



ANNUAL FINANCIAL REPORT

JUNE 30, 2013

(This page intentionally left blank.)

INTRODUCTORY SECTION

(This page intentionally left blank.)

LOGAN MUNICIPAL SCHOOLS
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS

| | <u>Exhibit</u> | <u>Page</u> |
|---|--------------------------------|-------------|
| INTRODUCTORY SECTION | | |
| Table of Contents | | 1 |
| Official Roster | | 7 |
| FINANCIAL SECTION | | |
| Independent Auditor’s Report | | 11 |
| Management’s Discussion and Analysis | | 15 |
| Basic Financial Statements | | |
| Government-wide Financial Statements: | | |
| Statement of Net Position | A-1 | 24 |
| Statement of Activities | A-2 | 26 |
| Fund Financial Statements: | | |
| Balance Sheet – Governmental Funds | B-1 | 28 |
| Reconciliation of the Balance Sheet to the Statement of Net Position | | 31 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | B-2 | 32 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | | 35 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual: | | |
| General Fund | C-1 | 37 |
| Transportation Fund | C-2 | 39 |
| Instructional Materials | C-3 | 41 |
| Statement of Fiduciary Assets and Liabilities | D | 43 |
| Notes to the Financial Statements | | 45-63 |
| SUPPLEMENTARY INFORMATION | | |
| Combining and Individual Fund Statements and Schedules: | <u>Statement/ Schedule</u> | |
| Combining Balance Sheet – Nonmajor Governmental Funds | A-1 | 74 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds | A-2 | 80 |

(This page intentionally left blank.)

LOGAN MUNICIPAL SCHOOLS
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS

| | <u>Statement/ Schedule</u> | <u>Page</u> |
|--|--------------------------------|-------------|
| Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual: | | |
| Food Service Special Revenue Fund | A-3 | 87 |
| Athletics Special Revenue Fund | A-4 | 88 |
| Title I Special Revenue Fund | A-5 | 89 |
| IDEA-B Entitlement Special Revenue Fund | A-6 | 90 |
| IDEA-B Discretionary Special Revenue Fund | A-7 | 91 |
| IDEA-B Preschool Special Revenue Fund | A-8 | 92 |
| IDEA-B Risk Pool Special Revenue Fund | A-9 | 93 |
| Teacher/Principal Training Special Revenue Fund | A-10 | 94 |
| Rural Education Achievement Special Revenue Fund | A-11 | 95 |
| Dual Credit Special Revenue Fund | A-12 | 96 |
| Technology for Education Special Revenue Fund | A-13 | 97 |
| Incentives for School Improvement Special Revenue Fund | A-14 | 98 |
| Beginning Teacher Mentoring Special Revenue Fund | A-15 | 99 |
| Bond Building Capital Projects Fund | A-16 | 100 |
| Special Capital Outlay State Capital Projects Fund | A-17 | 101 |
| Capital Improvements SB-9 Capital Projects Fund | A-18 | 102 |
| Debt Service Fund | A-19 | 103 |
| | | |
| Statement of Changes in Assets and Liabilities – Agency Funds | B | 109 |
| | | |
| SUPPORTING SCHEDULES (OTHER SUPPLEMENTAL INFORMATION) | | |
| Schedule of Collateral Pledged by Depository | I | 113 |
| Schedule of Deposit and Investment Accounts | II | 115 |
| Cash Reconciliation | III | 116 |

(This page intentionally left blank.)

LOGAN MUNICIPAL SCHOOLS
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS

| | <u>Statement/ Schedule</u> | <u>Page</u> |
|--|--------------------------------|-------------|
| COMPLIANCE SECTION | | |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | | 123 |
| Schedule of Findings and Responses | | 127 |
| OTHER DISCLOSURES | | 129 |

(This page intentionally left blank.)

LOGAN MUNICIPAL SCHOOLS
OFFICIAL ROSTER
June 30, 2013

| <u>Name</u> | | <u>Title</u> |
|--------------|---------------------------|---|
| | <u>Board of Education</u> | |
| Tom Humble | | President |
| Lynn Birch | | Vice President |
| Bryan Roach | | Secretary |
| Tom Bruhn | | Member |
| Scott Osborn | | Member |
| | <u>Audit Committee</u> | |
| Lynn Birch | | Board Member |
| Tom Humble | | Board Member |
| Rodney Paris | | Parent Liaison |
| | <u>School Officials</u> | |
| Johnnie Cain | | Superintendent retired July 31, 2013 |
| Craig Terry | | Acting Superintendent as of August 1, 2013 |
| Pat Copeland | | Business Manager |

(This page intentionally left blank.)

FINANCIAL SECTION

(This page intentionally left blank.)



INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Logan Municipal Schools
Logan, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons of the general fund and the major special revenue funds of Logan Municipal Schools (the "District") as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise Logan Municipal Schools basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Logan Municipal Schools nonmajor governmental funds and the budgetary comparisons for the major capital project funds, debt service funds, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

(This page intentionally left blank.)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Logan Municipal Schools, as of June 30, 2013, and the respective changes in financial position where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of Logan Municipal Schools as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, debt service funds and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 15-22 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 the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on Logan Municipal Schools financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules as required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The other schedules required by 2.2.2 NMAC are the responsibility of management and was derived from and relates 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 statement 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 other schedules as required by 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2013 on our consideration of the Logan Municipal Schools' 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 Logan Municipal Schools internal control over financial reporting and compliance.



Precision Accounting, LLC

Albuquerque, New Mexico

August 16, 2013

(This page intentionally left blank.)

**LOGAN MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2013**

This is the Management Discussion and Analysis of the fiscal performance of the Logan Municipal Schools (District) for the period ending June 30, 2013. The MD & A written analysis is a required part of the District's financial reporting and is an objective and easily readable discussion of the District's financial activities. For school districts, GASB 34 has had a significant impact in the manner in which the financial statements are prepared, as well as the kinds of statements that are included in the report. There are two new statements that began four years ago: a Statement of Net Position which includes all of the assets and liabilities of the district and a Statement of Activities, which is a report that uses a net cost format with expenses reported by functions/programs. The Management Discussion and Analysis as well as the two new statements, provide a review of the School District's *overall* financial activities using the accrual basis of accounting. Fund financial statements are reported on a modified accrual basis of accounting. The reports include a comparison with last fiscal year.

The discussion and analysis, as well as the Statement of Net Position and Statement of Activities, provide a review of the District's overall financial activities, using the accrual basis of accounting, for the year ending June 30, 2013. Fund financial statements are reported on a modified accrual basis of accounting. Rather than looking at specific areas of performance, this discussion and analysis focuses on the financial performance of the District as a whole. Whenever possible this discussion and analysis will provide the reader multi-year pictures of financial performance and other pertinent information through the use of tables and other graphics information.

In addition to the new reporting, this annual report consists of a series of detailed, audited financial statements and the notes to those statements. Also included is the Independent Auditor's Report, The Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards, and a Schedule of Findings and Responses. These statements and information were included in past audit reports.

About LOGAN MUNICIPAL SCHOOLS

To completely understand the financial discussion of Logan Municipal Schools, it is important to understand the nature of the District.

As one would travel the State of New Mexico, it would be a unique treat to pass through Logan. Located in Eastern New Mexico, is isolated and yet diverse. Nestled next to beautiful Ute Lake State Park in Quay County is the Village of Logan. Logan is a small, rural community with a population of just over 1,000 people; however, because of summer recreation, the population often expands to several thousand during its peak season. Most people derive their livelihood from farming, ranching, government employment and, of course, recreation.

Logan has a registered voting population of approximately 795 with 50 percent of these voters being retired with no ties to the school. This enables the Logan Municipal Schools to qualify and apply for additional Funding. Most of the community realized the importance of the school as the center of this thriving area and wholeheartedly supported this important endeavor. The school population is approximately 300 students including the online school in grades PK-12 with approximately 30 three and four year olds. It is the attempt of the district to provide academic and extracurricular opportunities that will enhance individual student knowledge and experience. Our older students are active in sports-football, volleyball, basketball and track-along with FFA, Honor Society, Student Council and various other activities. The primary focus with the elementary students tends to be in the classroom because of necessary skill building at this level; however, these students also have the opportunity to participate in limited sports competitions. We have implemented an online school to address retention issues as well as provide students additional course work. There is little violence or vandalism to report; and it is important that as one walks the halls, there are still no locks on the students' lockers because there is not a need. Logan continues to do very well in the area of academics. Our elementary and middle schools have maintained a "B" grade on the NMPED school grade report card for the past two years. Our High School improved from a "C" to a "B" this year.

**LOGAN MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2013**

The District provides a full range of educational services to its students. The Special Education staff of the Logan district joins forces with the General Education staff, families, and community to increase learning opportunities for ALL students. The purpose of Special Education is based on a philosophy of providing a high quality, individualized, comprehensive education in the most inclusive environment based on a student's educational needs. The purpose of this education is to prepare students to become productive and responsible and to allow them to meaningfully participate in an ever-changing global society.

Significant Financial Highlights for the Year Ending June 30, 2013

The overall Fund Balances increased from \$1,473,167 for the year ending June 30, 2012 to \$1,592,821 for the year ending June 30, 2013. The total increase in fund balance is \$119,654. The increase was due to a

small decrease in expenditures and the increase in revenue.

Total expenditures decreased from \$4,182,019 for the year ending June 30, 2012 to \$4,027,546 for the year ending June 30, 2013. This is a decrease in expenditures of \$154,473 or 4%. The reason for this decrease is because the district experienced a decrease in expenditures. Revenues increased from \$4,096,258 for the year ending June 30, 2012 to \$4,147,200 for the year ending June 30, 2013 resulting in a total increase of \$50,942.

Total cash increased by \$105,943 in 2013 in part due to the district having decreased spending and an increase in revenue.

The change of \$4,251 in capital assets is attributable to capital additions of \$223,193 and depreciation expense of \$218,942 for the year.

There was a decrease in accounts payable of \$2,214 while overall liabilities decreased (as a result by) \$131,377 due to the decrease of interfund payables, bond payments and deferred revenues.

**LOGAN MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2013
DISTRICT WIDE FINANCIAL STATEMENTS**

Statement of Net Position

The overall Statement of Net Position is prepared using the accrual method of accounting. This statement shows that the District has net position of \$4,311,407. The District has \$1,608,679 of cash and cash equivalents on hand as of June 30, 2013 compared to \$288,890 in accounts payable and other current liabilities. Net Position totaling \$651,793 are "unrestricted".

| | <u>June 30, 2013</u> | <u>June 30, 2012</u> |
|------------------------------------|----------------------|----------------------|
| Cash Assets | \$ 1,608,679 | \$ 1,502,736 |
| Other Current Assets | 118,736 | 97,314 |
| Capital Assets | 4,952,551 | 4,948,300 |
| Other Non Current Assets | 20,331 | 22,873 |
| Total Assets | <u>6,700,297</u> | <u>6,571,223</u> |
| <u>Liabilities</u> | | |
| Accounts Payable | 14,542 | 16,756 |
| Other Current Liabilities | 274,348 | 253,511 |
| Long Term Liabilities | 2,100,000 | 2,250,000 |
| Total Liabilities | <u>2,388,890</u> | <u>2,520,267</u> |
| <u>Net Position</u> | | |
| Invested in Capital Assets | 2,577,788 | 2,453,059 |
| Restricted | 1,080,572 | 1,074,014 |
| Unrestricted | 651,793 | 523,883 |
| Total Net Position | <u>4,311,407</u> | <u>4,050,956</u> |
| Total New Position and Liabilities | <u>\$ 6,700,297</u> | <u>\$ 6,571,223</u> |

GASB 34 rules require public entities to depreciate capital assets. This statement includes an adjusted accumulated depreciation of the District's capital assets in the amount of \$5,053,052. The District utilized a "straight line" depreciation method in all cases and standardized lifetime tables in calculating this depreciation.

Statement of Activities

The Statement of (Governmental) Activities is a statement required by GASB 34 and is prepared using the accrual method of accounting. This report compliments the Statement of Net Position by showing the overall change in the District's net position for the fiscal year ending June 30, 2013. As of June 30, 2013 the District had net position of \$4,311,407. The adjusted beginning year total net position is \$4,050,956 reflecting an increase in total net position of \$260,451 for the year ending June 30, 2013.

| | <u>June 30, 2013</u> | <u>June 30, 2012</u> |
|---|-----------------------|-----------------------|
| Expenses for Governmental Activities | \$ 3,909,469 | \$ (4,059,902) |
| Less Charges for Services | 70,020 | 68,041 |
| Less Operating Grants and Contributions | 531,383 | 529,689 |
| Less Capital Grants and Contributions | 230,529 | 100,629 |
| Net (Expenses) Revenues and Changes in Net Position | <u>\$ (3,077,537)</u> | <u>\$ (3,361,543)</u> |

**LOGAN MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2013**

| | <u>June 30, 2013</u> | <u>June 30, 2012</u> |
|--|----------------------|----------------------|
| General Revenues: | | |
| Taxes -general, debt service, capital projects | \$ 388,390 | \$ 409,602 |
| Federal and State Aid not restricted to specific purpose | 2,923,191 | 2,963,721 |
| Interest Earned | 9,125 | 7,983 |
| Miscellaneous | (211) | 1,449 |
| Subtotal, General Revenues | 3,320,495 | 3,382,755 |
| Changes in Net Position | 242,958 | 21,212 |
| Net Position, Beginning | \$ 4,050,956 | \$ 4,029,744 |
| Net Position, Ending | 4,293,914 | 4,050,956 |

FUND FINANCIAL STATEMENTS

The Statement of Revenues and Expenditures and Changes in Fund Balances report guides the reader to a meaningful overall view for the District revenue, expenditures and changes to the fund balance. Total revenues from state, local and federal sources were \$4,147,200. Total expenditures for the District were \$4,027,546. The total ending fund balance was \$1,592,822; an increase of \$119,654 from the prior year.

Multi-Year District Revenues and Expenditures

A multi-year view of overall District revenues and expenditures indicates a growth and then lack of growth in both areas through the 2013 fiscal year. The revenue and expenditures decreased in the 2013 fiscal year due to the policy of the Logan Municipal Schools to not expend more revenue than we receive coupled with the cap on cash balances allowed by the PED. The District enrollment fluctuates. It is expected that expenditures increase with increased enrollment.

| <u>Year</u> | <u>Total Revenues *</u> | <u>Increase %</u> | <u>Total Expenses*</u> |
|-------------|-------------------------|-------------------|------------------------|
| 2003/2004 | 5,752,380 | 27% | 5,680,426 |
| 2004/2005 | 3,152,102 | (45%) | 3,230,588 |
| 2005/2006 | 3,497,169 | 11% | 3,550,617 |
| 2006/2007 | 4,132,870 | 18% | 3,995,021 |
| 2007/2008 | 3,923,827 | 6% | 3,717,908 |
| 2008/2009 | 5,391,333 | 28% | 4,202,518 |
| 2009/2010 | 3,845,106 | (29%) | 4,642,245 |
| 2010/2011 | 3,666,319 | (5%) | 4,352,199 |
| 2011/2012 | 4,096,258 | 12% | 4,182,019 |
| 2012/2013 | 4,147,200 | 1% | 4,027,546 |

Note: * Revenues include proceeds from General Obligation Bonds and exclude cash carryovers; * Expenditures include capital outlays.

**LOGAN MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2013**

The Budget

District budgets reflect the same growth as seen in the revenue and expenditures of the District. The State of New Mexico school budget process is defined under state law and regulation. To enhance the process of developing a budget at the school district level, the District utilizes goals and objectives defined by the District's Board, community input meetings, long term plans and input from various staff groups to develop to the District's budget. District priorities are well defined through this process.

GASB 34 does not require a statement presenting the overall result of the budget for each year; however, all major budgetary funds are required to be reported as a separate statement.

Major budgetary funds in these reports are: The General Fund (Operational Fund) (Transportation Fund) and the (Instructional Materials Fund), The Bond Building Fund, The Capital Improvements SB-9 Fund and the Debt Service Fund. In addition, fifteen (15) non-major Special Revenue Funds and non-major Projects Funds are also reported for their budgetary performance. The following graphics and tables show the fiscal relationship of the major funds and the combined non-major funds.

The reader will note that the Operational Fund represents 35% of the total fund dollar amount. This fund provides the salary and benefits for the significant majority of the Direct Instruction, Instructional Support, Administration, Business Support, Food Service and Maintenance staff as well as classroom materials, special education consulting staff and fixed utility costs.

Revenue from this fund is substantially derived from the State Equalization Guarantee, which is the funding formula appropriated for education by the State Legislature. The General Fund is explored later in the Management Discussion and Analysis.

