):</i>			
Operating transfers	47	-	-
<i>Total other financing sources (uses)</i>	<u>47</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>10,157</u>	<u>13,606</u>	<u>(17,730)</u>
<i>Fund balances - beginning of year</i>	<u>1,402,307</u>	<u>26,726</u>	<u>41,826</u>
<i>Fund balances - end of year</i>	<u>\$ 1,412,464</u>	<u>\$ 40,332</u>	<u>\$ 24,096</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Exhibit B-3

	Special Revenue Funds	Capital Projects Funds	
	Title I - IASA 24101	Bond Building 31100	Capital Improvements SB-9 31700
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ 223,371
State grants	-	-	125,271
Federal grants	449,605	-	-
Miscellaneous	-	-	-
Charges for services	-	-	-
Investment income	-	2,840	-
<i>Total revenues</i>	449,605	2,840	348,642
<i>Expenditures:</i>			
Current:			
Instruction	363,209	-	-
Support services			
Students	-	-	-
Instruction	-	-	-
General administration	84,802	-	2,276
School administration	-	-	-
Central services	1,547	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food services operations	-	-	-
Community services	-	-	-
Capital outlay	-	1,289,976	338,046
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	449,558	1,289,976	340,322
<i>Excess (deficiency) of revenues over (under) expenditures</i>	47	(1,287,136)	8,320
<i>Other financing sources (uses):</i>			
Operating transfers	(47)	-	-
<i>Total other financing sources (uses)</i>	(47)	-	-
<i>Net changes in fund balances</i>	-	(1,287,136)	8,320
<i>Fund balances - beginning of year</i>	-	1,785,376	251,198
<i>Fund balances - end of year</i>	\$ -	\$ 498,240	\$ 259,518

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Exhibit B-3

	Debt Service 41000	Other Governmental Funds	Total Primary Government
<i>Revenues:</i>			
Property taxes	\$ 809,378	\$ -	\$ 1,082,080
State grants	-	92,820	8,626,181
Federal grants	-	1,191,833	1,641,438
Miscellaneous	-	30,250	73,580
Charges for services	-	55,152	116,462
Investment income	-	-	4,015
<i>Total revenues</i>	<u>809,378</u>	<u>1,370,055</u>	<u>11,543,756</u>
<i>Expenditures:</i>			
<i>Current:</i>			
Instruction	-	301,811	5,613,498
Support services			
Students	-	235,184	842,197
Instruction	-	49,824	251,132
General administration	8,246	29,681	492,422
School administration	-	2,993	580,174
Central services	-	29,867	328,393
Operation & maintenance of plant	-	290	1,187,525
Student transportation	-	15,484	386,685
Other support services	-	-	438
Food services operations	-	689,957	689,957
Community services	-	674	674
Capital outlay	-	-	1,628,022
Debt service			
Principal	555,000	-	555,000
Interest	132,654	-	132,654
<i>Total expenditures</i>	<u>695,900</u>	<u>1,355,765</u>	<u>12,688,771</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>113,478</u>	<u>14,290</u>	<u>(1,145,015)</u>
<i>Other financing sources (uses):</i>			
Operating transfers	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>113,478</u>	<u>14,290</u>	<u>(1,145,015)</u>
<i>Fund balances - beginning of year</i>	<u>1,035,258</u>	<u>440,955</u>	<u>4,983,646</u>
<i>Fund balances - end of year</i>	<u>\$ 1,148,736</u>	<u>\$ 455,245</u>	<u>\$ 3,838,631</u>

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

**STATE OF NEW MEXICO**

Exhibit B-4

**TUCUMCARI PUBLIC SCHOOLS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds	\$ (1,145,015)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays for the period.	
Depreciation expense	(1,435,794)
Capital outlays	1,446,401
Loss on disposal of capital assets	(19,392.00)
Revenues not collected within 60 days after the fiscal year-end are not considered available revenues in the governmental funds. They are considered revenues in the Statement of Activities. The increase (decrease) in revenues receivable for the year end were:	
Unavailable revenue related to the property taxes receivable	343,740
Other unavailable revenues	(128,208)
In the Statement of Activities, certain operating expenses - compensated absences and interest expense - are measured by the amounts incurred during the year. In the fund financial statements, however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). The (increases) decreases in the liabilities for the year were:	
Accrued interest payable	584
Accrued compensated absences	(5,174)
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
Bond principle payments	555,000
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the pension benefits earned net of employee contributions is reported as pension expense.	
Pension contributions - current year	802,471
Pension expense	(1,099,008)
Change in net position - total governmental activities	<u>\$ (684,395)</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**OPERATIONAL FUND (11000)**  
**FOR THE YEAR ENDING JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ 46,924	\$ 46,924	\$ 50,099	\$ 3,175
State grants	8,267,884	7,979,797	7,980,720	923
Federal grants	-	-	-	-
Miscellaneous	5,000	5,000	41,852	36,852
Charges for services	45,601	45,601	61,310	15,709
Investment income	1,000	1,000	1,175	175
<i>Total revenues</i>	<u>8,366,409</u>	<u>8,078,322</u>	<u>8,135,156</u>	<u>56,834</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	5,485,679	5,548,032	4,795,394	752,638
Support services				
Students	582,427	637,493	607,013	30,480
Instruction	212,622	214,769	201,308	13,461
General administration	448,716	444,927	367,690	77,237
School administration	627,447	590,459	577,181	13,278
Central services	314,328	315,942	296,979	18,963
Operation & maintenance of plant	1,569,636	1,732,694	1,181,099	551,595
Student transportation	-	-	-	-
Other support services	24,639	24,639	438	24,201
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>9,265,494</u>	<u>9,508,955</u>	<u>8,027,102</u>	<u>1,481,853</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(899,085)</u>	<u>(1,430,633)</u>	<u>108,054</u>	<u>1,538,687</u>
<i>Other financing sources (uses):</i>				
Designated cash	899,085	1,430,633	-	(1,430,633)
Operating transfers	-	-	47	47
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>899,085</u>	<u>1,430,633</u>	<u>47</u>	<u>(1,430,586)</u>
<i>Net change in fund balance</i>	-	-	108,101	108,101
<i>Cash or fund balance - beginning of year</i>	-	-	1,539,605	1,539,605
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,647,706</u>	<u>\$ 1,647,706</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 108,101	
Adjustments to revenues			(768)	
Adjustments to expenditures			(97,176)	
Net change in fund balance (GAAP basis)			<u>\$ 10,157</u>	

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**TRANSPORTATION FUND (13000)**  
**FOR THE YEAR ENDING JUNE 30, 2017**

	<u>Budgeted Amounts</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	252,771	383,329	383,329	-
Federal grants	-	-	-	-
Miscellaneous	-	1,478	1,478	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>252,771</u>	<u>384,807</u>	<u>384,807</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	252,771	384,807	384,807	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>252,771</u>	<u>384,807</u>	<u>384,807</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ -	
Adjustments to revenues			-	
Adjustments to expenditures			13,606	
Net change in fund balance (GAAP basis)			<u>\$ 13,606</u>	

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



**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**INSTRUCTIONAL MATERIALS FUND (14000)**  
**FOR THE YEAR ENDING JUNE 30, 2017**

	<u>Budgeted Amounts</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	51,760	29,570	44,041	14,471
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>51,760</u>	<u>29,570</u>	<u>44,041</u>	<u>14,471</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	51,760	71,396	61,771	9,625
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>51,760</u>	<u>71,396</u>	<u>61,771</u>	<u>9,625</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(41,826)</u>	<u>(17,730)</u>	<u>24,096</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	41,826	-	(41,826)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>41,826</u>	<u>-</u>	<u>(41,826)</u>
<i>Net change in fund balance</i>	-	-	(17,730)	(17,730)
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>41,826</u>	<u>41,826</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,096</u>	<u>\$ 24,096</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (17,730)	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP basis)			<u>\$ (17,730)</u>	

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

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
TITLE I - IASA SPECIAL REVENUE FUND (24101)  
FOR THE YEAR ENDING JUNE 30, 2017

Exhibit C-4

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	446,173	530,414	451,496	(78,918)
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>446,173</u>	<u>530,414</u>	<u>451,496</u>	<u>(78,918)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	357,165	437,687	363,209	74,478
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	86,076	89,795	84,802	4,993
School administration	-	-	-	-
Central services	2,932	2,932	1,547	1,385
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>446,173</u>	<u>530,414</u>	<u>449,558</u>	<u>80,856</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>1,938</u>	<u>1,938</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	(47)	(47)
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(47)</u>	<u>(47)</u>
<i>Net change in fund balance</i>	-	-	1,891	1,891
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(150,578)</u>	<u>(150,578)</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (148,687)</u>	<u>\$ (148,687)</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 1,891	
Adjustments to revenues			(1,891)	
Adjustments to expenditures			-	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**AGENCY FUNDS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**JUNE 30, 2017**

Exhibit D-1

	<u>Agency Funds</u>
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash	\$ 129,968
<i>Total assets</i>	<u>129,968</u>
 <b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Deposits held in trust for others	<u>129,968</u>
<i>Total liabilities</i>	<u>\$ 129,968</u>

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

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**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1      Summary of Significant Accounting Policies**

Tucumcari Public School District (the “District”) is a public school District governed by an elected five-member Board of Education created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District boundaries. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District’s financial statements. The financial statements and notes are the representation of the District’s management that is responsible for the financial statements. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements.

During the year ended June 30, 2017, the District adopted GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, and GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The provisions of GASB No. 73 established requirements for defined benefit pensions that are not within the scope of Statement No. 68. The provisions of GASB No. 74 improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions of GASB No. 77 are intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. The provisions of GASB No. 78 address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The provisions of GASB No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. These pronouncement are not expected to have a material effect on the District.

The more significant of the government’s accounting policies are described below.

*A.      Financial Reporting Entity*

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14 and No. 39. GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. Blended component unites, although legally separate entities, are in substance part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1**      **Summary of Significant Accounting Policies (Continued)**

A.      *Financial Reporting Entity (continued)*

The basis, but not the only criterion for including a potential component unit within the reporting entity, is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criteria used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District does not have a component unit and is not a component unit of another government agency.

B.      *Government-Wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The District reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the statement of activities.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C.      *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the period for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1**      **Summary of Significant Accounting Policies (Continued)**

*C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)*

GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB No. 65, *Items Previously Reported as Assets and Liabilities*, amend GASB No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments*, to incorporate deferred outflows of resources and deferred inflows of resources in the financial reporting model.

***Deferred Outflows of Resources*** – a consumption of net position by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets; therefore, it is not recognized as an outflow of resources (expense) until then.

***Deferred Inflows of Resources*** – an acquisition of net position by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities; therefore, it is not recognized as an inflow of resources (revenue) until that time.

***Net Position*** – the residual of the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Ad valorem taxes (property taxes), and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The *agency funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

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 general fixed assets, and the servicing of general long-term debt. Governmental funds include:

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 1      Summary of Significant Accounting Policies (Continued)**

*C.      Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)*

The *General Fund* is the primary operating fund of the District, and accounts for all financial resources of the general government, except those required to be accounted for in other funds. The General Fund includes the Operational, Transportation, and Instructional Materials Funds.

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

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

Under the requirements of GASB Statement No. 34, the District is required to present some of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following:

The *Operational Fund* (11000) accounts for the primary revenues and expenditures of the District, including, but not limited to, student instruction, student support, instructional support, general administration, school administration, central services, and operations and maintenance of plant. Revenues come from district tax levy, state equalization, and other local, state, and federal sources. This fund is considered by PED to be a sub-fund of the General Fund.

The *Transportation Fund* (13000) accounts for state equalization funds authorized by Section 22-8-26, NMSA, 1978 designated for the costs of transporting school-age children who are students within the District. This fund is considered by PED to be a sub-fund of the General Fund.

The *Instructional Materials Fund* (14000) accounts for funding designated for instructional materials purchases as authorized by Sections 22-15-1 through 22-15-14, NMSA, 1978 for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. This is considered by PED to be a sub-fund of the General Fund.

The *Title I IASA Special Revenue Fund* (24101) accounts for the major objectives of the Title I programs which are to provide supplemental educational opportunity for academically disadvantaged children in the area of residing. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identify a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Public Education Department. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

The *Bond Building Capital Projects Fund* (31100) is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.



**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
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JUNE 30, 2017**

**NOTE 1**      **Summary of Significant Accounting Policies (Continued)**

*C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)*

The *Capital Improvements SB-9 Capital Projects Fund* (31700) is used to account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching and a special tax levy as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

The *Debt Service Fund* (41000) is used to account for the accumulation of resources for the payment of general long-term debt principal and interest.

