

STATE OF NEW MEXICO
LOVING MUNICIPAL SCHOOLS

Audit Report

For the Year Ended June 30, 2013

RONNY FOUTS
CERTIFIED PUBLIC ACCOUNTANT
Melrose, New Mexico

STATE OF NEW MEXICO
Loving Municipal Schools

Official Roster
For the year ended June 30, 2013

BOARD OF EDUCATION

Lynn Ballard President
Rick Fuentes Vice-President
Vickie Connally Secretary
Rey Armendarez Member
Francisco Chacon Member

SCHOOL OFFICIALS

Kris Baca Superintendent
Jesse Fuentes Superintendent Elect
Oralia Galindo Business Manager

STATE OF NEW MEXICO
 Loving Municipal Schools
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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Board Of Education
Loving Municipal Schools
Loving, 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 comparison for the general fund of the Loving Municipal School, as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise Loving Municipal Schools basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Loving Municipal Schools nonmajor governmental funds, and the budgetary comparisons for the major capital projects funds, debt service funds, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Loving Municipal Schools preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Loving Municipal Schools internal control. Accordingly, we express no such opinion. An audit also includes evaluation 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 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 Loving Municipal Schools, as of June 30, 2013, and the respective changes in financial position where applicable, cash flows thereof and the budgetary comparisons for the General fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of Loving Municipal Schools as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the major capital project funds, debt service funds and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters


Required Supplementary Information

Management has omitted the MD & A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB 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.

Our audit was conducted for the purpose of forming opinions on Loving Municipal Schools financial statements the combining and individual fund financial statements, and the budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The other schedules as required by 2.22.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The other schedules required by 2.2.2 NMAC are the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 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 standard generally accepted in the United states of America. In our opinion, the other schedules as required by 2.2.2 NMAC is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2013, on our consideration of the Loving Municipal School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering Loving Municipal Schools internal control over financial reporting and Compliance.


Ronny Fouts, CPA
Loving, New Mexico
October 11, 2013

Basic Financial Statements

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS
 STATEMENT OF NET POSITION

June 30, 2013

ASSETS	<u>Governmental Activities</u>
Cash and Cash Equivalents	\$ 4,026,512
Taxes Receivable	92,417
Due from other Governments	166,774
Inventories	7,405
Non-current	
Bond Issue costs net	132,104
Capital Assets - Net	<u>16,440,709</u>
TOTAL ASSETS	<u><u>\$ 20,865,921</u></u>
 LIABILITIES	
Current:	
Accounts Payable	\$ -
Accrued Interest	62,356
Debt Due Within One Year	<u>1,065,000</u>
Total Current Liabilities	1,127,356
Non-current	
Debt Due in More Than One Year	<u>5,645,465</u>
Total Non-current Liabilities	<u>5,645,465</u>
TOTAL LIABILITIES	<u>6,772,821</u>
 NET POSITION	
Invested in capital assets, net of related debt	9,730,244
Restricted For	
Special Revenue Funds	149,431
Capital Projects Funds	1,617,958
Debt Service Funds	811,269
Assigned	
Committed	34,859
Unrestricted	<u>1,749,339</u>
TOTAL NET POSITION	<u><u>\$ 14,093,100</u></u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS
 STATEMENT OF ACTIVITIES

Year ended June 30, 2013

Functions/Programs	Program Revenues			Primary Governmental Activities	Net (Expenses) Revenue & Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions		
Primary Government:					
Governmental activities:					
Instruction	\$ 3,633,968	\$ -	\$ 485,085	\$ -	\$ (3,148,883)
Support Services					
Students	487,683	49,500	-	-	(438,183)
Instruction	266,965	-	-	-	(266,965)
General Administration	214,748	-	-	-	(214,748)
School Administration	414,110	-	-	-	(414,110)
Central Services	152,363	-	-	-	(152,363)
Operation & Maintenance of Plant	1,545,725	-	-	-	(1,545,725)
Student Transportation	154,575	-	-	-	(154,575)
Other Support Services	5,463	-	-	-	(5,463)
Community Service	-	-	-	-	-
Non Operating Reserves	-	-	-	-	-
Food service	519,057	15,385	460,621	-	(43,051)
Debt Interest Paid	245,736	-	-	-	(245,736)
Total Governmental Activities	\$ 7,640,393	\$ 64,885	\$ 945,706	\$ -	(6,629,802)

General Revenues

Property taxes:

Levied for general purposes	86,541
Levied for debt service	592,085
Levied for capital projects	347,827

State aid not restricted	5,507,735
Unrestricted investment earnings	4,896
Other Local Revenues	25,128
Total general revenues	<u>6,564,212</u>

Change in net position	(65,590)
Net position beginning	<u>14,158,690</u>
Net Position- ending	<u>\$ 14,093,100</u>

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

Fund Financial Statements

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2013

	GENERAL FUND	DEBT SERVICE	DEBT SERVICE ED TECH	ED TECH EQUIPMENT
ASSETS				
Cash on Deposit	\$ 1,372,497	\$ 707,735	\$ 107,962	\$ 836,452
Taxes Receivable	6,891	51,415	6,513	-
Due from other Funds	166,774	-	-	-
Due from other Governments	-	-	-	-
Inventories	-	-	-	-
TOTAL ASSETS	\$ 1,546,162	\$ 759,150	\$ 114,475	\$ 836,452
LIABILITIES AND FUND BALANCE				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Deferred Revenue	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
FUND BALANCE				
Fund Balance	-	-	-	-
Nonspendable	-	-	-	-
Restricted	-	759,150	114,475	836,452
Committed	1,441	-	-	-
Assigned	-	-	-	-
Unassigned	1,544,721	-	-	-
TOTAL FUND BALANCE	1,546,162	759,150	114,475	836,452
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,546,162	\$ 759,150	\$ 114,475	\$ 836,452