The following table examines the summary budget performance of the major and combined nonmajor funds for the fiscal year ending June 30, 2013. Detailed budget performance is examined through the Budgetary Comparison Statement for each major fund and the Schedule of Revenues and Expenditures Budget and Actual for the combined Special Revenue Funds, Capital Projects Funds, and Debt Service.

MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE

| Fund Type | Final Budget | Actual | Variance |
|---------------------------|--------------|--------------|------------|
| Operational | \$ 3,459,289 | \$ 2,846,559 | \$ 612,725 |
| Bond Building | 309,274 | 309,274 | - |
| Capital Improvements SB-9 | 42,579 | 42,579 | - |
| Debt Service | 237,206 | 237,206 | - |

The General Fund's original budget of \$4,664,919 is \$1,205,635 more than the final budget of \$3,459,284. The reason for this decrease is that the budget is prepared in April, approved in early June and final budget reflects grants and other awards garnered during the year that decreased revenue.

The \$612,725 variance between the final budget in the General Fund and the amount actually spent is the result of decreased revenues resulting in decreased expenditures in these revenue funds as detailed in the application process and award guidelines.

**LOGAN MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2013
COMBINED NON-MAJOR FUNDS EXPENDITURE BUDGET PERFORMANCE**

| Fund Type | Combined Budget | Actual | Final Variance |
|-----------------------|--------------------|---------|-------------------|
| Special Revenue Funds | \$ 400,391 | 263,899 | 136,492 |

All funds fell within the regulatory criteria set by the Public Education Department and New Mexico Statute. Both the Manual of Procedures for Public School Accounting and NMSA 8-22-5, Annotated require that budget expenditures be within the authorization of the approved budget.

The General Fund

The General Fund revenues represent \$2,998,085 of the total \$4,147,200 in overall District revenues.

The Operational Fund is predominately funded by revenues from the State of New Mexico Equalization Guarantee Formula. This fund pays for teaching staff, teaching support staff, special education support staff, maintenance staff and administration staff. The Operational Fund provides the predominant funding for athletics and food service. Because of the student growth experienced by the School District, an emphasis on schools by the New Mexico Legislature, and because the Equalization Guarantee Formula is based upon student populations, the Operational Fund saw significant increases in revenues through fiscal year 2007 but a change in the funding formula has resulted in a decrease in State Equalization Guarantee funding since for fiscal years 2008 through 2012 as seen in the following table. In 2012-2013 fiscal year there was an increase in the State Equalization Guarantee because the unit value was increased. Additionally Logan Schools had increase in student enrollment.

| <u>Year</u> | <u>Revenues</u> | <u>Increase %</u> |
|-------------|-----------------|-------------------|
| 2002-2003 | 2,091,714 | 3% |
| 2003-2004 | 2,071,638 | -1% |
| 2004-2005 | 2,003,867 | -3% |
| 2005-2006 | 2,257,142 | 9% |
| 2006-2007 | 2,724,397 | 9% |
| 2007-2008 | 2,602,897 | -4% |
| 2008-2009 | 2,545,755 | -3% |
| 2009-2010 | 2,445,102 | -4% |
| 2010-2011 | 2,434,687 | -1% |
| 2011-2012 | 2,963,721 | 21% |
| 2012-2013 | 2,923,191 | -1% |

Because the Operational Fund is the main fund whose expenditures are significantly related to the educational process, \$2,856,585 was expended in the year ending June 30, 2013.

The most significant inter-fund expenditure was for the function noted as "Direct Instruction". This expenditure was \$1,753,549 and represents 61% of all general expenditures. Expenditures included in this function are regular and special education teachers and assistants, benefits, payroll taxes, school supplies, training and miscellaneous instructional related contract services. Approximately 67% of all Operational Fund expenditures are made for employee salaries, payroll taxes and benefits.

**LOGAN MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2013**

The following discussion on the General Fund Budget will relate functional expenditures for the year ending June 30, 2013 for the Operational Fund. Direct Instruction represents 61% of all Operational Fund expenditures. Direct Instruction expenditures account for regular education, special education and kindergarten teachers and educational assistant salaries, payroll taxes and benefits. Instructional Support represents 39% of Operational Fund expenditures and account for expenditures for school principals, program coordinators, counselors, school nursing staff, librarians, special education ancillary staff and significant support to special education programs through contract ancillary support staff and contract programs.

The Office of the Superintendent and the Business Office represent the overhead support of the entire operations of the District; these programs combined represent 9% of the total Operational Fund. Operation of Plant accounts for 15% of the Operational Fund expenditures. Included in the Operation of the Plant expenditures are salaries and benefits for maintenance staff, school custodians, fixed utility costs, maintenance and repairs, maintenance supplies and school custodial supplies. Additional support for maintenance supplies and projects comes from the voter approved SB9 Fund. The Operational Fund also supports expenditures for athletics, food service and transportation.

Capital Assets

Because of aging facilities, the District has taken an aggressive approach to maintaining existing facilities.

| Asset Type | Balance June 30, 2010 | Balance June 30, 2011 | Balance June 30, 2012 | Balance June 30, 2013 |
|---------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Land & Improvements | 8,811,050 | 9,043,151 | 9,043,151 | 9,255,436 |
| Construction in Progress | - | - | - | - |
| Furniture, Fixtures & Equipment | 738,797 | 722,836 | 739,259 | 750,167 |
| Total Capital Assets | 9,549,847 | 9,765,987 | 9,782,410 | 10,005,603 |
| Less Accumulated Depreciation | (4,583,926) | (4,652,682) | (4,834,110) | (5,053,052) |
| Capital Assets-Net | 4,965,921 | 5,113,305 | 4,948,300 | 4,952,551 |

In the fiscal year ending June 30, 2013 the Statement of Revenues and Expenditures and Changes in Fund Balances shows the District expended \$361,143 for all capital outlays. The capital outlay expenditures consist mostly of maintenance of equipment and grounds, and library books.

General Long Term Debt

Article IX, Section 11 of the New Mexico Constitution limits the power of a school district to incur general obligation debt beyond a school year unless such debt is for "the purpose of erecting, remodeling, making additions, and furnishing buildings or purchasing or improving school grounds or purchasing computer software or hardware for student use in public classrooms or any combination of these purposes." The approval of debt is subject to a vote of the local electors and may not exceed 6% of the assessed valuation of the taxable property within the District.

The School District has never defaulted on any of its debts or other obligations. Listed below is the District's total general obligation debts as of June 30, 2013.

| Year Ended June 30, | Principal | Interest | Totals |
|---------------------|-----------|----------|---------|
| 2014 | 125,000 | 61,281 | 186,281 |
| 2015 | 125,000 | 55,781 | 180,781 |
| 2016 | 125,000 | 49,969 | 174,969 |
| 2017 | 125,000 | 44,031 | 169,031 |
| 2018 | 125,000 | 37,938 | 162,938 |
| 2019-2023 | 625,000 | 95,815 | 720,815 |

**LOGAN MUNICIPAL SCHOOLS
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDING JUNE 30, 2013**

| Year Ended June 30, | Principal | Interest | Totals |
|----------------------------|------------------|-----------------|---------------|
| 2014 | 25,000 | 43,310 | 68,310 |
| 2015 | 25,000 | 42,560 | 67,560 |
| 2016 | 25,000 | 41,810 | 66,810 |
| 2017 | 35,000 | 41,060 | 76,060 |
| 2018 | 45,000 | 40,010 | 85,010 |
| 2019-2023 | 275,000 | 176,100 | 451,100 |
| 2024-2026 | 570,000 | 56,500 | 626,500 |

In 2003, the New Mexico legislature passed some major education reforms known as House Bill 212 that implemented a new three tiered licensure system for classroom teachers. It has had a major impact on the district’s budget because it establishes a \$30,000, \$40,000 and a \$50,000 salary minimum for Level I, Level II and Level III teachers. In addition, the legislation provides for a minimum salary for school principals effective in FY 07-08.

It is expected that there will continue to be double-digit inflation in the cost of health and medical insurance benefits provided through the New Mexico Public Schools Insurance Authority in subsequent years. This will have a large budget impact to the district.

The New Mexico Public Schools Insurance Authority also provides general liability, property damage and worker’s compensation coverage for all school districts in New Mexico. It is anticipated that for the next several years, that school districts will experience double-digit inflationary increases for this coverage. The cost increases of general liability, property damage and worker’s compensation premiums should be included in the funding formula, but because of the high claims history of some districts, those districts will realize a budget shortfall.

The above factors will present some challenges and opportunities for the District to closely review all programs, operations, and staffing levels, in hopes of identifying ways in which to balance its budget in future years. The board of education has indicated their desire to establish a long-range strategic planning committee to help develop plans for coping with the budget challenges.

Contacting the Logan Municipal School

This financial report is designed to provide our community, parents, taxpayers, investors, and creditors with an overview of the Logan Municipal School District’s financial condition and to provide accountability for the funds the school district receives. If you have any questions about this report or about the operations of the Logan Municipal School District, please contact:

Pat Copeland Business Manager
Logan Municipal School District
PO Box 67 Logan, NM 88426
e-mail: loganbusiness@plateautel.net

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2013

Exhibit A-1
(Page 1 of 2)

| | <u>Governmental Activities</u> |
|---|---|
| ASSETS | |
| Current assets: | |
| Cash and temporary investments | \$ 1,608,679 |
| Receivables (net of allowance for uncollectibles) | 87,568 |
| Prepaid Assets | 3,522 |
| Inventory | 27,646 |
| Total current assets | <u>1,727,415</u> |
| Noncurrent assets: | |
| Bond issuance costs (net of amortization of \$13,919) | 20,331 |
| Capital assets: | |
| Other capital assets | 10,005,603 |
| Less accumulated depreciation | <u>(5,053,052)</u> |
| Total Capital assets | <u>4,952,551</u> |
| Total noncurrent assets | <u>4,972,882</u> |
| Total assets | <u><u>\$ 6,700,297</u></u> |

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2013

Exhibit A-1
(Page 2 of 2)

| | Governmental Activities |
|--|------------------------------------|
| LIABILITIES AND NET POSITION | |
| Current liabilities: | |
| Accounts payable | \$ 14,542 |
| Accrued salaries and benefits | 91,090 |
| Accrued interest | 21,790 |
| Deferred revenue | 11,468 |
| Current portion of long-term debt | 150,000 |
| Total current liabilities | 288,890 |
| Noncurrent liabilities: | |
| Bonds, loans and other payables: | |
| Due in more than one year | 2,100,000 |
| Total noncurrent liabilities | 2,100,000 |
| Total liabilities | 2,388,890 |
| Net position: | |
| Invested in capital assets, net of related debt | 2,577,788 |
| Restricted for | |
| Special Revenue Funds | 50,744 |
| Capital Projects Funds | 821,412 |
| Debt Service Funds | 208,416 |
| Assigned | - |
| Committed | - |
| Unrestricted | 653,047 |
| Total net position | 4,311,407 |
| Total liabilities and net position | \$ 6,700,297 |

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Charges for Service</u> |
|----------------------------------|---------------------|----------------------------|
| Governmental activities: | | |
| Instruction: | | |
| Direct instruction | \$ 1,990,561 | \$ 1,281 |
| Support services: | | |
| Students | 299,455 | - |
| Instruction | 58,065 | 1,629 |
| General Administration | 159,398 | - |
| School Administration | 106,065 | - |
| Central Services | 126,151 | - |
| Operation & Maintenance of Plant | 414,089 | 35,241 |
| Student Transportation | 330,402 | - |
| Other Support Services | 6,272 | - |
| Food Services | 165,016 | 31,869 |
| Capital Outlay | 137,903 | - |
| Interest on long-term debt | 116,092 | - |
| Total governmental activities | <u>\$ 3,909,469</u> | <u>\$ 70,020</u> |

| Program Revenues | | Net |
|---|---|--|
| Operating Grants and Contributions | Capital Grants and Contributions | (Expenses) Revenues and Changes in Net Position |
| \$ 154,360 | \$ - | \$ (1,834,920) |
| - | - | (299,455) |
| - | - | (56,436) |
| - | - | (159,398) |
| - | - | (106,065) |
| - | - | (126,151) |
| - | 230,529 | (148,319) |
| 284,620 | - | (45,782) |
| - | - | (6,272) |
| 92,403 | - | (40,744) |
| - | - | (137,903) |
| - | - | (116,092) |
| <u>\$ 531,383</u> | <u>\$ 230,529</u> | <u>\$ (3,077,537)</u> |

General Revenues:

| | |
|----------------------------------|---------------------|
| Property taxes: | |
| Levied for general purposes | 28,900 |
| Levied for debt service | 236,395 |
| Levied for capital projects | 140,588 |
| Gain on Sale of Assets | - |
| State aid not restricted | 2,923,191 |
| Unrestricted investment earnings | 9,125 |
| Misc | (211) |
| | <u>3,337,988</u> |
| Total general revenues | |
| | <u>3,337,988</u> |
| Change in net position | 260,451 |
| Net position - beginning | <u>4,050,956</u> |
| Net position - ending | <u>\$ 4,311,407</u> |

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

| | General Fund | | |
|--|-------------------|-----------------|----------------------------|
| ASSETS | Operational | Transportation | Instructional Materials |
| <i>Current Assets</i> | | | |
| Cash and cash equivalents | \$ 694,951 | \$ - | \$ 2,803 |
| Accounts receivable | | | |
| Taxes | 2,104 | - | - |
| Due from other governments | 183 | - | 232 |
| Other accounts receivable | - | - | - |
| Interfund receivable | 34,061 | - | - |
| Prepaid Assets | 3,522 | - | - |
| Inventory | 16,659 | 3,530 | - |
| | <u>\$ 751,480</u> | <u>\$ 3,530</u> | <u>\$ 3,035</u> |
| LIABILITIES AND FUND BALANCES | | | |
| <i>Current Liabilities</i> | | | |
| Accounts payable | \$ 14,542 | \$ - | \$ - |
| Accrued salaries and benefits | 91,090 | - | - |
| Interfund payable | - | - | - |
| Deferred revenue | 620 | - | - |
| | <u>106,252</u> | <u>-</u> | <u>-</u> |
| <i>Fund Balances</i> | | | |
| Fund Balance | | | |
| Non-spendable | - | - | - |
| Restricted for: | | | |
| General Fund | - | - | - |
| Special Revenue Funds | - | - | - |
| Capital Projects Funds | - | - | - |
| Debt Service Funds | - | - | - |
| Committed for: | | | |
| General Fund | - | - | - |
| Special Revenue Funds | - | - | - |
| Capital Projects Funds | - | - | - |
| Assigned for: | | | |
| General Fund | - | - | - |
| Special Revenue Funds | - | - | - |
| Capital Projects Funds | - | - | - |
| Unassigned for: | | | |
| General Fund | 645,228 | 3,530 | 3,035 |
| | <u>645,228</u> | <u>3,530</u> | <u>3,035</u> |
| <i>Total fund balances</i> | <u>645,228</u> | <u>3,530</u> | <u>3,035</u> |
| <i>Total liabilities and fund balances</i> | <u>\$ 751,480</u> | <u>\$ 3,530</u> | <u>\$ 3,035</u> |

| | <u>Bond Building</u> | <u>Capital Improvements SB-9</u> | <u>Debt Service</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|----|--------------------------|--|-------------------------|---|---|
| \$ | 605,732 | \$ 156,821 | \$ 63,906 | \$ 84,466 | \$ 1,608,679 |
| | - | 10,315 | 19,044 | - | 31,463 |
| | - | 8,888 | - | 35,914 | 45,217 |
| | - | - | - | 758 | 758 |
| | - | - | - | - | 34,061 |
| | - | - | - | - | 3,522 |
| | - | - | - | 7,457 | 27,646 |
| | - | - | - | - | - |
| \$ | <u>605,732</u> | <u>\$ 176,024</u> | <u>\$ 82,950</u> | <u>\$ 128,595</u> | <u>\$ 1,751,346</u> |
| \$ | - | - | - | - | \$ 14,542 |
| | - | - | - | - | 91,090 |
| | - | - | - | 34,061 | 34,061 |
| | - | 3,018 | 3,725 | 11,468 | 18,831 |
| | - | - | - | - | - |
| | - | 3,018 | 3,725 | 45,529 | 158,524 |
| | - | - | - | 7,457 | 7,457 |
| | - | - | - | - | - |
| | - | - | - | 43,286 | 43,286 |
| | 605,732 | 173,006 | - | 32,322 | 811,060 |
| | - | - | 79,225 | - | 79,225 |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | - | - | - | - | - |
| | - | - | - | - | 651,793 |
| | - | - | - | - | - |
| | <u>605,732</u> | <u>173,006</u> | <u>79,225</u> | <u>83,066</u> | <u>1,592,822</u> |
| \$ | <u>605,732</u> | <u>\$ 176,024</u> | <u>\$ 82,950</u> | <u>\$ 128,595</u> | <u>\$ 1,751,346</u> |

(This page intentionally left blank.)