Additionally, the government reports the following fund types:

The fiduciary funds account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The fiduciary funds are for student activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

*D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity*

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

State statutes authorize the District to invest in certificates of deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool. Investments for the District are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

**Restricted Assets:** The Debt Service Fund is used to report resources set aside as restricted to make up potential future deficiencies in the revenue bond current debt service account.

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

*D.      Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)*

**Receivables and Payables:** Interfund activity is reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Quay County. The funds are collected by the County Treasurer and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the Quay County Treasurer in July and August 2017 is considered 'measurable and available' and, accordingly, is recorded as revenue during the year ended June 30, 2017.

Certain Special Revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

**Prepaid Items:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**Inventory:** The District accounts for its inventories under the consumption method, reporting inventories purchased as an asset. The recognition of the expenditures is deferred until the period in which the inventories are actually consumed. Inventory in the Food Services Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed.

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information technology equipment, including software, is being capitalized and included in furniture and equipment in accordance with NMAC 2.20.1.9 C (5). Capital expenditures made by the New Mexico Public Schools Facilities Authority are appropriately included in the District's capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The District expenses the cost of library books when purchased because their estimated useful life is less than one year.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2017.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Land Improvements	10-20 years
Buildings/building improvements	5-100 years
Furniture and equipment	5-25 years
Vehicles	8-15 years

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
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JUNE 30, 2017**

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

*D.      Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)*

**Deferred Outflows of Resources – Pensions:** The government-wide financial statements report pension related expenses and liabilities for the cost-sharing plan one year in arrears, i.e. expenses and liabilities as of June 30, 2016. Contributions of \$802,471 made by the District in the current fiscal year are thus applicable to a future reporting period where they will then be expensed. As such, they are presented in the Statement of Net Position as a deferred outflow of resources in the current period. The District may also have four other deferred outflows which arise due to the implementation of GASB 68; change in proportion \$164,679; change in assumptions \$292,161; investment experience \$856,728; and actuarial experiences \$62,267.

**Unearned Revenues:** The District recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. At June 30, 2017, the District had no unearned revenue.

**Compensated Absences:** All regular twelve month support staff employees are entitled to accumulate vacation with pay. Annual leave accumulated during the first year of employment may not be taken during their first year. Annual leave accumulated during the contract year of employment must be taken prior to June the following year. Twelve month employees with less than ten years of service with the District earn ten days annual leave per contract year. Twelve month employees with ten years or more of service with the District earn fifteen days annual leave per contract year. Total compensated absences were \$45,777 at June 30, 2017.

Compensated sick leave is only paid to an employee upon retirement. If an employee resigns or is terminated their accumulated leave becomes void. The amount of compensated absences is not to exceed one hundred hours. An employee must have ten years of service with Tucumcari Public Schools in order to receive this compensation upon retirement.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the district-wide statement of net position.

**Long-term Obligations:** In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. For bonds issued after the fiscal year ended June 30, 2014, bond premiums and discounts, will be deferred and amortized over the life of the bonds using the effective interest method. Bonds payable of \$5,965,000 at June 30, 2017 are reported net of the applicable bond premium or discount. Bond insurance issuance costs will be reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Net Pension Liability:** The District records its proportionate share of the difference between the value of total pension liabilities and plan assets for the State of New Mexico's Employee Retirement Board pension plan. For the year ended June 30, 2017, net pension liability totaled \$14,352,567.

**Deferred Inflows of Resources – Unavailable Revenues:** Governmental funds report unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Revenues not received within sixty (60) days of year-end are not considered available;

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
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JUNE 30, 2017**

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

*D.      Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)*

therefore, a receivable is recorded for the amount due and corresponding deferred revenue is recorded as well. Total unavailable revenues of \$487,394 for property taxes were recorded at June 30, 2017.

**Deferred Inflows of Resources – Pensions:** Changes in actuarial experience \$136,511, and change in proportion \$384,030 for the District are applicable to a future reporting period and will be expensed over a five-year period beginning in the next fiscal year. As such, these amounts are presented in the Statement of Net Position as deferred inflows of resources in the current period.

**Net Position or Fund Equity:** Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

In the government-wide financial statements, fund equity is classified as net position and is displayed in three components:

*Net investment in capital assets:* Consists of capital assets including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

*Restricted Net Position:* Consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (b) law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The restricted component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

*Unrestricted Net Position:* All other net position that does not meet the definition of “restricted” or “invested in capital assets.”

**Fund Balance:** In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Some governments may not have policies or procedures that are comparable to those policies that underlie the classifications and therefore would not report amounts in all possible fund balance classifications.

In the governmental financial statements, fund balance is classified and is displayed in five components:

*Nonspendable:* Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) Legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

*Restricted:* Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
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**NOTE 1      Summary of Significant Accounting Policies (Continued)**

*D.      Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)*

*Committed:* Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

*Assigned:* Consist of amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned:* Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

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

*E.      Revenues*

**Reclassifications:** Certain amounts included in the financial statements have been reclassified to conform to the current year presentation.

**Interfund Transactions:** Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the District's financials include management's estimate of the useful lives of capital assets.

**State Equalization Guarantee:** School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined in Chapter 22, Section 825, NMSA 1978 is at least equal to the school district's program cost.

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the

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TUCUMCARI PUBLIC SCHOOLS  
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**NOTE 1**      **Summary of Significant Accounting Policies (Continued)**

*E. Revenues (continued)*

authority of the Director of Public School Finance. The District received \$7,980,720 in state equalization guarantee distributions during the year ended June 30, 2017.

**Tax Revenues:** The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1 of each year and are payable in two equal installments, on November 10<sup>th</sup> of the year in which the tax bill is prepared and April 10<sup>th</sup> of the following year with the levies becoming delinquent 30 days (one month) thereafter. In the government-wide financial statements, the District recognizes property tax revenues in the period for which they are levied, net of estimated refunds and uncollectible amounts. The District records only the portion of the taxes considered to be ‘measurable’ and ‘available’ in the government fund financial statements, which is within 60 days of year-end. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

In the financial statements, the mill levy and ad-valorem taxes are broken out into two types: property taxes – residential and commercial and property taxes – oil and gas. Amounts collected from residential and commercial property taxes as of June 30, 2017 were \$1,082,080. The District received no oil and gas tax revenues.

**Transportation Distribution:** School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$383,329 in transportation distributions during the year ended June 30, 2017.

**Instructional Materials:** The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the State Board of Education “State Adopted Instructional Material” list, while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2017 totaled \$44,041.

**SB-9 State Match:** The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary. The District received \$125,271 in state SB-9 matching during the year ended June 30, 2017.

**Public School Capital Outlay:** Under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
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**NOTE 1      Summary of Significant Accounting Policies (Continued)**

*E.      Revenues (continued)*

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved. During the year ended June 30, 2017, the District received no special capital outlay funds.

**Federal Grants:** The District receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operated under its own budget, which has been approved by the federal department or the flowthrough agency (usually the New Mexico Public Education Department). The various budgets are approved by the local school board and the New Mexico Public Education Department.

The District also receives reimbursement under the National School Lunch and Breakfast Programs for its food services operations, and the distributions of commodities through the New Mexico Human Services Department.

**NOTE 2      Stewardship, Compliance and Accountability**

*Budgetary Information*

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Public Education Department. Auxiliary student activity accounts are not budgeted. Public School Capital Outlay Council expenditures in the Public School Capital Outlay fund are not budgeted at the District level, so there is no budgetary comparison presented.

These budgets are prepared on the non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the ending cash balance be appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget at the function level, the level of budgetary control for districts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series,' this may be accomplished with only local board of education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1.      In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (100%) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State of New Mexico Public Education Department.
2.      In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3.      The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
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**NOTE 2 Stewardship, Compliance and Accountability (Continued)**

*Budgetary Information - (Continued)*

4. The “operating” budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. 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 DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. 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 schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

The board of education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits a governmental agency from exceeding an individual line item.

The accompanying Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2017 is presented on each funds’ Statement of Revenue, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual.

**NOTE 3 Cash and Temporary Investments**

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2017.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateralized as required by the statute.



**STATE OF NEW MEXICO  
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**NOTE 3 Cash and Temporary Investments (Continued)**

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States Government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

**Deposits**

New Mexico state statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution in excess of federal deposit insurance. The schedule listed below will meet the State of New Mexico Office of the State Auditor's requirements in reporting the insured portion of the deposits.

	Wells Fargo Bank	Citizens Bank	Quay Schools Fed. Credit Union	Total
Total amounts of deposits	\$ 3,371,195	\$ 109,921	\$ 100,000	\$ 3,581,116
FDIC/FCUIC coverage	250,000	109,921	100,000	459,921
Total uninsured public funds	<u>3,121,195</u>	<u>-</u>	<u>-</u>	<u>3,121,195</u>
Collateral requirement (50% of uninsured public funds)	1,560,598	-	-	1,560,598
Pledged security	<u>1,859,306</u>	<u>-</u>	<u>-</u>	<u>1,859,306</u>
Total over (under) collateralized	<u>\$ 298,708</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 298,708</u>

The funds are maintained in interest and non-interest bearing checking accounts at Wells Fargo Bank, non-interest bearing checking accounts at Citizens Bank, and an interest bearing certificate of deposit at Quay Schools Federal Credit Union.

The types of collateral allowed are limited by the section 6-10-16, NMSA 1978.

*Custodial Credit Risk – Deposits.* 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, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Deposits – The risk exists when a portion of the District's deposits are not covered by depository insurance and are:

1. Uncollateralized;
2. Collateralized with securities held by the pledging financial institution; or
3. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor's (District's) name.

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 3**

**Cash and Temporary Investments (Continued)**

**Reconciliation of Cash to the Financial Statements**

At June 30, 2017, \$3,121,195 of the District's bank balances at Wells Fargo Bank was exposed to custodial credit risk as it was uninsured and the collateral was held by the Bank of New York Mellon, not in the District's name.

The carrying amount of deposits and investments shown above are included in the District's Statement of Net Position as follows:

Reconciliation to Statement of Net Position	
Governmental Funds - Balance Sheet	
Cash and cash equivalents per Exhibit A-1	\$ 3,728,111
Statement of Fiduciary Net Position - cash per Exhibit D-1	129,968
Total per financial statements	<u>3,858,079</u>
Less funds held in trust investments	(498,239)
Add outstanding checks and other reconciling items	<u>221,276</u>
Bank balance of deposits	<u><u>\$ 3,581,116</u></u>

The District utilized pooled accounts for their programs and funds. Negative cash balances in individual funds that were part of the pooled accounts should be reclassified as due to/due from accounts in the combining balance sheets at June 30, 2017. Funds 24000 funds are federal funds and 27000 funds are non-federal funds. The following individual funds had negative cash balances as of June 30, 2017:

Fund#	Special Revenue Funds:	Amount
24101	Title I IASA	\$ 148,687
24106	IDEA-B Entitlement	78,995
24108	New Mexico Autism Project	3,115
24109	IDEA-B Preschool	4,030
24132	IDEA-B Results Plan	10,385
24154	Teacher/Principal Training & Recruiting	19,572
24160	Rural and Low Income Schools	5,501
27107	2012 GO Bond Student Library Fund (SB66)	527
	Total	<u><u>\$ 270,812</u></u>

**Temporary Investments**

As of June 30, 2017, the District had \$498,239 held in trust by the Bank of Albuquerque. These funds are held in a U.S. Treasury Money Market Fund. The District does not have the legal authority to move these funds from the trust institution. Information regarding the funds is as follows:

Fund	CUSIP	WAM	Ratings		Net Assets
			S&P	Moody's	
Premier U.S. Government Money Portfolio					
AIM Treasurer's Series Trust	00142W843	22days	AAAm	Aaa-mf	\$5.63 Billion

**Interest Rate Risk for Investments.** The District does not have a written policy for limiting interest rate risk. However the average maturity of certificates of deposit is twelve months or less, which is an effective limit of interest rate risk.

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**NOTE 3 Cash and Temporary Investments (Continued)**

**Credit Risk.** State law limits investments to bonds or negotiable securities of the U.S. Government, the State, municipalities, or school district securities issued by the U.S. Government (or its agencies, either direct obligations or backed and guaranteed by the U.S. Government) and repurchase agreements with banks, savings and loan associations, or credit unions. The District has no investment policy that would further limit its investment choices.