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

SB-9			
CAPITAL	OTHER	TOTAL	
IMPROVEMENTS	GOVERNMENTAL	GOVERNMENTAL	
BUILDING	FUNDS	FUNDS	
\$ 559,039	\$ 442,827	\$ 4,026,512	
27,598	-	92,417	
-	-	166,774	
-	166,774	166,774	
-	7,405	7,405	
<u>\$ 586,637</u>	<u>\$ 617,006</u>	<u>\$ 4,459,882</u>	

\$ -	\$ -	\$ -	
-	166,774	\$ 166,774	
-	71,073	71,073	
-	<u>237,847</u>	<u>237,847</u>	

-	7,405	7,405	
586,637	336,895	2,633,609	
-	34,859	36,300	
-	-	-	
-	-	1,544,721	
<u>586,637</u>	<u>379,159</u>	<u>4,222,035</u>	
<u>\$ 586,637</u>	<u>\$ 617,006</u>	<u>\$ 4,459,882</u>	

STATE OF NEW MEXICO
LOVING MUNICIPAL SCHOOLS

RECONCILIATION OF THE BALANCE SHEET
ALL GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION

June 30, 2013

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

Fund Balance - total governmental funds	\$ 4,222,035
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	16,440,709
Bond issue costs are capitalized and amortized over the life of the bonds	132,104
Deferred revenue not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred revenue in the fund financial statements, but are considered revenue in the Statement of Activities	71,073
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds Payable	(6,665,000)
Accrued Interest Payable	(62,356)
Accrued Compensated Absences	<u>(45,465)</u>
Net assets of governmental activities	<u>\$ 14,093,100</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

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

Year ended June 30, 2013

	GENERAL FUND	DEBT SERVICE	DEBT SERVICE ED TECH	ED TECH EQUIPMENT
REVENUE				
Federal Aid	\$ 5,313	\$ -	\$ -	\$ -
State Aid	5,351,840	-	-	-
Property taxes	86,541	513,450	78,635	-
Interest	3,918	315	19	304
Insurance recoveries/refunds	1,128	-	-	-
Other local sources	25,128	-	-	-
TOTAL REVENUES	5,473,868	513,765	78,654	304
EXPENDITURES				
Current				
Instruction	3,048,859	-	-	-
Support Services				
Students	430,098	-	-	-
Instruction	225,469	-	-	-
General Administration	226,633	920	165	-
School Administration	409,333	-	-	-
Central Services	152,363	-	-	-
Operation & Maintenance of Plant	634,143	-	-	-
Transportation of students	154,575	-	-	-
Other Support Services	5,463	-	-	-
Community services	-	-	-	-
Food Service	-	-	-	-
Non-current				
Principal Retirement	-	480,000	85,000	-
Bond Interest	-	241,930	19,250	-
Non-operating reserves	-	-	-	-
Facilities and construction	-	-	-	128,551
TOTAL EXPENDITURES	5,286,936	722,850	104,415	128,551
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	186,932	(209,085)	(25,761)	(128,247)
OTHER FINANCING SOURCES (USES)				
Sale of Bonds	-	-	-	500,000
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	500,000
NET CHANGE IN FUND BALANCES	186,932	(209,085)	(25,761)	371,753
FUND BALANCE - JUNE 30, 2012	1,359,230	968,235	140,236	464,699
FUND BALANCE - JUNE 30, 2013	\$ 1,546,162	\$ 759,150	\$ 114,475	\$ 836,452

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

SB-9 CAPITAL IMPROVEMENTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 971,846	\$ 977,159
32,148	123,747	5,507,735
347,827	-	1,026,453
232	108	4,896
-	-	1,128
-	64,885	90,013
<u>380,207</u>	<u>1,160,586</u>	<u>7,607,384</u>
-	467,549	3,516,408
-	57,585	487,683
-	41,496	266,965
-	2,830	230,548
-	1,816	411,149
-	-	152,363
-	8,368	642,511
-	-	154,575
-	-	5,463
-	-	-
-	519,057	519,057
-	-	-
-	-	565,000
-	-	261,180
-	-	-
279,845	83,702	492,098
<u>279,845</u>	<u>1,182,403</u>	<u>7,705,000</u>
100,362	(21,817)	(97,616)
-	-	500,000
-	-	500,000
100,362	(21,817)	402,384
<u>486,275</u>	<u>400,976</u>	<u>3,819,651</u>
\$ 586,637	\$ 379,159	\$ 4,222,035

STATE OF NEW MEXICO
LOVING MUNICIPAL SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE-
ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

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

Net change in fund balance - total governmental funds	\$ 402,384
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:	
Change in deferred revenue related to special revenue funds	10,247
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay during the year.	(571,524)
Long Term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources for governmental funds. Neither transaction, however, has any effect on net assets.	
Bonds Issued	(500,000)
Decrease in accrued interest payable	15,444
Principal payment on bonds	565,000
Bond Issue costs are expenditures in the funds but are capitalized in the statement of activities.	
Bond Issue Costs	42,848
Amortizations	(27,028)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(2,961)
Change in Net Position of governmental activities	<u>\$ (65,590)</u>

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

Major Funds

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - GENERAL FUND - 11000

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 2,483	\$ 5,313	\$ 2,830
State Revenue	5,146,080	5,348,030	5,351,840	3,810
Property Taxes	77,732	77,732	84,461	6,729
Local Revenue	7,600	7,600	25,128	17,528
Contributions, donations	1,000	1,000	1,128	128
Income from Investments	3,800	3,800	3,918	118
TOTAL REVENUE	5,236,212	5,440,645	\$ 5,471,788	\$ 31,143
BUDGETED CASH BALANCE	1,225,104	1,324,055		
TOTAL REVENUE & CASH	\$ 6,461,316	\$ 6,764,700		

