

Lordsburg Municipal School District No. 1

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT THEREON**

For The Fiscal Year Ended June 30, 2014

Lordsburg Municipal School District #1
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Lordsburg Municipal School District No. 1
DIRECTORY OF OFFICIALS
June 30, 2014

BOARD OF EDUCATION

Tina Hayes	President
Ruben Gomez	Vice-President
Maria Sanchez	Secretary
Ali Salinas	Member
Manuel D.V. Saucedo	Member

SCHOOL OFFICIALS

Randall Piper	Superintendent
Tina Diaz	Business Manager

MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
KELLEY WYATT, C.P.A.

RYAN MONTOYA, C.P.A.

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INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas, State Auditor
And
Board of Education
Lordsburg Municipal School District No. 1
Lordsburg, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Lordsburg Municipal School District No. 1, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Lordsburg Municipal School District No. 1's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Lordsburg Municipal School District No. 1's nonmajor governmental funds, components of the general fund and the budgetary comparisons for the components of the general fund, the nonmajor special revenue funds, the debt service fund, and the capital projects funds presented as other supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including

the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lordsburg Municipal School District No. 1, as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund and the components of the general fund of the Lordsburg Municipal School District No. 1 as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the components of the general fund, the nonmajor special revenue funds, the debt service fund, and the capital projects funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the Lordsburg Municipal School District No. 1's financial statements that collectively comprise the District's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by the Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules presented as other supplemental data as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and the other supplemental data are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal awards and the other supplemental data are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2014, on our consideration of the Lordsburg Municipal School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lordsburg Municipal School District No. 1's internal control over financial reporting and compliance.

Stone, McGee & Co., CPAs

Silver City, New Mexico
October 30, 2014

Stone, McGee & Co.
Certified Public Accountants

Lordsburg Municipal School District #1
STATEMENT OF NET POSITION
June 30, 2014

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 3,555,256
Property taxes receivable	91,587
Due from other governments	346,537
Inventory	39,947
Capital assets:	
Land and improvements	341,566
Buildings and improvements	29,681,672
Equipment	4,176,865
Construction in progress	101,971
Less accumulated depreciation	(17,548,287)
Total capital assets, net of depreciation	\$ 16,753,787
Total assets	\$ 20,787,114
Liabilities	
Accounts payable	\$ 37,756
Bond premiums	2,253
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	665,000
Accrued interest payable	41,177
Portion due or payable after one year:	
Bonds payable	5,325,000
Compensated absences	35,745
Total liabilities	\$ 6,106,931
Net Position	
Net investment in capital assets	\$ 12,763,787
Restricted for:	
Capital projects	137,718
Debt service	785,699
Other purposes	571,620
Unrestricted	421,359
Total net position	\$ 14,680,183

The accompanying notes are an integral part of these financial statements

Lordsburg Municipal School District #1
STATEMENT OF ACTIVITIES
 For the Fiscal Year Ended June 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental activities:					
Instruction	\$ 3,980,500	\$ 103,066	\$ 1,046,663	\$ -	\$ (2,830,771)
Support services - Students	571,432		64,784		(506,648)
Support services - Instruction	167,137		3,459		(163,678)
General administration	196,918		20		(196,898)
School administration	936,839		94,887		(841,952)
Central services	264,518				(264,518)
Operation of plant	1,035,052		1,947	193,082	(840,023)
Food services	342,738	28,338	297,022		(17,378)
Transportation	475,619		409,180		(66,439)
Other support services	17,560				(17,560)
Bond issue costs	18,496				(18,496)
Interest on long-term debt	144,915				(144,915)
	<u>\$ 8,151,724</u>	<u>\$ 131,404</u>	<u>\$ 1,917,962</u>	<u>\$ 193,082</u>	<u>\$ (5,909,276)</u>
Total governmental activities					

General revenues:	
Property taxes:	
Levied for general purposes	\$ 59,504
Levied for debt service	826,823
Levied for capital improvements	244,081
State aid - formula grants	4,830,843
Recoveries and refunds	4,113
Gain on disposition of assets	
Unrestricted investment earnings	916
	<hr/>
Total general revenues and special items	\$ 5,966,280
	<hr/>
Change in net position	\$ 57,004
	<hr/> <hr/>
Net position - beginning, as originally stated	14,698,191
Restatement	(75,012)
	<hr/>
Net position - beginning, as restated	\$ 14,623,179
Change in net position	57,004
	<hr/>
Net position - ending	\$ 14,680,183
	<hr/> <hr/>

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

Lordsburg Municipal School District #1
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2014

	General Fund	Title I	Entitlement	Teacher Training
Assets				
Cash and investments	\$ 131,816	\$ -	\$ -	\$ -
Property taxes receivable	5,710			
Inventory	35,794			
Due from other governments		73,187	48,234	58,196
Interfund receivable	315,857			
Total assets	\$ 489,177	\$ 73,187	\$ 48,234	\$ 58,196
 Liabilities				
Accounts payable	\$ 29,820	\$ -	\$ -	\$ -
Interfund payable		73,187	48,234	58,196
Total liabilities	\$ 29,820	\$ 73,187	\$ 48,234	\$ 58,196
 Deferred Inflows of Resources				
Unavailable revenue	\$ 4,014	\$ -	\$ -	\$ -
Total deferred inflows of resources	\$ 4,014	\$ -	\$ -	\$ -
 Fund balance:				
Nonspendable:				
Inventories	\$ 35,794	\$ -	\$ -	\$ -
Restricted for:				
Education				
Food service				
Social services				
Capital projects				
Debt service				
Unassigned	419,549			
Total fund balances	\$ 455,343	\$ -	\$ -	\$ -
Total liabilities, deferred inflows of resources and fund balances	\$ 489,177	\$ 73,187	\$ 48,234	\$ 58,196

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

<u>Pre -K Initiative</u>	<u>Kinder 3+</u>	<u>SB-9</u>	<u>Bond Building</u>	<u>Debt Service</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 423,859 21,988	\$ 2,137,718	\$ 762,987 63,889	\$ 98,876 4,153 67,831	\$ 3,555,256 91,587 39,947 346,537 315,857
53,600	45,489					
<u>\$ 53,600</u>	<u>\$ 45,489</u>	<u>\$ 445,847</u>	<u>\$ 2,137,718</u>	<u>\$ 826,876</u>	<u>\$ 170,860</u>	<u>\$ 4,349,184</u>
\$ - 53,600	\$ 3,596 41,893	\$ 1,346	\$ -	\$ -	\$ 2,994 40,747	\$ 37,756 315,857
<u>\$ 53,600</u>	<u>\$ 45,489</u>	<u>\$ 1,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,741</u>	<u>\$ 353,613</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,895</u>	<u>\$ -</u>	<u>\$ 39,569</u>	<u>\$ -</u>	<u>\$ 58,478</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,895</u>	<u>\$ -</u>	<u>\$ 39,569</u>	<u>\$ -</u>	<u>\$ 58,478</u>
\$ -	\$ -	\$ - 429,606	\$ -	\$ -	\$ 4,153 43,988 78,978	\$ 39,947 473,594 78,978 -
			2,137,718	787,307		2,137,718 787,307 419,549
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 429,606</u>	<u>\$ 2,137,718</u>	<u>\$ 787,307</u>	<u>\$ 127,119</u>	<u>\$ 3,937,093</u>
<u>\$ 53,600</u>	<u>\$ 45,489</u>	<u>\$ 445,847</u>	<u>\$ 2,137,718</u>	<u>\$ 826,876</u>	<u>\$ 170,860</u>	<u>\$ 4,349,184</u>

Lordsburg Municipal School District #1
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
 TO NET POSITION OF GOVERNMENTAL ACTIVITIES**
 June 30, 2014

Total governmental fund balances	\$	3,937,093
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		16,753,787
Bond premiums are deferred and amortized over the life of the bonds		(2,253)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: Property taxes not collected within the 60 day availability period		58,478
Long-term liabilities, including bonds payable, compensated absences and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds: Bonds payable Accrued interest payable Accrued compensated absences		(5,990,000) (41,177) (35,745)
<i>Net Position of Governmental Activities</i>	<u>\$</u>	<u>14,680,183</u>

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

Lordsburg Municipal School District #1
**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**
For The Fiscal Year Ended June 30, 2014

	General Fund	Title I	Entitlement	Teacher Training
Revenues:				
Property taxes	\$ 59,291	\$ -	\$ -	\$ -
Fees and charges	66,159			
State aid	5,626,569			
Federal aid	24,975	315,886	147,934	39,627
Earnings on investments	272			
Miscellaneous	4,078			
Total revenues	\$ 5,781,344	\$ 315,886	\$ 147,934	\$ 39,627
Expenditures:				
Current:				
Instruction	\$ 3,025,390	\$ 288,724	\$ 127,027	\$ 3,934
Support services - Students	470,878		1,141	
Support services - Instruction	156,013			
General administration	182,520			
School administration	792,130	27,162	19,766	35,693
Central services	254,298			
Operation of plant	902,854			
Food service	32,440			
Transportation	407,779			
Other support services	17,560			
Debt service:				
Principal				
Interest				
Bond issue costs				
Capital outlay				
Total expenditures	\$ 6,241,862	\$ 315,886	\$ 147,934	\$ 39,627
Revenues over (under) expenditures	\$ (460,518)	\$ -	\$ -	\$ -
Other financing sources:				
Bond proceeds				
Net change in fund balance	\$ (460,518)	\$ -	\$ -	\$ -
Fund balance, July 1, 2013, as originally stated	\$ 883,805	\$ -	\$ -	\$ -
Restatement	32,056			
Fund balance, July 1, 2013 as restated	\$ 915,861	\$ -	\$ -	\$ -
Net change in fund balance	(460,518)	-	-	-
Fund balance, June 30, 2014	\$ 455,343	\$ -	\$ -	\$ -