**Concentration Credit Risk.** The District places no limit on the amount the District may invest in any one issuer. Investments which are over 5% of total investments are the amounts invested in the Premier U.S. Government Money Portfolio which are invested by the trust institution Bank of Albuquerque and the certificates of deposit in Citizen's Bank and Quay Schools Federal Credit Union.

**NOTE 4 Receivables**

Receivables as of June 30, 2017 are as follows:

	Major Funds					Total Governmental Funds
	Operational 11000	Title I IASA 24101	Capital Improve. SB-9 31700	Debt Service 41000	Other Governmental Funds	
	Property taxes	\$ 20,372	\$ -	\$ 106,848	\$ 382,139	
Due from other governments	-	148,687	-	-	139,013	287,700
<b>Total receivables</b>	<b>\$ 20,372</b>	<b>\$ 148,687</b>	<b>\$ 106,848</b>	<b>\$ 382,139</b>	<b>\$ 139,013</b>	<b>\$ 797,059</b>

The above receivables are deemed 100% collectible. In accordance with GASB No. 33, property tax revenues in the amount of \$487,394 were not collected within the period of availability and have been reclassified as unavailable revenues in the governmental fund financial statements as deferred inflows of resources.

**NOTE 5 Interfund Receivables, Payables, and Transfers**

"Interfund balances" have primarily been recorded when funds overdraw their share of pooled cash when the District is waiting for grant reimbursements. The composition of interfund balances at June 30, 2017 is as follows:

<b>Governmental Activities</b>	Interfund Receivables	Interfund Payables
<b>Major Funds:</b>		
Operational (11000)	\$ 270,812	\$ -
Title I IASA (24101)	-	148,687
<b>Non-major Funds:</b>		
IDEA-B Entitlement (24106)	-	78,995
New Mexico Autism Project (24108)	-	3,115
IDEA-B Preschool (24109)	-	4,030
IDEA-B Results Plan (24132)	-	10,385
Teacher/Principal Training & Recruiting (24154)	-	19,572
Rural & Low-Income Schools (24160)	-	5,501
2012 GO Bond Student Library Fund (27107)	-	527
<b>Totals</b>	<b>\$ 270,812</b>	<b>\$ 270,812</b>

All interfund balances are expected to be repaid within one year.

**STATE OF NEW MEXICO  
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**NOTE 6 Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2017 follows. Land and construction in progress is not subject to depreciation.

Capital assets used in governmental activities:	Balance June 30, 2016	Additions	Deletions	Adjustments	Balance June 30, 2017
Capital assets not being depreciated:					
Land	\$ 302,134	\$ 12,059	\$ -	\$ -	\$ 314,193
Construction in progress	668,930	1,145,493	(1,814,423)	-	-
Total capital assets not being depreciated	<u>971,064</u>	<u>1,157,552</u>	<u>(1,814,423)</u>	<u>-</u>	<u>314,193</u>
Capital assets being depreciated:					
Land improvements	1,085,837	64,769	(183,844)	-	966,762
Buildings and building improvements	57,552,125	1,765,408	-	-	59,317,533
Furniture, fixtures, and equipment	3,943,352	273,095	(26,913)	-	4,189,534
Vehicles	1,367,139	-	(79,238)	-	1,287,901
Total capital assets being depreciated	<u>63,948,453</u>	<u>2,103,272</u>	<u>(289,995)</u>	<u>-</u>	<u>65,761,730</u>
Less accumulated depreciation:					
Land improvements	308,631	47,996	(170,578)	-	186,049
Buildings and building improvements	26,004,243	1,183,716	-	-	27,187,959
Furniture, fixtures, and equipment	2,762,383	162,343	(24,089)	-	2,900,637
Vehicles	1,137,304	41,739	(75,936)	-	1,103,107
Total accumulated depreciation	<u>30,212,561</u>	<u>1,435,794</u>	<u>(270,603)</u>	<u>-</u>	<u>31,377,752</u>
Total capital assets, net of depreciation	<u>\$ 34,706,956</u>	<u>\$ 1,825,030</u>	<u>\$ (1,833,815)</u>	<u>\$ -</u>	<u>\$ 34,698,171</u>

Depreciation expense for the year ended June 30, 2017 was charged to governmental activities as follows:

Governmental activities:	
Instruction	\$ 527,879
Support services - students	48,731
Support services - general administration	498
Central services	646
Operation and maintenance of plant	43,739
Student transportation	6,686
Food services	40,508
Capital outlay	767,107
Total depreciation	<u>\$ 1,435,794</u>

Construction commitments: At June 30, 2017, there are no outstanding construction commitments.

The Schedule of Capital Assets Used by Source and the Schedule of Changes in Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable.

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**NOTE 7 Long-Term Debt**

During the year ended June 30, 2017, the following changes occurred in the liabilities reported in the government-wide statement of net position:

	Balance at 06/30/16	Additions	Deletions	Balance at 06/30/17	Due Within One Year
General Obligation Bonds	\$ 6,520,000	\$ -	\$ 555,000	\$ 5,965,000	\$ 830,000
Compensated Absences	40,603	81,716	76,542	45,777	45,777
<b>Total</b>	<b>\$ 6,560,603</b>	<b>\$ 81,716</b>	<b>\$ 631,542</b>	<b>\$ 6,010,777</b>	<b>\$ 875,777</b>

General Obligations Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. As of June 30, 2017, all general obligation bonds are for governmental activities.

The annual requirements to amortize the General Obligation Bonds as of June 30, 2017, including interest payments are as follows:

Fiscal Year Ending June 30,	Total General Obligation Bonds		Total Debt Service
	Principal	Interest	
2018	\$ 830,000	\$ 123,769	\$ 953,769
2019	645,000	109,012	754,012
2020	570,000	95,062	665,062
2021	565,000	74,471	639,471
2022	545,000	65,896	610,896
2023-2027	1,790,000	133,641	1,923,641
2028-2030	1,020,000	17,016	1,037,016
<b>Totals</b>	<b>\$ 5,965,000</b>	<b>\$ 618,867</b>	<b>\$ 6,583,867</b>

**STATE OF NEW MEXICO  
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**NOTE 7 Long-Term Debt (Continued)**

A summary of all existing long-term debt for the District is provided below:

	Series 2003 GO Bond <u>4/29/2003</u>	Series 2007 GO Bond <u>5/25/2007</u>	Series 2009 GO Bond <u>8/13/2009</u>
Original Issue	\$750,000	\$1,250,000	\$900,000
Maturity Date	8/1/2017	8/1/2020	8/1/2022
Principal	1-Aug	1-Aug	1-Aug
Interest Rate	0.93% to 3.10%	3.08% to 3.28%	0.52% to 3.22%
Principal/Interest	1-Aug	1-Aug	1-Aug
Interest	1-Feb	1-Feb	1-Feb
	Series 2010 GO Bond <u>5/6/2010</u>	Series 2011 GO Bond <u>4/22/2011</u>	Series 2012 GO Bond <u>5/25/2012</u>
Original Issue	\$1,635,000	\$1,055,000	\$745,000
Maturity Date	8/1/2022	8/1/2024	8/1/2025
Principal	1-Aug	1-Aug	1-Aug
Interest Rate	0.50% to 3.64%	1.53% to 4.41%	0.00% to 2.793%
Principal/Interest	1-Aug	1-Aug	1-Aug
Interest	1-Feb	1-Feb	1-Feb
	Series 2013 GO Bond <u>8/23/2013</u>	Series 2015 GO Bond <u>6/26/2015</u>	Series 2016 GO Bond <u>6/24/2016</u>
Original Issue	\$200,000	\$1,500,000	\$1,500,000
Maturity Date	8/1/2023	8/1/2028	8/1/2029
Principal	1-Aug	1-Aug	1-Aug
Interest Rate	0.3552%	0.10% to 3.00%	0.10% to 1.3734%
Principal/Interest	1-Aug	1-Aug	1-Aug
Interest	1-Feb	1-Feb	1-Feb

In prior years, the general fund was typically used to liquidate long-term liabilities other than debt.

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2017, compensated absences increased \$5,174 over the prior year accrual. See Note 1 for more details.

Operating Leases – The District leases office equipment, including copy machines and postage meter machines, under short-term cancelable operating leases.

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**NOTE 8            Unearned Revenue**

In accordance with the terms of the various grant agreements within the Special Revenue Funds, revenues received in excess of expenditures carry over to the subsequent years, unless such excess revenues are requested to be returned to the grantor. The District had no unearned revenue at June 30, 2017.

**NOTE 9            Risk Management**

The District is a member of the New Mexico Public Schools Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes workers compensation, general and automobile liability, automobile physical damage, and property and crime coverage. Also included under the risk management program are boiler, machinery and student accident insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$10,000 deductible to each building and \$750 for contents. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for faithful performance. A limit of \$250,000 applies to depositor's forgery, credit card forgery and money orders. A limit of \$100,000 applies to Money and Security, which includes a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2017, there have been no claims that have exceeded insurance coverage.

**NOTE 10          Other Required Individual Fund Disclosures**

Generally accepted accounting principles require disclosures as part of the Combined Statements of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds. No funds reported a deficit fund balance at June 30, 2017:
- B. Excess of expenditures over appropriations. The PreK Initiative Fund did not have a budget for the year ended June 30, 2017, and the District over expended the fund in total in the amount of \$78,301, \$62,827 in the Instruction function and \$15,484 in the Student Transportation function. The Debt Service Fund had a budget of \$8,246 in the General Administration function and overspent its budget by \$8.
- C. Cash appropriations in excess of available cash balance. No funds had cash appropriations in excess of available cash balances.

**NOTE 11          General Information on the Pension Plan – Educational Retirement Board**

*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\\_report.html](https://www.nmerb.org/Annual_report.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 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.

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**NOTE 11      General Information on the Pension Plan – Educational Retirement Board (Continued)**

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 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 employments, 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 provided.** 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 that 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.

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 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.



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**NOTE 11      General Information on the Pension Plan – Educational Retirement Board (Continued)**

*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 not continuing benefit due to a beneficiary or estate, except the balance, in 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 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 the 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.

As of July 1, 2013, for current and future retirees the COLA was 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.

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**NOTE 11 General Information on the Pension Plan – Educational Retirement Board (Continued)**

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

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

The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico legislature. For the fiscal years ended June 30, 2017 and 2016, the District paid employee and employer contributions of \$1,406,757 and \$1,383,687 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:* The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2016. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2016. At June 30, 2017 the District’s reported a liability of \$14,352,567 for its proportionate share of the net pension liability. The District’s proportion of the net pension liability is based on the employer contributing entity’s 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 0.19944% percent, which was an increase of 0.00350% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$1,099,008. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net (Inflows) Outflows</b>
Differences between expected and actual experience	\$ 62,267	\$ (136,511)	\$ (74,244)
Changes of assumptions	292,161	-	292,161
Net difference between projected and actual earnings on pension plan investments	856,728	-	856,728
Changes in proportion and differences between contributions and proportionate share of contributions	164,679	(384,030)	(219,351)
District’s contributions subsequent to the measurement date	802,471	-	802,471
<b>Total</b>	<b>\$ 2,178,306</b>	<b>\$ (520,541)</b>	<b>\$ 1,657,765</b>

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**NOTE 11      General Information on the Pension Plan – Educational Retirement Board (Continued)**

Deferred outflows of resources of \$802,471 related to pensions resulting from the District’s contributions subsequent to the measurement date of June 30, 2016 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:

<b>Year ended June 30,</b>	
<b>2018</b>	\$    25,736
<b>2019</b>	169,206
<b>2020</b>	451,430
<b>2021</b>	208,922
<b>2022</b>	-
<b>Total</b>	<u><u>\$    855,294</u></u>

**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	Composition: 3% inflation, plus 0.75% productivity increase rate, plus step rate promotional increases 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
Mortality	<p><b>Healthy males:</b> Based on the RP-2000 Combined Mortality Table with White Collar adjustments, generational mortality improvements with Scale BB.</p> <p><b>Healthy females:</b> 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.</p> <p><b>Disabled males:</b> 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.</p> <p><b>Active members:</b> 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.</p>
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.

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 11      General Information on the Pension Plan – Educational Retirement Board (Continued)**

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 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 the 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 periods of projected benefit payments to determine the total pension liability.

The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels.

Additionally, contributions received through the Alternative Retirement Plan (ARP) are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll where the percentage of payroll is based on the most recent five year contribution history.

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 11      General Information on the Pension Plan – Educational Retirement Board (Continued)**

*Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.* The following table presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.75%, 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 one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate.