EXPENDITURES

Current

Instruction	\$ 3,275,337	\$ 3,357,493	\$ 3,048,859	\$ 308,634
Support Services				
Students	660,727	706,527	430,098	276,429
Instruction	260,216	272,116	225,469	46,647
General Administration	294,162	341,837	226,633	115,204
School Administration	419,906	461,406	409,333	52,073
Central Services	146,454	186,610	152,363	34,247
Operation & Maintenance of Plant	1,221,715	1,254,055	634,143	619,912
Student Transportation	154,159	156,016	154,575	1,441
Other Support Services	10,529	10,529	5,463	5,066
Community services	18,111	18,111	-	18,111
Food Services	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	\$ 6,461,316	\$ 6,764,700	\$ 5,286,936	\$ 1,477,764

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 5,471,788
Differences budget to GAAP	
Prior Year receivable	(4,811)
Current Year receivable	6,891
Total Revenues (GAAP Basis)	\$ 5,473,868

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 5,286,936
Differences-budget to GAAP	
Prior year payable	-
Current year payable	-
Total Expenditures (GAAP Basis)	\$ 5,286,936

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the LOVING MUNICIPAL SCHOOL, DISTRICT NO. 21 (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*. Some of the significant changes in the Statement include the following:

- Financial Statements prepared using full-accrual accounting for all the District's activities.
- A change in fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements) as of June 30, 2013.

In addition, in June 2001 the GASB issued Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus – and amendment of GASB Statement No. 21 and No. 34 and Statement No. 38, Certain Financial Note Disclosures*. These two statements clarify, modify, establish and rescind certain disclosure requirements under GASB no. 34. Both statements are being implemented in conjunction with GASB Statement No. 34. These statements do not have an impact on the results of operations of the financial position of the District.

Financial Reporting Entity

The LOVING MUNICIPAL SCHOOL DISTRICT has been in existence since the early nineteen hundreds, and is currently operating under the provisions of the Public School District Code, Chapter 22, of the New Mexico Statutes Annotated, 1978 Compilation. The District operates with a local board of education – superintendent form of government and provides a supervised program of instruction designed to educate students at the elementary and secondary level.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another government entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue-bonded debt.

The District has no component units; defined by GASB Statement No. 61 as other legally separate organization for which the elected District members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are not other primary governments with which the District has significant relationship.

STATE OF NEW MEXICO
LOVING MUNICIPAL SCHOOL DISTRICT NO. 21
Notes to the Financial Statements
June 30, 2013

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below:

Governmental Funds

Governmental funds are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets and the servicing of general long-term debt.

General Fund – The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds.

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

Debt Service Fund – The Debt Service Fund is used to account for the resources for, and payment of, principal, interest and related costs.

Capital Projects Fund - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the District.

Fiduciary Fund Type

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent of behalf of outside parties, including other governments, or on behalf of other funds within the District.

The Student Activity Fund and agency fund, accounts for assets held by the District as an agent for the District organizations. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. This accounting reflects the District's agency relationship with the student activity organization.

Major Funds

The District reports the following major governmental funds:

GENERAL FUND (11000)

The General Fund consists of three sub funds. The first is the operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide textbooks for all students in the District.

CAPITAL PROJECT FUNDS

ED TECH EQUIPMENT (31900)

to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest of general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity had been eliminated from the district-wide financial statements.

Revenues

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

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

Revenue Recognition for Grants

Eligibility requirements for government-mandated and voluntary Nonexchange transactions comprise one or more of the following:

1. Required characteristics of recipients. The recipient has the characteristics specified by the provider (are required to be school districts).
2. Time requirements. Time requirements specified by enabling legislation of the provider have been met (period when the resources are required to be used).
3. Reimbursements. The provider offers resources on a reimbursement (“expenditure-driven”) basis and the recipient has incurred allowable costs under the applicable program.
4. Contingencies. The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred (the recipient has raised the matching funds).

Other receipts. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

Expenditures

Salaries are recorded as paid. Salaries for nine-month employees are paid prior to the end of the fiscal year and therefore are not accrued. Salaries for the twelve month employees payroll are accrued.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time underlying events occur.

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Basis of Budgeting

Formal budgetary integration is employed as a management control device during the year.

Budget for the General, Special Revenue, Debt Service and Capital Projects Fund are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on the non-GAAP budgetary basis.

The District follows the following procedures in establishing data reflected in the financial statements:

1. Prior to April 15, (unless a later date is fixed by the Secretary of Public Education) the local school board submits to the School Budget Finance & Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in the accounting system. Encumbrances shall be used as an element for control and shall be integrated in the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No school board or officer or employee of the District shall make any expenditure or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the District and approved by the SBFAU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds used during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendment thereto.

Cash and Cash Equivalents

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

The District is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loans associations and/or credit unions whose accounts are insured by an agency of the United States.

Investments

All money not immediately necessary for the public uses of the District may be invested in:

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within the five years last preceding; or
- (b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.
- (c) In contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be known on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Property Taxes

The County collects the District's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the District on a monthly basis. The District accounts for its share of property taxes in the General, Debt Service, and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

Elimination and Reclassification of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Inventories and Prepaid Items

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Cafeteria Fund consist of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both Districts-wide and fund financial statements.

Capital Assets

Capital assets are recorded at historical and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

If there are any construction projects funded by the NM Public School Facilities Authority they are included in the appropriate capital projects fund and in the capital assets.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Buildings & Improvements	20-50 Years
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	3- 15 Years

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payment, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet.

Short-Term Debt

Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The District does not have any activity in short-term debt.

Long-Term Liabilities

For district-wide reporting, the costs associated with the bonds are recognized over the life of the bond. As permitted by the GASB Statement No. 34 the amortization of the costs of bonds will be amortized prospectively from the date of adoption of the GASB Statement No. 34.

Restricted Net Assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments.

Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available it will first be applied to restricted resources.

Fund Balances of Fund Financial Statements

Nonspendable - amounts that can not be spent because they are either: not in spendable form (not expected to be converted to cash, i.e. inventory and prepaid items).