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2013

Exhibit B-1
(Page 2 of 2)

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

| | | |
|--|----|-------------------------|
| Fund balances - total governmental funds | \$ | 1,592,822 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets | | 4,952,551 |
| Other assets are not available to pay for current-period expenditures and therefore, are deferred in the funds: | | |
| Bond issuance costs | | 20,331 |
| Deferred property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in fund financial statements, but are considered revenue in the Statement of Activities | | 17,493 |
| Other liabilities are not due and payable in the current period and therefore are not reported in the funds - accrued interest payable | | (21,790) |
| Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds | | (2,250,000) |
| Net Assets of Governmental Activities in the Statement of Net Position | \$ | <u><u>4,311,407</u></u> |

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

| | General Fund | | |
|--|-------------------|-----------------|----------------------------|
| | Operational | Transportation | Instructional Materials |
| <i>Revenues:</i> | | | |
| Taxes | | | |
| Taxes levied/assessed | \$ 27,646 | \$ - | \$ - |
| Local sources | | | |
| Tuition | - | - | - |
| Investment income | 2,281 | - | - |
| Food services | - | - | - |
| District activities | 5,491 | - | - |
| Other revenue | 3,418 | - | 128 |
| State sources | | | |
| Unrestricted Grants | 2,923,191 | - | - |
| Restricted Grants | 24,479 | 284,620 | 19,046 |
| Federal sources | | | |
| Unrestricted Grants | - | - | - |
| Unrestricted -state passthrough | - | - | - |
| Restricted Grants | - | - | - |
| Restricted -state passthrough | - | - | - |
| Department of Interior | - | - | - |
| Other items | 11,579 | - | - |
| <i>Total revenues</i> | <u>2,998,085</u> | <u>284,620</u> | <u>19,174</u> |
| <i>Expenditures:</i> | | | |
| Current: | | | |
| Instruction | 1,735,549 | - | 20,458 |
| Support Services | | | |
| Students | 255,667 | - | - |
| Instruction | 56,613 | - | - |
| General Administration | 156,179 | - | - |
| School Administration | 106,065 | - | - |
| Central Services | 126,151 | - | - |
| Operation & maintenance of plant | 414,089 | - | - |
| Student transportation | - | 286,614 | - |
| Other Support Services | 6,272 | - | - |
| Operation of Non-instructional Services | | | |
| Food services operations | - | - | - |
| Capital outlay | - | - | - |
| Debt Service: | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| <i>Total expenditures</i> | <u>2,856,585</u> | <u>286,614</u> | <u>20,458</u> |
| <i>Excess (deficiency) of revenues over expenditures</i> | <u>141,500</u> | <u>(1,994)</u> | <u>(1,284)</u> |
| <i>Other financing sources (uses)</i> | | | |
| Transfers | - | - | - |
| Bond Proceeds | - | - | - |
| <i>Total other financing sources (uses)</i> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Net changes in fund balances</i> | 141,500 | (1,994) | (1,284) |
| <i>Fund balances - beginning of year</i> | <u>503,728</u> | <u>5,524</u> | <u>4,319</u> |
| <i>Fund balances - end of year</i> | <u>\$ 645,228</u> | <u>\$ 3,530</u> | <u>\$ 3,035</u> |

| <u>Bond Building</u> | <u>Capital Improvements SB-9</u> | <u>Debt Service</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--------------------------|--|-------------------------|---|---|
| \$ - | \$ 134,486 | \$ 226,258 | \$ - | \$ 388,390 |
| - | - | - | - | - |
| 4,363 | 1,477 | 1,004 | - | 9,125 |
| - | - | - | 31,869 | 31,869 |
| - | - | - | 31,031 | 36,522 |
| - | - | - | 653 | 4,199 |
| - | - | - | - | - |
| - | - | - | - | 2,923,191 |
| 196,285 | 8,888 | - | 14,128 | 547,446 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | 35,719 | 35,719 |
| - | - | - | 159,160 | 159,160 |
| - | - | - | - | - |
| - | - | - | - | 11,579 |
| <u>200,648</u> | <u>144,851</u> | <u>227,262</u> | <u>272,560</u> | <u>4,147,200</u> |
| - | - | - | 119,856 | 1,875,863 |
| - | - | - | - | 255,667 |
| - | - | - | 1,452 | 58,065 |
| - | 1,211 | 2,008 | - | 159,398 |
| - | - | - | - | 106,065 |
| - | - | - | - | 126,151 |
| - | - | - | - | 414,089 |
| - | - | - | - | 286,614 |
| - | - | - | - | 6,272 |
| - | - | - | 143,074 | 143,074 |
| 309,274 | 40,362 | - | 11,507 | 361,143 |
| - | - | 125,000 | - | 125,000 |
| - | - | 110,145 | - | 110,145 |
| <u>309,274</u> | <u>41,573</u> | <u>237,153</u> | <u>275,889</u> | <u>4,027,546</u> |
| <u>(108,626)</u> | <u>103,278</u> | <u>(9,891)</u> | <u>(3,329)</u> | <u>119,654</u> |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| (108,626) | 103,278 | (9,891) | (3,329) | 119,654 |
| 714,358 | 69,728 | 89,116 | 86,395 | 1,473,168 |
| <u>\$ 605,732</u> | <u>\$ 173,006</u> | <u>\$ 79,225</u> | <u>\$ 83,066</u> | <u>\$ 1,592,822</u> |

(This page intentionally left blank.)

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
GOVERNMENTAL FUNDS

Exhibit B-2
(Page 2 of 2)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year Ended June 30, 2013

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

| | | |
|--|----|---------|
| Net change in fund balances - total governmental funds | \$ | 119,654 |
|--|----|---------|

Governmental funds report capital outlays as expenditures. However, in the
statement of activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense:

| | | |
|---|--|-----------|
| Capital expenditures: | | |
| Current year capital expenditures capitalized | | 223,196 |
| Depreciation expense | | (218,945) |

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenue in the funds:

| | | |
|----------------|--|--------|
| Property taxes | | 17,493 |
|----------------|--|--------|

The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial
resources to governmental funds, while the repayment of the principal of long-term
debt consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net assets. Also, governmental funds
report the effect of issuance costs, premiums, discounts, and similar items when
debt is first issued, whereas these amounts are deferred and amortized in the
statement of activities:

| | | |
|-------------------------------------|--|---------|
| Amortization of bond issuance costs | | (2,542) |
| Accrued Interest | | (3,405) |
| Principal payments on bonds | | 125,000 |

| | | |
|--|----|----------------|
| Changes in Net Position of Governmental Activities | \$ | <u>260,451</u> |
|--|----|----------------|

(This page intentionally left blank.)

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
OPERATIONAL FUND

Exhibit C-1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|--------------------|------------------|-------------------|-------------------|
| | Original Budget | Final Budget | | |
| <i>Revenues:</i> | | | | |
| Local and county sources | \$ 38,020 | \$ 38,020 | \$ 38,019 | \$ (1) |
| State sources | 2,947,670 | 2,951,964 | 2,947,670 | (4,294) |
| Federal sources | - | - | - | - |
| Interest | - | - | 11,579 | 11,579 |
| <i>Total revenues</i> | <u>2,985,690</u> | <u>2,989,984</u> | <u>2,997,268</u> | <u>7,284</u> |
| <i>Expenditures:</i> | | | | |
| Current: | | | | |
| Instruction | 2,050,538 | 2,048,753 | 1,731,347 | 317,406 |
| Support Services | | | | |
| Students | 364,263 | 364,763 | 255,542 | 109,221 |
| Instruction | 74,609 | 74,609 | 56,613 | 17,996 |
| General Administration | 177,033 | 178,213 | 156,199 | 22,014 |
| School Administration | 122,669 | 122,669 | 106,248 | 16,421 |
| Central Services | 1,404,451 | 194,521 | 127,687 | 66,834 |
| Operation & maintenance of plant | 465,978 | 466,378 | 406,774 | 59,604 |
| Student transportation | - | - | - | - |
| Other Support Services | 5,378 | 9,378 | 6,149 | 3,229 |
| Operation of Non-instructional Services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>4,664,919</u> | <u>3,459,284</u> | <u>2,846,559</u> | <u>612,725</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>(1,679,229)</u> | <u>(469,300)</u> | <u>150,709</u> | <u>620,009</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Operating transfers | - | - | - | - |
| Designated Cash | 1,679,229 | 469,300 | - | (469,300) |
| <i>Total other financing sources (uses)</i> | <u>1,679,229</u> | <u>469,300</u> | <u>-</u> | <u>(469,300)</u> |
| <i>Net change in fund balances</i> | <u>-</u> | <u>-</u> | <u>150,709</u> | <u>150,709</u> |
| <i>Cash balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>487,213</u> | <u>487,213</u> |
| <i>Cash balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 637,922</u> | <u>\$ 637,922</u> |
| Net change in fund balance (Non-GAAP Budgetary Basis) | | | \$ 150,709 | |
| Adjustment to revenues for accruals and other deferrals | | | 1,437 | |
| Adjustment to expenditures for payables, prepaids and other accruals | | | (10,646) | |
| Net change in fund balance (GAAP Basis) | | | <u>\$ 141,500</u> | |

(This page intentionally left blank.)

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
TRANSPORTATION FUND

Exhibit C-2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|-----------------|-------------------|-----------------|
| | Original Budget | Final Budget | | |
| <i>Revenues:</i> | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | 284,620 | 300,786 | 284,620 | (16,166) |
| Federal sources | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total revenues</i> | <u>284,620</u> | <u>300,786</u> | <u>284,620</u> | <u>(16,166)</u> |
| <i>Expenditures:</i> | | | | |
| Current: | | | | |
| Instruction | - | - | - | - |
| Support Services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General Administration | - | - | - | - |
| School Administration | - | - | - | - |
| Central Services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | 268,454 | 284,620 | 284,620 | - |
| Other Support Services | - | - | - | - |
| Operation of Non-instructional Services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>268,454</u> | <u>284,620</u> | <u>284,620</u> | <u>-</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>16,166</u> | <u>16,166</u> | <u>-</u> | <u>(16,166)</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Operating transfers | - | - | - | - |
| Proceeds from bonds | - | - | - | - |
| Designated Cash | (16,166) | (16,166) | - | 16,166 |
| <i>Total other financing sources (uses)</i> | <u>(16,166)</u> | <u>(16,166)</u> | <u>-</u> | <u>16,166</u> |
| <i>Net change in fund balances</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Cash balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Cash balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net change in fund balance (Non-GAAP Budgetary Basis) | | | \$ - | |
| Adjustment to revenues for accruals and other deferrals | | | (1,994) | |
| Adjustment to expenditures for payables, prepaids and other accruals | | | - | |
| Net change in fund balance (GAAP Basis) | | | <u>\$ (1,994)</u> | |

(This page intentionally left blank.)

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS

Exhibit C-3

INSTRUCTIONAL MATERIALS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|---------------|-------------------|-----------------|
| | Original Budget | Final Budget | | |
| <i>Revenues:</i> | | | | |
| Local and county sources | \$ 128 | \$ 128 | \$ 128 | \$ - |
| State sources | 18,814 | 23,133 | 18,814 | (4,319) |
| Federal sources | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total revenues</i> | <u>18,942</u> | <u>23,261</u> | <u>18,942</u> | <u>(4,319)</u> |
| <i>Expenditures:</i> | | | | |
| Current: | | | | |
| Instruction | 19,841 | 24,160 | 20,458 | 3,702 |
| Support Services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General Administration | - | - | - | - |
| School Administration | - | - | - | - |
| Central Services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other Support Services | - | - | - | - |
| Operation of Non-instructional Services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>19,841</u> | <u>24,160</u> | <u>20,458</u> | <u>3,702</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>(899)</u> | <u>(899)</u> | <u>(1,516)</u> | <u>(617)</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Operating transfers | - | - | - | - |
| Proceeds from bonds | - | - | - | - |
| Designated Cash | 899 | 899 | - | (899) |
| <i>Total other financing sources (uses)</i> | <u>899</u> | <u>899</u> | <u>-</u> | <u>(899)</u> |
| <i>Net change in fund balances</i> | <u>-</u> | <u>-</u> | <u>(1,516)</u> | <u>(1,516)</u> |
| <i>Cash balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>4,319</u> | <u>4,319</u> |
| <i>Cash balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,803</u> | <u>\$ 2,803</u> |
| Net change in fund balance (Non-GAAP Budgetary Basis) | | | \$ (1,516) | |
| Adjustment to revenues for accruals and other deferrals | | | 232 | |
| Adjustment to expenditures for payables, prepaids and other accruals | | | - | |
| Net change in fund balance (GAAP Basis) | | | <u>\$ (1,284)</u> | |

(This page intentionally left blank.)

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2013

ASSETS*Current Assets*

| | |
|------|------------------|
| Cash | \$ <u>49,687</u> |
|------|------------------|

| | |
|---------------------|-------------------------|
| <i>Total assets</i> | \$ <u><u>49,687</u></u> |
|---------------------|-------------------------|

LIABILITIES*Current Liabilities*

| | |
|-----------------------------------|------------------|
| Deposits held in trust for others | \$ <u>49,687</u> |
|-----------------------------------|------------------|

| | |
|--------------------------|-------------------------|
| <i>Total liabilities</i> | \$ <u><u>49,687</u></u> |
|--------------------------|-------------------------|

(This page intentionally left blank.)

STATE OF NEW MEXICO
Logan Municipal Schools
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies

Logan Municipal Schools is a special purpose government corporation governed by an elected five member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education of the Village of Logan. The District is responsible for 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 Logan Municipal Schools management who is responsible for their integrity and objectivity. 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 government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. 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 Statement 61. Blended component units, 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.

The basic-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 criterion 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 has no component units, and is not a component unit of another governmental agency.

STATE OF NEW MEXICO
Logan Municipal Schools
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

B. *Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary 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. These include fees for meals, lab fees and activity fees for Logan Municipal Schools. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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 year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

STATE OF NEW MEXICO
Logan Municipal Schools
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

C. *Measurement focus, basis of accounting, and financial statement presentation* (continued)

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.

The government reports the following major governmental funds:

The *Operational Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by district school tax levy, state equalization and earnings from investments. Expenditures include all costs associated with the daily operations of the schools except for those items included in other funds.

The *Transportation Fund* is used to account for the transportation distribution received from the State Department of Education which is used to pay for the costs associated with transporting school age children.

The *Instructional Materials Fund* is used to account for the monies received from the State Department of Education for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

The *Bond Building Capital Project* fund is used to account for resources received from the Department of Education state equalization guarantee for use in remodeling and equipping classroom facilities.

The *Capital Improvements SB-9 Capital Projects Fund* is used to account for the revenue derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements.

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

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.

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.

STATE OF NEW MEXICO
Logan Municipal Schools
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. *Assets, Liabilities and Net Assets or Equity*

Deposits and 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.

Receivables and Payables: Interfund activity is reported as 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 a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary 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 Treasurers and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurers in July and August 2013 is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2013.

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.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the New Mexico Public Education Department "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. The districts are allowed to carry forward unused allocations from year to year.

Inventory: Inventory is valued at cost utilizing the purchase basis of accounting. Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as expenditures at the time individual inventory items are consumed. The U.S.D.A. commodities are recorded at year-end by audit adjusting entries. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Donated commodities for the year ended June 30, 2013 were \$9,507.

STATE OF NEW MEXICO
 Logan Municipal Schools
 Notes to the Financial Statements
 June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. *Assets, Liabilities and Net Assets or Equity (continued)*

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 (amount not rounded) 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. 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, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5).

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. 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.

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

| <u>Assets</u> | <u>Years</u> |
|---|--------------|
| Buildings and Improvements | 20-50 |
| Equipment, vehicles, software and library | 3-15 |

Deferred Revenues: Accounting principles generally accepted in the United States of America require that grant revenue be recognized 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 deferred revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be “available” under the current financial resources measurement focus are reported as deferred revenues in the governmental fund financial statements. GASB 63 amended previous guidance on deferred revenues in the Government-Wide Financial Statements to include deferred outflow of resources, which is the consumption of net assets by the government that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net assets by the government that is applicable to a future reporting period.

Compensated Absences: The District contracts with all employees on an annual basis. A terminated employee is paid through the date of dismissal in accordance with their contract. Due to this practice, no liability is reported for unpaid vacation or accumulated sick leave, as no payment is required upon termination of service by employees.

Long-term Obligations: In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize 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.

STATE OF NEW MEXICO
Logan Municipal Schools
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

D. *Assets, Liabilities and Net Assets or Equity* (continued)

Fund Equity: Restricted fund balance represents amounts that are constrained either by: 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority.

Assigned fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body or a subordinate high-level body or official whom the governing body has delegated.

Unassigned fund balance is the residual classification for the general fund and represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes.