	<b>1% Decrease (6.75%)</b>	<b>Current Discount Rate (7.75%)</b>	<b>1% Increase (8.75%)</b>
Tucumcari Public Schools' proportionate share of the net pension liability	\$ 19,009,642	\$ 14,352,567	\$ 10,488,511

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued NMERB’s financial reports. The reports can be found on NMERB’s web site at [https://www.nmerb.org/Annual\\_reports.html](https://www.nmerb.org/Annual_reports.html).

*Payables to the pension plan.* The District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15<sup>th</sup> day of the month following the month for which contributions are withheld. At June 30, 2017 all contributions due and payable by the District were paid by June 30, 2017.

**NOTE 12      Post-Employment Benefits – State Retiree Health Care Plan**

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

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

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

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

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 12 Post-Employment Benefits – State Retiree Health Care Plan (Continued)**

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](http://www.nmrhca.state.nm.us).

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2017, 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, 2017, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2017, June 30, 2016, and June 30, 2015 are \$115,595, \$113,899, and \$111,432, respectively, which equal the required contributions for each year.

**NOTE 13 Unavailable Revenues**

The District had \$487,394 of property taxes which were earned and due at June 30, 2017 but not received within 60 days of year-end.

**NOTE 14 Concentrations**

The District depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the District is subject to changes in the specific flows of intergovernmental revenues based on modifications to the Federal and State laws and Federal and State appropriations.

**NOTE 15 Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 17 Tax Abatement Disclosures**

GASB Statement No. 77 requires government agencies to identify any tax abatement agreements that affect the government agency and disclose the amount of tax which was abated. There are two such agreements which may impact the District for the year ending June 30, 2017. The abatements which affect the District are in the form of county taxable industrial revenue bonds (IRB) which were issued in the 2004 and 2016. Caprock Wind LLC and Caprock Solar 1 LLC entered into agreements with Quay County to abate ad valorem and property taxes. Both companies are eligible for tax abatement as they are electric generation facilities under 4-59-2(F)(4)b) NMSA 1978. The 2004 and 2016A IRB's require the companies to make an annual payment in lieu of taxes (PILOT) payment of \$3,600 and \$26,650, respectively. On a gross dollar amount on an accrual basis the District's tax revenues were reduced during the year by the following amounts:

- 2004 IRB \$2,694.27
- 2016A IRB \$0

The abatements did not have a negative effect on the District for the year ended June 30, 2017, as the PILOT payments resulted in the District receiving \$27,555.73 more than it would have in the absence of the abatements.

**NOTE 18 Subsequent Accounting Standard Pronouncements**

In June 2015, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for addressing accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In March 2016, GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, was issued. Effective Date: The provisions of this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period and is effective for reporting periods beginning after December 15, 2016. The District is still evaluating how this standard will affect the District.

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In January 2017, GASB Statement No. 84 *Fiduciary Activities*, was issued. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

**STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 18      Subsequent Accounting Standard Pronouncements (Continued)**

In March 2017, GASB Statement No. 85 *Omnibus 2017*, was issued. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In May 2017, GASB Statement No. 86 *Certain Debt Extinguishment Issues*, was issued. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In June 2017, GASB Statement No. 87 *Leases*, was issued. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

**NOTE 19      Subsequent Events**

A review of subsequent events through October 19, 2017 which is the date the financial statements were available to be issued, indicated nothing of audit significance.



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**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**EDUCATIONAL RETIREMENT BOARD (ERB) PLAN**  
**LAST 10 FISCAL YEARS\***  
**JUNE 30, 2017**

Schedule I

	<b>June 30</b>			
	<b>Fiscal Year</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
	<b>Measurement Date</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Tucumcari Public Schools' proportion of the net pension liability		0.19944%	0.19594%	0.20552%
Tucumcari Public Schools' proportionate share of the net pension liability		\$ 14,352,567	\$ 12,691,556	\$11,726,409
Tucumcari Public Schools' covered-employee payroll		\$ 5,699,133	\$ 5,577,460	\$ 5,664,862
Tucumcari Public Schools' proportionate share of the net pension liability as a percentage of covered-employee payroll		251.84%	227.55%	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 Tucumcari Public Schools will present information for those years for which information is available.

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**EDUCATIONAL RETIREMENT BOARD (ERB) PLAN**  
**LAST 10 FISCAL YEARS\***  
**JUNE 30, 2017**

Schedule II

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 802,471	\$ 791,772	\$ 774,571
Contributions in relation to the contractually required contribution	802,471	791,772	774,571
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Tucumcari Public Schools' covered-employee payroll	\$ 5,780,214	\$ 5,699,133	\$ 5,577,460
Contributions as a percentage of covered-employee payroll	13.88%	13.89%	13.89%

\* This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the Tucumcari Public Schools will present information for those years for which information is available.

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**EDUCATIONAL RETIREMENT BOARD (ERB) PLAN**  
**JUNE 30, 2017**

***Changes of benefit terms and assumptions*** . 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 - Educational Retirement Board, General Information on the Pension Plan***

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

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**SUPPLEMENTARY INFORMATION**

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**NONMAJOR GOVERNMENTAL FUNDS**

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**SPECIAL REVENUE FUNDS**

## SPECIAL REVENUE FUNDS DESCRIPTIONS

The Special Revenue Funds are used to account for Federal, State and Local funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational tasks. Special Revenue Funds include:

**Food Services (21000)** - This fund is utilized to account for Federal and Local sources of income relating to the food service programs. The Food Service Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. Authority for the creation of this fund is NMSA 22-13-13. No minimum balance required according to legislation.

**Athletics (22000)** – This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC. No minimum balance required according to legislation.

**IDEA-B Entitlement (24106)** accounts 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 Individuals with Disabilities Education Act, Part B, Section 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.

**New Mexico Autism Project (24108)** – To provide funds for research based programs for Autism provided through the New Mexico Public Education Department. No minimum balance required according to legislation.

**IDEA-B Preschool (24109)** – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17. No minimum balance required according to legislation.

**IDEA-B “Risk Pool” (24120)** – Funding for students with disabilities who are parentally placed in private elementary and secondary schools (“equitable participation services”) located in the school district. No minimum balance required according to legislation.

**IDEA-B Results Plan (24132)** – This account is to support the individual school site’s Educational Plan for Student Success, or areas in need of improvement as identified through an instructional audit. This is a pilot program for the New Mexico Real Results program required by US Dept. of Education of Special Education Programs. Authority for creation of this fund is the NMPED. No minimum balance required according to legislation.

**Teacher/Principal Training & Recruiting (24154)** – To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students. No minimum balance required according to legislation.

**Rural & Low-Income Schools (24160)** – To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act, Title VI, Part B. No minimum balance required according to legislation.

**Title XIX Medicaid 3/21 Years (25153)** – To provide school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. (P.L. 105-33). No minimum balance required according to legislation.

**Dual Credit Instructional Materials (27103)** – To purchase college textbooks for students who dual enroll in college credited courses while still attending high school. No minimum balance required according to legislation.

**2012 GO Bond Student Library Fund (SB66) (27107)** – Funds used to purchase library books and library supplies for all school sites. Program is authorized by state statute. No minimum balance required according to legislation.

**PreK Initiative (27149)** – The Pre-K Initiative program provides high-quality early childhood services (in accordance with the NM Pre-K standards) to four year old children in need. Authorized through 32A-23-1 NMSA 1978. No minimum balance required according to legislation.

**NM Grown Fresh Fruits and Vegetables (27183)** – To account for funds provided by New Mexico Public Education Department to purchase New Mexico locally grown fresh fruits and vegetables for school meal programs. No minimum balance required according to legislation.

**NMFLEX (28194)** – Funds used to support rural communities in preserving access to primary and emergency health care services. No minimum balance required according to legislation.

**Wind Farm Projects (29134)** – Funds received by the district as a Payment in Lieu of Taxes from wind farms within Quay County. No minimum balance required according to legislation.

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2017

	Food Services 21000	Athletics 22000	IDEA-B Entitlement 24106
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and temporary investments	\$ 261,918	\$ 12,556	\$ -
Accounts receivable			
Taxes	-	-	-
Due from other governments	1,000	-	78,995
Interfund receivables	-	-	-
Other	-	-	-
Inventory	3,076	-	-
<i>Total assets</i>	<u>265,994</u>	<u>12,556</u>	<u>78,995</u>
<b>LIABILITIES</b>			
<i>Current liabilities:</i>			
Accounts payable	2,007	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	-	-	78,995
Unearned revenue	-	-	-
<i>Total liabilities</i>	<u>2,007</u>	<u>-</u>	<u>78,995</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	3,076	-	-
Restricted for:			
Grant mandates	107,777	7,621	-
Capital projects	-	-	-
Debt service	-	-	-
Assigned	153,134	4,935	-
Unassigned	-	-	-
<i>Total fund balances</i>	<u>263,987</u>	<u>12,556</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 265,994</u>	<u>\$ 12,556</u>	<u>\$ 78,995</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2017**

	New Mexico Autism Project 24108	IDEA-B Preschool 24109	IDEA-B "Risk Pool" 24120
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and temporary investments	\$ -	\$ -	\$ -
Accounts receivable			
Taxes	-	-	-
Due from other governments	3,115	4,030	-
Interfund receivables	-	-	-
Other	-	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>3,115</u>	<u>4,030</u>	<u>-</u>
<b>LIABILITIES</b>			
<i>Current liabilities:</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	3,115	4,030	-
Unearned revenue	-	-	-
<i>Total liabilities</i>	<u>3,115</u>	<u>4,030</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted for:			
Grant mandates	-	-	-
Capital projects	-	-	-
Debt service	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 3,115</u>	<u>\$ 4,030</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2017

	IDEA-B Results Plan 24132	Teacher/Principal Training & Recruiting 24154	Rural & Low-Income Schools 24160
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and temporary investments	\$ -	\$ -	\$ -
Accounts receivable			
Taxes	-	-	-
Due from other governments	10,385	19,572	5,501
Interfund receivables	-	-	-
Other	-	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>10,385</u>	<u>19,572</u>	<u>5,501</u>
<b>LIABILITIES</b>			
<i>Current liabilities:</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	10,385	19,572	5,501
Unearned revenue	-	-	-
<i>Total liabilities</i>	<u>10,385</u>	<u>19,572</u>	<u>5,501</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted for:			
Grant mandates	-	-	-
Capital projects	-	-	-
Debt service	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 10,385</u>	<u>\$ 19,572</u>	<u>\$ 5,501</u>

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



**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2017**

	Title XIX Medicaid 3/21 Years 25153	Dual Credit Instructional Materials 27103	2012 GO Bond Student Library Fund (SB66) 27107
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and temporary investments	\$ 109,329	\$ -	\$ -
Accounts receivable			
Taxes	-	-	-
Due from other governments	15,888	-	527
Interfund receivables	-	-	-
Other	-	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>125,217</u>	<u>-</u>	<u>527</u>
<b>LIABILITIES</b>			
<i>Current liabilities:</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	-	-	527
Unearned revenue	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>527</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted for:			
Grant mandates	41,939	-	-
Capital projects	-	-	-
Debt service	-	-	-
Assigned	83,278	-	-
Unassigned	-	-	-
<i>Total fund balances</i>	<u>125,217</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 125,217</u>	<u>\$ -</u>	<u>\$ 527</u>

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

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2017

	PreK Initiative 27149	NM Grown Fresh Fruits and Vegetables 27183	NMFLEX 28194
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and temporary investments	\$ -	\$ -	\$ 8,835
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	-
Interfund receivables	-	-	-
Other	-	-	-
Inventory	-	-	-
<i>Total assets</i>	<u>-</u>	<u>-</u>	<u>8,835</u>
<b>LIABILITIES</b>			
<i>Current liabilities:</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	-	-	-
Unearned revenue	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted for:			
Grant mandates	-	-	8,835
Capital projects	-	-	-
Debt service	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>8,835</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,835</u>

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

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2017

	Wind Farm Projects 29134	Total
<b>ASSETS</b>		
<i>Current assets:</i>		
Cash and temporary investments	\$ 44,650	\$ 437,288
Accounts receivable		-
Taxes	-	-
Due from other governments	-	139,013
Interfund receivables	-	-
Other	-	-
Inventory	-	3,076
	<u>44,650</u>	<u>579,377</u>
<i>Total assets</i>	<u>44,650</u>	<u>579,377</u>
<b>LIABILITIES</b>		
<i>Current liabilities:</i>		
Accounts payable	-	2,007
Accrued payroll liabilities	-	-
Interfund payables	-	122,125
Unearned revenue	-	-
	<u>-</u>	<u>124,132</u>
<i>Total liabilities</i>	<u>-</u>	<u>124,132</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenues - property taxes	-	-
	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>		
Nonspendable	-	3,076
Restricted for:		
Grant mandates	30,250	196,422
Capital projects	-	-
Debt service	-	-
Assigned	14,400	255,747
Unassigned	-	-
	<u>44,650</u>	<u>455,245</u>
<i>Total fund balances</i>	<u>44,650</u>	<u>455,245</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 44,650</u>	<u>\$ 579,377</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Statement B-2