Restricted – The use of the resource is limited by an external party such as the donor or other governmental unit.

Committed – Limited to a specific purpose by the highest level of decision making authority of a district/Charter.

Assigned – Amount that a district intends to use for a specific purpose.

Unassigned – Everything else is unassigned. Funds are available for any purpose.

Interfund Transfers

In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

Deferred Revenue

The District reports deferred revenues in its Statement of Net Assets and Fund Balance Sheet. Deferred revenues arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. Deferred revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal year.

Compensated Absences

All 12-month or full time employees earn vacation and sick leave in amounts varying with tenure and classification. Employees who have been employed for less than 10 years accrue 12 days of vacation. Employees who have been employed for more than 10 years accrue 15 days per year.

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Upon retirement, unused vacation leave up to 20 days is paid to employees. No reimbursement or accrual is made for unused sick leave.

The District's recognition and measurement criteria for compensated absences follow: GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees of both the following conditions are met:

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

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

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

Estimates

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

NOTE B: CASH AND INVESTMENTS

The District is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and the pledged securities are included in a schedule in the supplemental section of this report.

	Balance Per Bank 06-30-13	Reconciled Balance	Type
Western Commerce Bank			
<u>Name of Account</u>			
General Operational	\$ 4,642,074	\$ 4,137,753	Checking
TOTAL Deposited	4,642,074	\$ 4,137,753	
Less: FDIC Coverage	(250,000)		
Uninsured Amount	4,392,074		
50% collateral requirement	2,196,037		
Pledged securities	2,386,259		
Over (Under) requirement	\$ 190,222		

Custodial Credit Risk-Deposits

<u>Depository Account</u>	Bank Balance
Insured	\$ 250,000
Collateralized:	
Collateral Held by the pledging bank in District's name	2,386,259
Uninsured and uncollateralized	<u>2,005,815</u>
Total Deposits	<u>\$4,642,074</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit for custodial credit risk. As of June 30, 2013 \$2,005,815 of the District's bank balance of \$4,642,074 was exposed to custodial credit risk.

<u>Name of Account</u>			
LGIP Pool 4101	\$ 2,768	\$ 2,768	Investment
TOTAL Deposited	<u>\$ 2,768</u>	<u>\$ 2,768</u>	

The investments with the State Treasurer are valued at fair value based on quoted market prices as of valuation date.

State Treasurer's separately issues financial statements which disclose the collateral pledged to secure the State Treasurer cash and investments.

The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 1, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government. The Local Government Investment

Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested; and

Participation in the local government investment pool is voluntary.

Interest Rate Risk

Interest rate risk is the risk that interest rate variations may adversely affect an investment's fair value. The prices of securities fluctuate with market interest rates and the securities held in the

portfolio will decline if market interest rates rise. The portfolio's weighted average maturity (WAM) is a key determinant of the tolerance of a fund's investments to rising interest rates. The WAM for this investment is 83 days. The investment is rated AAAM.

NOTE C: INTERFUND BALANCES

There were interfund balances at June 30, 2013 which were temporary loans from operational to federal funds while awaiting reimbursements. Details of these balances are reflected in the individual balance sheets in the financial statements.

General Fund Due from other funds	\$166,774
Special Revenue Funds Due to General Fund	\$166,774

NOTE D: INTERFUND TRANSFERS

There were no Interfund Transfers for the year ending June 30, 2013.

NOTE E: TAXES RECEIVABLE

Following is a schedule of property taxes receivable as of June 30, 2013:

	General	Debt Service	Debt Service Ed Tech	SB-9 Capital Improvement Funds
Property Taxes Receivable Available	\$ 6,891	\$ 51,415	\$ 6,513	\$ 27,598
Unavailable	-	-	-	-
TOTAL Property Taxes Receivable	\$ 6,891	\$ 51,415	\$ 6,513	\$ 27,598

The deferred portion of property taxes receivable was not available for this report.

NOTE F: DUE FROM OTHER GOVERNMENT UNITS

Amounts due from other agencies and units of government were as follows as of June 30, 2013:

State Agencies	\$ 8,152
Federal Agencies	158,622
Total	\$ 166,774

NOTE G: DEFERRED REVENUES

Revenues are deferred in accordance with the modified accrual basis of accounting for the financial statements. The following deferred revenues are measurable but do not represent available expendable resources for the Fund Financial Statements for the fiscal year ended June 30, 2013:

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	General	Senate Bill Nine	Debt Service	Other Governmental
Property Taxes	\$ -	\$ -	\$ -	\$ -
Federal Revenues	-	-	-	71,073
TOTAL Deferred Revenues	\$ -	\$ -	\$ -	\$ 71,073

NOTE H: CAPITAL ASSETS

Capital Assets Balances and Activity for the Year Ended June 30, 2013, is as follows:

Governmental Activities

Capital Assets not being Depreciated

Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Total Capital Assets not being Depreciated	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>
Capital Assets, being Depreciated				
Buildings & Improvements	\$ 24,265,019	\$ 27,633	\$ -	\$ 24,292,652
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>1,700,716</u>	<u>125,374</u>	<u>-</u>	<u>1,826,090</u>
Total Capital Assets, being Depreciated	<u>25,965,735</u>	<u>153,007</u>	<u>-</u>	<u>26,118,742</u>
Total Capital Assets	<u>\$ 25,975,735</u>	<u>\$ 153,007</u>	<u>\$ -</u>	<u>\$ 26,128,742</u>

Less Accumulated Depreciation

Buildings & Improvements	\$ 7,758,119	\$ 606,971	\$ -	\$ 8,365,090
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>1,205,383</u>	<u>117,560</u>	<u>-</u>	<u>1,322,943</u>
Total Accumulated Depreciation	<u>8,963,502</u>	<u>724,531</u>	<u>-</u>	<u>9,688,033</u>