The District's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Reclassifications: Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year's presentation.

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.

E. *Revenues*

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 costs.

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 of district, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$2,923,191 in state equalization guarantee distributions during the year ended June 30, 2013.

STATE OF NEW MEXICO
Logan Municipal Schools
Notes to the Financial Statements
June 30, 2013

NOTE 1. Summary of Significant Accounting Policies (continued)

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 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered 'measurable' and 'available' in the governmental fund financial statements. The District recognized \$388,390 in tax revenues in the governmental fund financial statements during the year ended June 30, 2013. 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.

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-12 attending public school within the school district. The District received \$284,620 in transportation distributions during the year ended June 30, 2013.

Instructional Materials: The District had allocations allowed by the State for the current year of \$19,046. The full amount of allocations used to purchase textbooks during the year was \$19,046. Allocations received and utilized are reflected in revenue and expenditures of the General Fund.

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Department of Education. Auxiliary student activity accounts are not budgeted.

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. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as a designated portion of fund balance.

Actual expenditures may not exceed the budget on a line item basis, i.e., (each budgeted expenditure must be within budgeted amounts). 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 budgetary information presented in these financial statements has been amended in accordance with the above procedures. The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

STATE OF NEW MEXICO
Logan Municipal Schools
Notes to the Financial Statements
June 30, 2013

NOTE 2. Stewardship, Compliance and Accountability (continued)

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. 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 Department of Education.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.
6. Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico Administrative Code 6.20.2.9 prohibits a school district from exceeding budgetary control at the function level.

The District is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

NOTE 3. Cash and Temporary Investments

State statutes authorize the investment of the 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, 2013.

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 given by the financial institution.

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 collateral pledged is listed on Schedule 1 of this report. 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.

STATE OF NEW MEXICO
 Logan Municipal Schools
 Notes to the Financial Statements
 June 30, 2013

NOTE 3. Cash and Temporary Investments (continued)

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

NM 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 a least one half of the amount on deposit with the institution. 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.

| <u>Type</u> | <u>First National Bank of NM</u> |
|--|----------------------------------|
| Checking- Activity | \$ 142,081 |
| Checking-Operational | <u>1,545,036</u> |
| Total Deposits | 1,687,117 |
| Less: FDIC Coverage | <u>(250,000)</u> |
| Uninsured Amount | 1,437,117 |
| 50% Collateral requirement | 718,559 |
| Pledged Securities (Schedule 1) | <u>1,072,111</u> |
| (Over) Under collateralized | <u>\$ (353,553)</u> |
| | |
| Custodial Credit Risk-Deposits | |
| Account Balance | \$ 1,687,117 |
| FDIC Insured | 250,000 |
| Collateral: | |
| Collateral held by the pledging bank, not in the District's name | 1,072,111 |
| Uninsured and uncollateralized | <u>365,006</u> |
| Total Deposits | <u>\$ 1,687,117</u> |

Custodial credit risk is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2013, \$365,006 of the District's bank balance of \$1,687,117 was exposed to custodial credit risk.

Custodial Credit Risk- Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk. New Mexico State Statutes require collateral pledged to be delivered for the securities underlying an overnight repurchase agreement, or a joint safekeeping receipt to be issued to the District for at least one hundred and two percent of the fair value of the securities underlying overnight repurchase accounts invested with the institution.

STATE OF NEW MEXICO
 Logan Municipal Schools
 Notes to the Financial Statements
 June 30, 2013

NOTE 3. Cash and Temporary Investments (continued)

At June 30, 2013, the District's investment balances were exposed to custodial credit risk as follows:

Investment in the State Treasurer Local Government Investment Pool \$ 3

The New MexiGrow Local Governmental Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10 through 6-10-10-P and Section 6-10-10.1 A and E, NMSA 1978. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 19078, as the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

Interest Rate Risk and Credit Rating-Investment in State Treasurer's LGIP

The District does not have a formal policy limiting investment maturities to manage its exposure to fair value losses from increasing interest rates. The District's investments at June 30, 2013 include the following:

State Treasurer Local Government Investment Pool AAAM 52-day WAM \$ 3

Reconciliation of Cash and Temporary Investments

| | |
|---|---------------------|
| Governmental Funds - Balance Sheet | |
| Cash and cash equivalents per Exhibit A-1 | \$ 1,608,679 |
| Cash per Fiduciary Statement | <u>49,687</u> |
| Balance per Financial Statements | <u>\$ 1,658,366</u> |

NOTE 4. Accounts Payables and Accrued Expenses

Accounts payable and Accrued Expenses as of June 30, 2013, are as follows:

| | |
|---|-------------------|
| Payable to suppliers | \$ 14,542 |
| Accrued salaries | 91,090 |
| Accrued interest | <u>21,790</u> |
| Total Accounts Payable and Accrued Expenses | <u>\$ 127,422</u> |

STATE OF NEW MEXICO
Logan Municipal Schools
Notes to the Financial Statements
June 30, 2013

NOTE 5. Interfund Receivables, Payables, and Transfers

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received.

The composition of interfund balances during the year ended June 30, 2013 is as follows:

| | Interfund Receivable | Interfund Payable |
|----------------------------|-------------------------|----------------------|
| General Fund | \$ 34,061 | \$ - |
| Teacher/Principal Training | - | 3,916 |
| Title I | - | 18,495 |
| IDEA B Entitlement | - | 11,522 |
| IDEA B Preschool | - | 128 |
| | \$ 34,061 | \$ 34,061 |

NOTE 6. Accounts Receivable

Accounts receivable as of June 30, 2013, are as follows:

| | General Fund | Capital Improvements SB-9 | Debt Service | Other Governmental Funds | Total |
|-----------------------------|-----------------|---------------------------------|-----------------|--------------------------------|-----------|
| Property taxes | \$ 2,104 | \$ 10,315 | \$ 19,044 | \$ - | \$ 31,463 |
| Due from other governments: | | | | | |
| Operational | 183 | - | - | - | 183 |
| Instructional Materials | 232 | - | - | - | 232 |
| Capital Improvements SB-9 | - | 8,888 | - | - | 8,888 |
| Food Service | - | - | - | 758 | 758 |
| Title I | - | - | - | 20,274 | 20,274 |
| Idea B Entitlement | - | - | - | 11,596 | 11,596 |
| Idea-B Preschool | - | - | - | 128 | 128 |
| Teacher/Principal Training | - | - | - | 3,916 | 3,916 |
| | \$ 2,519 | \$ 19,203 | \$ 19,044 | \$ 36,672 | \$ 77,438 |

The above receivables are deemed 100% collectible.

Deferred Revenues

Deferred revenue represents advances on grants which have not been earned at June 30, 2013.

| | Governmental | Total |
|----------------|--------------|-----------|
| Other | | |
| Federal Awards | \$ 18,831 | \$ 18,831 |

STATE OF NEW MEXICO
Logan Municipal Schools
Notes to the Financial Statements
June 30, 2013

NOTE 7. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2013, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land is not subject to depreciation.

| | <u>Balance June 30, 2012</u> | <u>Additions and Transfers In</u> | <u>Deletions and Transfers Out</u> | <u>Balance June 30, 2013</u> |
|---|--------------------------------------|---|--|--------------------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 66,766 | \$ - | \$ - | \$ 66,766 |
| Construction in Progress | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total capital assets not being depreciated | <u>66,766</u> | <u>-</u> | <u>-</u> | <u>66,766</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 8,976,385 | 212,285 | - | 9, 188,670 |
| Equipment, Vehicles, Software and Library | <u>739,259</u> | <u>10,908</u> | <u>-</u> | <u>750,167</u> |
| Total capital assets being depreciated | <u>9,715,644</u> | <u>223,193</u> | <u>-</u> | <u>9, 938,837</u> |
| Total capital assets | <u>9,782,410</u> | <u>223,193</u> | <u>-</u> | <u>10,005,603</u> |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | 4,120,776 | 133,275 | - | 4,254,051 |
| Equipment, Vehicles, Software and Library Books | <u>713,334</u> | <u>85,667</u> | <u>-</u> | <u>799,001</u> |
| Total accumulated depreciation | <u>4,834,110</u> | <u>218,942</u> | <u>-</u> | <u>5, 053,052</u> |
| Total capital assets net of depreciation | <u>\$ 4,948,300</u> | <u>\$ 4,251</u> | <u>\$ -</u> | <u>\$ 4,952,551</u> |

Capital assets, net of accumulated depreciation, at June 30, 2013 appear in the Statement of Net Assets as follows:

| | |
|-------------------------|--------------|
| Governmental activities | \$ 4,952,551 |
|-------------------------|--------------|

Depreciation expense for the year ended June 30, 2013 was charged to the following functions and funds:

| | |
|----------------------------|-------------------|
| Governmental activities: | |
| Direct instruction | \$ 109,471 |
| General and Administrative | 43,788 |
| Food Services | 21,895 |
| Pupil Transportation | 43,788 |
| | <u>\$ 218,942</u> |

STATE OF NEW MEXICO
Logan Municipal Schools
Notes to the Financial Statements
June 30, 2013

NOTE 8. Long-term Debt

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. 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. All general obligation bonds as of June 30, 2013 are for governmental activities. The following bonds were issued for the purpose of erecting, furnishing, remodeling and making additions to District buildings and improving District grounds. A tax is annually assessed, levied and collected upon all taxable property within the District for the purpose of providing the necessary funds to meet the interest and principal payments as they become due.

Bonds outstanding at June 30, 2013, are comprised of the following:

| Series | Date of Issue | Amount | Interest Rate | Balance |
|--------|---------------|-------------|---------------|-------------|
| 2009 | 1/15/09 | \$1,500,000 | 4.2%-5.25% | \$1,250,000 |
| 2011 | 4/15/11 | \$1,000,000 | 3.0%-5.0% | \$1,000,000 |

The following is a summary of the long-term debt and the activity for the year ended June 30, 2013:

| | Balance June 30, 2012 | Additions | Deletions | Balance June 30, 2013 | Due Within One Year |
|--------------------------|--------------------------|-------------|-------------------|--------------------------|------------------------|
| General obligation bonds | | | | | |
| Series 1/15/2009 | 1,375,000 | - | 125,000 | 1,250,000 | 125,000 |
| Series 4/15/2011 | 1,000,000 | - | - | 1,000,000 | 25,000 |
| | <u>\$ 2,375,000</u> | <u>\$ -</u> | <u>\$ 125,000</u> | <u>\$ 2,250,000</u> | <u>\$ 150,000</u> |

The annual requirements to amortize the General Obligation Bonds as of June 30, 2013, including interest payments are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total Debt Service |
|--------------------------------|---------------------|-------------------|-----------------------|
| 2014 | \$ 125,000 | \$ 61,281 | \$ 186,281 |
| 2015 | 125,000 | 55,781 | 180,781 |
| 2016 | 125,000 | 49,969 | 174,969 |
| 2017 | 125,000 | 44,031 | 169,031 |
| 2018 | 125,000 | 37,938 | 162,938 |
| 2019-2023 | 625,000 | 95,813 | 720,813 |
| | <u>\$ 1,250,000</u> | <u>\$ 344,813</u> | <u>\$ 1,594,813</u> |

STATE OF NEW MEXICO
 Logan Municipal Schools
 Notes to the Financial Statements
 June 30, 2013

NOTE 8. Long-term Debt (continued)

| Fiscal Year Ending June 30, | Principal | Interest | Total Debt Service |
|--------------------------------|--------------|------------|-----------------------|
| 2014 | \$ 25,000 | \$ 43,310 | \$ 68,310 |
| 2015 | 25,000 | 42,560 | 67,560 |
| 2016 | 25,000 | 41,810 | 66,810 |
| 2017 | 35,000 | 41,060 | 76,060 |
| 2018 | 45,000 | 41,010 | 86,010 |
| 2019-2023 | 275,000 | 176,100 | 451,100 |
| 2024-2026 | 570,000 | 56,500 | 626,500 |
| | \$ 1,000,000 | \$ 442,350 | \$ 1,442,350 |

Reconciliation of Long-term Debt to the Statement of Net Assets

| | |
|--|--------------|
| Total Long term debt | \$ 2,250,000 |
| Net Issue Costs/Premium/Discounts on Bond Issues | (34,250) |
| Accumulated Amortization | 13,919 |
| | \$ 2,229,669 |

The payments made to liquidate the debt are usually paid by the debt service fund.

NOTE 9. Risk Management

The District is a member of the New Mexico Public School 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 \$750 deductible to each building. 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 Securities, which include 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, 2013, there have been no claims that have exceeded insurance coverage.

STATE OF NEW MEXICO
Logan Municipal Schools
Notes to the Financial Statements
June 30, 2013

NOTE 10. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

A. Deficit fund balance

There are no instances of deficit fund balances.

B. Excess Expenditures over budget.

None

NOTE 11. Pension Plan- Educational Retirement Board

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

Funding Policy.

Member contributions

Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the plan: 9.40% of their gross salary in fiscal year 2013; 10.1% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

Employer Contributions

In the fiscal year 2013, the District was required to contribute 12.4% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 10.9% of the gross covered salary for employees whose annual salary is more than \$20,000.

In the future, the District will contribute the following percentages of the gross covered salary of employees: 13.5% of gross covered salary in fiscal year 2014; and 13.9% of gross covered salary in fiscal year 2015.

The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to the ERB for the years ended June 30, 2013, 2012 and 2011 were \$211,173, \$172,034, and \$183,911, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
Logan Municipal Schools
Notes to the Financial Statements
June 30, 2013

NOTE 12. Post-Employment Benefits-State Retiree Healthcare Plan

Plan description: Logan Municipal Schools contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment 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 Retiree Health Care Act on the person's behalf, unless that person retires before the employer's NMRHCA effective date, in which event the time period required for the employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; or (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 RCHA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RCHA or viewed on their website at www.nmrhca.stat.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirement for the contributions can be changed by the New Mexico State Legislature. Employers that chose 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 plan 3, 4 or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention office member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each 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, 2013, 2012 and 2011 were \$ 38,142, \$33,420 and \$27,688, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
Logan Municipal Schools
Notes to the Financial Statements
June 30, 2013

NOTE 13. 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.

NOTE 14. 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, 2013 was \$9,507.

NOTE 15. Surety Bond

The officials and certain employees of the District are covered by a surety bond as required by Section 12-6-7, NMSA, and 1978 Compilation.

NOTE 16. Memorandum of Understanding

REC

Purpose: To allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the USDE under the Education of the Handicapped Act, Part B, PL 94-142 among others.

Participants: Regional Education Cooperative and Logan Municipal Schools

Responsible Party for Operation and Audit: Regional Education Cooperative

Beginning and Ending Date of Agreement: July 1, 1995 until the end of any fiscal year during which the school gives notice of intent to terminate.

Total Estimated Amount of Project and Actual Amount Contributed: The REC paid expenditures on behalf of the District.

Quay County DWI Program

Purpose: To implement the DWI Program to decrease the use of alcohol, tobacco and other drugs in the Logan School District.

Participants: Quay County DWI Program and Logan Municipal Schools

Responsible Party for Operation and Audit: Quay County DWI Program

Beginning and Ending Date of Agreement: July 1, 2012 until June 30, 2013.

Total Estimated Amount of Project and Actual Amount Contributed: Unknown

STATE OF NEW MEXICO
Logan Municipal Schools
Notes to the Financial Statements
June 30, 2013

NOTE 16. Memorandum of Understanding (continued)

Energy Minerals and Natural Resources Department

Purpose: Provide for the joint use of certain baseball fields near Ute Lake.

Participants: New Mexico EMNRD and Logan Municipal Schools.

Responsibility: Both parties will repair and maintain the baseball fields.

Beginning and ending dates of agreement: April 23, 2012 until April 23, 2016.

Estimated costs: Total costs are unknown but the parties will share repair and maintenance costs.

NMHU/RNNM Gear Up

Purpose: Develop the capability of Logan Municipal Schools under an educational model which emphasizes the development of reading comprehension; math; science skills with a student incentive component and a stipend for teachers linked to academic performance.

Participants-New Mexico Highlands University and Logan Municipal Schools.

Responsibility: Support NMHU Gear Up model, and avail data related to the project on a timely basis.

Beginning and ending dates of agreement: 2007 through 2013.

Estimated costs: Total costs are unknown but NMHU will be responsible for financial support.

Mesalands Community College Dual Enrollment Agreement

Purpose: Mesalands Community College will provide higher education to qualified Logan High School junior and senior students in both technical and arts and science courses.

Participants: Mesalands Community College and Logan Municipal Schools.

Responsibility: Logan Municipal Schools will be responsible for tuition and enrollment fees for the enrolled students.

Beginning and ending dates of agreement: July 1, 2012 to June 30, 2013. This MOU has been extended indefinitely until terminated by either party.

Estimated costs: Total costs are dependent on the number of enrolled students and is the sole responsibility of Logan Municipal Schools.