	Food Services 21000	Athletics 22000	IDEA-B Entitlement 24106
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
State grants	-	-	-
Federal grants	649,452	-	253,320
Miscellaneous	-	-	-
Charges for services	30,899	24,253	-
Investment income	-	-	-
<i>Total revenues</i>	<u>680,351</u>	<u>24,253</u>	<u>253,320</u>
<i>Expenditures:</i>			
Current:			
Instruction	-	18,850	121,651
Support services			
Students	-	-	120,013
Instruction	-	-	-
General administration	-	-	11,656
School administration	-	-	-
Central services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food services operations	688,957	-	-
Community services	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>688,957</u>	<u>18,850</u>	<u>253,320</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(8,606)</u>	<u>5,403</u>	<u>-</u>
<i>Other financing sources (uses):</i>			
Proceeds from bond issues	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>(8,606)</u>	<u>5,403</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>272,593</u>	<u>7,153</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 263,987</u>	<u>\$ 12,556</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Statement B-2

	New Mexico Autism Project 24108	IDEA-B Preschool 24109	IDEA-B "Risk Pool" 24120
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
State grants	-	-	-
Federal grants	10,535	20,370	-
Miscellaneous	-	-	-
Charges for services	-	-	-
Investment income	-	-	-
<i>Total revenues</i>	<u>10,535</u>	<u>20,370</u>	<u>-</u>
<i>Expenditures:</i>			
Current:			
Instruction	-	19,041	-
Support services			
Students	10,535	444	-
Instruction	-	-	-
General administration	-	885	-
School administration	-	-	-
Central services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food services operations	-	-	-
Community services	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>10,535</u>	<u>20,370</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>			
Proceeds from bond issues	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Statement B-2

	IDEA-B Results Plan 24132	Teacher/Principal Training & Recruiting 24154	Rural & Low-Income Schools 24160
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
State grants	-	-	-
Federal grants	28,996	43,086	29,977
Miscellaneous	-	-	-
Charges for services	-	-	-
Investment income	-	-	-
<i>Total revenues</i>	<u>28,996</u>	<u>43,086</u>	<u>29,977</u>
<i>Expenditures:</i>			
Current:			
Instruction	-	24,903	25,185
Support services			
Students	-	-	-
Instruction	28,996	-	-
General administration	-	15,190	1,181
School administration	-	2,993	-
Central services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food services operations	-	-	-
Community services	-	-	674
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>28,996</u>	<u>43,086</u>	<u>27,040</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>2,937</u>
<i>Other financing sources (uses):</i>			
Proceeds from bond issues	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>2,937</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(2,937)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Statement B-2

	Title XIX Medicaid 3/21 Years 25153	Dual Credit Instructional Materials 27103	2012 GO Bond Student Library Fund (SB66) 27107
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
State grants	-	5,877	3,402
Federal grants	156,097	-	-
Miscellaneous	-	-	-
Charges for services	-	-	-
Investment income	-	-	-
<i>Total revenues</i>	<u>156,097</u>	<u>5,877</u>	<u>3,402</u>
<i>Expenditures:</i>			
<i>Current:</i>			
Instruction	23,477	5,877	-
Support services			
Students	87,399	-	-
Instruction	17,426	-	3,402
General administration	-	-	-
School administration	-	-	-
Central services	29,867	-	-
Operation & maintenance of plant	290	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food services operations	-	-	-
Community services	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>158,459</u>	<u>5,877</u>	<u>3,402</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(2,362)</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>			
Proceeds from bond issues	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>(2,362)</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>127,579</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 125,217</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Statement B-2

	PreK Initiative 27149	NM Grown Fresh Fruits and Vegetables 27183	NMFLEX 28194
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
State grants	78,311	1,000	4,230
Federal grants	-	-	-
Miscellaneous	-	-	-
Charges for services	-	-	-
Investment income	-	-	-
<i>Total revenues</i>	<u>78,311</u>	<u>1,000</u>	<u>4,230</u>
<i>Expenditures:</i>			
Current:			
Instruction	62,827	-	-
Support services			
Students	-	-	16,793
Instruction	-	-	-
General administration	-	-	769
School administration	-	-	-
Central services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	15,484	-	-
Other support services	-	-	-
Food services operations	-	1,000	-
Community services	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>78,311</u>	<u>1,000</u>	<u>17,562</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(13,332)</u>
<i>Other financing sources (uses):</i>			
Proceeds from bond issues	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(13,332)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>22,167</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,835</u>

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



**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Wind Farm Projects 29134	Total
<i>Revenues:</i>		
Property taxes	\$ -	\$ -
State grants	-	92,820
Federal grants	-	1,191,833
Miscellaneous	30,250	30,250
Charges for services	-	55,152
Investment income	-	-
<i>Total revenues</i>	<u>30,250</u>	<u>1,370,055</u>
<i>Expenditures:</i>		
Current:		
Instruction	-	301,811
Support services		
Students	-	235,184
Instruction	-	49,824
General administration	-	29,681
School administration	-	2,993
Central services	-	29,867
Operation & maintenance of plant	-	290
Student transportation	-	15,484
Other support services	-	-
Food services operations	-	689,957
Community services	-	674
Capital outlay	-	-
Debt service		
Principal	-	-
Interest	-	-
<i>Total expenditures</i>	<u>-</u>	<u>1,355,765</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>30,250</u>	<u>14,290</u>
<i>Other financing sources (uses):</i>		
Proceeds from bond issues	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>30,250</u>	<u>14,290</u>
<i>Fund balances - beginning of year</i>	<u>14,400</u>	<u>440,955</u>
<i>Fund balances - end of year</i>	<u>\$ 44,650</u>	<u>\$ 455,245</u>

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

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**OTHER SUPPLEMENTAL INFORMATION**

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Schedule III

	Balance June 30, 2016	Additions	Deletions	Adjustments	Balance June 30, 2017
High School	\$ 62,173	\$ 145,782	\$ 137,078	\$ -	\$ 70,877
Middle School	20,260	38,301	43,592	-	14,969
Elementary	21,796	22,890	22,353	-	22,333
Memorials/Scholarships	20,423	1,966	600	-	21,789
	<u>\$ 124,652</u>	<u>\$ 208,939</u>	<u>\$ 203,623</u>	<u>\$ -</u>	<u>\$ 129,968</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF PLEDGED COLLATERAL**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Schedule IV

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity Date</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2017</u>
<b>Wells Fargo Bank</b>	FNMS	9/1/2042	3138LXMB2	\$ 1,622,318
	FNMS	4/1/2043	3138WRQJ2	236,988
Total Wells Fargo Bank				<u>\$ 1,859,306</u>

The securities are held, not in the District's name, at:

Bank of NY Mellon  
One Wall Street  
Fourth Floor  
New York, NY 10286

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS**  
**JUNE 30, 2017**

Schedule V

Bank Name/Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Other Adjustments	Book Balance
<b>Wells Fargo Bank N.A.</b>						
General Accounts	Checking	\$ 3,326,184	\$ -	\$ (405,058)	\$ 208,745	\$ 3,129,871
Direct Deposit	ACH	-	-	-	-	-
NMPSIA Clearing	ACH	23,221	-	(23,221)	-	-
David L/Sylvia York Scholarship Fund	Money Market	1,755	-	-	-	1,755
Rod David Memorial Fund	Money Market	4,284	-	-	-	4,284
DECA Scholarship Fund	Checking	12,700	-	-	-	12,700
AJ Moya Memorial Fund	Checking	3,050	-	-	-	3,050
Total Wells Fargo Bank		<u>\$ 3,371,194</u>	<u>\$ -</u>	<u>\$ (428,279)</u>	<u>\$ 208,745</u>	<u>\$ 3,151,660</u>

Bank Name/Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Other Adjustments	Book Balance
<b>Citizens Bank</b>						
Tucumcari High School	Checking	\$ 72,453	\$ -	\$ (1,576)	\$ -	\$ 70,877
Tucumcari Middle School	Checking	15,129	-	(160)	-	14,969
Tucumcari Elementary School	Checking	22,340	-	(6)	-	22,334
Total Citizens Bank		<u>\$ 109,922</u>	<u>\$ -</u>	<u>\$ (1,742)</u>	<u>\$ -</u>	<u>\$ 108,180</u>

Bank Name/Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Other Adjustments	Book Balance
<b>Quay Schools Federal Credit Union</b>						
Certificate of Deposit	CD	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000

Bank Name/Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Other Adjustments	Book Balance
<b>Bank of Albuquerque</b>						
Infrastructure and Improvement Bond Acct	Trust	\$ 122,030	\$ -	\$ -	\$ -	\$ 122,030
PSCOC Repay School Improv Bond Acct	Trust	376,209	-	-	-	376,209
Total Bank of Albuquerque		<u>\$ 498,239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 498,239</u>
Total		<u>\$ 4,079,355</u>	<u>\$ -</u>	<u>\$ (430,021)</u>	<u>\$ 208,745</u>	<u>\$ 3,858,079</u>

<b>Cash per financial statements</b>						
Cash and cash equivalents - Government Activities Exhibit A-1						\$ 3,728,111
Fiduciary funds - Exhibit D-1						129,968
						<u>\$ 3,858,079</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2017**

Schedule VI

**Primary Government**

	Operational 11000	Transportation 13000	Instructional Materials 14000	Food Services 21000	Athletics 22000
Cash, June 30, 2016	\$ 1,539,605	\$ -	\$ 41,826	\$ 270,940	\$ 7,153
Add:					
Current year revenues	8,135,156	384,807	44,041	643,955	24,253
Permanent cash transfers	47	-	-	-	-
Prior period adjustment	-	-	-	-	-
Bond proceeds	-	-	-	-	-
Loans from other funds	-	-	-	-	-
Total cash available	9,674,808	384,807	85,867	914,895	31,406
Less:					
Current year expenditures	(8,027,102)	(384,807)	(61,771)	(652,977)	(18,850)
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	(270,812)	-	-	-	-
Cash, June 30, 2017	<u>\$ 1,376,894</u>	<u>\$ -</u>	<u>\$ 24,096</u>	<u>\$ 261,918</u>	<u>\$ 12,556</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2017**

Schedule VI

**Primary Government**

	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000	State Flowthrough 27000	State Direct 28000
Cash, June 30, 2016	\$ (288,846)	\$ 111,444	\$ -	\$ (33,886)	\$ 22,167
Add:					
Current year revenues	851,513	156,344	-	121,949	4,230
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Bond proceeds	-	-	-	-	-
Loans from other funds	270,285	-	-	527	-
Total cash available	832,952	267,788	-	88,590	26,397
Less:					
Current year expenditures	(832,905)	(158,459)	-	(88,590)	(17,562)
Permanent cash transfers	(47)	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2017	<u>\$ -</u>	<u>\$ 109,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,835</u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2017**

Schedule VI

<b>Primary Government</b>	Local / State 29000	Bond Building 31100	Capital Improvements SB-9 31700	Debt Service 41000	Total
Cash, June 30, 2016	\$ 14,400	\$ 1,785,376	\$ 247,375	\$ 1,005,348	\$ 4,722,902
Add:					
Current year revenues	30,250	2,840	352,367	822,725	11,574,430
Permanent cash transfers	-	-	-	-	47
Prior period adjustment	-	-	-	-	-
Bond proceeds	-	-	-	-	-
Loans from other funds	-	-	-	-	270,812
Total cash available	44,650	1,788,216	599,742	1,828,073	16,568,191
Less:					
Current year expenditures	-	(1,289,976)	(340,322)	(695,900)	(12,569,221)
Permanent cash transfers	-	-	-	-	(47)
Prior period adjustment	-	-	-	-	-
Loans to other funds	-	-	-	-	(270,812)
Cash, June 30, 2017	<u>\$ 44,650</u>	<u>\$ 498,240</u>	<u>\$ 259,420</u>	<u>\$ 1,132,173</u>	<u>\$ 3,728,111</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF JOINT POWERS AGREEMENTS**  
**JUNE 30, 2017**

Schedule VII

Title: Regional Education Cooperative Joint Powers Agreement

Participants: Tucumcari Public Schools and Regional Educational Center #6

Responsible Party: Regional Educational Cooperative #6's Governing Council

Description: The parties have agreed to form a Regional Education Cooperative to participate in cooperative programs relating to education related services, provide professional services to the districts, and provide other optional services as needed.