Capital Assets, net	<u>\$ 17,012,233</u>	<u>\$ (571,524)</u>	<u>\$ -</u>	<u>\$ 16,440,709</u>
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Depreciation expense was charged to governmental activities as follows:

Instruction	<u>\$ 117,560</u>
Operation & Maintenance of Plant	<u>606,971</u>
Total depreciation expenses	<u>\$ 724,531</u>

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NOTE I: LONG TERM DEBT

A summary of activity in the Long-Term Debt is as follows:

	06/30/12	Additions	Reductions	06/30/13	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 6,730,000	\$ 500,000	\$ 565,000	\$ 6,665,000	\$1,065,000
Total Bonds	<u>6,730,000</u>	<u>500,000</u>	<u>565,000</u>	<u>6,665,000</u>	<u>1,065,000</u>
Other Liabilities					
Compensated					
Absences	42,504	45,465	42,504	45,465	-
Total Other	<u>42,504</u>	<u>45,465</u>	<u>42,504</u>	<u>45,465</u>	<u>-</u>
Liabilities					
Long-Term	<u>\$ 6,772,504</u>	<u>\$ 545,465</u>	<u>\$ 607,504</u>	<u>\$ 6,710,465</u>	<u>\$1,065,000</u>

Payments on the general obligation bonds are made by the Debt Service Funds. The compensated absences liability will ultimately be liquidated by several of the District's governmental funds, with most being paid by the General Fund, Transportation Fund, Cafeteria Fund and Title I Fund.

The current portion for the compensated absences is being estimated at zero since there are no anticipated retirements or terminations.

The following bonds were issued for the purpose of erecting, furnishing, remodeling and making addition to District buildings and improving District grounds. A tax is annually assessed, levied and collected upon all taxable property within the District for the purpose of providing the necessary funds to meet the interest and principal payments as they come due:

01/15/08	3,000,000	4.00%	2,800,000
08/01/08	2,500,000	4.00%	2,500,000
07/15/11	550,000	2.00%	465,000
06/15/13	500,000	2.00%	500,000
			<u>\$ 6,665,000</u>

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

	Principal	Interest	Total
2013	\$ 1,065,000	\$ 233,313	\$ 1,298,313
2014	690,000	195,075	885,075
2015	775,000	171,350	946,350
2016	935,000	144,025	1,079,025
2017	800,000	115,750	915,750
2018-2022	2,400,000	309,375	2,709,375
2023-2027	-	6,375	6,375
	<u>\$ 6,665,000</u>	<u>\$ 1,175,263</u>	<u>\$ 7,840,263</u>

NOTE J: COMMITMENTS

The District has completed the remodel of the Junior High building. It houses a community library, the SNMERC office, storage, gymnasium, a wellness/exercise room, and classrooms. The district also completed re-roofing the High School building and installed refrigerated air in the high school classrooms, hallways and cafeteria kitchen.

NOTE K: PENSION PLAN – Educational Retirement Board

Pension Plan – Educational Retirement Board

Plan Description – Substantially all of the Loving Municipal School's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost sharing multiple employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and 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. That report is also available on ERB's website at www.nmerb.org.

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

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

The contribution requirements of plan members and the Loving Municipal School are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of legislature. The Loving Municipal School's contributions to the ERB for the years ended June 30, 2013, 2012, and 2011 were: \$646,769, \$649,612, and \$720,660, respectively, which equal the amount of the required contributions for each fiscal year.

Post-Employee Benefits – State Retiree Health Care Plan

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

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the 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 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 RHA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy – The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority member 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 requirement for the contributions can be changed by the New Mexico State Legislature. Employers that chose to become participating employers after January 1, 1998 are required to make contributions to the RHCA fund in the amount determined to be appropriate by the Board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plan 3, 4, or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention office member coverage plan 1; and member pursuant to the judicial retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition pursuant to Section 10-7C-15 (G0 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 provide under the Retiree Health Care Act.

The Loving Municipal School's contributions to the RHCA for the years ended June 30, 2013, 2012, and 2011 were \$102,449, \$94,588 and \$94,557 respectively, which equal the required contributions for each year.

NOTE L: INSURANCE COVERAGE

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; and injuries to employees; and natural disasters. The District, as a New Mexico Public School, is insured through New Mexico Public Schools Insurance Authority (NMPSIA). Annual premiums are paid by the District to NMPSIA for coverage provided in the following areas:

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Workers Compensation
Property and Automobile Liability and Physical Damage
Liability and Civil Rights and Personal Injury
Contract School Bus Coverage; and
Crime

NOTE M: SURETY BOND

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

NOTE N: Joint Powers Agreement

The District is a member of a joint powers agreement with the Pecos Valley Regional Education Center No. 8 (PVREC). The joint powers agreement includes Loving, Hagerman, Dexter, and Lake Arthur school districts. The purpose of the agreement is to form an organization to establish and maintain cooperative programs of various federal and state grants.

The REC passed-through \$139,817 to the District for salaries and fringe benefits. As required by SAO 2.2.2.12 C (3) (d), the REC funds were reported as revenues and expenditures in the following revenue funds:

24106	IDEA, Part B, Entitlement
24109	IDEA Presschool

The financial statements were prepared by Ronny Fouts, CPA. The audit report is available at the PVREC located in Artesia, New Mexico.

The Loving Municipal School District No. 21 is a member of a joints powers agreement with ten other school districts in the Southeastern New Mexico Education Resources Center (SNMERC). Pecos Valley Regional Center Cooperative is the fiscal agent for this group.

The District is a member of the Cooperative Educational Services. The joint powers agreement was entered in to July 1, 1984. The purpose of the agreement is to pool efforts in order to bring additional, necessary educational services to their respectable school districts at an affordable cost. The term of the agreement shall continue until it is rescinded or terminated by a majority vote of the participating School Districts.