Clinical Facility

Purpose: Logan Municipal Schools and ENMU will improve existing standards of healthcare delivery and education.

Participants: Eastern New Mexico University and Logan Municipal Schools.

Responsibility: Shared between Logan Municipal Schools and Eastern New Mexico University.

Beginning and ending dates of agreement: July 1, 2011 until terminated.

STATE OF NEW MEXICO
Logan Municipal Schools
Notes to the Financial Statements
June 30, 2013

NOTE 17. Subsequent Accounting Standard Pronouncements

The GASB issued Statement No. 65, *Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position* which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The District is reviewing the effects of the implementation of this statement.

The GASB issued Statement No. 66, which is effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to amend Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government’s risk financing activities to the general fund and the internal service fund type. As a result, government would base their decisions about governmental fund type usage for risk financing activities on the definitions in State No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and that principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee. These changes would eliminate any uncertainty regarding the application of Statement No. 13, *Accounting for Operating Leases with Schedule Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales of Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. The District is reviewing the effects of the implementation of this statement.

NOTE 18. Subsequent Events Review

Logan Municipal Schools has evaluated subsequent events through August 16, 2013, which is the date the financial statements were available to be issued.

(This page intentionally left blank.)

SUPPLEMENTARY INFORMATION

(This page intentionally left blank.)

NONMAJOR GOVERNMENTAL FUNDS

(This page intentionally left blank.)

SPECIAL REVENUE FUNDS

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. Grants accounted for in the Special Revenue Funds include:

Food Service – 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 the 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. The Non-Federal funds consist of income derived from Snack-Bar facilities located in the District. Authority for the creation of this fund is NMSA 22-13-13.

Athletics - 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.

Title I – This fund’s major objectives are to provide supplemental educational opportunities for academically disadvantaged children in the area where they reside. 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; education need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for the 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.

IDEA B Entitlement and Discretionary – The purpose of this program is to account for revenue used to help maximize the resources in meeting the objective of handicapped children. The federal revenues in this fund are received from and administered by the New Mexico Department of Education. Authority for the creation of this fund is Part B of the Handicapped Act, Public Law 105-17.

IDEA-B Preschool - 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.

IDEA B Risk Pool- 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.

Teacher Principal Training – The purpose of this fund is 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. Authority for creation of this fund is Title II of the Elementary and Secondary Education Act of 1965 as amended, Public Law 103-382.

(This page intentionally left blank.)

SPECIAL REVENUE FUNDS

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

Dual Credit Fund- The objective is to account for the monies received from NMHU for the purpose of dual credit college enrollment for qualified high school seniors.

Technology for Education – The purpose of this grant is to assist the District to develop and implement a strategic, long-term plan for utilizing educational technology in the school system. Funds accounted for in this fund are received from the State of New Mexico. The authority for creation of this fund is NMSA 22-15A-1 to 22-15A-10.

Incentives for School Improvement – The purpose of this state grant is to provide funds for use in providing student educational trips, automation of the District’s libraries, and other educational materials. Authority for creation of this fund is Laws of 1997, Chapter 32.

Beginning Teacher Mentoring- These funds were intended and used to help beginning (Level I) teachers become more proficient through the guidance of more experienced Level II and especially Level III professional staff.

(This page intentionally left blank.)

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The District has one separate fund classified as non-major Capital Projects Funds as follows:

Special Public School Capital Outlay-State-The purpose of this fund is to account for capital projects funded from awards made by the Public School Capital Outlay Council.

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

| ASSETS | Food Service | Athletics | Title I |
|--|------------------|------------------|------------------|
| <i>Current Assets</i> | | | |
| Cash and cash equivalents | \$ 15,540 | \$ 26,988 | \$ - |
| Accounts receivable | | | |
| Taxes | - | - | - |
| Due from other governments | - | - | 20,274 |
| Other accounts receivable | 758 | - | - |
| Interfund receivable | - | - | - |
| Prepaid Assets | - | - | - |
| Inventory | 7,457 | - | - |
| | <u>23,755</u> | <u>26,988</u> | <u>20,274</u> |
| <i>Total assets</i> | <u>\$ 23,755</u> | <u>\$ 26,988</u> | <u>\$ 20,274</u> |
| | | | |
| LIABILITIES AND FUND BALANCES | | | |
| <i>Current Liabilities</i> | | | |
| Accounts payable | \$ - | \$ - | \$ - |
| Accrued salaries and benefits | - | - | - |
| Interfund payable | - | - | 18,495 |
| Deferred revenue | - | - | 1,779 |
| | <u>-</u> | <u>-</u> | <u>20,274</u> |
| <i>Total liabilities</i> | <u>-</u> | <u>-</u> | <u>20,274</u> |
| | | | |
| <i>Fund Balances</i> | | | |
| Fund Balance | | | |
| Non-spendable | 7,457 | - | - |
| Restricted for: | | | |
| General Fund | - | - | - |
| Special Revenue Funds | 16,298 | 26,988 | - |
| Capital Projects Funds | - | - | - |
| Debt Service Funds | - | - | - |
| Committed for: | | | |
| General Fund | - | - | - |
| Special Revenue Funds | - | - | - |
| Capital Projects Funds | - | - | - |
| Assigned for: | | | |
| General Fund | - | - | - |
| Special Revenue Funds | - | - | - |
| Capital Projects Funds | - | - | - |
| Unassigned for: | | | |
| General Fund | - | - | - |
| | <u>23,755</u> | <u>26,988</u> | <u>-</u> |
| <i>Total fund balances</i> | <u>23,755</u> | <u>26,988</u> | <u>-</u> |
| <i>Total liabilities and fund balances</i> | <u>\$ 23,755</u> | <u>\$ 26,988</u> | <u>\$ 20,274</u> |

| IDEA-B Entitlement | IDEA-B Discretionary | IDEA-B Preschool | IDEA-B Risk Pool |
|-----------------------|-------------------------|---------------------|---------------------|
| \$ - | \$ - | \$ - | \$ - |
| - | - | - | - |
| 11,596 | - | 128 | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ 11,596</u> | <u>\$ -</u> | <u>\$ 128</u> | <u>\$ -</u> |
| | | | |
| \$ - | \$ - | \$ - | \$ - |
| - | - | - | - |
| 11,522 | - | 128 | - |
| 74 | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>11,596</u> | <u>-</u> | <u>128</u> | <u>-</u> |
| | | | |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ 11,596</u> | <u>\$ -</u> | <u>\$ 128</u> | <u>\$ -</u> |

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

| | Teacher/Principal Training | Rural Education Achievement Program | Dual Credit Fund |
|--|-------------------------------|---|---------------------|
| ASSETS | | | |
| <i>Current Assets</i> | | | |
| Cash and cash equivalents | \$ - | \$ 9,082 | \$ - |
| Accounts receivable | | | |
| Taxes | - | - | - |
| Due from other governments | 3,916 | - | - |
| Other accounts receivable | - | - | - |
| Interfund receivable | - | - | - |
| Prepaid Assets | - | - | - |
| Inventory | - | - | - |
| | - | - | - |
| <i>Total assets</i> | \$ 3,916 | \$ 9,082 | \$ - |
| LIABILITIES AND FUND BALANCES | | | |
| <i>Current Liabilities</i> | | | |
| Accounts payable | \$ - | \$ - | \$ - |
| Accrued salaries and benefits | - | - | - |
| Interfund payable | 3,916 | - | - |
| Deferred revenue | - | 9,082 | - |
| | - | 9,082 | - |
| <i>Total liabilities</i> | 3,916 | 9,082 | - |
| <i>Fund Balances</i> | | | |
| Fund Balance | | | |
| Non-spendable | - | - | - |
| Restricted for: | | | |
| General Fund | - | - | - |
| Special Revenue Funds | - | - | - |
| Capital Projects Funds | - | - | - |
| Debt Service Funds | - | - | - |
| Committed for: | | | |
| General Fund | - | - | - |
| Special Revenue Funds | - | - | - |
| Capital Projects Funds | - | - | - |
| Assigned for: | | | |
| General Fund | - | - | - |
| Special Revenue Funds | - | - | - |
| Capital Projects Funds | - | - | - |
| Unassigned for: | | | |
| General Fund | - | - | - |
| | - | - | - |
| <i>Total fund balances</i> | - | - | - |
| <i>Total liabilities and fund balances</i> | \$ 3,916 | \$ 9,082 | \$ - |

Statement A-1
(Page 2 of 3)

| <u>Technology for Education</u> | <u>Incentives for School Improvement</u> | <u>Beginning Teacher Mentoring</u> |
|-------------------------------------|--|--|
| \$ 376 | \$ 1 | \$ 157 |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ 376</u> | <u>\$ 1</u> | <u>\$ 157</u> |
| | | |
| \$ - | \$ - | \$ - |
| - | - | - |
| - | - | - |
| <u>376</u> | <u>-</u> | <u>157</u> |
| <u>376</u> | <u>-</u> | <u>157</u> |
| | | |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| <u>-</u> | <u>-</u> | <u>-</u> |
| <u>-</u> | <u>1</u> | <u>-</u> |
| <u>\$ 376</u> | <u>\$ 1</u> | <u>\$ 157</u> |

(This page intentionally left blank.)

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

Statement A-1
(Page 3 of 3)

| | GO Bond Library and Visual Aid | Special Capital Outlay State | Total Nonmajor Governmental Funds |
|--|--------------------------------------|------------------------------------|---|
| ASSETS | | | |
| <i>Current Assets</i> | | | |
| Cash and cash equivalents | \$ - | \$ 32,322 | \$ 84,466 |
| Accounts receivable | | | |
| Taxes | - | - | - |
| Due from other governments | - | - | 35,914 |
| Other accounts receivable | - | - | 758 |
| Interfund receivable | - | - | - |
| Prepaid Assets | - | - | - |
| Inventory | - | - | 7,457 |
| | - | - | 7,457 |
| <i>Total assets</i> | \$ - | \$ 32,322 | \$ 128,595 |
| LIABILITIES AND FUND BALANCES | | | |
| <i>Current Liabilities</i> | | | |
| Accounts payable | \$ - | \$ - | \$ - |
| Accrued salaries and benefits | - | - | - |
| Interfund payable | - | - | 34,061 |
| Deferred revenue | - | - | 11,468 |
| | - | - | 11,468 |
| <i>Total liabilities</i> | - | - | 45,529 |
| <i>Fund Balances</i> | | | |
| Fund Balances | | | |
| Non-spendable | - | - | 7,457 |
| Restricted for: | | | |
| General Fund | - | - | - |
| Special Revenue Funds | - | - | 43,286 |
| Capital Projects Funds | \$ - | 32,322 | 32,322 |
| Debt Service Funds | - | - | - |
| Committed for: | | | |
| General Fund | - | - | - |
| Special Revenue Funds | - | - | - |
| Capital Projects Funds | - | - | - |
| Assigned for: | | | |
| General Fund | - | - | - |
| Special Revenue Funds | - | - | - |
| Capital Projects Funds | - | - | - |
| Unassigned for: | | | |
| General Fund | - | - | - |
| | - | - | - |
| <i>Total fund balances</i> | - | 32,322 | 83,066 |
| <i>Total liabilities and fund balances</i> | \$ - | \$ 32,322 | \$ 128,595 |

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

| | Food Service | Athletics | Title I |
|--|-----------------|-----------|---------|
| <i>Revenues</i> | | | |
| Taxes | \$ | \$ | \$ |
| Taxes levied/assessed | - | - | - |
| Local sources | | | |
| Tuition | - | - | - |
| Investment income | - | - | - |
| Food services | 31,869 | - | - |
| District activities | - | 31,031 | - |
| Other revenue | 653 | - | - |
| State sources | | | |
| Unrestricted Grants | - | - | - |
| Restricted Grants | - | - | - |
| Federal sources | | | |
| Unrestricted Grants | - | - | - |
| Unrestricted -state passthrough | - | - | - |
| Restricted Grants | - | - | - |
| Restricted -state passthrough | 92,403 | - | (170) |
| Department of Interior | - | - | - |
| Other items | - | - | - |
| <i>Total revenues</i> | 124,925 | 31,031 | (170) |
| <i>Expenditures:</i> | | | |
| Current: | | | |
| Instruction | - | 16,211 | (170) |
| Support Services | | | |
| Students | - | - | - |
| Instruction | - | - | - |
| General Administration | - | - | - |
| School Administration | - | - | - |
| Central Services | - | - | - |
| Operation & maintenance of plant | - | - | - |
| Student transportation | - | - | - |
| Other Support Services | - | - | - |
| Operation of Non-instructional Services | | | |
| Food services operations | 143,074 | - | - |
| Capital outlay | - | - | - |
| Debt Service: | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| <i>Total expenditures</i> | 143,074 | 16,211 | (170) |
| <i>Excess (deficiency) of revenues over expenditures</i> | (18,149) | 14,820 | - |
| <i>Other financing sources (uses)</i> | | | |
| Transfers | - | - | - |
| <i>Total other financing sources (uses)</i> | - | - | - |
| <i>Net changes in fund balances</i> | (18,149) | 14,820 | - |
| <i>Fund balances - beginning of year</i> | 41,904 | 12,168 | - |
| <i>Fund balances - end of year</i> | \$ 23,755 | \$ 26,988 | \$ - |

Statement A-2
(Page 1 of 3)

| IDEA-B Entitlement | IDEA-B Discretionary | IDEA-B Preschool | IDEA-B Risk Pool |
|-----------------------|-------------------------|---------------------|---------------------|
| \$ - | \$ - | \$ - | \$ - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 50,925 | 5,000 | 5,428 | 376 |
| - | - | - | - |
| - | - | - | - |
| <u>50,925</u> | <u>5,000</u> | <u>5,428</u> | <u>376</u> |
| 50,925 | 5,000 | 5,428 | 376 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| <u>50,925</u> | <u>5,000</u> | <u>5,428</u> | <u>376</u> |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

| | Teacher/Principal Training | Rural Education Achievement Program | Dual Credit |
|--|-------------------------------|---|----------------|
| <i>Revenues:</i> | | | |
| Taxes | \$ | \$ | \$ |
| Taxes levied/assessed | - | - | - |
| Local sources | | | |
| Tuition | - | - | - |
| Investment income | - | - | - |
| Food services | - | - | - |
| District activities | - | - | - |
| Other revenue | - | - | - |
| State sources | | | |
| Unrestricted Grants | - | - | - |
| Restricted Grants | - | - | 1,169 |
| Federal sources | | | |
| Unrestricted Grants | - | - | - |
| Unrestricted -state passthrough | - | - | - |
| Restricted Grants | - | 35,719 | - |
| Restricted -state passthrough | 5,198 | - | - |
| Department of Interior | - | - | - |
| Other items | - | - | - |
| <i>Total revenues</i> | 5,198 | 35,719 | 1,169 |
| <i>Expenditures:</i> | | | |
| Current: | | | |
| Instruction | 5,198 | 35,719 | 1,169 |
| Support Services | | | |
| Students | - | - | - |
| Instruction | - | - | - |
| General Administration | - | - | - |
| School Administration | - | - | - |
| Central Services | - | - | - |
| Operation & maintenance of plant | - | - | - |
| Student transportation | - | - | - |
| Other Support Services | - | - | - |
| Operation of Non-instructional Services | | | |
| Food services operations | - | - | - |
| Capital outlay | - | - | - |
| Debt Service: | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| <i>Total expenditures</i> | 5,198 | 35,719 | 1,169 |
| <i>Excess (deficiency) of revenues over expenditures</i> | - | - | - |
| <i>Other financing sources (uses)</i> | | | |
| Transfers | - | - | - |
| <i>Total other financing sources (uses)</i> | - | - | - |
| <i>Net changes in fund balances</i> | - | - | - |
| <i>Fund balances - beginning of year</i> | - | - | - |
| <i>Fund balances - end of year</i> | \$ - | \$ - | \$ - |

Statement A-2
(Page 2 of 3)

| Technology For Education | Incentives For School Improvement | Beginning Teacher Mentoring |
|-----------------------------|---|-----------------------------------|
| \$ | \$ | \$ |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | 1 | - |
| \$ | \$ | \$ |
| - | 1 | - |

(This page intentionally left blank.)