Dates of Operation: July 1, 2016 through June 30, 2017 during which either party may give Notice of Intent to Terminate pursuant to the agreement.

Projected Cost: Not to exceed \$195,289

Audit Responsibility: Tucumcari Public Schools and Regional Educational Cooperative #6

Fiscal Agent: Tucumcari Public Schools and Regional Educational Cooperative #6

Reporting Agency: Tucumcari Public Schools and Regional Educational Cooperative #6

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF JOINT POWERS AGREEMENTS**  
**JUNE 30, 2017**

Schedule VII

Title:	Cost Sharing Construction Joint Powers Agreement
Participants:	Tucumcari Public Schools, PSCOC, and PSFA
Responsible Party:	Tucumcari Public Schools, PSCOC, and PSFA
Description:	Ensure the physical condition of school facilities meets adequate level to promote safe, functional, and durable learning environment.
Dates of Operation:	Ongoing but contingent on sufficient appropriations and authorizations being made by the legislature for performance of agreement.
Projected Cost:	Cost of materials and labor, if any
Audit Responsibility:	Tucumcari Public Schools, PSCOC, and PSFA
Fiscal Agent:	Tucumcari Public Schools, PSCOC, and PSFA
Reporting Agency:	Tucumcari Public Schools, PSCOC, and PSFA

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

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**COMPLIANCE SECTION**



# Manning Accounting and Consulting Services, LLC

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

### INDEPENDENT AUDITORS REPORT

Wayne A. Johnson  
New Mexico State Auditor  
The Office of Management and Budget  
And the Board of Education of  
Tucumcari Public Schools  
Tucumcari, 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, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund of the Tucumcari Public 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 October 19, 2017.

#### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **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 NM 2017-001, NM 2017-002, NM 2017-003, NM 2017-004, and NM 2017-005.

### **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 responses were 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Manning Accounting and Consulting Services, LLC*

Manning Accounting and Consulting Services, LLC  
Kirtland, New Mexico  
October 19, 2017

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**FEDERAL FINANCIAL ASSISTANCE**



# Manning Accounting and Consulting Services, LLC

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

### INDEPENDENT AUDITOR'S REPORT

Wayne A. Johnson, New Mexico State Auditor  
The Office of Management and Budget  
And the Board of Education of  
Tucumcari Public Schools  
Tucumcari, New Mexico

#### Report on Compliance for Each Major Federal Program

We have audited the Tucumcari Public Schools (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

#### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

#### Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

## Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items FA 2017-001, that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding 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 compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC  
Kirtland, New Mexico  
October 19, 2017

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Schedule VIII

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Number	Federal CFDA Number	Federal Expenditures
<b>U.S. Department of Education</b>			
<i>Passthrough State of New Mexico Public Education Department</i>			
<b>Special Education Cluster (IDEA)</b>			
IDEA B - Entitlement	24106	84.027	\$ 253,320
New Mexico Autism Project	24108	84.027	10,535
IDEA-B Preschool	24109	84.173	20,370
IDEA-B Results Plan	24132	84.027	28,996
<b>Total Special Education Cluster (IDEA)</b>			<u>313,221</u>
<b>Other Programs (Treated individually for major program determination)</b>			
Title I IASA (1)	24101	84.010	449,558
Teacher / Principal Training & Recruiting	24154	84.367	43,086
Rural & Low-Income Schools	24160	84.358	27,040
<b>Total Other Programs</b>			<u>519,684</u>
<b>Total U.S. Department of Education</b>			<u>832,905</u>
<b>U.S. Department of Agriculture</b>			
<i>Passthrough State of New Mexico Department of Education</i>			
<b>Child Nutrition Cluster</b>			
USDA School Breakfast Program (1)	21000	10.553	171,836
National School Lunch Program (1)	21000	10.555	473,502
<i>Subtotal - Passthrough State of New Mexico Department of Education</i>			<u>645,338</u>
<i>Passthrough State of New Mexico Department of Health and Human Services</i>			
Food Distribution (Commodities) (1)	21000	10.553/10.555	43,619
<i>Subtotal - Passthrough State of New Mexico Department of Health and Human Services</i>			<u>43,619</u>
<b>Total Child Nutrition Cluster</b>			<u>688,957</u>
<b>Total U.S. Department of Agriculture</b>			<u>688,957</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,521,862</u>

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

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Schedule VIII

**Notes to Schedule of Expenditures of Federal Awards**

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. Subrecipients

The District did not provide any federal awards to subrecipients during the year.

3. Non Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2017 was \$43,619 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA numbers 10.553 and 10.555. Commodities are recorded as revenues and expenditures in the food service fund.

4. Indirect Cost Rate

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon a rate established by the State of New Mexico, and the District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance applied to overall expenditures. The District's indirect cost rate for the year was 4.62%

5. Matching Costs

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

6. Insurance

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

7. Loan or Loan Guarantees

There were no loans or loan guarantees outstanding at year-end.

**Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:**

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 1,521,862
Total expenditures funded by other sources	11,166,909
	<hr style="border: 0.5px solid black;"/>
Total expenditures	<u>\$ 12,688,771</u>

(1) Denotes Major Federal Financial Assistance Program

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Section I – Summary of Audit Results**

*Financial Statements:*

- |  |            |
|--|------------|
| 1. Type of auditor’s report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weakness in internal control identified?                             | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to financial statements noted?                         | None noted |

*Federal Awards:*

- |   |            |
|---|------------|
| 1. Internal control over major programs:  |            |
| a. Material weaknesses identified?  | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses?                      | Yes        |
| 2. Type of auditors’ report issued on compliance for major programs                                   | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR-200.516(a)? | None noted |
| 4. Identification of major programs:  |            |

CFDA Number	Federal Program
10.553 and 10.555 84.010	Child Nutrition Cluster Title I IASA

- |   |           |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee?                                   | No        |

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

Schedule IX

**Section II – Financial Statement Findings**

None identified

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

Schedule IX

**Section III – Federal Award Findings**

**FA 2017-001 – Improper Cost Allocation (Significant Deficiency)**

Federal Program Information:

Funding Agency: U.S. Department of Education

Title: Title I IASA

CFDA Number: 84.010

Passthrough: New Mexico Department of Education

Award Year: 2017

***Criteria:* 2 CFR Chapter I, and Chapter II, Parts 200, 215, 220, 225, and 230 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards**

**§ 200.405 Allocable costs**

(d) Direct cost allocation principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost should be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c) of this section, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required.

***Condition:*** The District expended \$10,000 of Title I funds to pay for a portion of the annual audit. The bid packet for the audit only allocated \$2,500 for the cost of the Federal Single Audit.

***Cause:*** The District used Federal funds in excess of the proportional cost of the amount chargeable to the Federal Single Audit.

***Effect:*** The District is not in compliance with Federal regulations related to the grant and could put funding in jeopardy or require the District to reimburse the program.

***Auditor's Recommendation:*** The District should ensure that it is not expending funds in a greater proportion than the cost pertaining to the Federal programs.

***Responsible official's view:***

- Specific corrective action plan for finding: **The business manager was not aware of that fact. Title 1 was used to pay the 10,000.00 portion because we are school wide and she assumed that was a cost that Title 1 could afford.**
- Timeline for completion of corrective action plan: **Business manager has revised the PO for this year to meet the amount the Auditor is billing for single audits**
- Employee position(s) responsible for meeting the timeline: **Business Manager**



**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Section IV – Section 12-6-5 NMSA 1978 Findings**

**NM 2017-001 [FS 2013-003] [2013-03] – Purchase Orders and Payment Authorization (Compliance and Other Matters) Repeated and Revised.**

**Criteria:** Per the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, “the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services or construction.” Additionally, “all verified items or services should be recorded on the receiving document or other recording instrument (i.e., electronic file)”, and “upon verifying and recording the receipt of all the items or services ordered, the receiving document or recording instrument shall be manually or electronically signed by authorized receiving personnel and processed for payment according to procedures established by school District or charter school boards’ of education local procedures.” Relevant statutes include 13-1-157 and 13-1-158 NMSA 1978.

**Condition:** During our testing of individually significant we noted the following instances in which proper procedures were not followed:

- In 1 of 22 items tested the vendor was overpaid. The invoice amount was for \$61,993.03 but payment of \$62,993.03 was sent resulting in an overpayment of \$1,000.00.

There were no overpayments in the prior year’s audit.

During our testing of activity disbursement we noted the following instances in which proper procedures were not followed:

- In 5 of 25 items tested the goods and or services were purchased prior to the creation of a valid purchase order. The invoice date, purchase order date, and amount are as follows;
  - Invoice dated 3/1/17 purchase order dated 3/7/17 for \$25.00
  - Invoice dated 4/26/2017 purchase order dated 5/9/2017 for \$35.79
  - Invoice dated 3/8/16 purchase order dated 9/6/16 for \$36.00
  - Invoice dated 3/1/17 purchase order dated 3/2/17 for \$75.25
  - Receipt dated 3/24/17 purchase order dated 4/3/17 for \$161.19
- In 4 of 25 items tested there was no receiving documentation to verify goods and or services were received by the schools. The value of these purchases ranged from \$301.95 to \$5,300.00.

In the prior year’s audit there were two instances in which the PO was created after the fact and 14 instances in which there was no receiving documentation.

**Cause:** District personnel did not ensure that there was a valid purchase order created prior to incurring an expense. Additionally, activity account procedures have not followed District and State policies for purchasing, receiving and proper supporting documentation.

**Effect:** The District has not followed state guidelines and proper District procedures which creates the possibility of fraud or misuse of District and student funds. Proper internal controls provides better assurances that students’ funds are being effectively maintained and overseen.

**Auditor Recommendation:** We recommend that District personnel ensure that a valid purchase order is in place prior to any goods or services being purchased. Additionally, we recommend that the District stress the necessity of maintaining proper internal controls with activity funds as well. The District has made significant improvements over the past three years in receiving, documentation, and in creating purchase orders prior to expending funds. Staff at the school sites should be trained in proper procedures and those who oversee these funds should provide the same care to follow State and District policies as they do for operational funds.

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

Schedule IX

**Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)**

**NM 2017-001 [FS 2013-003] – Purchase Orders and Payment Authorization (Compliance and Other Matters)  
Repeated and Revised (Continued)**

*Responsible Official's Plan:*

- Specific corrective action plan for finding:  
**For the Over payment of 1000.00—The money was returned. The Accounts Payable person will make sure the amount to be paid is checked by tape and by total to be paid on the vision system.**

**The purchases made before a PO was in place in the schools activity accounts continues to baffle me. I am in hopes the principals will continue to harp on the subject.**

- Timeline for completion of corrective action plan:  
**The monitoring of payment dollars started the minute this was brought to the business manager's attention.**

**The principals and secretaries must continue to bring this to the attention of the school personnel**

- Employee position(s) responsible for meeting the timeline:  
**Accounts Payable in the business office**

**Principals at each of the schools**

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

Schedule IX

**Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)**

**NM 2017-002 [FS 2014- 003] – Background Checks and Licensing (Compliance and Other Matters) Repeated and Revised**

*Criteria:* According to 22-10A-5 NMSA 1978

C. Local school boards and regional education cooperatives shall develop policies and procedure to **require background checks on an applicant who has been offered employment, a contractor or a contractor's employee with unsupervised access to students at a public school.**

D. An applicant for employment who has been initially licensed within twenty-four months of applying for employment with a local school board, regional education cooperative or a charter school shall not be required to submit to another background check **if the department has copies of the applicant's federal bureau of investigation records on file.** An applicant who has been offered employment, a contractor or a contractor's employee with unsupervised access to students at a public school shall provide two fingerprint cards or the equivalent electronic fingerprints to the local school board, regional education cooperative or charter school to obtain the applicant's federal bureau of investigation record. The applicant, contractor or contractor's employee who has been offered employment by a regional education cooperative or at a public school may be required to pay for the cost of obtaining a background check. **At the request of a local school board, regional education cooperative or charter school, the department is authorized to release copies of federal bureau of investigation records that are on file with the department and that are not more than twenty-four months old.** Convictions of felonies or misdemeanors contained in the federal bureau of investigation record shall be used in accordance with the Criminal Offender Employment Act; provided that other information contained in the federal bureau of investigation record, if supported by independent evidence, may form the basis for the employment decisions for good and just cause. Records and related information shall be privileged and shall not be disclosed to a person not directly involved in the employment decision affecting the specific applicant who has been offered employment, contractor or contractor's employee with unsupervised access to students at a public school.