NOTE O: Subsequent Accounting Standard Pronouncements

The GASB issued Statement No. 64. Statement 64 is effective for financial statements for periods beginning after December 15, 2012, with early application encouraged. The objective of this statement is clarifying the circumstances in which hedge accounting continues to be applied when a swap counterparty, or a swap counterparty's credit support provider is replaced. The Loving Municipal School is reviewing the effects of the implementation of this statement but doe not believe it will have an impact on their financial statements.

The GASB issued Statement NO. 65, *Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position* which is effective for financial statement for periods beginning after December 15, 2012. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is

applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement no. 34 *Basic financial Statements – and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The Loving Municipal School is reviewing the effects of the implementation of this statement.

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

Note P. Subsequent Events Review

A review of subsequent events through October 11, 2013, which is the date the financial statements were available to be issued, indicated nothing of audit significance.

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - DEBT SERVICE FUND -41000

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Taxes	\$ 826,180	\$ 826,180	\$ 503,003	\$ (323,177)
Investment Income	530	530	315	(215)
TOTAL REVENUE	<u>826,710</u>	<u>826,710</u>	<u>\$ 503,318</u>	<u>\$ (323,392)</u>
BUDGETED CASH BALANCE	<u>921,127</u>	<u>927,268</u>		
TOTAL REVENUE & CASH	<u>\$ 1,747,837</u>	<u>\$ 1,753,978</u>		
EXPENDITURES				
Current				
General Administration	\$ 1,475	\$ 1,475	\$ 920	\$ 555
Debt Service				
Principal Retirement	565,000	565,000	480,000	85,000
Bond Interest	261,180	261,180	241,930	19,250
Non-operating Reserves	920,182	926,322	-	926,322
TOTAL EXPENDITURES	<u>\$ 1,747,837</u>	<u>\$ 1,753,977</u>	<u>\$ 722,850</u>	<u>\$ 1,031,127</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 503,318
Differences budget to GAAP	
Prior Year receivable	(40,968)
Current Year receivable	51,415
Total Revenues (GAAP Basis)	<u>\$ 513,765</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 722,850
Differences-budget to GAAP	
Prior year Principal due	-
Prio year interest due	-
Total Expenditures (GAAP Basis)	<u>\$ 722,850</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - CAPITAL PROJECTS - SB-9 CAPITAL IMPROVEMENTS FUND -31700

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Taxes	\$ 312,552	\$ 312,552	\$ 339,503	\$ 26,951
Insurance recoveries	-	-	-	
Investment Income	462	462	232	(230)
TOTAL LOCAL REVENUE	313,014	313,014	339,735	26,721
State Revenue				
State flowthrough	-	16,164	32,148	15,984
TOTAL FEDERAL REVENUE	-	16,164	32,148	15,984
TOTAL REVENUE	313,014	329,178	\$ 371,883	\$ 42,705
BUDGETED CASH BALANCE	308,032	467,001		
TOTAL REVENUE & CASH	\$ 621,046	\$ 796,179		
EXPENDITURES				
Current				
Facilities and construction	621,046	796,179	279,845	516,334
TOTAL EXPENDITURES	\$ 621,046	\$ 796,179	\$ 279,845	\$ 516,334

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 371,883
Differences budget to GAAP	
Prior Year receivable	(19,274)
Current Year receivable	27,598
Total Revenues (GAAP Basis)	\$ 380,207

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 279,845
Differences-budget to GAAP	
Prior year accounts payable	-
Total Expenditures (GAAP Basis)	\$ 279,845

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - CAPITAL PROJECTS FUND - ED TECH EQUIP - 31900

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Investment Income	\$ 535	\$ 535	\$ 304	\$ 231
Sale of Bonds	500,000	500,000	500,000	-
TOTAL REVENUE	500,535	500,535	\$ 500,304	\$ 231
BUDGETED CASH BALANCE	464,699	464,699		
TOTAL REVENUE & CASH	\$ 965,234	\$ 965,234		
EXPENDITURES				
Current				
Facilities Acquisition & Construction	484,988	465,234	128,551	336,683
TOTAL EXPENDITURES	\$ 484,988	\$ 465,234	\$ 128,551	\$ 336,683

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 500,304
Differences budget to GAAP	
Prior Year receivable	-
Current Year receivable	-
Total Revenues (GAAP Basis)	\$ 500,304

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 128,551
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 128,551

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - DEBT SERVICE FUND ED TECH - 43000

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Taxes	\$ 104,250	\$ 104,250	\$ 76,695	\$ (27,555)
Investment Income	100	100	19	(81)
TOTAL REVENUE	104,350	104,350	\$ 76,714	\$ (27,636)
BUDGETED CASH BALANCE	142,999	135,663		
TOTAL REVENUE & CASH	\$ 247,349	\$ 240,013		
EXPENDITURES				
Current				
General Administration	\$ 300	\$ 300	\$ 165	\$ 135
Debt Service				
Principal Retirement	85,000	85,000	85,000	-
Bond Interest	19,250	19,250	19,250	-
Non-operating Reserves	142,799	135,463	-	135,463
TOTAL EXPENDITURES	\$ 247,349	\$ 240,013	\$ 104,415	\$ 135,598

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 76,714
Differences budget to GAAP	
Prior Year receivable	(4,573)
Current Year receivable	6,513
Total Revenues (GAAP Basis)	\$ 78,654

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 104,415
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 104,415

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET - GENERAL FUNDS

June 30, 2013

	OPERATIONAL 11000	TRANSPORTATION 13000	INSTRUCTIONAL MATERIALS 14000	TOTAL GENERAL FUND
ASSETS				
Cash on Deposit	\$ 1,310,086	\$ 1,441	\$ 60,970	\$ 1,372,497
Taxes Receivable	6,891	-	-	6,891
Due from other Funds	166,774	-	-	166,774
Due from other Governments	-	-	-	-
Inventories	-	-	-	-
TOTAL ASSETS	\$ 1,483,751	\$ 1,441	\$ 60,970	\$ 1,546,162
LIABILITIES AND FUND BALANCE				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
FUND BALANCE				
Fund Balance				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	1,441	-	1,441
Assigned	-	-	-	-
Unassigned	1,483,751	-	60,970	1,544,721
TOTAL FUND BALANCE	1,483,751	1,441	60,970	1,546,162
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,483,751	\$ 1,441	\$ 60,970	\$ 1,546,162