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

Statement A-2
(Page 3 of 3)

| | GO Bond Library and Visual Aid | Special Public School Capital Outlay - State | Total Nonmajor Governmental Funds |
|--|--------------------------------------|--|--|
| <i>Revenues:</i> | | | |
| Taxes | \$ | \$ | \$ |
| Taxes levied/assessed | - | - | - |
| Local sources | | | |
| Tuition | - | - | - |
| Investment income | - | - | - |
| Food services | - | - | 31,869 |
| District activities | - | - | 31,031 |
| Other revenue | - | - | 653 |
| State sources | | | |
| Unrestricted Grants | - | - | - |
| Restricted Grants | 1,452 | 11,507 | 14,128 |
| Federal sources | | | |
| Unrestricted Grants | - | - | - |
| Unrestricted -state passthrough | - | - | - |
| Restricted Grants | - | - | 35,719 |
| Restricted -state passthrough | - | - | 159,160 |
| Department of Interior | - | - | - |
| Other items | - | - | - |
| <i>Total revenues</i> | 1,452 | 11,507 | 272,560 |
| <i>Expenditures:</i> | | | |
| <i>Current:</i> | | | |
| Instruction | - | - | 119,856 |
| Support Services | | | |
| Students | - | - | - |
| Instruction | 1,452 | - | 1,452 |
| General Administration | - | - | - |
| School Administration | - | - | - |
| Central Services | - | - | - |
| Operation & maintenance of plant | - | - | - |
| Student transportation | - | - | - |
| Other Support Services | - | - | - |
| Operation of Non-instructional Services | | | |
| Food services operations | - | - | 143,074 |
| Capital outlay | - | 11,507 | 11,507 |
| Debt Service: | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| <i>Total expenditures</i> | 1,452 | 11,507 | 275,889 |
| <i>Excess (deficiency) of revenues over expenditures</i> | - | - | (3,329) |
| <i>Other financing sources (uses)</i> | | | |
| Transfers | - | - | - |
| <i>Total other financing sources (uses)</i> | - | - | - |
| <i>Net changes in fund balances</i> | - | - | (3,329) |
| <i>Fund balances - beginning of year</i> | - | 32,322 | 86,395 |
| <i>Fund balances - end of year</i> | \$ - | \$ 32,322 | \$ 83,066 |

(This page intentionally left blank.)

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
FOOD SERVICE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

Statement A-3

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|-----------------|--------------------|------------------|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Local and county sources | \$ 31,975 | \$ 31,975 | \$ 31,975 | \$ - |
| State sources | - | - | - | - |
| Federal sources | 82,896 | 82,896 | 82,896 | - |
| Interest | - | - | - | - |
| <i>Total revenues</i> | <u>114,871</u> | <u>114,871</u> | <u>114,871</u> | <u>-</u> |
| <i>Expenditures:</i> | | | | |
| Current: | | | | |
| Instruction | - | - | - | - |
| Support Services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General Administration | - | - | - | - |
| School Administration | - | - | - | - |
| Central Services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other Support Services | - | - | - | - |
| Operation of Non-instructional Services | | | | |
| Food services operations | 150,667 | 150,667 | 135,407 | 15,260 |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>150,667</u> | <u>150,667</u> | <u>135,407</u> | <u>15,260</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>(35,796)</u> | <u>(35,796)</u> | <u>(20,536)</u> | <u>15,260</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Operating transfers | - | - | - | - |
| Proceeds from bonds | - | - | - | - |
| Designated Cash | 35,796 | 35,796 | - | (35,796) |
| <i>Total other financing sources (uses)</i> | <u>35,796</u> | <u>35,796</u> | <u>-</u> | <u>(35,796)</u> |
| <i>Net change in fund balances</i> | <u>-</u> | <u>-</u> | <u>(20,536)</u> | <u>(20,536)</u> |
| <i>Cash balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>37,852</u> | <u>37,852</u> |
| <i>Cash balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 17,316</u> | <u>\$ 17,316</u> |
| Net change in fund balance (Non-GAAP Budgetary basis) | | | \$ (20,536) | |
| Adjustment to revenue for accruals and other deferrals | | | 10,054 | |
| Adjustment to expenditures for payables, prepaids and other accruals | | | (7,667) | |
| Net change in fund balance (GAAP basis) | | | <u>\$ (18,149)</u> | |

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
ATHLETICS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

Statement A-4

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|----------------|------------------|------------------|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Local and county sources | \$ 31,031 | \$ 31,031 | \$ 31,031 | \$ - |
| State sources | - | - | - | - |
| Federal sources | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total revenues</i> | <u>31,031</u> | <u>31,031</u> | <u>31,031</u> | <u>-</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | 33,260 | 33,260 | 17,980 | 15,280 |
| Support Services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General Administration | - | - | - | - |
| School Administration | - | - | - | - |
| Central Services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other Support Services | - | - | - | - |
| Operation of Non-instructional Services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | - | - | - | - |
| <i>Debt Service:</i> | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>33,260</u> | <u>33,260</u> | <u>17,980</u> | <u>15,280</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>(2,229)</u> | <u>(2,229)</u> | <u>13,051</u> | <u>15,280</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Operating transfers | - | - | - | - |
| Proceeds from bonds | - | - | - | - |
| Designated Cash | 2,229 | 2,229 | - | (2,229) |
| <i>Total other financing sources (uses)</i> | <u>2,229</u> | <u>2,229</u> | <u>-</u> | <u>(2,229)</u> |
| <i>Net change in fund balances</i> | <u>-</u> | <u>-</u> | <u>13,051</u> | <u>13,051</u> |
| <i>Cash balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>13,937</u> | <u>13,937</u> |
| <i>Cash balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 26,988</u> | <u>\$ 26,988</u> |
| Net change in fund balance (Non-GAAP Budgetary basis) | | | \$ 13,051 | |
| Adjustment to revenue for accruals and other deferrals | | | - | |
| Adjustment to expenditures for payables, prepaids and other accruals | | | 1,769 | |
| Net change in fund balance (GAAP basis) | | | <u>\$ 14,820</u> | |

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
TITLE I SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

Statement A-5

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|----------------|------------------|------------------|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | 41,345 | 51,685 | - | (51,685) |
| Interest | - | - | - | - |
| <i>Total revenues</i> | <u>41,345</u> | <u>51,685</u> | <u>-</u> | <u>(51,685)</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | 34,051 | 44,391 | - | 44,391 |
| Support Services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General Administration | - | - | - | - |
| School Administration | - | - | - | - |
| Central Services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other Support Services | - | - | - | - |
| Operation of Non-instructional Services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>34,051</u> | <u>44,391</u> | <u>-</u> | <u>44,391</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>7,294</u> | <u>7,294</u> | <u>-</u> | <u>(7,294)</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Operating transfers | - | - | - | - |
| Proceeds from bonds | - | - | - | - |
| Designated Cash | (7,294) | (7,294) | - | 7,294 |
| <i>Total other financing sources (uses)</i> | <u>(7,294)</u> | <u>(7,294)</u> | <u>-</u> | <u>7,294</u> |
| <i>Net change in fund balances</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Cash balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>18,495</u> | <u>18,495</u> |
| <i>Cash balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 18,495</u> | <u>\$ 18,495</u> |
| Net change in fund balance (Non-GAAP Budgetary basis) | | | \$ - | |
| Adjustment to revenue for accruals and other deferrals | | | 170 | |
| Adjustment to expenditures for payables, prepaids and other accruals | | | (170) | |
| Net change in fund balance (GAAP basis) | | | <u>\$ -</u> | |

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
IDEA B ENTITLEMENT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

Statement A-6

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|-----------------|--------------------|--------------------|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | 51,133 | 62,825 | 51,133 | (11,692) |
| Interest | - | - | - | - |
| <i>Total revenues</i> | <u>51,133</u> | <u>62,825</u> | <u>51,133</u> | <u>(11,692)</u> |
| <i>Expenditures:</i> | | | | |
| Current: | | | | |
| Instruction | 64,523 | 76,215 | 50,925 | 25,290 |
| Support Services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General Administration | - | - | - | - |
| School Administration | - | - | - | - |
| Central Services | - | - | - | - |
| Operation & maintenance of plant | 500 | 500 | - | 500 |
| Student transportation | - | - | - | - |
| Other Support Services | - | - | - | - |
| Operation of Non-instructional Services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>65,023</u> | <u>76,715</u> | <u>50,925</u> | <u>25,790</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>(13,890)</u> | <u>(13,890)</u> | <u>208</u> | <u>14,098</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Operating transfers | - | - | - | - |
| Proceeds from bonds | - | - | - | - |
| Designated Cash | 13,890 | 13,890 | - | (13,890) |
| <i>Total other financing sources (uses)</i> | <u>13,890</u> | <u>13,890</u> | <u>-</u> | <u>(13,890)</u> |
| <i>Net change in fund balances</i> | <u>-</u> | <u>-</u> | <u>208</u> | <u>208</u> |
| <i>Cash balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>(11,730)</u> | <u>(11,730)</u> |
| <i>Cash balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (11,522)</u> | <u>\$ (11,522)</u> |
| Net change in fund balance (Non-GAAP Budgetary basis) | | | \$ 208 | |
| Adjustment to revenue for accruals and other deferrals | | | (208) | |
| Adjustment to expenditures for payables, prepaids and other accruals | | | - | |
| Net change in fund balance (GAAP basis) | | | <u>\$ -</u> | |

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
IDEA B DISCRETIONARY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

Statement A-7

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|----------------|----------------|----------------|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | 8,030 | 13,030 | 8,030 | (5,000) |
| Interest | - | - | - | - |
| <i>Total revenues</i> | <u>8,030</u> | <u>13,030</u> | <u>8,030</u> | <u>(5,000)</u> |
| <i>Expenditures:</i> | | | | |
| Current: | | | | |
| Instruction | - | 5,000 | 5,000 | - |
| Support Services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General Administration | - | - | - | - |
| School Administration | - | - | - | - |
| Central Services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other Support Services | - | - | - | - |
| Operation of Non-instructional Services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>-</u> | <u>5,000</u> | <u>5,000</u> | <u>-</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>8,030</u> | <u>8,030</u> | <u>3,030</u> | <u>(5,000)</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Operating transfers | - | - | - | - |
| Proceeds from bonds | - | - | - | - |
| Designated Cash | (8,030) | (8,030) | - | 8,030 |
| <i>Total other financing sources (uses)</i> | <u>(8,030)</u> | <u>(8,030)</u> | <u>-</u> | <u>8,030</u> |
| <i>Net change in fund balances</i> | <u>-</u> | <u>-</u> | <u>3,030</u> | <u>3,030</u> |
| <i>Cash balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>(3,030)</u> | <u>(3,030)</u> |
| <i>Cash balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net change in fund balance (Non-GAAP Budgetary basis) | | | \$ 3,030 | |
| Adjustment to revenue for accruals and other deferrals | | | (3,030) | |
| Adjustment to expenditures for payables, prepaids and other accruals | | | - | |
| Net change in fund balance (GAAP basis) | | | <u>\$ -</u> | |

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
IDEA B PRESCHOOL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

Statement A-8

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|----------------|-----------------|-----------------|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | 9,888 | 10,426 | 9,888 | (538) |
| Interest | - | - | - | - |
| <i>Total revenues</i> | <u>9,888</u> | <u>10,426</u> | <u>9,888</u> | <u>(538)</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | 4,890 | 5,428 | 5,428 | - |
| Support Services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General Administration | - | - | - | - |
| School Administration | - | - | - | - |
| Central Services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other Support Services | - | - | - | - |
| Operation of Non-instructional Services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>4,890</u> | <u>5,428</u> | <u>5,428</u> | <u>-</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>4,998</u> | <u>4,998</u> | <u>4,460</u> | <u>(538)</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Operating transfers | - | - | - | - |
| Proceeds from bonds | - | - | - | - |
| Designated Cash | (4,998) | (4,998) | - | 4,998 |
| <i>Total other financing sources (uses)</i> | <u>(4,998)</u> | <u>(4,998)</u> | <u>-</u> | <u>4,998</u> |
| <i>Net change in fund balances</i> | <u>-</u> | <u>-</u> | <u>4,460</u> | <u>4,460</u> |
| <i>Cash balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>(4,588)</u> | <u>(4,588)</u> |
| <i>Cash balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (128)</u> | <u>\$ (128)</u> |
| Net change in fund balance (Non-GAAP Budgetary basis) | | | \$ 4,460 | |
| Adjustment to revenue for accruals and other deferrals | | | (4,460) | |
| Adjustment to expenditures for payables, prepaids and other accruals | | | - | |
| Net change in fund balance (GAAP basis) | | | <u>\$ -</u> | |

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
IDEA B RISK POOL SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

Statement A-9

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|--------------|--------------|--------------|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | 814 | 1,190 | 814 | (376) |
| Interest | - | - | - | - |
| <i>Total revenues</i> | <u>814</u> | <u>1,190</u> | <u>814</u> | <u>(376)</u> |
| <i>Expenditures:</i> | | | | |
| Current: | | | | |
| Instruction | - | 376 | 376 | - |
| Support Services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General Administration | - | - | - | - |
| School Administration | - | - | - | - |
| Central Services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other Support Services | - | - | - | - |
| Operation of Non-instructional Services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>-</u> | <u>376</u> | <u>376</u> | <u>-</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>814</u> | <u>814</u> | <u>438</u> | <u>(376)</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Operating transfers | - | - | - | - |
| Proceeds from bonds | - | - | - | - |
| Designated Cash | (814) | (814) | - | 814 |
| <i>Total other financing sources (uses)</i> | <u>(814)</u> | <u>(814)</u> | <u>-</u> | <u>814</u> |
| <i>Net change in fund balances</i> | <u>-</u> | <u>-</u> | <u>438</u> | <u>438</u> |
| <i>Cash balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>(438)</u> | <u>(438)</u> |
| <i>Cash balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net change in fund balance (Non-GAAP Budgetary basis) | | | \$ 438 | |
| Adjustment to revenue for accruals and other deferrals | | | (438) | |
| Adjustment to expenditures for payables, prepaids and other accruals | | | - | |
| Net change in fund balance (GAAP basis) | | | <u>\$ -</u> | |

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
TEACHER/PRINCIPAL TRAINING SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

Statement A-10

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|----------------|-------------------|-------------------|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | 1,065 | 12,304 | 1,065 | (11,239) |
| Interest | - | - | - | - |
| <i>Total revenues</i> | <u>1,065</u> | <u>12,304</u> | <u>1,065</u> | <u>(11,239)</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | 9,667 | 20,906 | 5,198 | 15,708 |
| Support Services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General Administration | - | - | - | - |
| School Administration | - | - | - | - |
| Central Services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other Support Services | - | - | - | - |
| Operation of Non-instructional Services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>9,667</u> | <u>20,906</u> | <u>5,198</u> | <u>15,708</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>(8,602)</u> | <u>(8,602)</u> | <u>(4,133)</u> | <u>4,469</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Operating transfers | - | - | - | - |
| Proceeds from bonds | - | - | - | - |
| Designated Cash | 8,602 | 8,602 | - | (8,602) |
| <i>Total other financing sources (uses)</i> | <u>8,602</u> | <u>8,602</u> | <u>-</u> | <u>(8,602)</u> |
| <i>Net change in fund balances</i> | <u>-</u> | <u>-</u> | <u>(4,133)</u> | <u>(4,133)</u> |
| <i>Cash balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>217</u> | <u>217</u> |
| <i>Cash balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (3,916)</u> | <u>\$ (3,916)</u> |
| Net change in fund balance (Non-GAAP Budgetary basis) | | | \$ (4,133) | |
| Adjustment to revenue for accruals and other deferrals | | | 4,133 | |
| Adjustment to expenditures for payables, prepaids and other accruals | | | - | |
| Net change in fund balance (GAAP basis) | | | <u>\$ -</u> | |

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
RURAL EDUCATION ACHIEVEMENT SPECIAL REVENUE PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

Statement A-11

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|----------------|-----------------|-----------------|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | 25,768 | 51,536 | 25,768 | (25,768) |
| Interest | - | - | - | - |
| <i>Total revenues</i> | <u>25,768</u> | <u>51,536</u> | <u>25,768</u> | <u>(25,768)</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | 30,199 | 55,967 | 35,904 | 20,063 |
| Support Services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General Administration | - | - | - | - |
| School Administration | - | - | - | - |
| Central Services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other Support Services | - | - | - | - |
| Operation of Non-instructional Services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>30,199</u> | <u>55,967</u> | <u>35,904</u> | <u>20,063</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>(4,431)</u> | <u>(4,431)</u> | <u>(10,136)</u> | <u>(5,705)</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Operating transfers | - | - | - | - |
| Proceeds from bonds | - | - | - | - |
| Designated Cash | 4,431 | 4,431 | - | (4,431) |
| <i>Total other financing sources (uses)</i> | <u>4,431</u> | <u>4,431</u> | <u>-</u> | <u>(4,431)</u> |
| <i>Net change in fund balances</i> | <u>-</u> | <u>-</u> | <u>(10,136)</u> | <u>(10,136)</u> |
| <i>Cash balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>19,218</u> | <u>19,218</u> |
| <i>Cash balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 9,082</u> | <u>\$ 9,082</u> |
| Net change in fund balance (Non-GAAP Budgetary basis) | | | \$ (10,136) | |
| Adjustment to revenue for accruals and other deferrals | | | 9,951 | |
| Adjustment to expenditures for payables, prepaids and other accruals | | | 185 | |
| Net change in fund balance (GAAP basis) | | | <u>\$ -</u> | |