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

<u>Pre - K Initiative</u>	<u>Kinder 3+</u>	<u>SB-9</u>	<u>Bond Building</u>	<u>Debt Service</u>	<u>Other Funds</u>	<u>Governmental Funds Total</u>
\$ -	\$ -	\$ 242,587	\$ -	\$ 824,743	\$ -	\$ 1,126,621
					65,245	131,404
86,094	120,624	44,663	68,331		99,460	6,045,741
					367,724	896,146
		159	365	60	60	916
					35	4,113
<u>\$ 86,094</u>	<u>\$ 120,624</u>	<u>\$ 287,409</u>	<u>\$ 68,696</u>	<u>\$ 824,803</u>	<u>\$ 532,524</u>	<u>\$ 8,204,941</u>
\$ 62,158	\$ 102,445	\$ -	\$ -	\$ -	\$ 115,972	\$ 3,725,650
					63,643	535,662
					3,459	159,472
		2,394		8,152	20	193,086
	12,266					887,017
	1,947	58,698	14			254,298
	3,966				294,968	963,513
						327,408
						411,745
						17,560
				700,000		700,000
				134,366		134,366
			18,496			18,496
<u>23,936</u>		<u>56,034</u>	<u>174,215</u>		<u>15,963</u>	<u>270,148</u>
<u>\$ 86,094</u>	<u>\$ 120,624</u>	<u>\$ 117,126</u>	<u>\$ 192,725</u>	<u>\$ 842,518</u>	<u>\$ 494,025</u>	<u>\$ 8,598,421</u>
\$ -	\$ -	\$ 170,283	\$ (124,029)	\$ (17,715)	\$ 38,499	\$ (393,480)
			2,000,000			2,000,000
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,283</u>	<u>\$ 1,875,971</u>	<u>\$ (17,715)</u>	<u>\$ 38,499</u>	<u>\$ 1,606,520</u>
\$ -	\$ -	\$ 259,323	\$ 261,747	\$ 805,022	\$ 88,620	\$ 2,298,517
						32,056
\$ -	\$ -	\$ 259,323	\$ 261,747	\$ 805,022	\$ 88,620	\$ 2,330,573
-	-	170,283	1,875,971	(17,715)	38,499	1,606,520
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 429,606</u>	<u>\$ 2,137,718</u>	<u>\$ 787,307</u>	<u>\$ 127,119</u>	<u>\$ 3,937,093</u>

Lordsburg Municipal School District #1
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

June 30, 2014

Net change in fund balances-total governmental funds	\$	1,606,520
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense.

Capital outlay		270,148
Depreciation expense		(510,994)

Bond proceeds are reported as financing sources in the funds. In the Statement of Activities, however, issuing debt increases long-term liabilities.		(2,000,000)
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Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change during the year:

Property taxes not collected within the 60 day availability period		3,787
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Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets		700,000
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Bond premiums are revenues in the funds but are deferred and amortized in the Statement of Activities.

Bond premiums		
Amortization		511

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. This is the net change during the year.		(11,060)
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Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the net change during the year.

		(1,908)
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<i>Change in Net Position of Governmental Activities</i>	\$	57,004
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The accompanying notes are an integral part of these financial statements.

Lordsburg Municipal School District #1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ 24,975	\$ 24,975
State sources	5,561,725	5,602,684	5,626,569	23,885
Local sources	171,928	171,928	97,358	(74,570)
Interest income	607	607	272	(335)
	\$ 5,734,260	\$ 5,775,219	\$ 5,749,174	\$ (26,045)
Expenditures:				
Current:				
Instruction	\$ 3,177,428	\$ 3,187,328	\$ 3,046,752	\$ 140,576
Support services - Students	497,422	506,925	471,871	35,054
Support services - Instruction	158,501	157,116	156,013	1,103
General administration	181,198	190,405	183,212	7,193
School administration	858,083	838,640	792,726	45,914
Central services	275,118	274,525	254,808	19,717
Operation of plant	917,927	929,161	909,638	19,523
Transportation	392,028	432,795	408,956	23,839
Other support services	31,506	41,606	13,858	27,748
Food services	92,606	73,875	32,440	41,435
Capital outlay				-
Non-operating				-
	\$ 6,581,817	\$ 6,632,376	\$ 6,270,274	\$ 362,102
Revenues over (under) expenditure:	\$ (847,557)	\$ (857,157)	\$ (521,100)	\$ 336,057
Other financing sources (uses)				
Transfers out	-	-	-	-
Net change in fund balance	\$ (847,557)	\$ (857,157)	\$ (521,100)	\$ 336,057
Fund balance, July 1, 2013	847,557	857,157	950,184	93,027
Fund balance, June 30, 2014	\$ -	\$ -	\$ 429,084	\$ 429,084
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (460,518)	
Revenue accruals (net)			(733)	
Expenditure accruals (net)			(62,912)	
Non-budgeted transactions (net)			3,063	
Net change in fund balance, NON-GAAP budgetary basis			\$ (521,100)	

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - TITLE I
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 292,984	\$ 410,246	\$ 306,529	\$ (103,717)
Expenditures:				
Current:				
Instruction	\$ 264,432	\$ 381,694	\$ 288,724	\$ 92,970
Support services - Students				-
School administration	<u>28,552</u>	<u>28,552</u>	<u>27,162</u>	<u>1,390</u>
Total expenditures	<u>\$ 292,984</u>	<u>\$ 410,246</u>	<u>\$ 315,886</u>	<u>\$ 94,360</u>
Net change in fund balance	\$ -	\$ -	\$ (9,357)	\$ (9,357)
Fund balance, July 1, 2013	<u>-</u>	<u>-</u>	<u>(63,830)</u>	<u>(63,830)</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (73,187)</u>	<u>\$ (73,187)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(9,357)	
Expenditure accruals (net)				
Other financing uses (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (9,357)</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - ENTITLEMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 284,401	\$ 130,202	\$ (154,199)
Expenditures:				
Current:				
Instruction	\$ -	\$ 254,342	\$ 127,027	\$ 127,315
Support services - Students		4,723	1,141	3,582
School administration		25,336	19,766	5,570
Total expenditures	<u>\$ -</u>	<u>\$ 284,401</u>	<u>\$ 147,934</u>	<u>\$ 136,467</u>
Net change in fund balance	\$ -	\$ -	\$ (17,732)	\$ (17,732)
Fund balance, July 1, 2013	<u>-</u>	<u>-</u>	<u>(30,502)</u>	<u>(30,502)</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (48,234)</u>	<u>\$ (48,234)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(17,732)	
Expenditure accruals (net)				
Other financing uses (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (17,732)</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - TEACHER/PRINCIPLE TRAINING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 55,168	\$ 77,368	\$ 35,404	\$ (41,964)
Expenditures:				
Current:				
Instruction	\$ 17,567	\$ 30,567	\$ 4,001	\$ 26,566
Support services - Students				-
School administration	<u>37,601</u>	<u>46,801</u>	<u>35,780</u>	<u>11,021</u>
Total expenditures	<u>\$ 55,168</u>	<u>\$ 77,368</u>	<u>\$ 39,781</u>	<u>\$ 37,587</u>
Net change in fund balance	\$ -	\$ -	\$ (4,377)	\$ (4,377)
Fund balance, July 1, 2013	<u>-</u>	<u>-</u>	<u>(53,819)</u>	<u>(53,819)</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (58,196)</u>	<u>\$ (58,196)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(4,223)	
Expenditure accruals (net)			<u>(154)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (4,377)</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - PRE K INITIATIVE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 90,000	\$ 90,000	\$ 32,494	\$ (57,506)
Expenditures:				
Current:				
Instruction	<u>90,000</u>	<u>90,000</u>	<u>86,094</u>	<u>3,906</u>
Net change in fund balance	\$ -	\$ -	\$ (53,600)	\$ (53,600)
Fund balance, July 1, 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (53,600)</u></u>	<u><u>\$ (53,600)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(53,600)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (53,600)</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - KINDERGARTEN 3+
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 117,500	\$ 130,678	\$ 75,135	\$ (55,543)
Expenditures:				
Current:				
Instruction	\$ 107,133	\$ 111,570	\$ 98,849	\$ 12,721
School administration	5,119	11,709	12,266	(557)
Operation of plant	1,513	3,022	1,947	1,075
Transportation	3,735	4,377	3,966	411
Total expenditures	<u>\$ 117,500</u>	<u>\$ 130,678</u>	<u>\$ 117,028</u>	<u>\$ 13,650</u>
Net change in fund balance	\$ -	\$ -	\$ (41,893)	\$ (41,893)
Fund balance, July 1, 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (41,893)</u></u>	<u><u>\$ (41,893)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(45,489)	
Expenditure accruals (net)			<u>3,596</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (41,893)</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - SENATE BILL 9
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ 44,663	\$ 44,663
Local sources	227,757	243,058	239,351	(3,707)
Earnings on investments			159	159
	<u>\$ 227,757</u>	<u>\$ 243,058</u>	<u>\$ 284,173</u>	<u>\$ 41,115</u>
Total revenues				
Expenditures:				
Current:				
Administration	\$ 2,500	\$ 2,500	\$ 2,394	\$ 106
Operation of plant	219,257	234,558	107,386	127,172
Capital outlay	6,000	6,000	6,000	-
	<u>\$ 227,757</u>	<u>\$ 243,058</u>	<u>\$ 115,780</u>	<u>\$ 127,278</u>
Total expenditures				
Net change in fund balance	\$ -	\$ -	\$ 168,393	\$ 168,393
Fund balance, July 1, 2013			<u>255,466</u>	<u>255,466</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 423,859</u>	<u>\$ 423,859</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 170,283	
Revenue accruals (net)			(3,236)	
Expenditure accruals (net)			<u>1,346</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 168,393</u>	

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

Lordsburg Municipal School District #1
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	<u>Private Purpose Trust Funds</u>	<u>Agency</u>
Assets		
Cash and investments	\$ 53,595	\$ 109,827
Interest receivable	-	-
	<u> </u>	<u> </u>
Total assets	<u>\$ 53,595</u>	<u>\$ 109,827</u>
Liabilities and Net Position		
Deposits held for others	<u>\$ -</u>	<u>\$ 109,827</u>
Total liabilities	<u>\$ -</u>	<u>\$ 109,827</u>
Net Position:		
Reserved for scholarship	\$ 595	
Reserved for endowment	<u>53,000</u>	
Total net position	<u>\$ 53,595</u>	

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

Lordsburg Municipal School District #1
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2014

	<u>Private Purpose Trust Funds</u>
 Additions	
Gifts and contributions	\$ -
Interest earned	15
	<hr/>
Total additions	\$ 15
 Deductions	
Scholarships awarded	-
	<hr/>
Change in net position	\$ 15
Net position, July 1, 2013	53,580
	<hr/>
Net position, June 30, 2014	<u>\$ 53,595</u>

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

Lordsburg Municipal Schools
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2014

Note 1 Summary of Significant Accounting Policies

Lordsburg Municipal Schools organized under the laws of the State of New Mexico, operates under the school board-superintendent form of government. The System provides public education opportunities for children from first through twelfth grade, including but not limited to classroom and vocational studies; as well as school oriented social and athletic activities.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below:

A. REPORTING ENTITY

These financial statements present the District (the primary government). As defined by Generally Accepted Accounting Principles, component units are legally separate entities that are included in the District's reporting entity because of the significance or their operating no financial relationships with the District. Based on the criterion in Generally Accepted Accounting Principles, the District had no component units.