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

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

Year ended June 30, 2013

	OPERATIONAL 11000	TRANSPORTATION 13000	INSTRUCTIONAL MATERIALS 14000	TOTAL GENERAL FUND
REVENUE				
Federal Aid	\$ 5,313	\$ -	\$ -	\$ 5,313
State Aid	5,185,197	125,652	40,991	5,351,840
Property taxes	86,541	-	-	86,541
Interest	3,918	-	-	3,918
Insurance recoveries/refunds	1,128	-	-	1,128
Other local sources	25,128	-	-	25,128
TOTAL REVENUES	5,307,225	125,652	40,991	5,473,868
EXPENDITURES				
Current				
Instruction	3,030,284	-	18,575	3,048,859
Support Services				
Students	430,098	-	-	430,098
Instruction	225,469	-	-	225,469
General Administration	226,633	-	-	226,633
School Administration	409,333	-	-	409,333
Central Services	152,363	-	-	152,363
Operation & Maintenance of Plant	634,143	-	-	634,143
Transportation of students	-	154,575	-	154,575
Other Support Services	5,463	-	-	5,463
Community Services	-	-	-	-
Food Service	-	-	-	-
Non-current				
Principal Retirement	-	-	-	-
Bond Interest	-	-	-	-
Facilities and construction	-	-	-	-
TOTAL EXPENDITURES	5,113,786	154,575	18,575	5,286,936
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	193,439	(28,923)	22,416	186,932
OTHER FINANCING SOURCES (USES)				
Sale of Bonds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	193,439	(28,923)	22,416	186,932
FUND BALANCE - JUNE 30, 2012	1,290,312	30,364	38,554	1,359,230
FUND BALANCE - JUNE 30, 2013	\$ 1,483,751	\$ 1,441	\$ 60,970	\$ 1,546,162

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - GENERAL FUND - OPERATIONAL - 11000

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 2,483	\$ 5,313	\$ 2,830
State Revenue	4,951,820	5,151,913	5,185,197	33,284
Property Taxes	77,732	77,732	84,461	6,729
Local Revenue	7,600	7,600	25,128	17,528
Contributions, donations	1,000	1,000	1,128	128
Income from Investments	3,800	3,800	3,918	118
TOTAL REVENUE	5,041,952	5,244,528	\$ 5,305,145	\$ 60,617
BUDGETED CASH BALANCE	1,196,127	1,285,501		
TOTAL REVENUE & CASH	\$ 6,238,079	\$ 6,530,029		
EXPENDITURES				
Current				
Instruction	\$ 3,206,259	\$ 3,278,838	\$ 3,030,284	\$ 248,554
Support Services				
Students	660,727	706,527	430,098	276,429
Instruction	260,216	272,116	225,469	46,647
General Administration	294,162	341,837	226,633	115,204
School Administration	419,906	461,406	409,333	52,073
Central Services	146,454	186,610	152,363	34,247
Operation & Maintenance of Plant	1,221,715	1,254,055	634,143	619,912
Student Transportation	-	-	-	-
Other Support Services	10,529	10,529	5,463	5,066
Community services	18,111	18,111	-	18,111
Food Services	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	\$ 6,238,079	\$ 6,530,029	\$ 5,113,786	\$ 1,416,243

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 5,305,145
Differences budget to GAAP	
Prior Year receivable	(4,811)
Current Year receivable	6,891
Total Revenues (GAAP Basis)	\$ 5,307,225

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 5,113,786
Differences-budget to GAAP	
Prior year payable	-
Current year payable	-
Total Expenditures (GAAP Basis)	\$ 5,113,786

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - GENERAL FUND - TRANSPORTATION - 13000

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ 154,159	\$ 156,016	\$ 125,652	\$ (30,364)
TOTAL REVENUE	154,159	156,016	<u>125,652</u>	<u>(30,364)</u>
BUDGETED CASH BALANCE				
TOTAL REVENUE & CASH	<u>\$ 154,159</u>	<u>\$ 156,016</u>		
EXPENDITURES				
Current				
Student Transportation	\$ 154,159	\$ 156,016	\$ 154,575	\$ 1,441
TOTAL EXPENDITURES	<u>\$ 154,159</u>	<u>\$ 156,016</u>	<u>\$ 154,575</u>	<u>\$ 1,441</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 125,652
Differences budget to GAAP	
Prior Year checks voided	-
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ 125,652</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 154,575
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 154,575</u>

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

Non-Major Funds

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - GENERAL FUND - INSTRUCTIONAL MATERIALS - 14000

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ 40,101	\$ 40,101	\$ 40,991	\$ 890
TOTAL REVENUE	<u>40,101</u>	<u>40,101</u>	<u>\$ 40,991</u>	<u>\$ 890</u>
BUDGETED CASH BALANCE	<u>28,977</u>	<u>38,554</u>		
TOTAL REVENUE & CASH	<u>\$ 69,078</u>	<u>\$ 78,655</u>		
EXPENDITURES				
Current				
Instruction	\$ 69,078	\$ 78,655	\$ 18,575	\$ 60,080
Support Services				
Instruction	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 69,078</u>	<u>\$ 78,655</u>	<u>\$ 18,575</u>	<u>\$ 60,080</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 40,991
Differences budget to GAAP	
Prior Year receivable	-
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ 40,991</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 18,575
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 18,575</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013