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
DUAL CREDIT SPECIAL REVENUE PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

Statement A-12

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|----------------|----------------|----------------|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | 2,377 | 3,546 | 2,377 | (1,169) |
| Federal sources | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total revenues</i> | <u>2,377</u> | <u>3,546</u> | <u>2,377</u> | <u>(1,169)</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | - | 1,169 | 1,169 | - |
| Support Services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General Administration | - | - | - | - |
| School Administration | - | - | - | - |
| Central Services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other Support Services | - | - | - | - |
| Operation of Non-instructional Services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>-</u> | <u>1,169</u> | <u>1,169</u> | <u>-</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>2,377</u> | <u>2,377</u> | <u>1,208</u> | <u>(1,169)</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Operating transfers | - | - | - | - |
| Proceeds from bonds | - | - | - | - |
| Designated Cash | (2,377) | (2,377) | - | 2,377 |
| <i>Total other financing sources (uses)</i> | <u>(2,377)</u> | <u>(2,377)</u> | <u>-</u> | <u>2,377</u> |
| <i>Net change in fund balances</i> | <u>-</u> | <u>-</u> | <u>1,208</u> | <u>1,208</u> |
| <i>Cash balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>(1,208)</u> | <u>(1,208)</u> |
| <i>Cash balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net change in fund balance (Non-GAAP Budgetary basis) | | | \$ 1,208 | |
| Adjustment to revenue for accruals and other deferrals | | | (1,208) | |
| Adjustment to expenditures for payables, prepaids and other accruals | | | - | |
| Net change in fund balance (GAAP basis) | | | <u>\$ -</u> | |

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
TECHNOLOGY FOR EDUCATION SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

Statement A-13

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|-------------|---------------|---------------|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total revenues</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Expenditures:</i> | | | | |
| Current: | | | | |
| Instruction | - | - | - | - |
| Support Services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General Administration | - | - | - | - |
| School Administration | - | - | - | - |
| Central Services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other Support Services | - | - | - | - |
| Operation of Non-instructional Services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>-</u> | <u>-</u> | <u>-</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> | | | | |
| Operating transfers | - | - | - | - |
| Proceeds from bonds | - | - | - | - |
| Designated Cash | - | - | - | - |
| <i>Total other financing sources (uses)</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Net change in fund balances</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Cash balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>376</u> | <u>376</u> |
| <i>Cash balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 376</u> | <u>\$ 376</u> |
| Net change in fund balance (Non-GAAP Budgetary basis) | | | \$ - | |
| Adjustment to revenue for accruals and other deferrals | | | - | |
| Adjustment to expenditures for payables, prepaids and other accruals | | | - | |
| Net change in fund balance (GAAP basis) | | | <u>\$ -</u> | |

STATE OF NEW MEXICO

Statement A-14

LOGAN MUNICIPAL SCHOOLS
 INCENTIVES FOR SCHOOL IMPROVEMENT SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|-------------|-------------|-------------|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total revenues</i> | <u>-</u> | <u>-</u> | <u>-</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 | - | - | - | - |
| Other Support Services | - | - | - | - |
| Operation of Non-instructional Services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | - | - | - | - |
| <i>Debt Service:</i> | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>-</u> | <u>-</u> | <u>-</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> | | | | |
| Operating transfers | - | - | - | - |
| Proceeds from bonds | - | - | - | - |
| Designated Cash | - | - | - | - |
| <i>Total other financing sources (uses)</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Net change in fund balances</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Cash balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>1</u> | <u>1</u> |
| <i>Cash balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1</u> | <u>\$ 1</u> |
| Net change in fund balance (Non-GAAP Budgetary basis) | | | \$ - | |
| Adjustment to revenue for accruals and other deferrals | | | - | |
| Adjustment to expenditures for payables, prepaids and other accruals | | | - | |
| Net change in fund balance (GAAP basis) | | | <u>\$ -</u> | |

STATE OF NEW MEXICO

Statement A-15

LOGAN MUNICIPAL SCHOOLS

BEGINNING TEACHER MENTORING SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|-------------|---------------|---------------|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | - | - | - | - |
| Federal sources | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total revenues</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Expenditures:</i> | | | | |
| Current: | | | | |
| Instruction | - | - | - | - |
| Support Services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General Administration | - | - | - | - |
| School Administration | - | - | - | - |
| Central Services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other Support Services | - | - | - | - |
| Operation of Non-instructional Services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>-</u> | <u>-</u> | <u>-</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> | | | | |
| Operating transfers | - | - | - | - |
| Proceeds from bonds | - | - | - | - |
| Designated Cash | - | - | - | - |
| <i>Total other financing sources (uses)</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Net change in fund balances</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Cash balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>157</u> | <u>157</u> |
| <i>Cash balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 157</u> | <u>\$ 157</u> |
| Net change in fund balance (Non-GAAP Budgetary basis) | | | \$ - | |
| Adjustment to revenue for accruals and other deferrals | | | - | |
| Adjustment to expenditures for payables, prepaids and other accruals | | | - | |
| Net change in fund balance (GAAP basis) | | | <u>\$ -</u> | |

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
BOND BUILDING CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

Statement A-16

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|------------------|---------------------|-------------------|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Local and county sources | \$ 4,363 | \$ 4,363 | \$ - | \$ (4,363) |
| State sources | 196,285 | 196,285 | 196,285 | - |
| Federal sources | - | - | - | - |
| Interest | - | - | 4,363 | 4,363 |
| <i>Total revenues</i> | <u>200,648</u> | <u>200,648</u> | <u>200,648</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 | - | - | - | - |
| Other Support Services | - | - | - | - |
| Operation of Non-instructional Services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | 735,678 | 309,274 | 309,274 | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>735,678</u> | <u>309,274</u> | <u>309,274</u> | <u>-</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>(535,030)</u> | <u>(108,626)</u> | <u>(108,626)</u> | <u>-</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Operating transfers | - | - | - | - |
| Proceeds from bonds | - | - | - | - |
| Designated Cash | 535,030 | 108,626 | - | (108,626) |
| <i>Total other financing sources (uses)</i> | <u>535,030</u> | <u>108,626</u> | <u>-</u> | <u>(108,626)</u> |
| <i>Net change in fund balances</i> | <u>-</u> | <u>-</u> | <u>(108,626)</u> | <u>(108,626)</u> |
| <i>Cash balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>714,358</u> | <u>714,358</u> |
| <i>Cash balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 605,732</u> | <u>\$ 605,732</u> |
| Net change in fund balance (Non-GAAP Budgetary basis) | | | \$ (108,626) | |
| Adjustment to revenue for accruals and other deferrals | | | - | |
| Adjustment to expenditures for payables, prepaids and other accruals | | | - | |
| Net change in fund balance (GAAP basis) | | | <u>\$ (108,626)</u> | |

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
SPECIAL CAPITAL OUTLAY STATE CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

Statement A-17

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|-----------------|------------------|------------------|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Local and county sources | \$ - | \$ - | \$ - | \$ - |
| State sources | 11,507 | 23,014 | 11,507 | (11,507) |
| Federal sources | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total revenues</i> | <u>11,507</u> | <u>23,014</u> | <u>11,507</u> | <u>(11,507)</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | - | - | - | - |
| Support Services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General Administration | - | - | - | - |
| School Administration | - | - | - | - |
| Central Services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other Support Services | - | - | - | - |
| Operation of Non-instructional Services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | - | 11,507 | 11,507 | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>-</u> | <u>11,507</u> | <u>11,507</u> | <u>-</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>11,507</u> | <u>11,507</u> | <u>-</u> | <u>(11,507)</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Operating transfers | - | - | - | - |
| Proceeds from bonds | - | - | - | - |
| Designated Cash | (11,507) | (11,507) | - | 11,507 |
| <i>Total other financing sources (uses)</i> | <u>(11,507)</u> | <u>(11,507)</u> | <u>-</u> | <u>11,507</u> |
| <i>Net change in fund balances</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Cash balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>32,322</u> | <u>32,322</u> |
| <i>Cash balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 32,322</u> | <u>\$ 32,322</u> |
| Net change in fund balance (Non-GAAP Budgetary basis) | | | \$ - | |
| Adjustment to revenue for accruals and other deferrals | | | - | |
| Adjustment to expenditures for payables, prepaids and other accruals | | | - | |
| Net change in fund balance (GAAP basis) | | | <u>\$ -</u> | |

STATE OF NEW MEXICO

Statement A-18

LOGAN MUNICIPAL SCHOOLS
 CAPITAL IMPROVEMENTS SB-9 CAPITAL PROJECTS FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|-----------------|-------------------|-------------------|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Local and county sources | \$ 132,879 | \$ 132,879 | \$ 131,402 | \$ (1,477) |
| State sources | - | 8,888 | - | (8,888) |
| Federal sources | - | - | - | - |
| Interest | - | - | 1,486 | 1,486 |
| <i>Total revenues</i> | <u>132,879</u> | <u>141,767</u> | <u>132,888</u> | <u>(8,879)</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | - | - | - | - |
| Support Services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General Administration | 1,260 | 1,238 | 1,238 | - |
| School Administration | - | - | - | - |
| Central Services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other Support Services | - | - | - | - |
| Operation of Non-instructional Services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | 218,971 | 41,341 | 41,341 | - |
| Debt Service: | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>220,231</u> | <u>42,579</u> | <u>42,579</u> | <u>-</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>(87,352)</u> | <u>99,188</u> | <u>90,309</u> | <u>(8,879)</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Operating transfers | - | - | - | - |
| Proceeds from bonds | - | - | - | - |
| Designated Cash | 87,352 | (99,188) | - | 99,188 |
| <i>Total other financing sources (uses)</i> | <u>87,352</u> | <u>(99,188)</u> | <u>-</u> | <u>99,188</u> |
| <i>Net change in fund balances</i> | <u>-</u> | <u>-</u> | <u>90,309</u> | <u>90,309</u> |
| <i>Cash balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>66,512</u> | <u>66,512</u> |
| <i>Cash balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 156,821</u> | <u>\$ 156,821</u> |
| Net change in fund balance (Non-GAAP Budgetary basis) | | | \$ 90,309 | |
| Adjustment to revenue for accruals and other deferrals | | | 14,982 | |
| Adjustment to expenditures for payables, prepaids and other accruals | | | (2,013) | |
| Net change in fund balance (GAAP basis) | | | <u>\$ 103,278</u> | |

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
DEBT SERVICE FUND

Statement A-19

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2013

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|--------------|-------------|------------|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Local and county sources | \$ (220,849) | \$ (220,849) | \$ 219,845 | \$ 440,694 |
| State sources | - | - | - | - |
| Federal sources | - | - | - | - |
| Interest | - | - | 1,004 | 1,004 |
| <i>Total revenues</i> | (220,849) | (220,849) | 220,849 | 441,698 |
| <i>Expenditures:</i> | | | | |
| Current: | | | | |
| Instruction | - | - | - | - |
| Support Services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General Administration | 2,115 | 2,061 | 2,061 | - |
| School Administration | - | - | - | - |
| Central Services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other Support Services | - | - | - | - |
| Operation of Non-instructional Services | | | | |
| Food services operations | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt Service: | | | | |
| Principal | 195,205 | 125,000 | 125,000 | - |
| Interest | 109,904 | 110,145 | 110,145 | - |
| <i>Total expenditures</i> | 307,224 | 237,206 | 237,206 | - |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | (528,073) | (458,055) | (16,357) | 441,698 |
| <i>Other financing sources (uses):</i> | | | | |
| Operating transfers | - | - | - | - |
| Proceeds from bonds | - | - | - | - |
| Designated Cash | 528,073 | 458,055 | - | (458,055) |
| <i>Total other financing sources (uses)</i> | 528,073 | 458,055 | - | (458,055) |
| <i>Net change in fund balances</i> | - | - | (16,357) | (16,357) |
| <i>Cash balances - beginning of year</i> | - | - | 80,263 | 80,263 |
| <i>Cash balances - end of year</i> | \$ - | \$ - | \$ 63,906 | \$ 63,906 |
| Net change in fund balance (Non-GAAP Budgetary basis) | | | \$ (16,357) | |
| Adjustment to revenue for accruals and other deferrals | | | 10,138 | |
| Adjustment to expenditures for payables, prepaids and other accruals | | | (4,320) | |
| Net change in fund balance (GAAP basis) | | | \$ (9,890) | |

(This page intentionally left blank.)

FIDUCIARY FUNDS

(This page intentionally left blank.)

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
Agency Funds

Agency Funds – To 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.

Logan Municipal Schools has the following funds classified as Agency Funds:

Activity – To account for assets held by the District until distributed to various organizations at the schools.

(This page intentionally left blank.)

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2013

Statement B

| | Balance June 30, 2012 | Additions | Deletions | Balance June 30, 2013 |
|---|--------------------------|-------------------|-------------------|--------------------------|
| ASSETS | | | | |
| 23093 · 7th Grade, Class of 2019 | \$ - | \$ 256 | \$ 73 | \$ 183 |
| 23094 · 8th Grade, Class of 2018 | 163 | 27 | - | 190 |
| 23095 · 9th Grade, Class of 2017 | 467 | 211 | - | 678 |
| 23096 · 10th Grade, Class of 2016 | 627 | 3,286 | 2,153 | 1,760 |
| 23097 · 11th Grade, Class of 2015 | 2,710 | 2,881 | 2,080 | 3,511 |
| 23098 · 12th Grade, Class of 2014 | 6,426 | 21,786 | 9,729 | 18,483 |
| 23099 · Kindergarten Class | 120 | 151 | 77 | 194 |
| 23100 · 1st Grade Class | 45 | 150 | 129 | 66 |
| 23101 · 2nd Grade Class | 83 | 161 | 116 | 128 |
| 23102 · 3rd Grade Class | 67 | 116 | 112 | 71 |
| 23103 · 4th Grade Class | 81 | 182 | 169 | 94 |
| 23104 · 5th Grade Class | 177 | 161 | 127 | 211 |
| 23105 · 12th Grade, Class of 2013 | 7,336 | 12,973 | 19,435 | 874 |
| 23106 · 12th Grade, Class of 2012 | 54 | - | - | 54 |
| 23200 · Athletics | 5,769 | 7,610 | 12,154 | 1,225 |
| 23202 · Boys Basketball | - | 2,549 | 2,549 | - |
| 23203 · Girls Basketball | - | 2,555 | 2,555 | - |
| 23206 · Cheerleaders | 1,118 | 3,985 | 4,442 | 661 |
| 23207 · Volleyball | - | 1,451 | 610 | 841 |
| 23300 · Cafeteria Workshop | 2,481 | 2,326 | 3,479 | 1,328 |
| 23303 · FCCLA | - | 100 | 86 | 14 |
| 23304 · FFA | 1,537 | 37,089 | 35,710 | 2,916 |
| 23305 · Honor Society | 1,514 | 322 | 670 | 1,166 |
| 23306 · FFA Nationals | 85 | 10,655 | 10,684 | 56 |
| 23309 · Library | 633 | 252 | 256 | 629 |
| 23310 · Preschool/Lil' Longhorns | 485 | 430 | 461 | 454 |
| 23311 · Staff Fund | 1,260 | 7,604 | 4,906 | 3,958 |
| 23314 · Student Council | 2,335 | 550 | 669 | 2,216 |
| 23317 · Yearbook | 5,274 | 6,055 | 6,745 | 4,584 |
| 23322 · SHREC | 1,502 | 150 | 142 | 1,510 |
| 23324 · Scholarship Fund | - | 500 | 500 | - |
| 23326 · Honor Rewards | 941 | - | - | 941 |
| 23328 · Ute Lake Online Learning Center | 95 | - | - | 95 |
| 23329 · District 3A VB/BB | 3,480 | 1,570 | 5,050 | - |
| 23331 · WoodShop | 106 | 300 | 71 | 335 |
| 23332 · EPAC | 372 | 605 | 805 | 172 |
| 23333 · Chess Club | 36 | - | - | 36 |
| 23334 · Baseball Expenses | - | 1,004 | 951 | 53 |
| Total Assets | <u>\$ 47,379</u> | <u>\$ 130,003</u> | <u>\$ 127,695</u> | <u>\$ 49,687</u> |
| LIABILITIES | | | | |
| Deposits held for others | 47,379 | 130,003 | 127,695 | 49,687 |
| Total Liabilities | <u>\$ 47,379</u> | <u>\$ 130,003</u> | <u>\$ 127,695</u> | <u>\$ 49,687</u> |

(This page intentionally left blank.)

SUPPORTING SCHEDULES

(This page intentionally left blank.)