Additionally 22-10A-3 NMSA 1978 states:

A. Except as otherwise provided in this subsection, any person teaching, supervising an instructional program or providing instructional support services in a public school or state agency; any person administering in a public school; and any person providing health care and administering medications or performing medical procedures in a public school shall hold a valid license or certificate from the department authorizing the person to perform that function. This subsection does not apply to a person performing the functions of a practice teacher as defined by the state board [department].

C. A person performing the duties of a licensed school employee who does not hold a valid license or certificate or has not submitted a complete application for licensure or certification within the first three months from beginning employment duties shall not be compensated thereafter for services rendered until he demonstrates that he holds a valid license or certificate. This section does not apply to practice teachers as defined by rules of the state board [department].

*Condition:* During our review of personnel files we noted several instances where required documentation was not found in the employees personnel file.

- In 2 of the 25 files reviewed there was no copy of the FBI background check in the file.

In the previous year there were three files which were missing valid FBI background checks.

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

Schedule IX

**Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)**

**NM 2017-002 [FS 2014- 003] – Background Checks and Licensing (Compliance and Other Matters) Repeated and Revised (Continued)**

*Cause:* Tucumcari Public Schools have not followed state guidelines in regards to documentation of licensure and background checks. While the District reviewed the personnel files over the past year and had many staff members perform background checks to bring the files up to state guidelines, a few files were still missing these background checks.

*Effect:* The School's failure to maintain a background check report in the employee file is a violation of state statute and puts the District and School at additional risk of liability for any actions that may arise regarding employees.

*Auditor's Recommendation:* We recommend that Tucumcari Public School's establish a policy regarding background checks and ensuring they are properly maintained within the employee personnel file.

*Responsible Official's View:*

- Specific corrective action plan for finding: **There is a new Administrative Secretary handling this now. She has been made aware of the previous problems.**
- Timeline for completion of corrective action plan: **Immediately**
- Employee position(s) responsible for meeting the timeline: **Superintendent's Admin assistant**

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

Schedule IX

**Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)**

**NM 2017-003 [FS 2014-005] – Improper Cash Receiving and Depositing (Compliance and Other Matters) Repeated and Revised**

*Criteria:* NMAC 6.20.2.14 1978:

- A. School districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the office of management and budget (OMB) Circular A-102, and applicable state and federal laws and regulations.
- B. **The school district shall issue a factory pre-numbered receipt for all money received.** Pre-numbered receipts are to be controlled and secured. If a receipt is voided, all copies shall be marked "VOID" and retained in the receipt book.
- C. **Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day.** If the distance to the bank is considerable, or the cash collection is limited to small amounts and/or low volume and it is impractical to meet the twenty-four hour/one banking day requirement, the local board may request approval from the department for an alternative plan. The bank deposit slip shall have the numbers from applicable receipts entered on it or attached as a reference.
- D. A cash receipts journal is to be used for each fiscal year beginning July 1 and ending June 30, and is to be presented to the school district's auditor during the annual audit.

*Condition:* During our review of activity cash receipts we noted the following instances where proper procedures were not followed.

- In 12 of 25 items reviewed there was no receipt issued. The value of the receipts ranged from \$18.50 to \$1,342.00.
- In 6 of 25 items reviewed deposits were not deposited within 24 hours of receipt of the funds.
  - \$30.00 was received on 2/14/17 and deposited on 2/17/17
  - \$1,630 was received on 9/1/16 and deposited on 9/7/16
  - \$660.95 was received on 10/4/16 and deposited on 10/6/16
  - \$90.00 was received on 5/10/17 and deposited on 5/15/17
  - \$997.00 with some received as early 3/21/2017 with varying dates and deposited on 5/24/2017
  - \$80.00 was received as early as 5/16/2017 and deposited on 6/29/2017

The controls over activity receipts have fallen significantly over the previous year. In the previous year, there were four instances in which there was no receipt written. There has been improvement in the timeliness of deposits as there were eleven instances in which deposits were not made within 24 hours of receipt.

*Cause:* The staff of the District did not deposit the funds within 24 hours after receipt. Proper procedures relating to cash receipts were not followed. While procedures for operational accounts appear to be adequately followed, the same care has not been taken with activity receipts and deposits of the students.

*Effect:* Non-adherence to state statutes places the District in noncompliance and lack of timeliness of deposits and proper receipt documentation could subject the District to a possible occurrence of fraud.

*Auditors' Recommendations:* We recommend that the District emphasize the importance of timely deposits of receipts and monitor receipts more closely in order to be compliant with state statutes. The District should cross-train employees so that more than one individual is able to make deposits to ensure timely deposits are possible. Additionally, those individuals who supervise fundraising activities for the students should be trained in the procedures which are required to follow state and District policies. Discussions with some District personnel responsible for these activities at the schools indicated that there is still confusion and misunderstanding of what is required. Proper oversight of these procedures by site personnel will be required to improve these procedures in the District.

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Schedule IX

**Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)**

**NM 2017-003 [FS 2014-005] – Improper Cash Receiving and Depositing (Compliance and Other Matters)**  
**Repeated and Revised (Continued)**

*Responsible Official's View:*

- Specific corrective action plan for finding: **The school secretaries and principals are reminding employees of the correct way to do business.**
  
- Timeline for completion of corrective action plan: **Immediately**
  
- Employee position(s) responsible for meeting the timeline: **Secretaries and Principals at the schools**

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

Schedule IX

**Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)**

**NM 2017-004 – Failure to Award Statutory Preference (Compliance and Other Matters)**

**Criteria:** 1.4.1.15 NMAC 1978 **COMPETITIVE SEALED BIDS REQUIRED:** All procurement shall be achieved by competitive sealed bids except procurement achieved pursuant to the following methods:

- A. competitive sealed proposals;
- B. small purchases;
- C. sole source procurement;
- D. emergency procurement;
- E. procurement under existing contracts; and
- F. purchases from anti-poverty program businesses.

1.4.1.25 NMAC 1978 **STATUTORY PREFERENCES:** Statutory preferences to be applied in determining low bidder or low offeror. New Mexico law provides certain statutory preferences to resident businesses, resident veteran businesses, resident contractors and resident veteran contractors as well as for recycled content goods (13-1-21 and 13-1-22 NMSA 1978). **These preferences must be applied in regard to invitations for bids and requests for proposals in accordance with statute in determining the lowest bidder or offeror.**

**Condition:** During our testing of bid's and RFP's we identified the following instances in which proper procedures were not followed in one RFP:

- The scoring did not include statutory preference points for resident and resident veteran businesses.

**Cause:** The District has not followed State guidelines for requests for proposals.

**Effect:** The District is not in compliance with State Purchasing Guidelines and could have their bidding procedures challenged.

**Auditor's Recommendation:** We recommend that the District ensure that all personnel are sufficiently aware and trained in the proper procedures for handling bid's and RFP's. For all non-Federal related bids the District should be including the resident business and resident veteran business preferences in its bids and include the required scoring for all bids and RFPs.

**Responsible official's view:**

- Specific corrective action plan for finding: **There will be a checklist.**
- Timeline for completion of corrective action plan: **Supposed to have the checklist for the first bid of 17/18.**
- Employee position(s) responsible for meeting the timeline: **Chief Procurement Officer**

STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

**Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)**

**NM 2017-005 [2010-02] – Budgetary Controls (Compliance and Other Matters) Repeated and Revised**

*Criteria:* According to 22-8-11 B. NMSA 1978:

B. No School district or state-chartered school or officer or employee of a school district or state-chartered school shall make any expenditure or incur any obligation for the expenditure of public funds unless that expenditure or obligation is made in accordance with an operating budget approved by the department. This prohibition does not prohibit the transfer of funds pursuant to the department's rules and procedures.

*Condition:* The District did not have an approved budget for the 2016-2017 fiscal year for Pre-K Initiative. However, the District expended \$78,311 from this fund, \$62,827 in the Instruction function and \$15,484 in the Student Transportation function.

This condition existed in the prior year and will continue to exist as long as the District is given approval to spend these funds or until the State changes the way in which it records and budgets these funds as is described below.

This is not an oversight or an error on the part of the District as all other funds are budgeted and expended within the confines of the statute. The District is in a catch-22 and must violate the budgeting statute in order to expend the funds legally allocated to them.

The District also had an over-expenditure of \$8 in the Debt Service Fund for tax collection fees.

*Cause:* The District did not obtain a budget from the Public Education Department even though the District received an award. The District received \$98,103 from the Public Education Department for this fund during the 2016-2017 budget year, \$19,792 for prior year expenditures and \$78,311 for current year expenditures.

The District receives these funds from a Regional Educational Cooperative (REC) which has been established by the State. However, these funds are budgeted at the REC and not at the District. The District has full rights to expend these funds and follow through on the program. The State does not want to show two separate entities budgeting and expending the same funds, so it only allows the REC to budget the funds but then distribute them to member districts where they are actually spent in accordance with the requirements of the fund.

The issue in the Debt Service Fund is that tax collections were greater than expected and June receipts threw the expenditures over budget as no changes to budgets can be made after the first of June.

This finding cannot be corrected until the State changes how it allows districts to budget these funds from the REC.

*Effect:* The internal controls established by adherence to budgets have been compromised, and excess spending could, and did, result. In addition, New Mexico statutes have been violated. However, there is no way to administer the program and expend the funds allocated to the District without violating the statute. Until the State changes the method it accounts for these types of funds administered through an REC, the member districts will be in violation of the statute, and there is nothing they can do to avoid non-compliance.

*Auditor's Recommendation:* We recommend that the District continue to bring this to the attention of the State that its own requirements on how these funds are budgeted and expended from an REC will result in a finding for legally expending funds. This finding should exist for every district which expends these types of funds which are distributed through an REC. We also recommend that the District attempt to budget an excess amount in the General Administration sub-function so that unexpected tax receipts don't cause a budget finding.



STATE OF NEW MEXICO  
TUCUMCARI PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

Schedule IX

**Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)**

**NM 2017-005 [2010-02] – Budgetary Controls (Compliance and Other Matters) Repeated and Revised (Continued)**

***Responsible Official's Plan:***

- Specific corrective action plan for finding: **Business Manager has not been given a way to fix this.**
  
- Timeline for completion of corrective action plan: **Dependent on State changing procedures.**
  
- Employee position(s) responsible for meeting the timeline: **None**

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Schedule IX

**Section V – Prior Year Audit Finding**

**Financial Statement Findings**

FS 2015-001 – Failure to Follow Bid Procedures - Resolved

FS 2016-001 – Improper Recording and Maintenance of Fixed Assets and Warehouse Inventory – Resolved

NM 2017-001 [FS 2013-003] [2013-03] – Purchase Orders and Payment Authorization – Repeated and Revised (Reclassified to NMSA Finding in current year)

NM 2017-002 [FS2014-003] – Background Checks and Licensing – Repeated and Revised (Reclassified to NMSA Finding in current year)

NM 2017-003 [FS 2014-005] – Improper Cash Receiving and Depositing – Repeated and Revised (Reclassified to NMSA Finding in current year)

NM 2017-005 [2010-02] – Budgetary Controls – Repeated and Revised (Reclassified to NMSA Finding in current year)

**Federal Awards Findings**

None

**Section 12-6-5 NMSA Findings**

None

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**UNAUDITED SUPPLEMENTAL INFORMATION**



# Tucumcari Public Schools

700 W Amarosa • P.O. Box 1046  
Tucumcari, New Mexico 88401

Ph. 575.461.3910  
Fax 575.461.3554

To: Federal Audit Clearinghouse

RE: Summary Schedule of Prior Audit Findings  
Corrective Action Plan for Current Year Audit Findings

*Schedule of Findings and Questioned Cost for year ended June 30, 2015*

## Resolved

FS 2014-004—Incomplete Procedures for Purchasing Requiring Quotations  
FS 2014-006—Lack of Supporting Documentation for Credit Card Purchases  
FS 2014-007—Federal Reporting Requirements  
FS 2014-008—Improper Maintenance of Fixed Asset Records  
FS 2014-009—Improper Recording of Disposed Assets  
FS 2014-011—Statutory Preferences in Bids and RFP's

## Repeat and New Findings for 2015

### **FS 2010-002—Budgetary Controls**

Tucumcari Schools does not have Budget authority for the Pre School grant used as it is funded through the REC. This finding continues to be brought to the States attention at every Quarterly Report stating that this is budgeted for information purposes only.