B. BASIS OF PRESENTATION

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditure/expenses. Funds are organized into two major categories: governmental, and fiduciary. An emphasis is placed on

major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the District and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. Included in the General Fund are sub-funds: Operational, the Unrestricted District Fund; Transportation, which accounts for State source revenue used to transport students; Instructional Materials, which accounts for State Source Funds used to purchase textbooks; and Non-instructional Support, which accounts for various student extracurricular activities.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Project Fund

The Capital Project Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principle on the general long-term debt of the District.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is a net position and changes in net position and are reported using accounting principles similar to proprietary funds.

Agency Funds account for assets held in a purely custodial capacity. Since agency funds are custodial in nature (i.e.) assets equal liabilities, they do not involve the measurements of results of operations. Typically, these funds are owned by clubs, athletic teams, and/or student organizations.

The emphasis in fund financial statements is on the major funds in the governmental category. Non-major funds are summarized into a single column.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Major-Fund Descriptions

General – See above description

Title I – To account for the federal assistance provided to the District for the improvement of educational opportunities to deprived children, and is a Special Revenue Fund. (Authority, P.L. 103-382).

Entitlement - P.L. 94-142, Individuals with Disabilities Education Act – to account for a federal grant restricted to the operation and maintenance of meeting the special education need of children with disabilities. Authority for the creation of this fund is Individuals with Disabilities Act, Part B, Sec. 611, as amended; Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-630 and 101-476; 20 U.S.C. 1401-1419, Public Law 105-17, and is a Special Revenue Fund.

Teacher Training – To improve teacher quality to ensure that all teachers are highly qualified. Created by P.L. 07-110 and is a Special Revenue Fund.

Pre-K Initiative Kinder 3+ - Funds used to account for federal resources administered by the New Mexico State Department of Education to provide for the special education needs of handicapped children three to five years old. Required by the New Mexico Department of Education "Manual of Procedures for New Mexico School Districts" to be accounted for as a separate fund within the special funds (P.L. 94-142 and P.L. 99-457).

SB -9 - Created by State Law to account for the Districts tax levy restricted solely for improvements to the physical plant NMSA 1978 22-25-1, and is a special revenue fund.

Debt Service – See above description.

Bond Building – accounts for bond proceeds along with other funding to be utilized for construction of facilities, and is a Capital Project Fund.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of net position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item “b” below.

In the fund financial statements, the “current financial resources” measurement focus is used.

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets, deferred outflows of resources, liabilities and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statements and Agency Funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflows of resources resulting from non-exchange transactions are recognized when the earnings process is complete.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual

The government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Expenditures are generally

recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Substantially all governmental fund revenues are accrued. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met and reported as deferred outflows of resources by the provider and deferred inflows of resources by the recipient. Grant revenues not collected within 60 days of year end are recorded as receivables and deferred inflows of resources. Such amounts are recorded net of estimated uncollectible amounts.

Property tax receivables are recognized net of estimated refunds and uncollectible amounts in the period for which the taxes are levied, even if they are not available. Property taxes not collected within 60 days of year end are reported as deferred inflows of resources. Property taxes are considered fully collectible.

In the government-wide Statement of Net Position, the governmental activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts – net investment in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources when an expense is incurred and for purposes for which both restricted and unrestricted net position are available.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Charges for services include revenue based on exchange or exchange-like transactions. These revenues arise from charges to customers or applicants who purchase use or directly benefit from the goods, services or privileges provided. Revenues in this category include fees charged for specific service, such as attendance at athletic events, food service, copies and auxiliary services. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

D. BUDGETS

Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are prepared by management and approved by the local school board and the Public Finance School Division of the Department of Education. The general fund GAAP presentation includes certain non-budgeted activity funds. Such funds are excluded from the general fund budgetary comparisons. The bond building fund's GAAP presentation includes funding from the public schools facility authority, which makes payments directly to vendors. Such amounts are excluded from the bond building budgetary comparison.

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.

Actual expenditures may not exceed the budget on a functional category 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 Education Department.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

E. CASH AND INVESTMENTS

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest-bearing accounts with local financial institutions and the State Treasurer Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the District. The pledged securities remain in the name of the financial institution. Repurchase agreements are required to be collateralized 102%.

F. INVENTORIES

Except for U.S.D.A. commodities, which are shown at estimated value, inventories are valued at cost (first-in, first-out). Inventory in the Cafeteria Fund consists

mainly of food items. Inventories, in other governmental fund types, consist primarily of supply-type assets.

G. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000.00 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value s of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repair and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Software and library resources	3-5 years
Machinery and equipment	5-10 years
Improvements	10-20 years

The accounting treatment over property, plant and equipment depends on whether they are reported in the government-wide financial statements of fund financial statements. In the government-wide financial statements, capital assets are accounted for as capital assets. In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

H. LONG-TERM DEBT

The accounting treatment of long-term debt depends on whether the assets are reported in the government-wide or fund financial statements. All long-term debt is to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, accrued compensated absences, and lease purchases.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

I. COMPENSATED ABSENCES

The District’s policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. These liabilities have typically been liquidated from general fund resources.

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period, and so will be recognized as an outflow or resource (expenses/expenditures) then. The Government had no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The Government has one type of item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item unavailable revenue, has reported in the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Government reports unavailable revenue from the following sources:

	<u>Governmental Funds Balance Sheet</u>			
	<u>General Fund</u>	<u>SB-9 Fund</u>	<u>Debt Service Funds</u>	<u>Total</u>
Property taxes	\$ 4,014	\$ 14,895	\$ 39,569	\$ 58,478
Total	\$ 4,014	\$ 14,895	\$ 39,569	\$ 58,478

K. EQUITY CLASSIFICATIONS

Government-wide Statements

Equity is classified as net position and displayed in three components.

- a. Net investment in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, ore improvement of those assets.
- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net position – all other net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

During the year ended June 30, 2012, the District implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to remain intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change its constraints.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the government body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Education establishes (and modifies or rescinds) fund balance commitments by adoption of a resolution or a vote of the Board. This is typically done through the adoption and amendment of the budget. Assigned fund balance is established by the Board of Education through adoption or amendment of the budget as intended for a specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes). Expenditures incurred are normally paid from the most highly constrained fund balance.

L. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semiannual installments by November 10 and April 10 of the subsequent year and become delinquent 30 days later. Taxes are collected on behalf of the District by the County Treasurer, and are remitted to the District in the month following collection. Because the Treasurer of the County in which the District is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable county to the District.

The District is permitted to levy taxes for general operating purposes up to \$.50 per \$1,000 of taxable value for both residential and nonresidential property, taxable value being defined as one third of the fully assessed value. In addition, the District is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters of the District, as well as a Two Mill levy for District improvements. The District's total tax rate to finance general government services for the year ended June 30, 2014 was \$.50 per \$1,000 for non-residential property and \$.407 for residential property. The District's tax rate for debt service was \$6.775 per \$1,000 for both residential and nonresidential property. The District's tax rate for District improvements was \$2.00 per \$1,000 for residential and \$2.00 for nonresidential property.

M. INTER-FUND ACTIVITY

Inter-fund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as inter-fund receivables and payable 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 inter-fund transactions are treated as transfers. Inter-fund activity between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

N. USE OF ESTIMATES

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

Note 2 Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the government's deposits may not be returned to it. The government does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2014 \$1,877,425 of the government bank balance of \$4,229,575 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized		<u>\$ 1,877,425</u>
	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits by custodial risk category:		
Insured	\$ 250,000	\$ 250,000
Collateral held by the pledging bank's agent in the District's name	2,102,150	2,102,150
Uninsured and uncollateralized	<u>1,877,425</u>	<u>1,366,528</u>
	<u>\$ 4,229,575</u>	<u>\$ 3,718,678</u>

Note 3 Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Capital assets not being depreciated:				
Land	\$ 341,566	\$ -0-	\$ -0-	\$ 341,566
Construction in progress	<u>-0-</u>	<u>101,971</u>	<u>-0-</u>	<u>101,971</u>
Total assets not being depreciated	<u>\$ 341,566</u>	<u>\$ 101,971</u>	<u>\$ -0-</u>	<u>\$ 443,537</u>
Other capital assets:				
Building and improvements	\$ 29,550,364	\$ 131,308	\$ -0-	\$ 29,681,672
Furniture and equipment	<u>4,139,996</u>	<u>36,869</u>	<u>-0-</u>	<u>4,176,865</u>
Total other capital assets at historical cost	<u>\$ 33,690,360</u>	<u>\$ 168,177</u>	<u>\$ -0-</u>	<u>\$ 33,858,537</u>
Less accumulated depreciation:				
Buildings and improvements	\$(13,207,040)	\$ (420,368)	\$ -0-	\$(13,627,408)
Furniture and equipment	<u>(3,830,253)</u>	<u>(90,626)</u>	<u>-0-</u>	<u>(3,920,879)</u>
Total accumulated depreciation	<u>\$(17,037,293)</u>	<u>\$ (510,994)</u>	<u>\$ -0-</u>	<u>\$(17,548,287)</u>
Other capital assets, net	<u>\$ 16,653,067</u>	<u>\$ (342,817)</u>	<u>\$ -0-</u>	<u>\$ 16,310,250</u>
Total capital assets, net	<u>\$ 16,994,633</u>	<u>\$ (240,846)</u>	<u>\$ -0-</u>	<u>\$ 16,753,787</u>

Depreciation expense was charged to the governmental activities as follows:

Instruction	\$ 252,942
Support Services - Students	35,770
Support Services – Instruction	7,665
General Administration	3,832
School Administration	49,822
Central services	10,220
Operation of plant	71,539
Food Services	15,330
Transportation	<u>63,874</u>
	<u>\$ 510,994</u>

The District has made future construction commitments, funded principally by the Public Schools Facility Authority, of approximately \$17,000,000.