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
June 30, 2013

Schedule I

| Name of Depository | Description of Pledged Collateral | Fair Par/Market Value June 30, 2013 | Name and Location of Safekeeper |
|---------------------------|--|--|--|
| First National Bank of NM | FNMA Pool AL1321 3138EHPF3 3.5% 12/1/2026 | \$ 359,485 | Federal Home Loan Bank of Dallas Irving, TX |
| First National Bank of NM | FNMA Fixed Rate Note 3136G13X5 2.25% 12/27/2023 | 462,626 | Federal Home Loan Bank of Dallas Irving, TX |
| First National Bank of NM | Logan NM Sch District No. 32 541066AX4 4.4% 04/15/2014 | * 125,000 | Federal Home Loan Bank of Dallas Irving, TX |
| First National Bank of NM | Logan NM Sch District No. 32 541066AY2 4.65% 04/15/2015 | * <u>125,000</u> | Federal Home Loan Bank of Dallas Irving, TX |
| | Total Collateral Pledged | \$ <u><u>1,072,111</u></u> | |

* Stated at Par Value

(This page intentionally left blank.)

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
June 30, 2013

Schedule II

| Deposit or Investment Account Type | First National Bank of NM | NM State Treasurer | Total |
|---------------------------------------|------------------------------|-----------------------|---------------------|
| Operational Interest Bearing Checking | \$ 1,545,036 | \$ 3 | \$ 1,545,039 |
| Activities Interest Bearing Checking | <u>142,081</u> | <u>-</u> | <u>142,081</u> |
| Total On Deposit | 1,687,117 | 3 | 1,687,120 |
| Reconciling Items | (28,754) | - | (28,754) |
| Reconciled Balance June 30, 2013 | <u>\$ 1,658,363</u> | <u>\$ 3</u> | <u>\$ 1,658,366</u> |

Reconciliation to financial statements:

Cash and cash equivalents:

| | |
|---|---------------------|
| Total cash and cash equivalents per Statement of Position | \$ 1,608,679 |
| Total cash and cash equivalents per Fiduciary Statement of Assets and Liabilities | <u>49,687</u> |
| | <u>\$ 1,658,366</u> |

STATE OF NEW MEXICO

Logan Municipal Schools

Cash Reconciliation

June 30, 2013

| | <u>Operational Account</u> | <u>Transportation Account</u> | <u>Instructional Materials Account</u> | <u>Food Services Account</u> | <u>Athletics Account</u> |
|----------------------------------|--------------------------------|-----------------------------------|--|----------------------------------|------------------------------|
| Cash per June 30, 2012 | \$ 577,545 | \$ - | \$ 4,319 | \$ 37,852 | \$ 13,937 |
| Add: | | | | | |
| 2012-13 revenues | 2,997,268 | 284,620 | 18,942 | 114,871 | 31,031 |
| Transfer of NMPSIA | 91,090 | - | - | - | - |
| Adjustments | <u>9</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total cash available | 3,665,912 | 284,620 | 23,261 | 152,723 | 44,968 |
| Less: | | | | | |
| 2012-13 expenditures | (2,846,558) | (284,620) | (20,458) | (135,407) | (17,980) |
| Less NMPSIA Expense | (90,343) | - | - | - | - |
| Permanent cash transfer | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,776)</u> | <u>-</u> |
| Cash June 30, 2013 | <u>\$ 729,011</u> | <u>\$ -</u> | <u>\$ 2,803</u> | <u>\$ 15,540</u> | <u>\$ 26,988</u> |
| Bank balance end of year | \$ 655,942 | \$ 4,295 | \$ 2,803 | \$ 16,026 | \$ 26,988 |
| State Treasurer balance | - | - | - | - | - |
| Deposits in transit | - | - | - | - | - |
| Outstanding checks | (18,021) | (4,295) | - | (486) | - |
| Adjustment for duplicate deposit | - | - | - | - | - |
| Adjustment for NMPSIA | <u>91,090</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash June 30, 2013 | <u>\$ 729,011</u> | <u>\$ -</u> | <u>\$ 2,803</u> | <u>\$ 15,540</u> | <u>\$ 26,988</u> |

| <u>Fiduciary Account</u> | <u>Federal Flowthrough</u> | <u>Federal Direct</u> | <u>Local Grants</u> | <u>State Flowthrough</u> | <u>State Direct</u> |
|------------------------------|--------------------------------|---------------------------|-------------------------|------------------------------|-------------------------|
| \$ 47,379 | \$ (38,164) | \$ 19,218 | \$ - | \$ (5,438) | \$ - |
| 130,003 | 70,930 | 25,768 | - | 13,819 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>177,382</u> | <u>32,766</u> | <u>44,986</u> | <u>-</u> | <u>8,381</u> | <u>-</u> |
| (127,695) | (68,603) | (35,904) | - | (7,848) | - |
| - | - | - | - | - | - |
| - | 1,776 | - | - | - | - |
| <u>\$ 49,687</u> | <u>\$ (34,061)</u> | <u>\$ 9,082</u> | <u>\$ -</u> | <u>\$ 533</u> | <u>\$ -</u> |
| \$ 50,992 | \$ (32,121) | \$ 11,791 | \$ - | \$ 533 | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| (1,305) | (1,940) | (2,709) | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 49,687</u> | <u>\$ (34,061)</u> | <u>\$ 9,082</u> | <u>\$ -</u> | <u>\$ 533</u> | <u>\$ -</u> |

(This page intentionally left blank.)

STATE OF NEW MEXICO
 Logan Municipal Schools
 Cash Reconciliation
 June 30, 2013

Schedule III
 (Page 2 of 2)

| | Local/State Fund | Bond Building | Special Capit: Outlay-State | Capital Impr SB9 | Debt Service | Total |
|--------------------------|---------------------|-------------------|--------------------------------|---------------------|------------------|---------------------|
| Cash per June 30, 2012 | \$ - | \$ 714,370 | \$ 32,322 | \$ 66,512 | \$ 80,263 | \$ 1,550,115 |
| Add: | | | | | | |
| 2012-13 revenues | - | 200,651 | 11,507 | 132,879 | 220,849 | 4,253,138 |
| Transfer of NMPSIA | - | - | - | - | - | 91,090 |
| Adjustments | - | (15) | - | (9) | - | (15) |
| Total cash available | - | 915,006 | 43,829 | 199,382 | 301,112 | 5,894,328 |
| Less: | | | | | | |
| 2012-13 expenditures | - | (309,272) | (11,507) | (42,561) | (237,206) | (4,145,619) |
| Less NMPSIA Expense | - | - | - | - | - | (90,343) |
| Permanent cash transfer | - | - | - | - | - | - |
| Cash June 30, 2013 | <u>\$ -</u> | <u>\$ 605,734</u> | <u>\$ 32,322</u> | <u>\$ 156,821</u> | <u>\$ 63,906</u> | <u>\$ 1,658,366</u> |
| Bank balance end of year | \$ - | \$ 605,731 | \$ 32,322 | \$ 156,821 | \$ 63,906 | \$ 1,596,029 |
| State Treasurer balance | - | 3 | - | - | - | 3 |
| Deposits in transit | - | - | - | - | - | - |
| Outstanding checks | - | - | - | - | - | (28,756) |
| Held checks | - | - | - | - | - | - |
| Adjustments | - | - | - | - | - | 91,090 |
| Cash June 30, 2013 | <u>\$ -</u> | <u>\$ 605,734</u> | <u>\$ 32,322</u> | <u>\$ 156,821</u> | <u>\$ 63,906</u> | <u>\$ 1,658,366</u> |

| | | |
|--|------------------|---------------------|
| | Per Schedule B-1 | 1,608,679 |
| | Per Schedule E-1 | 49,687 |
| | Total Cash | <u>\$ 1,658,366</u> |

(This page intentionally left blank.)

COMPLIANCE SECTION

(This page intentionally left blank.)



**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**

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Governing Board
Logan Municipal Schools
Logan, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and the budgetary comparisons of the General fund and Special Revenue funds, of the Logan Municipal Schools as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Logan Municipal Schools' basic financial statements, and the combining and individual and related budgetary comparisons of Logan Municipal Schools, presented as supplemental information, and have issued our report thereon dated August 16, 2013.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned function, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. The material weakness is described as FS 2013-02.

(This page intentionally left blank.)

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. The significant deficiencies are described as FS 2012-01 and FS-2013-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Logan Municipal Schools financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as items FS 2013-01 and FS 2013-03.

Logan Municipal Schools Response to Findings

Logan Municipal Schools responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Logan Municipal Schools responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Precision Accounting LLC

Precision Accounting LLC
Albuquerque, New Mexico
August 16, 2013

(This page intentionally left blank.)

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
FINDINGS AND RESPONSES
Year Ended June 30, 2013

A. FINDINGS AND RESPONSES-FINANCIAL STATEMENT AUDIT

FS 2012-01 Payroll and Insurance rate deduction (Significant Deficiency)-Revised and Repeated

CONDITION: During our testwork of pay roll, we noted the following: (1) Wages were incorrectly calculated for an employee, where \$18.74 was underpaid to the employee as per the contract. (2) Dental insurance was incorrectly calculated for an employee by \$17.16 (projected total over 26 pay periods). The errors were estimated to be \$36 (rounded). Three pay periods (\$279,808.09 total) out of 26 were tested and within the three pay periods, 40 samples were selected out of 168 for testing.

CRITERIA: Procedures are not in place to prevent these events from reoccurring. The Organization does not appear to be in compliant with NMAC 6.20.2.11 C-Internal Control structure standards: "An internal control structure is required to demonstrate the school district's ability to record, process, summarize and report financial data consistent with the following financial statement assertions: 1) rights and ownership, 2) existence and occurrence, 3) valuation and allocations, 4) completeness, and 5) presentation and disclosure."

CAUSE: On the incorrect wages, it appears that when the new contract was approved and signed, the increase in pay was inadvertently missed and therefore, was not updated in the payroll module in Visions. On the incorrect dental insurance, the class on this deduction was incorrectly setup in Visions. These are all related to a manual process in the payroll setup.

EFFECT: Wages incorrectly calculated and paid resulted in an underpayment of \$18.74 to an employee, which do not satisfy contractual agreement between employee and employer. In addition, dental insurance was not deducted correctly for an employee by an overpayment of \$0.66 and therefore, do not satisfy the employee's enrollment status. This all impacts payroll expenses.

RECOMMENDATION: The Organization should review and implement procedures to ensure payroll changes such as salary increases, insurance enrollments, and relevant affected deductions and/or withholdings are adjusted appropriately and accurately. Adding a supervisory oversight or secondary reviewer may assist with these issues.

CLIENT RESPONSE: The District will contact Tyler Technologies in order to investigate the possibility of incorporating the NMPSIA Insurance Deduction table into the Visions program. Procedures will be changed to include another individual for the verification check.

FS 2013-01 – Travel and Per Diem Compliance (Significant Deficiency)

CONDITION: During our testwork of travel and per diem we noted the following: (1) One frequency of a meal reimbursement was more than the \$10 limit per person according to the Travel & Per Diem policy in the Fiduciary-Disbursement testwork. Forty samples out of a population of 295 (\$564,530 total on Fiduciary disbursements) was tested and the amount of overpayment issued was \$52.64. (2) Four frequencies of itemized receipts were not found for meals purchased for travel and per diem. Forty samples out of 153 travel and per diem disbursements (\$32,547 total) were tested and the exceptions amounted to \$1,398.

CRITERIA: Procedures are not followed as per policy. The Organization does not appear to be compliant with NMAC 6.20.2.11 C-Internal Control structure standards: "An internal control structure is required to demonstrate the school district's ability to record, process, summarize and report financial data consistent with the following financial statement assertions: 1) rights and ownership, 2) existence and occurrence, 3) valuation and allocations, 4) completeness, and 5) presentation and disclosure," and compliant with State and DFA regulations on travel and per diem.

CAUSE: (1) The requestor of meal reimbursement(s) and the administrator that approved the reimbursement did not follow the policy. (2) Staff may not be aware of the strict regulations on travel and per diem, and therefore did not follow state regulations.

EFFECT: (1) The meal reimbursement was an overpayment of \$52.64 to the requestor, and does not adhere to policy on meal reimbursements. (2) Failure to provide actual payments with receipts would not demonstrate that misuse of funds is carried, e.g. whether alcohol is purchased.

RECOMMENDATION: The Organization should re-train all employees on meal reimbursement policy and procedures. The Organization also should review and implement procedures to ensure all receipts must be itemized and correctly monitored to ensure they are accurate and complete. Supervisory oversight should be reviewed and improved to ensure proper approvals and records are conducted on meal reimbursements.

CLIENT RESPONSE: The District will retrain all employees on the Travel and Per Diem Policy. Special emphasis will be placed on submitting itemized receipts while staying within the District's meal allowance.

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
FINDINGS AND RESPONSES
Year Ended June 30, 2013

FS 2013-02 Activity Funds Compliance (Material Weakness)

CONDITION: Various issues were observed across the Activity Funds. (1) Student Activities appear to be not in compliant with PSAB 18 regulations and may have violated anti-donation regulations. It appears that a small grant for \$3,305 was accepted by an activity fund and recorded in that fund rather than being recorded in a District fund. Recordkeeping for these activities makes it difficult to account for the activities and know whether they are from an Agency or District fund. (2) PO and Requisition forms were modified after the forms were approved and those revisions were reviewed and approved, particularly on purchases that were identified to be more than the originally approved forms. (3) Several cash receipt control issues were observed. Receipt was created after a bank deposit was made. No second signature was on the cash reconciliation control sheet.

CRITERIA: (1) The Organization does not appear to be compliant with control through PSAB 18 Student Activities. (2-3) Procedures are not followed as per policy on purchase controls and receipt controls. The Organization does not appear to be compliant with NMAC 6.20.2.11 C-Internal Control structure standards: "An internal control structure is required to demonstrate the school district's ability to record, process, summarize and report financial data consistent with the following financial statement assertions: 1) rights and ownership, 2) existence and occurrence, 3) valuation and allocations, 4) completeness, and 5) presentation and disclosure," and/or NMAC 6.20.2.14.C. Cash Control Standards.

CAUSE: (1) Staff may not be clear on rules and regulations on PSAB 18 funds and grant restrictions and objectives. (2-3) Purchase controls and receipts controls are not being followed.

EFFECT: (1) Records not accurately kept through the school will cause issues in defining whether the project is in compliance with PSAB 18 and fulfills grant requirements. (2) Bypassing the managerial approval process will not ensure that purchases are reasonable and in compliance with federal and state grants' policies and restrictions, district policies, etc., and potentially affect fiscal year budgets.(3) Handling and receipting cash may not reflect what is actually deposited into the bank when controls are not followed, and consequently, records may be inaccurate.

RECOMMENDATION: The Organization should re-train all staff involved in activity funds from various levels of the coordinator to administration management. Records on student activity funds should be in place, and monitor activity funds to ensure details and traceability are in place to adhere to PSAB 18. The District should educate themselves as to the difference between a District Fund and Activity Fund. The Organization should also re-train staff on appropriate purchasing controls and receipts controls. Supervisory oversight should be reviewed, retrained and improved.

CLIENT RESPONSE: The District will provide in-service training to all certified staff members over PSAB Supplement 18 (Student Activity and Athletics). This training will include clarification of the role of record keeping in student activity funds, acceptable use of activity funds, and appropriate purchasing and receipt controls. The District will also review our supervisory oversight and provide guidance and training as necessary. The District will require that all staff dealing with activity funds acknowledge, by signature, their understanding of PSAB Supplement 18.

B. PRIOR YEAR AUDIT FINDINGS

FS 2011-01 – Disposition of capital assets (Significant Deficiency)-Cleared

FS 2012-01 Insurance rate deduction (Significant Deficiency)-Repeated and revised

FS 2012-02 Excess expenditures over budget (Significant Deficiency)-Cleared

STATE OF NEW MEXICO
LOGAN MUNICIPAL SCHOOLS
FINDINGS AND RESPONSES
Year Ended June 30, 2013

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Management is responsible for the content of the report and financial statements. It would be preferred and desirable for the District to prepare its own GAAP-basis financial statements; although the District is capable, with guidance, of preparing, reviewing and approving the financial statements, it is felt that the District's personnel do not have the time to prepare them. Therefore, the outside auditor prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

B. EXIT CONFERENCE

The contents of this report were discussed on August 9, 2013. The following individuals were in attendance:

| | |
|--------------------------------------|--|
| <u>Logan Municipal Schools</u> | Precision Accounting LLC |
| Tom Humble, Board Member | Melissa R. Santistevan, CPA, CFE, CGMA |
| Craig Terry, Superintendent | Mei Y. To, Staff Accountant II |
| Pat Copeland, Business Manager | Michele Jaramillo, Staff Accountant |
| Rodney Paris, Audit Committee Member | |
| Linnea Paris, Food Services | |