We are funded through the REC which has permission to budget the dollars but Tucumcari Schools spends the money and asks for reimbursement from the REC. Tucumcari has to have a budget showing expenditures to be reimbursed and because of that the Business Manager has no other option than to put the information in the Visions accounting to keep up with reimbursements and expenses. This is not a finding the school can correct. The finding must be addressed by the State before it can be fixed.

### **FS 2013-003—Purchase Orders and Payment Authorization**

Purchase Orders being created after the goods or services were purchased and no receiving documentation.

Central Office has done a good job of having purchase orders in place before purchases are made. The Business Manager creates purchase orders for utilities, businesses that are local and used for maintenance, yearly supplies, etc at the beginning of the school year to combat the problems the school had in previous years. This is not to say it won't happen again, but at this time we are doing great.

“EXCELLENCE IN EDUCATION”

The individual schools, with their activity accounts are another problem. The secretaries at the schools are not the ones creating the problems; it is the sponsors of the different activities. The principals are the ones in charge of the activity accounts and at the beginning of every year the principals are asked to make sure their sponsors have training on how to operate their activities.

**Receiving documents and invoices.**

Central Office has cleaned up their Accounts Payable process to include, a printed PO copy with amounts checked in and signatures and dates if a packing slip is not provided with the shipment. There were no findings for this year. The schools activity accounts are supposed to be done the exact same way. The secretaries have had instruction on this and will continue to be reminded of this each year at a meeting with the Business Manager and Accounts Payable.

**Over payment of invoice.**

A vendor had been overpaid by the Accounts Payable person by an even \$1,000.00. When that was brought to our attention we immediately set up a system to list all payments, add them up and make sure the total check amount matched the payment amount. Along with that, the check registers are given to the Business Manager to match amounts with the invoices. The \$1,000.00 was returned to the school.

#### **FS 2014-001—Improper Recording of Journal Entries**

**Supporting documentation not attached to JE**

The Business Mgr. did not attach supporting documentation to a JE and missed the account that should have been corrected. The Business Mgr. corrected the problem immediately and puts documentation with the JE .

#### **FS 2014-002—Payroll Documentation of I-9s**

**Proper documentation not included.**

The Supt Admin Assist did not have the 2 forms of identification needed for two employees. She will monitor the files more closely.

#### **FS 2014-003—Background Checks and Licensing**

**No Background Check**

The Admin Assist to the Superintendent maintains the files for all employees. She neglected to review all files for background checks. The people whose files were pulled this year that did not have the correct information are being asked to do their checks. The Supt Admin Assistant is looking at all files to make sure prints are included.

#### **FS 2014-005—Timeliness of Deposits**

**Money not being deposited within 24 hours**

The secretaries at the schools have been instructed along with their principals to have money deposited within 24 hours whether the secretaries do it or their back up. The Cafeteria deposits are to be made daily and the Assistant Superintendent is providing proper procedures for the Food Service Provider and her staff.

**FS 2014-010—Insufficient Pledged Collateral**

The Credit Union has not provided collateralization Investments were not being covered by the Credit Union. The Business Mgr. moved a portion of the investments to another Credit Union so the district would be in compliance.

**FS 2015-001—Failure to Follow Statutory Bid-RFP Procedures**

District did not wait required time to open bids, a vendor provided more than \$60,000 in services with no bid, and a purchase was made without 3 quotes and statutory preference was not followed  
The Chief Procurement Officer will monitor all dates and purchase orders to make sure the district is in compliance with all bid and purchasing procedures.

**FS 2015-002—Segregation of Duties**

No one was checking payroll information  
The Business Mgr. does the payroll. The distribution report is given to the Supt to monitor and make sure proper payroll is being done. He will sign and date the report and keep one for him to cross reference if needed.

**FS 2015-003—Insufficient Documentation for Mileage Reimbursement**

Employees were given mileage without odometer readings  
Some employees are given travel mileage to travel from school to school for work related business. They will now be paid a stipend through payroll to correct this problem. An addition to their contract will give the Business Mgr. documentation to put this in payroll.

**FS 2015-004—Improper Purchase of High Grade Fuel**

Employee filled vehicle out of town with high grade fuel  
The Bus Barn Supervisor and Secretary have included in the travel packet a notice to employees to pay attention to what fuel they are using at the gas pump.

**FS 2015-005—Cash Appropriation in Excess of Available Cash Balances**

BAR was not done to decrease cash for fund at beginning of year  
The Business Mgr will mark the BAR's that have been done to match the Budget Report to the Fund Balance report so this does not happen again.

**Federal Award Findings for 2015**

**RESOLVED**

**FA 2014-001—Improper Maintenance of Personnel Activity Reports**

**FA 2014-003—Late Data Collection Form Submission**

## REPEATED

### **FA 2014-002—Improper Recording of Goods and Services**

Employees were given mileage without odometer readings  
Some employees are given travel mileage to travel from school to school for work related business. They will now be paid a stipend through payroll to correct this problem. An addition to their contract will give the Business Mgr. documentation to put this in payroll.

PO done after goods received

The HS Secretary waited until a bill was received before putting in a PO for distance learning fees. The Business Mgr. now puts in a PO at the beginning of the year to cover this and to correct the problem of late PO's for the HS.

*Schedule of Findings and Questioned Cost for year ended June 30, 2016*

## RESOLVED

FS 2014-001—Improper Recording of Journal Entries

FS 2014-002—Payroll Documentation of I-9s

FS 2014-010—Insufficient Pledged Collateral

FS 2015-002—Segregation of Duties

FS 2015-003—Insufficient Documentation for Mileage Reimbursement

FS 2015-004—Improper Purchase of High Grade Fuel

FS 2015-005—Cash Appropriation in Excess of Available Cash Balances

## Repeat and New Findings for 2016

### **FS 2010-002—Budgetary Controls**

Tucumcari Schools does not have Budget authority for the Pre School grant used as it is funded through the REC. This finding continues to be brought to the States attention at every Quarterly Report stating that this is budgeted for information purposes only.

We are funded through the REC which has permission to budget the dollars but Tucumcari Schools spends the money and asks for reimbursement from the REC. Tucumcari has to have a budget showing expenditures to be reimbursed and because of that the Business Manager has no other option than to put the information in the Visions accounting to keep up with reimbursements and expenses. This is not a finding the school can correct. The finding must be addressed by the State before it can be fixed.

### **FS 2013-003—Purchase Orders and Payment Authorization**

HS Secretary PO for Referees and Maintenance Workers purchases without a PO

An Open PO has been created by the Business Mgr to cover any referee that is changed or added at the last minute by the AD. Maintenance workers have been instructed by the Business Mgr and their supervisor to not purchase anything



without a PO in hand. Local vendors have been asked not to charge anything unless they have a current PO in place.

School Activity accounts not having receiving documentation and quotes when needed

Business Mgr continues to train on purchase procedures. At the HS a letter of Corrective Action will be given to sponsor/worker when breach of procedures has been found.

### **FS 2014-003—Background Checks and Licensing**

#### **No Background Check**

The Admin Assist to the Superintendent neglected to review all files for background checks. The Supt Admin Assistant has been asked to make sure the three files missing FBI checks have been cleaned up before August. One left the district, another came back as part time and has been printed, and the third has gotten their prints done again.

### **FS 2014-005—Timeliness of Deposits**

Money not being deposited within 24 hours at schools, receipts not signed at schools

The secretaries at the schools have been instructed along with their principals to have money deposited within 24 hours whether the secretaries do it or their back up does it. Copies of checks are being made and attached to deposit information for reference.

### **FS 2015-001—Failure to Follow Statutory Bid-RFP Procedures**

CPO did not monitor the contracts and requisitions sufficiently  
The CPO has been advised by the Auditor and the Business Mgr to be more detailed oriented and be cognizant of all the Purchasing rules she is supposed to follow.

### **FS 2016-001—Improper Recording and Maintenance of Fixed Assets and Warehouse Inventory**

Transportation Dept. not changing costs on items, Physical verifying of Assets not being done

The CPO must get the Fixed Asset inventory up to date and the Transportation Dept. must pay attention to first in and first out on their supplies they keep on hand.

## **Federal Award Findings for 2016**

### **RESOLVED**

**FA 2014-002—Improper Recording of Goods and Services**

**No New or Repeated Federal Findings for 2016**

*Schedule of Findings and Questioned Cost for year ended June 30, 2017*

**RESOLVED**

**FS 2015-001—Failure to Follow Statutory Bid-RFP Procedures**

**FS 2016-001—Improper Recording and Maintenance of Fixed Assets and Warehouse Inventory**

**Repeat and New Findings for 2017**

**Repeat Findings and are now listed as NM findings for 2017**

**NM 2017-001 Was FS 2013-003—Purchase Orders and Payment Authorization**

Activity accounts at the schools continue to not have PO's in place before purchases are made. Receiving documentation was not attached to payments.

The principals and the secretaries at the schools are made aware of the people who are causing the problems with making purchases without a PO. The secretaries at the schools are not the ones creating the problems; it is the sponsors of the different activities. The principals are the ones in charge of the activity accounts and at the beginning of every year the principals are asked to make sure their sponsors have training on how to operate their activities. Until the people doing the infractions are made accountable for their purchases this will continue. The secretaries are instructed each year as to what is supposed to be attached to payments. If a packing slip is not included then they are supposed to make a copy of the PO and write what was received and sign and date. This should be corrected before the end of the school year 17/18.

**NM 2017-002 Was FS 2014-003—Background Checks and Licensing**

**No Background Check**

The previous year there were three files with no background check. Those were resolved. This year's audit had two more files pulled with no background check. The previous Admin Assistant to the superintendent, neglected to review all files. She is no longer with the district and the new Admin Assist is aware of the problem and is working on reviewing all files for all information, background checks, license, etc. She is creating a Table of Contents for all files to be set up alike in hopes that all information will be collected and maintained.

**NM 2017-003 Was FS 2014-005—Improper Cash Receiving and Depositing**

Money not being deposited within 24 hours and no receipts being issued Secretaries at the schools have been instructed along with their principals to have money deposited within 24 hours whether the secretaries do it or their back up. NO excuses. It is the principal's job to make sure their teachers are turning money in timely to the secretaries when fundraising. This process is addressed at the beginning of every year with the secretaries and principals.

### **Receipts not issued**

Three part receipts are available to the secretaries for their staff to use for their fundraising. At the beginning of every school year the schools are made aware that it is their job to make sure receipts are given and attached to deposits.

### **NM 2017-004—Failure to Award Statutory Preference**

The scoring for a bid did not include the resident contractor's points that are granted by New Mexico.

The Chief Procurement Officer has created a checklist to be used for all bids beginning with the 17/18 school year. This checklist will be referenced for each bid so all points are awarded.

### **NM 2017-005 Was 2010-02—Budgetary Controls**

Tucumcari Schools does not have Budget authority for the Pre School grant used as it is funded through the REC. This finding continues to be brought to the States attention at every Quarterly Report stating that this is budgeted for information purposes only.

We are funded through the REC which has permission to budget the dollars but Tucumcari Schools spends the money and asks for reimbursement from the REC. Tucumcari has to have a budget showing expenditures to be reimbursed and because of that the Business Manager has no other option than to put the information in the Visions accounting to keep up with reimbursements and expenses. This is not a finding the school can correct. The finding must be addressed by the State before it can be fixed.

## **Federal Award Findings for 2017**

### **FA 2017-001—Improper Cost Allocation**

Money spent for audit did not match the quote on the bid.

The audit bid allocated 2,500.00 for the cost of the Federal Single Audit. When the PO's were done for the year that amount was not put in for Title 1. The PO for the audit payment has been adjusted by the Business Mgr. to reflect the amount charged to Title 1 and for other federal single audits at \$2,500.00.

**STATE OF NEW MEXICO**  
**TUCUMCARI PUBLIC SCHOOLS**  
**OTHER DISCLOSURES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Auditor Prepared Financial Statements**

Manning Accounting and Consulting Services, LLC prepared the GAAP-basis financial statements and footnotes of Tucumcari Public Schools from the original books and records provided to them by the management of the District. The District's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements. The responsibility for the financial statements remains with the District.

**Exit Conference**

The contents of this report were discussed on October 19, 2017. The following individuals were in attendance.

Tucumcari Public Schools

Aaron McKinney - Superintendent  
David Johnson – Assistant Superintendent  
Leif Gray – Board Member  
Corinne Hayes – Board Member  
Leola Patterson – Business Manager  
Janet Sanchez – Assistant Business Manager  
Susan Lease – Community Parent Member  
Teresa Barreras – Community Finance Member

Manning Accounting and Consulting Services, LLC

Byron R. Manning, CPA, Managing Partner  
Chris Manning, Staff Accountant