Note 4 Long-Term Debt

Changes in long-term debt were as follows during the year end June 30, 2014:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due In</u> <u>One Year</u>
Compensated absences payable	\$ 33,837	\$ 36,523	\$ 34,615	\$ 35,745	\$ -0-
G.O. Bonds, series 2005	625,000		150,000	475,000	150,000
G.O. Bonds, series 2007	250,000		50,000	200,000	50,000
G.O. Bonds, series 2008	590,000		75,000	515,000	75,000
G.O. Bonds, series 2010	965,000		130,000	835,000	60,000
G.O. Bonds, series 2011	920,000	-0-	95,000	825,000	90,000
G.O. Bonds, series 2012	1,340,000		200,000	1,140,000	200,000
G.O. Bonds, series 2013	<u>-0-</u>	<u>2,000,000</u>		<u>2,000,000</u>	<u>40,000</u>
	<u>\$ 4,723,837</u>	<u>\$ 2,036,523</u>	<u>\$ 734,615</u>	<u>\$ 6,025,745</u>	<u>\$ 665,000</u>

Annual debt service for bonds payable requirements are as follows:

Due in fiscal year ending June 30:

	<u>Principal</u>	<u>Interest</u>
2015	\$ 665,000	\$ 157,730
2016	550,000	143,514
2017	550,000	128,889
2018	520,000	115,209
2019	475,000	102,602
2020-2024	2,120,000	331,267
2025-2029	<u>1,110,000</u>	<u>95,232</u>
	<u>\$5,990,000</u>	<u>\$ 1,074,443</u>

No compensated absences are considered due and payable in the next fiscal year.

The bonds and bond interest are paid from property tax levies enacted specifically for the debt retirement. The revenues pledged totaled \$7,064,443 at June 30, 2014, and equal 100% of the tax levies enacted to repay the bonded indebtedness. The bonds were sold to erect and furnish facilities for the District. Interest rates range from 1.63% to 4% for individually scheduled retirements, and maturity dates range from 2015 through 2029. The property tax levies expire when the related bond indebtedness is repaid.

During the year ended June 30, 2014, the District recognized \$824,743 in property tax revenue pledged to retire the bonded indebtedness, and retired \$834,366 in bond principal and interest.

Note 5 Retirement Plan

Plan Description

Substantially all of the Lordsburg Municipal Schools 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 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, New Mexico 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: 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 2014, Lordsburg Municipal Schools will contribute the following percentages of the gross covered salary of employees: 13.15% 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 Lordsburg Municipal Schools are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Lordsburg Municipal School's contributions to ERB for the fiscal years ending June 30, 2014, 2013, and 2012, were \$496,032, \$402,375, and \$375,162, respectively, which equal the amount of the required contributions for each fiscal year.

Note 6 Retiree Health Care Act Contributions

Plan Description

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

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

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

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans, 3, 4, or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; and each participating employee was required to contribute 1.0% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 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 Lordsburg Municipal School's contributions to the RHCA for the years ended June 30, 2014, 2013, and 2012 were \$77,729, \$72,590, and \$71,620, respectively, which equal the required contributions for each year.

Note 7 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Because the District was unable to obtain general liability insurance at a cost it considered to be economically justifiable, it joined together with other school districts in the State and obtained insurance coverage with New Mexico Public Schools Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for member school districts. The District pays an annual premium to New Mexico Public Schools Insurance Authority for its general insurance coverage, and all risk of loss is transferred. No losses exceeded insurance in the past three years.

The New Mexico Public Schools Insurance Authority is self-insured for property and liability losses below \$250,000 and purchases excess insurance above the self-insured retention. The self-insured retention aggregate for property is set at \$2,000,000 with a \$1,000,000 stop loss. The self-insured retention aggregate for liability is \$3,000,000 with a \$1,000,000 stop loss.

Note 8 Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. 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 government expects such amounts, if any, to be immaterial.

During the year ending June 30, 2015, the District will be required to report a material liability for pension plan participation, due to the adoption of New Reporting Standards, currently, the amount is not estimable.

Note 9 Inter-fund Activity

Inter-fund balances at June 30, 2014, consisted of the following:

	<u>Inter-Fund Payable</u>						
	<u>Pre-K</u>	<u>Teacher</u>	<u>All</u>				
	<u>Initiative</u>	<u>Kinder 3+</u>	<u>Training</u>	<u>Title I</u>	<u>Entitlement</u>	<u>Others</u>	<u>Total</u>
<u>Inter-fund Receivable</u>							
General	<u>\$ 53,600</u>	<u>\$ 41,893</u>	<u>\$ 58,196</u>	<u>\$ 73,187</u>	<u>\$ 48,234</u>	<u>\$ 40,747</u>	<u>\$ 315,857</u>

All amounts are expected to be repaid within one year. The purpose of the loan was to provide cash for operation purposes.

There were no inter-fund transfers during the fiscal year 2013–2014.

Note 10 Restricted Net Position

At June 30, 2014, net position restricted for other purposes included the following balances in special revenue funds:

Cafeteria	\$ 83,131
Athletics	43,055
SB-9	444,501
GRADS	<u>933</u>
	<u>\$ 571,620</u>

The government-wide statement of net position reports \$1,495,037 of restricted net position, of which \$1,451,982 is restricted by enabling legislation.

Note 11 Endowment

The District received an endowment from the Rolfe Estate. This endowment is to be used for investment purposes only with the proceeds from such investments restricted to use for scholarships. The corpus of \$53,000 is to remain intact indefinitely. This is in accordance with State law.

Net appreciation of \$595 is available for expenditure by the governing board, and are reported in net position as “reserved for scholarships.”

Note 12 Jointly Governed Organization

The District participates in the Southwest Regional Education Cooperative No. 10. This regional cooperative was formed to consolidate the application for and the processing of supplementary federal and state funds. Representatives of the independent school districts, which are members, govern the Cooperative.

The Cooperative obtains grants and allocates them to the member districts. The District has no ongoing financial interest or responsibility in the Cooperative.

Separately issued financial statements of the Cooperative are available from the Cooperative at P.O. Box 952, Truth or Consequences, New Mexico 87901.

Note 13 Fund Balance Deficits

The District had no fund balance/deficits in the fiscal year 2013-2014.

Note 14 Evaluation of Subsequent Events

The District has evaluated subsequent events through October 30, 2014, the date which the financial statements were available to be issued.

Note 15 Expenditures in Excess of Budgetary Authority

The District incurred expenditures in excess of budgetary authority in the following funds and functions:

Kinder 3+:		
School administration	\$	557

The District intends to update its policy related to year-end budget adjustments to alleviate these over-expenditures.

Note 16 Restatement

During the fiscal year ended June 30, 2014, the District adopted GASBS No. 65, which created additional net position and balance sheet categories as explained in Note 1.

As a part of this statement, costs associated with the sale of bonds or loan acquisition are no longer capitalized, but are expensed as incurred. This results in the District being required to restate its government-wide net position at June 1, 2013, by the amount of previously capitalized bond costs.

In addition, in prior years the District was unable to reconcile its cash balances. During the year ended June 30, 2014, the District reconciled the cash balances, resulting in changes to the beginning cash balance in the general fund.

The following are the restatements which apply to the Statement of Net Position and the fund balance statements:

	<u>Net Position</u>	<u>General Fund</u>
Write-off of unamortized bond issue costs	\$ (107,068)	\$
Cash adjustment from reconciled bank accounts	<u>32,056</u>	<u>32,056</u>
Net adjustment to balances as of July 1, 2013	<u>\$ (75,012)</u>	<u>\$ 32,056</u>

SPECIAL REVENUE FUNDS

Cafeteria – to account for revenues generated by the District as well as the federal assistance received and the related expenditures necessary to provide food services for the District. (Authority, NMSA 22-13-13).

Athletics – to account for the revenues received, and the related expenditures incurred, by the District related to athletic functions (PSAB, Supplement 3).

Education of Homeless/Stimulus – fund used to account for federal resources administered by the New Mexico State Department of Education to provide comprehensive services to homeless children and youth and their families, and expedited evaluations of homeless children’s needs to help facilitate enrollment, attendance, and success in school (Stewart B. McKinney Homeless Assistance Act of 1987).

Rural Schools – created to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. (Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended).

Title XIX Medicaid – to account for federal resources administered by the New Mexico Department of Health and Human Services for the improvement of primary health care and to increase health education. (P.L. 105-33).

Elementary Breakfast – to account for funds received to provide breakfast for elementary students (Authority, PED).

SB-9 Capital Improvements – to account for the receipt of local proceeds from a mill levy on ad valorem/property taxes and state matching funds. These are to be expended for capital outlay projects and maintenance.

Dual Credit Instructional Materials – to account for State grant received to provide college credits to high school students. Authority, State Grant PED.

GRADS – to provide grants to States or Territories to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families. Social Security Act, Title IV, Part A, as amended; Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193. The fund was created by state grant provision.

Science Materials – to account for the financial assistance to school districts to be used to enhance the education opportunities to students in the science field. Authority State PED.

CAPITAL PROJECTS FUNDS

Bond Building – to account for bond proceeds any interest earned thereon. Proceeds are restricted for the purpose of making additions to and furnishing of school building, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

Lordsburg Municipal School District #1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2014

	Special Revenue Funds				
	Cafeteria	Athletics	Preschool	Homeless Education	Rural Schools
Assets					
Cash and investments	\$ 54,587	\$ 43,356	\$ -	\$ -	\$ -
Inventory	4,153				
Property taxes receivable					
Interfund receivable					
Due from other governments	27,084		8,006	221	4,269
Total assets	\$ 85,824	\$ 43,356	\$ 8,006	\$ 221	\$ 4,269
Liabilities					
Accounts payable	\$ 2,693	\$ 301	\$ -	\$ -	\$ -
Interfund payable			8,006	221	4,269
Total liabilities	\$ 2,693	\$ 301	\$ 8,006	\$ 221	\$ 4,269
Deferred Inflows of Resources					
Unavailable revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Total deferred inflows of resources	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance:					
Nonspendable:					
Inventories	\$ 4,153	\$ -	\$ -	\$ -	\$ -
Restricted for:					
Education		43,055			
Food service	78,978				
Capital projects					
Unassigned					
Total fund balances	\$ 83,131	\$ 43,055	\$ -	\$ -	\$ -
Total liabilities, deferred inflows of resources, and fund balances	\$ 85,824	\$ 43,356	\$ 8,006	\$ 221	\$ 4,269

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

Special Revenue Funds

Reads To Leads	Medicaid	GRADS	NM Grown FVV	Next Generation Assessments
\$ -	\$ -	\$ 933	\$ -	\$ -
<u>21,699</u>	<u>2,936</u>	<u> </u>	<u>157</u>	<u>3,459</u>
<u>\$ 21,699</u>	<u>\$ 2,936</u>	<u>\$ 933</u>	<u>\$ 157</u>	<u>\$ 3,459</u>
\$ -	\$ -	\$ -	\$ -	\$ -
<u>21,699</u>	<u>2,936</u>	<u> </u>	<u>157</u>	<u>3,459</u>
<u>\$ 21,699</u>	<u>\$ 2,936</u>	<u>\$ -</u>	<u>\$ 157</u>	<u>\$ 3,459</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
<u> </u>	<u> </u>	<u>933</u>	<u> </u>	<u> </u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 933</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 21,699</u>	<u>\$ 2,936</u>	<u>\$ 933</u>	<u>\$ 157</u>	<u>\$ 3,459</u>

Lordsburg Municipal School District #1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (concluded)
June 30, 2014

	Total
Cash and investments	\$ 98,876
Inventory	4,153
Property taxes receivable	-
Interfund receivable	-
Due from other governments	67,831
Total assets	\$ 170,860
Liabilities	
Accounts payable	\$ 2,994
Interfund payable	40,747
Total liabilities	\$ 43,741
Deferred Inflows of Resources	
Unavailable revenue	\$ -
Total deferred inflows of resources	\$ -
Fund balance:	
Nonspendable:	
Inventories	\$ 4,153
Restricted for:	
Education	43,988
Food service	78,978
Capital projects	-
Unassigned	-
Total fund balances	\$ 127,119
Total liabilities, deferred inflows of resources, and fund balances	\$ 170,860

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

Lordsburg Municipal School District #1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Fiscal Year Ended June 30, 2014

	Special Revenue Funds			
	Cafeteria	Athletics	Preschool	Homeless Education
Revenues:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges	28,338	36,907		
State aid				
Federal aid	286,673		22,164	2,771
Earnings on investments	45	15		
Miscellaneous		35		
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 315,056</u>	<u>\$ 36,957</u>	<u>\$ 22,164</u>	<u>\$ 2,771</u>
Expenditures:				
Current:				
Instruction	\$ -	\$ 28,895	\$ 22,164	\$ -
Support services - Students				2,751
Support services - Instruction				
General administration				20
School administration				
Operation of plant				
Food services	284,619			
Capital outlay				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 284,619</u>	<u>\$ 28,895</u>	<u>\$ 22,164</u>	<u>\$ 2,771</u>
Revenues over (under) expenditures	\$ 30,437	\$ 8,062	\$ -	\$ -
Other financing sources (uses):				
Transfer in				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	\$ 30,437	\$ 8,062	\$ -	\$ -
Fund balance, July 1, 2013	<u>52,694</u>	<u>34,993</u>		
Fund balance, June 30, 2014	<u><u>\$ 83,131</u></u>	<u><u>\$ 43,055</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

Special Revenue Funds

Rural Education	Risk Pool	2012 GO Bond	Reads To Leads	Medicaid	Dual Credit
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9,476	1,158	15,410	44,622	45,482	657
<u>\$ 9,476</u>	<u>\$ 1,158</u>	<u>\$ 15,410</u>	<u>\$ 44,622</u>	<u>\$ 45,482</u>	<u>\$ 657</u>
\$ 9,476	\$ 1,158	\$ - 15,410	\$ 44,622	\$ - 45,482	\$ 657
<u>\$ 9,476</u>	<u>\$ 1,158</u>	<u>\$ 15,410</u>	<u>\$ 44,622</u>	<u>\$ 45,482</u>	<u>\$ 657</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Lordsburg Municipal School District #1
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (concluded)
For The Fiscal Year Ended June 30, 2014

	Special Revenue Funds			
	GRADS	Elementary Breakfast	NM Grown FVV	Next Generation Assessments
Revenues:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges				
State aid	9,000	10,053	296	3,459
Federal aid				
Earnings on investments				
Miscellaneous				
Total revenues	<u>\$ 9,000</u>	<u>\$ 10,053</u>	<u>\$ 296</u>	<u>\$ 3,459</u>
Expenditures:				
Current:				
Instruction	\$ 9,000	\$ -	\$ -	\$ -
Support services - Students				
Support services - Instruction				3,459
General administration				
School administration				
Operation of plant				
Food services		10,053	296	
Capital outlay				
Total expenditures	<u>\$ 9,000</u>	<u>\$ 10,053</u>	<u>\$ 296</u>	<u>\$ 3,459</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfer in				
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	<u>933</u>			
Fund balance, June 30, 2014	<u>\$ 933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Capital Projects Funds	
Special Capital Outlay	Total
\$ -	\$ -
	65,245
15,963	99,460
	367,724
	60
	35
<u>\$ 15,963</u>	<u>\$ 532,524</u>
\$ -	\$ 115,972
	63,643
	3,459
	20
	-
	-
	294,968
<u>15,963</u>	<u>15,963</u>
<u>\$ 15,963</u>	<u>\$ 494,025</u>
\$ -	\$ 38,499
	-
<u>\$ -</u>	<u>\$ 38,499</u>
	88,620
<u><u>\$ -</u></u>	<u><u>\$ 127,119</u></u>

Lordsburg Municipal School District #1
GENERAL FUND
COMBINING BALANCE SHEET
June 30, 2014

	Operational	Transportation	Instructional Materials
Assets			
Cash and investments	\$ 81,851	\$ 16,287	\$ 15,089
Taxes receivable	5,710		
Inventory	35,794		
Interfund receivable	315,857		
Total assets	\$ 439,212	\$ 16,287	\$ 15,089
 Liabilities			
Accounts payable	\$ 29,820	\$ -	\$ -
Interfund payable			
Total liabilities	\$ 29,820	\$ -	\$ -
 Deferred Inflows of Resources			
Unavailable revenue	\$ 4,014		
Total deferred inflows of resources	\$ 4,014	\$ -	\$ -
 Fund balance:			
Nonspendable:			
Inventories	\$ 35,794	\$ -	\$ -
Unassigned	369,584	16,287	15,089
Total fund balances	\$ 405,378	\$ 16,287	\$ 15,089
Total liabilities, deferred inflows of resources, and fund balances	\$ 439,212	\$ 16,287	\$ 15,089

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

<u>Non - Instructional Support</u>	<u>Total</u>
\$ 18,589	\$ 131,816 5,710 35,794 <u>315,857</u>
<u>\$ 18,589</u>	<u>\$ 489,177</u>
\$ -	\$ 29,820 -
<u>\$ -</u>	<u>\$ 29,820</u>
	<u>\$ 4,014</u>
<u>\$ -</u>	<u>\$ 4,014</u>
\$ - 18,589	\$ 35,794 <u>419,549</u>
<u>\$ 18,589</u>	<u>\$ 455,343</u>
<u>\$ 18,589</u>	<u>\$ 489,177</u>

Lordsburg Municipal School District #1
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Fiscal Year Ended June 30, 2014

	Operational	Transportation	Instructional Materials
Revenues:			
Property taxes	\$ 59,291	\$ -	\$ -
Fees and charges	34,722		
State aid	5,189,370	405,214	31,985
Federal aid	24,975		
Earnings on investments	272		
Miscellaneous	4,078		
	<u>\$ 5,312,708</u>	<u>\$ 405,214</u>	<u>\$ 31,985</u>
Total revenues			
Expenditures:			
Current:			
Instruction	\$ 2,970,227	\$ -	\$ 20,663
Support services - Students	470,878		
Support services - Instruction	156,013		
General administration	182,520		
School administration	792,130		
Central services	254,298		
Operation of plant	902,854		
Transportation	9,252	398,527	
Food services	32,440		
Other support services	17,560		
Capital outlay			
	<u>\$ 5,788,172</u>	<u>\$ 398,527</u>	<u>\$ 20,663</u>
Total expenditures			
Revenues over (under) expenditures	\$ (475,464)	\$ 6,687	\$ 11,322
Other financing sources:			
Loan proceeds			
Operating transfers in (out)			
	<u>\$ (475,464)</u>	<u>\$ 6,687</u>	<u>\$ 11,322</u>
Net change in fund balance			
Fund balance, July 1, 2013, as originally stated	\$ 848,786	\$ 9,600	\$ 3,767
Restatement	32,056		
Fund balance, July 1, 2013 as restated	880,842	9,600	3,767
Net change in fund balance	\$ (475,464)	\$ 6,687	\$ 11,322
Fund balance, June 30, 2014	<u>\$ 405,378</u>	<u>\$ 16,287</u>	<u>\$ 15,089</u>

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

<u>Activity Funds</u>	<u>Total</u>
\$ -	\$ 59,291
31,437	66,159
	5,626,569
	24,975
	272
	4,078
<u>\$ 31,437</u>	<u>\$ 5,781,344</u>
\$ 34,500	\$ 3,025,390
	470,878
	156,013
	182,520
	792,130
	254,298
	902,854
	407,779
	32,440
	17,560
	-
<u>\$ 34,500</u>	<u>\$ 6,241,862</u>
\$ (3,063)	\$ (460,518)
	-
	-
<u>\$ (3,063)</u>	<u>\$ (460,518)</u>
\$ 21,652	\$ 883,805
	32,056
	915,861
\$ (3,063)	\$ (460,518)
<u>\$ 18,589</u>	<u>\$ 455,343</u>

Lordsburg Municipal School District #1
GENERAL FUND/OPERATIONAL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ 24,975	\$ 24,975
State sources	5,164,737	5,170,981	5,189,609	18,628
Local sources	171,428	171,428	97,119	(74,309)
Interest income	607	607	272	(335)
Total revenues	\$ 5,336,772	\$ 5,343,016	\$ 5,311,975	\$ (31,041)
Expenditures:				
Current:				
Instruction	\$ 3,150,939	\$ 3,160,839	\$ 3,026,089	\$ 134,750
Support services - Students	493,570	503,073	471,871	31,202
Support services - Instruction	158,501	157,116	156,013	1,103
General administration	181,198	190,405	183,212	7,193
School administration	858,083	838,640	792,726	45,914
Central services	275,118	274,525	254,808	19,717
Operation of plant	917,927	929,161	909,638	19,523
Transportation	21,529	17,981	10,429	7,552
Other support services	31,506	41,606	13,858	27,748
Food services	92,606	73,875	32,440	41,435
Capital outlay				-
Non-operating				-
Total expenditures	\$ 6,180,977	\$ 6,187,221	\$ 5,851,084	\$ 336,137
Revenues over (under) expenditure	\$ (844,205)	\$ (844,205)	\$ (539,109)	\$ 305,096
Other financing sources (uses)				
Transfers out	-	-	-	-
Net change in fund balance	\$ (844,205)	\$ (844,205)	\$ (539,109)	\$ 305,096
Fund balance, July 1, 2013	844,205	844,205	936,817	92,612
Fund balance, June 30, 2014	\$ -	\$ -	\$ 397,708	\$ 397,708
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (475,464)	
Revenue accruals (net)			(733)	
Expenditure accruals (net)			(62,912)	
Other financing uses (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (539,109)	

The accompanying notes are an integral part of these financial statements

Lordsburg Municipal School District #1
GENERAL FUND/TRANSPORTATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 370,499	\$ 405,214	\$ 405,214	\$ -
Expenditures:				
Current:				
Pupil transportation	\$ 370,499	\$ 414,814	\$ 398,527	\$ 16,287
Capital outlay				-
Total expenditures	<u>\$ 370,499</u>	<u>\$ 414,814</u>	<u>\$ 398,527</u>	<u>\$ 16,287</u>
Net change in fund balance	\$ -	\$ (9,600)	\$ 6,687	\$ 16,287
Fund balance, July 1, 2013	<u>-</u>	<u>9,600</u>	<u>9,600</u>	<u>-</u>
Fund balance, June 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,287</u></u>	<u><u>\$ 16,287</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 6,687	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 6,687</u></u>	

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

Lordsburg Municipal School District #1
GENERAL FUND/INSTRUCTIONAL MATERIALS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	26,489	26,489	31,746	5,257
Local sources	<u>500</u>	<u>500</u>	<u>239</u>	<u>(261)</u>
 Total revenues	 \$ 26,989	 \$ 26,989	 \$ 31,985	 \$ 4,996
 Expenditures:				
Current:				
Instruction	\$ 26,489	\$ 26,489	\$ 20,663	\$ 5,826
Support service - Instruction	<u>3,852</u>	<u>3,852</u>	<u></u>	<u>3,852</u>
 Total expenditures	 \$ 30,341	 \$ 30,341	 \$ 20,663	 \$ 9,678
 Net change in fund balance	 \$ (3,352)	 \$ (3,352)	 \$ 11,322	 \$ 14,674
 Fund balance, July 1, 2013	 <u>3,352</u>	 <u>3,352</u>	 <u>3,767</u>	 <u>415</u>
 Fund balance, June 30, 2014	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 15,089</u>	 <u>\$ 15,089</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 11,322	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
 Net change in fund balance, NON-GAAP budgetary basis			 <u>\$ 11,322</u>	

The accompanying notes are an integral part of these financial statements

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - CAFETERIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 262,561	\$ 262,561	\$ 263,518	\$ 957
Local sources	31,400	31,400	28,338	(3,062)
Earnings on investments	230	230	45	(185)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	\$ 294,191	\$ 294,191	\$ 291,901	\$ (2,290)
Expenditures:				
Current:				
Food services	368,190	368,190	287,165	81,025
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	\$ (73,999)	\$ (73,999)	\$ 4,736	\$ 78,735
Fund balance, July 1, 2013	73,999	73,999	49,851	(24,148)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,587</u>	<u>\$ 54,587</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 30,437	
Revenue accruals (net)			(23,155)	
Expenditure accruals (net)			<u>(2,546)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 4,736</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - ATHLETICS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ 32,000	\$ 32,000	\$ 36,942	\$ 4,942
Earnings on investments	138	138	15	(123)
Total revenues	<u>\$ 32,138</u>	<u>\$ 32,138</u>	<u>\$ 36,957</u>	<u>\$ 4,819</u>
Expenditures:				
Current:				
Instruction	<u>64,704</u>	<u>64,704</u>	<u>28,594</u>	<u>36,110</u>
Net change in fund balance	\$ (32,566)	\$ (32,566)	\$ 8,363	\$ 40,929
Fund balance, July 1, 2013	<u>32,566</u>	<u>32,566</u>	<u>34,993</u>	<u>2,427</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,356</u>	<u>\$ 43,356</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 8,062	
Revenue accruals (net)				
Expenditure accruals (net)			<u>301</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 8,363</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - IDEA B RISK POOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 1,158	\$ 1,158	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ 1,158	\$ 1,158	\$ -
Support services - Students				-
School administration				-
Total expenditures	\$ -	\$ 1,158	\$ 1,158	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - EDUCATION OF HOMELESS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 6,300	\$ 8,061	\$ 8,304	\$ 243
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Students	6,300	8,041	2,751	5,290
General administration		20	20	-
Total expenditures	<u>\$ 6,300</u>	<u>\$ 8,061</u>	<u>\$ 2,771</u>	<u>\$ 5,290</u>
Net change in fund balance	\$ -	\$ -	\$ 5,533	\$ 5,533
Fund balance, July 1, 2013	<u>-</u>	<u>-</u>	<u>(5,754)</u>	<u>(5,754)</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (221)</u>	<u>\$ (221)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			5,533	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 5,533</u>	

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - PRESCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 38,688	\$ 18,632	\$ (20,056)
Expenditures:				
Current:				
Instruction	-	38,688	22,164	16,524
Net change in fund balance	\$ -	\$ -	\$ (3,532)	\$ (3,532)
Fund balance, July 1, 2013	-	-	(4,474)	(4,474)
Fund balance, June 30, 2014	\$ -	\$ -	\$ (8,006)	\$ (8,006)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(3,532)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (3,532)	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - 2012 GO BOND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 15,647	\$ 15,647	\$ 15,410	\$ (237)
Expenditures:				
Current:				
Support services - Instruction	15,647	15,647	15,410	237
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - MEDICAID
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 78,350	\$ 78,350	\$ 45,482	\$ (32,868)
Expenditures:				
Current:				
Support services - Students	<u>78,350</u>	<u>78,350</u>	<u>45,482</u>	<u>32,868</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	<u>-</u>	<u>-</u>	<u>(2,936)</u>	<u>(2,936)</u>
Fund balance, June 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,936)</u></u>	<u><u>\$ (2,936)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - GRADS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 9,000	\$ 9,000	\$ 9,000	\$ -
Expenditures:				
Current:				
Instruction	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	<u>-</u>	<u>-</u>	<u>933</u>	<u>933</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 933</u>	<u>\$ 933</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ -</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - DUAL CREDIT INSTRUCTIONAL MATERIALS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 780	\$ 849	\$ 69
Expenditures:				
Current:				
Instruction	\$ -	\$ 780	\$ 657	\$ 123
School administration	-	-	-	-
Total expenditures	<u>\$ -</u>	<u>\$ 780</u>	<u>\$ 657</u>	<u>\$ 123</u>
Net change in fund balance	\$ -	\$ -	\$ 192	\$ 192
Fund balance, July 1, 2013	<u>-</u>	<u>-</u>	<u>(192)</u>	<u>(192)</u>
Fund balance, June 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			192	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 192</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - RURAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 9,021	\$ 9,476	\$ 16,207	\$ 6,731
Expenditures:				
Current:				
Instruction	\$ 9,021	\$ 9,476	\$ 9,476	\$ -
General administration				-
Total expenditures	<u>\$ 9,021</u>	<u>\$ 9,476</u>	<u>\$ 9,476</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ 6,731	\$ 6,731
Other financing sources (uses)				
Transfers in	<u>-</u>			<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ 6,731	\$ 6,731
Fund balance, July1, 2013			<u>(11,000)</u>	<u>(11,000)</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,269)</u>	<u>\$ (4,269)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			6,731	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 6,731</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - SCIENCE INSTRUCTIONAL MATERIALS K-12
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ 4,573	\$ 4,573
Expenditures:				
Current:				
Instruction	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ 4,573	\$ 4,573
Fund balance, July 1, 2013	-	-	(4,573)	(4,573)
Fund balance, June 30, 2014	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			4,573	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 4,573	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - BREAKFAST FOR ELEMENTARY STUDENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 10,503	\$ 13,794	\$ 3,291
Expenditures:				
Current:				
Food services	-	10,503	10,503	-
Net change in fund balance	\$ -	\$ -	\$ 3,291	\$ 3,291
Fund balance, July 1, 2013	-	-	(3,291)	(3,291)
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			3,291	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 3,291</u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - READS TO LEADS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 45,143	\$ 22,923	\$ (22,220)
Expenditures:				
Current:				
Instruction	-	45,143	44,622	521
Net change in fund balance	\$ -	\$ -	\$ (21,699)	\$ (21,699)
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	\$ -	\$ -	\$ (21,699)	\$ (21,699)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(21,699)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (21,699)	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - NM GROWN FVV
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 591	\$ 139	\$ (452)
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
School administration				-
Operation of plant				-
Food services		591	296	295
Total expenditures	<u>\$ -</u>	<u>\$ 591</u>	<u>\$ 296</u>	<u>\$ 295</u>
Net change in fund balance	\$ -	\$ -	\$ (157)	\$ (157)
Fund balance, July 1, 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (157)</u></u>	<u><u>\$ (157)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(157)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (157)</u></u>	

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

Lordsburg Municipal School District #1
SPECIAL REVENUE FUND - NEXT GENERATION ASSESSMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 3,488	\$ -	\$ (3,488)
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Instruction		3,488	3,459	29
Operation of plant				-
Food services				-
Total expenditures	<u>\$ -</u>	<u>\$ 3,488</u>	<u>\$ 3,459</u>	<u>\$ 29</u>
Net change in fund balance	\$ -	\$ -	\$ (3,459)	\$ (3,459)
Fund balance, July 1, 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,459)</u>	<u>\$ (3,459)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(3,459)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (3,459)</u>	

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

Lordsburg Municipal School District #1
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ 813,581	\$ 823,766	\$ 814,585	\$ (9,181)
Earnings on investments			60	60
	<u>\$ 813,581</u>	<u>\$ 823,766</u>	<u>\$ 814,645</u>	<u>\$ (9,121)</u>
Total revenues				
Expenditures:				
Current:				
Administration	\$ 9,000	\$ 9,000	\$ 8,153	\$ 847
Principal	700,000	700,000	700,000	-
Interest	113,581	134,366	134,366	-
Reserve	806,443	795,843		795,843
	<u>\$ 1,629,024</u>	<u>\$ 1,639,209</u>	<u>\$ 842,519</u>	<u>\$ 796,690</u>
Total expenditures				
Net change in fund balance	\$ (815,443)	\$ (815,443)	\$ (27,874)	\$ 787,569
Fund balance, July 1, 2013	<u>815,443</u>	<u>815,443</u>	<u>790,861</u>	<u>(24,582)</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 762,987</u>	<u>\$ 762,987</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (17,715)	
Revenue accruals (net)			(10,158)	
Expenditure accruals (net)			<u>(1)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (27,874)</u>	

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

Lordsburg Municipal School District #1
CAPITAL PROJECTS FUND - BOND BUILDING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
Earnings on investments	<u>1,150</u>	<u>1,150</u>	<u>365</u>	<u>(785)</u>
Total revenues	<u>\$ 1,150</u>	<u>\$ 1,150</u>	<u>\$ 365</u>	<u>\$ (785)</u>
Expenditures:				
Capital outlay	<u>215,537</u>	<u>2,215,537</u>	<u>143,431</u>	<u>2,072,106</u>
Revenues over (under) expenditures	\$ (214,387)	\$ (2,214,387)	\$ (143,066)	\$ (2,072,891)
Other financing sources (uses):				
Bond proceeds	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>
Net change in fund balance after other financing sources (uses)	\$ (214,387)	\$ (214,387)	\$ 1,856,934	\$ 2,071,321
Fund balance, July 1, 2013	<u>214,387</u>	<u>214,387</u>	<u>280,784</u>	<u>66,397</u>
Fund balance, June 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,137,718</u></u>	<u><u>\$ 2,137,718</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 1,875,971	
Revenue accruals (net)			(68,331)	
Expenditure accruals (net)			<u>49,294</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 1,856,934</u></u>	

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

Lordsburg Municipal School District #1
CAPITAL PROJECTS FUND - SPECIAL CAPITAL OUTLAY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 15,963	\$ 15,963	\$ -
Earnings on investments	-	-	-	-
Total revenues	\$ -	\$ 15,963	\$ 15,963	\$ -
Expenditures:				
Capital outlay	-	15,963	15,963	-
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Bond proceeds	-	-	-	-
Net change in fund balance after other financing sources (uses)	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	-	-	-	-
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ -</u>	

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

Lordsburg Municipal School District #1
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
June 30, 2014

	Balance July 1, 2013	Receipts	Disbursements	Balance June 30, 2014
Assets				
Cash and investments:				
Lordsburg High School	\$ 99,636	\$ 93,885	\$ 87,521	\$ 106,000
DTMS Middle School	3,092	6,634	6,577	3,149
Central Elementary School	781	125	246	660
Southside Elementary School	18		-	18
Total Assets	\$ 103,527	\$ 100,644	\$ 94,344	\$ 109,827
Liabilities				
Deposits held for others:				
Lordsburg High School	\$ 99,636	\$ 93,885	\$ 87,521	\$ 106,000
DTMS Middle School	3,092	6,634	6,577	3,149
Central Elementary School	781	125	246	660
Southside Elementary School	18		-	18
Total Liabilities	\$ 103,527	\$ 100,644	\$ 94,344	\$ 109,827

The accompanying notes are an integral part of these financial statements

Lordsburg Municipal School District #1
SCHEDULE OF DEPOSITORY COLLATERAL
June 30, 2014

	Western Bank	Total
Checking and CD's	\$ 4,229,575	\$ 4,229,575
Total on deposit	\$ 4,229,575	\$ 4,229,575
Less: FDIC insurance	(250,000)	(250,000)
Total uninsured public funds	\$ 3,979,575	\$ 3,979,575
50% collateralization requirement (Section 6-10-17 NMSA)	\$ 1,989,788	\$ 1,989,788
Pledged Securities:		
FNMA 2001-64E QH 31392AHX9 11/25/2031	\$ 309,184	\$ 309,184
Silver City School District, 827513EX6 8/1/2017	421,197	421,197
Silver City NM Gross Recpts 82750PAP9 6/1/2025	291,764	291,764
FHR 3820 PA 3137A8S31 7/15/2019	370,116	370,116
Chama VY Indpt Sch Dist 19 157670DD9 8/1/2017	219,624	219,624
Corrales NM Hold GRT 22026TAK6 5/1/23	164,381	164,381
Torrence County NM 891398BA6 8/1/2016	325,884	325,884
Total pledged securities	\$ 2,102,150	\$ 2,102,150
Pledged securities over (under) requirement	\$ 112,363	\$ 112,363

Pledged securities are held by the Federal Home Loan Bank of Dallas, TX.
Safekeeping receipts are held by the District.

Lordsburg Municipal School District #1
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS
 June 30, 2014

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>Western Bank</u>			
Federal Projects	Checking	\$ 150,998	\$ 149,176
Activity	Checking	24,136	10,265
Trella Rolfe Scholarship	Checking	591	591
Capital Improvement	Checking	2,162,634	2,135,671
Payroll	Checking	890,284	200,841
Athletics	Checking	39,295	39,013
Cafeteria	Checking	163,697	162,547
Operational	Checking	275,348	497,982
Investments	Checking	<u>522,592</u>	<u>522,592</u>
 Total cash and investments		 <u><u>\$ 4,229,575</u></u>	 <u><u>\$ 3,718,678</u></u>

Lordsburg Municipal School District #1
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2014

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Food Services</u>	<u>Athletics</u>
Total cash and investments as of July 1, 2013	\$ 882,861	\$ 9,600	\$ 3,767	\$ 49,851	\$ 34,992
Add: Current year receipts	5,311,975	405,214	31,985	291,901	36,957
Prior year warrants voided					
Less: Current year expenditures	(5,851,085)	(398,527)	(20,662)	(287,620)	(28,599)
Receivables/payables	(350,000)			50,000	
Transfers					
Total cash and investments as of June 30, 2014 per cash report	\$ (6,249)	\$ 16,287	\$ 15,090	\$ 104,132	\$ 43,350
Audit adjustment	<u>53,956</u>			<u>455</u>	<u>6</u>
Cash and investments per audit report	<u>\$ 47,707</u>	<u>\$ 16,287</u>	<u>\$ 15,090</u>	<u>\$ 104,587</u>	<u>\$ 43,356</u>

Lordsburg Municipal School District #1
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (continued)
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2014

	Non- Instructional Support	Federal Projects	Federal Direct	State Flowthrough	State Direct Fund
Total cash and investments as of July 1, 2013	\$ 178,759	\$ (327,804)	\$ (5,209)	\$ (8,056)	\$ 933
Add: Current year receipts	140,123	516,435	45,482	165,318	9,000
Prior year warrants voided					
Less: Current year expenditures	(136,790)	(539,169)	(45,482)	(278,070)	(9,000)
Receivables/payables		300,000			
Transfers					
Total cash and investments as of June 30, 2014	\$ 182,092	\$ (50,538)	\$ (5,209)	\$ (120,808)	\$ 933
 Audit adjustment	 (95)	 158,425	 2,273		
Cash and investments per audit report	<u>\$ 181,997</u>	<u>\$ 107,887</u>	<u>\$ (2,936)</u>	<u>\$ (120,808)</u>	<u>\$ 933</u>

Lordsburg Municipal School District #1
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (concluded)
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2014

	<u>Bond Building</u>	<u>Special Capital Outlay State</u>	<u>SB-9</u>	<u>Debt Service</u>	<u>Total</u>
Total cash and investments as of July 1, 2013	\$ 280,784	\$ -	\$ 255,466	\$ 790,861	\$ 2,146,805
Add: Current year receipts	2,000,366	15,963	284,173	814,645	10,069,537
Prior year warrants voided					-
Less: Current year expenditures	(143,418)	(15,963)	(115,780)	(832,324)	(8,702,489)
Receivables/payables					-
Transfers					-
Total cash and investments as of June 30, 2014	<u>\$ 2,137,732</u>	<u>\$ -</u>	<u>\$ 423,859</u>	<u>\$ 773,182</u>	<u>\$ 3,513,853</u>
Audit adjustment				<u>(10,195)</u>	<u>204,825</u>
Cash and investments per audit report	<u><u>\$ 2,137,732</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 423,859</u></u>	<u><u>\$ 762,987</u></u>	<u><u>\$ 3,718,678</u></u>

Lordsburg Municipal School District No. 1
SCHEDULE OF JOINT POWERS AGREEMENTS
 June 30, 2014

Participants-	Lordsburg Municipal School District No. 1 and the Southwest Regional Education Center # 10
Responsible party for operations-	The District as well as the Southwest Regional Education Center # 10
Description-	Participants agree to work together to establish and maintain cooperative programs of educational services under various federal and state authorizing statutes
Beginning and ending dates-	To be renewed each fiscal year
Total estimated amount of project and amount applicable to agency-	Varies year to year and is based upon program awards
Amount agency contributed in current fiscal year-	Based upon programs awarded
Audit responsibility-	Southwest Regional Education Center # 10
Name of agency where revenues and expenditures are reported-	Southwest Regional Education Center # 10
Participants-	Lordsburg Municipal School District No. 1, the County of Hidalgo and the City of Lordsburg
Responsible party for operations-	The District, the City of Lordsburg and Hidalgo County
Beginning and ending dates-	Until project is complete
Total cost and amount attributable to the District	\$550,000.00 allocation from NM Higher Education Dept.
Amount District contributed in the current fiscal year	\$550,000.00
Audit responsibility	District, City and County
Agency that is to account for activity	Lordsburg Municipal Schools

Lordsburg Municipal School District #1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2014

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through N.M. Department of Education:			
Title I Grants to Lea's	84.010	24.101	\$ 315,886
Special Education - Grants to States	84.027	24.106	149,092
Special Education - Preschool Grants	84.173	24.109	22,164
Education of the Homeless	84.196	24.113	2,771
Rural Education	84.358	24.160	9,476
Teacher Quality State Grants	84.367	24.154	<u>39,627</u>
Total U.S. Department of Education			<u>\$ 539,016</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct Programs:			
Schools and Roads-Grants to States	10.665	N/A	\$ 24,975
Passed through N.M. Department of Education:			
National School Lunch Program	10.555	N/A	153,771
Summer Food Service Program for Children	10.559	N/A	27,084
School Breakfast Program	10.553	N/A	88,784
Passed through N.M. Department of Human Svc's:			
Emergency Food Assistance Program	10.569	N/A	<u>17,039</u>
Total U.S. Department of Agriculture			<u>\$ 311,653</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through the N.M. Dept. of Human Services:			
Medical Assistance Program	93.778	24.253	<u>\$ 45,482</u>
Total expenditures of federal awards			<u><u>\$ 896,151</u></u>

See the accompanying notes to Schedule of Expenditures of Federal Awards.

Lordsburg Municipal School District #1
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2014

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lordsburg Municipal School District No. 1 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. The District received \$17,039 in food commodities during the 2013-2014 fiscal year.

Note 3 The District had the following insurance coverage during the year ended June 30, 2014:

Workers compensation	\$ 1,050,000
Property	500,000,000
Liability	1,000,000
Auto	10,000,000

Lordsburg Municipal School District #1
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 For the Fiscal Year Ended June 30, 2014

Current Status

Findings – Financial Statement Audit

2014-003(2011-1) Expenditures were incurred in excess of budgetary authority	Repeated
2012-1 Bank accounts were not reconciled, so actual cash by fund could not be verified	Resolved
2013-1 Payroll reports filed late	Resolved
2012-3 Travel reimbursements were calculated incorrectly	Resolved

Findings and Questioned Costs – Major Federal Award Programs

DEPARTMENT OF EDUCATION

2012-5 Title I Grants to LEAs-CFDA NO. 84.010, Grant No. 24.101

Condition – This finding was a material weakness stating that bank accounts had not been reconciled, therefore cash by fund, including federal funds, could not be verified.

Recommendation – The Auditor recommended that procedures be implemented to reconcile the bank accounts, and verify that the correct cash balances by fund are included in the District’s general ledger. Management concurred with the recommendation and indicated that procedures would be implemented to reconcile cash.

Current Status – The District has reconciled cash and balanced the reconciled cash to the individual funds. The finding is considered resolved.

MIKE STONE, C.P.A.
LINDA STONE McGEE, C.P.A.
KAY STONE, C.P.A.
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**REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas, State Auditor
And
Board of Education
Lordsburg Municipal School District No. 1
Lordsburg, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Lordsburg Municipal School District No. 1 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Lordsburg Municipal School District No. 1's basic financial statements, and the combining and individual fund financial statements and related budgetary comparisons of the District presented as other supplementary information, and have issued our report thereon dated October 30, 2014.

Internal Control Over financial Reporting

In planning and performing our audit of the financial statements, we considered Lordsburg Municipal School District No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lordsburg Municipal School District No. 1's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lordsburg Municipal School District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items 2014-001, 2014-002 and 2014-003.

Lordsburg Municipal School District No. 1's Responses to Findings

Lordsburg Municipal School District No. 1's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Stone, McGee & Co., CPAs

Silver City, New Mexico
October 30, 2014

Stone, McGee & Co.
Certified Public Accountants

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LINDA STONE MCGEE, C.P.A.
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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas, State Auditor
And
Board of Education
Lordsburg Municipal School District No. 1
Lordsburg, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the Lordsburg Municipal School District No. 1's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Lordsburg Municipal School District No. 1's major federal programs for the year ended June 30, 2014. The Lordsburg Municipal School District No. 1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Lordsburg Municipal School District No. 1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Lordsburg Municipal School District No. 1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Lordsburg Municipal School District No. 1's compliance.

Opinion on Each Major Federal Program

In our opinion, the Lordsburg Municipal School District No. 1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the Lordsburg Municipal School District No. 1 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Lordsburg Municipal School District No. 1's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Lordsburg Municipal School District No. 1's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Stone, McGee & Co., CPAs

Silver City, New Mexico
October 30, 2014

Stone, McGee & Co.
Certified Public Accountants

Lordsburg Municipal School District No. 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2014

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Lordsburg Municipal School District No. 1.
2. No significant deficiencies relating to the audit of the financial statements are reported in 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 Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Lordsburg Municipal School District No. 1, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies related to the audit of the major federal award programs are reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for Lordsburg Municipal School District No. 1 expresses an unmodified opinion on all major programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 were noted during the audit.
7. The programs tested as major programs included: Title I Grants to Lea's, CFDA No. 84.010; and the Child Nutrition cluster, consisting of the National School Lunch Program, CFDA No. 10.555; the Summer Food Service Program for Children, CFDA No. 10.559; and the School Breakfast Program, CFDA No. 10.553.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. Lordsburg Municipal School District No. 1 was not a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

2014-001 Cash Reporting to New Mexico Public Education Department (Other)

Condition – The District's cash report to the New Mexico Public Education Department did not agree to reconciled cash as of June 30, 2014. The difference was \$204,825.

Criteria – Generally accepted accounting principles and the New Mexico Public Education Department's "Manual of Procedures" requires monthly reconciliation of bank accounts, and reconciliation of cash in bank to individual fund balances. The "Manual of Procedures" further requires the reporting of that reconciled cash balance by fund to the Department on a periodic basis.

Effect – The New Mexico Public Education Department received information that was incorrect, leading the budget analyst to question ending cash balances for the 2013-2014 fiscal year. In addition, budgeted beginning cash balances for the 2014-2015 fiscal year are incorrect.

Cause – The District had been unable to reconcile cash for a significant period of time. However, cash was reconciled prior to the annual audit, but after the submission of year-end cash reports to the New Mexico Public Education Department. The adjustments to cash required after reconciliation were, due to the timing of the reconciliation, not reported on the year-end reports to the New Mexico Public Education Department.

Recommendation – We recommend that the District report the cash adjustments to the New Mexico Public Education Department, and that the appropriate adjustments be made to beginning cash balances for the 2014-2015 fiscal year.

Agency Response – The District will report the cash corrections to the New Mexico Public Education Department, and adjust budgeted beginning cash balances for the 2014-2015 fiscal year.

2014-002 Cash Receipting by Remote Locations (Other)

Condition – We noted during our review of receipts collected by individual schools, that Lordsburg High School did not maintain a reconciliation of receipts, which accounts for each receipt by number and reconciles the receipts written to the cash deposited.

Criteria – Sound accounting practice and the New Mexico Public Education Department’s “Manual of Procedures” requires the accounting for each receipt, and a reconciliation of receipts to deposits made.

Effect – There is an increased risk of the conversion of cash receipts without the necessity of collusion, and New Mexico Public Education Department’s regulations have been violated.

Cause – The employee tasked with the receipting of cash did not perform the reconciliations, and the appropriate supervisory personnel were not reviewing the employee’s reconciliations.

Recommendation – We recommend that the reconciliations be performed, and that the appropriate supervisory personnel review the reconciliations for timeliness and propriety.

Agency Response – The recommendation will be adopted, and our internal controls will be revised to include supervisory personnel in the review process.

2014-003 Budgetary Controls (Other)

Condition – The District incurred expenditures in excess of budgetary authority in the following funds and functions:

Kinder 3+ Fund:	
School Administration	\$ 557

Criteria – Sections 6-3-1 through 6-3-25 NMSA 1978 require, in part, that expenditures not exceed budgetary authority. The function is the legal level of control.

Effect – The internal controls established by adherence to budgets has been compromised, and excess spending could result. In addition, New Mexico statutes have been violated.

Cause – The District did not request the budget adjustments at year end to alleviate these budget overruns.

Recommendation – We recommend that the District adhere to their policy of reviewing year end expenditures and requesting budget adjustments as necessary.

Agency Response – The policy is currently in place, but this adjustment was overlooked. We intend to comply with our already in-place policy in the future.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None

OTHER – FINANCIAL STATEMENT PREPARATION

The financial statements were prepared by Stone, McGee & Co., C.P.A.'s, with substantial assistance from District personnel.

EXIT CONFERENCE

The contents of this report were discussed October 21, 2014. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Tina Hayes	Board President	Lordsburg Municipal Schools
Randall Piper	Superintendent	Lordsburg Municipal Schools
Tina Diaz	Business Manager	Lordsburg Municipal Schools
Kay Stone	Shareholder	Stone, McGee & Co., CPAs
Mike Stone	Shareholder	Stone, McGee & Co., CPAs