	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
ASSETS			
Cash on Deposit	\$ 227,958	\$ 214,869	\$ 442,827
Taxes receivable		-	-
Due from other Governments	166,774	-	166,774
Inventories	7,405	-	7,405
TOTAL ASSETS	\$ 402,137	\$ 214,869	\$ 617,006
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Due to other funds	166,774	-	166,774
Deferred Revenue	51,073	20,000	71,073
TOTAL LIABILITIES	217,847	20,000	237,847
FUND BALANCE			
Fund Balance			
Nonspendable	7,405	-	7,405
Restricted	142,026	194,869	336,895
Committed	34,859	-	34,859
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCE	184,290	194,869	379,159
TOTAL LIABILITIES & FUND BALANCE	\$ 402,137	\$ 214,869	\$ 617,006

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2013

	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
REVENUES			
Federal Aid	\$ 971,846	\$ -	\$ 971,846
State Aid	123,747	-	123,747
Property taxes	-	-	-
Local revenues	64,885	-	64,885
Interest	-	108	108
TOTAL REVENUES	1,160,478	108	1,160,586
EXPENDITURES			
Current			
Instruction	467,549	-	467,549
Support Services			
Students	57,585	-	57,585
Instruction	41,496	-	41,496
General Administration	2,830	-	2,830
School Administration	1,816	-	1,816
Central Services	-	-	-
Operation & Maintenance of Plant	8,368	-	8,368
Student Transportation	-	-	-
Food Service	519,057	-	519,057
Facilities and construction	81,702	2,000	83,702
TOTAL EXPENDITURES	1,180,403	2,000	1,182,403
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(19,925)	(1,892)	(21,817)
FUND BALANCE- JUNE 30, 2012	204,215	196,761	400,976
FUND BALANCE - JUNE 30, 2013	\$ 184,290	\$ 194,869	\$ 379,159

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2013

	FOOD SERVICE 21000	ATHLETIC 22000	TITLE I 24101	TITLE I MIGRANT 24103	IDEA-B ENTITLEMENT 24106	IDEA-B PRESCHOOL 24109
ASSETS						
Cash on Deposit	\$ 142,026	\$ 34,859	\$ -	\$ 964	\$ -	\$ -
Due from other Governments	-	-	49,419	-	52,463	2,013
Inventories	7,405	-	-	-	-	-
TOTAL ASSETS	\$ 149,431	\$ 34,859	\$ 49,419	\$ 964	\$ 52,463	\$ 2,013
LIABILITIES						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	49,419	-	52,463	2,013
Deferred Revenue	-	-	-	964	-	-
TOTAL LIABILITIES	-	-	49,419	964	52,463	2,013
FUND BALANCE						
Fund Balance						
Nonspendable	7,405	-	-	-	-	-
Restricted	142,026	-	-	-	-	-
Committed	-	34,859	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCE	149,431	34,859	-	-	-	-
TOTAL LIABILITIES & FUND BALANCE	\$ 149,431	\$ 34,859	\$ 49,419	\$ 964	\$ 52,463	\$ 2,013

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

21st CENTURY LEARNING CENTER 24119	IDEA-B RELOCATION 24120	WELLNESS PROGRAM 24121	ENHANCING EDUCATION THROUGH TECHNOLOGY 24149	TITLE III 24153	TITLE II 24154	TITLE IV 24157	READING FIRST 24167	HSTW 24172
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,270
-	-	2,999	-	319	6,689	-	271	-
\$ -	\$ -	\$ 2,999	\$ -	\$ 319	\$ 6,689	\$ -	\$ 271	\$ 6,270
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	2,999	-	319	6,689	-	271	6,270
-	-	2,999	-	319	6,689	-	271	6,270
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ 2,999	\$ -	\$ 319	\$ 6,689	\$ -	\$ 271	\$ 6,270

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS

June 30, 2013

	HSTW 24180	HSTW REDISTRIBUTION 24182	HEADSTART 25127	TITLE XIX MEDICAID 25153	RURAL EDUCATION ACHIEVEMENT 25233	DUAL CREDIT INST MATER 27103	EDUCATION JOB FUND 25255	MICROSOFT SETTLEMENT FUNDS 26170	GO BONDS STUDENT LIB FUND 27106
ASSETS									
Cash on Deposit	\$ -	\$ -	\$ -	\$ 5,857	\$ 510	\$ -	\$ -	\$ 1,911	\$ -
Due from other Governments	8,596	6,881	28,972	-	-	-	-	-	9
Inventories	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 8,596	\$ 6,881	\$ 28,972	\$ 5,857	\$ 510	\$ -	\$ -	\$ 1,911	\$ 9
LIABILITIES									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	8,596	6,881	28,972	-	-	-	-	-	9
Deferred Revenue	-	-	-	5,857	510	-	-	1,911	-
TOTAL LIABILITIES	8,596	6,881	28,972	5,857	510	-	-	1,911	9
FUND BALANCE									
Fund Balance									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCE	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES & FUND BALANCE	\$ 8,596	\$ 6,881	\$ 28,972	\$ 5,857	\$ 510	\$ -	\$ -	\$ 1,911	\$ 9

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

	INCENTIVES											
TECHNOLOGY FOR EDUCATION 27117	FOR SCHOOL IMPROVEMENT 27138	BEGINNING TEACHER MENTORING 27154	BREAKFAST AFTER THE BELL 27117	K-3 PLUS 27166	SCIENCE INSTRUCT MATERIALS 27176	STATE DIRECTED ACTIVITIES 27200	LIBRARY BOOK FUND 27549	CYFD COMMUNITY SERVICES 28141	PRIVATE DIRECT GRANTS 29102	MICROSOFT PIL 29132	COMBINED	
\$ 4,386	\$ 4,248	\$ -	\$ -	\$ -	\$ -	\$ 23	\$ 322	\$ 2	\$ 10,687	\$ 15,893	\$ 227,958	
-	-	1,198	-	-	970	-	5,975	-	-	-	166,774	
-	-	-	-	-	-	-	-	-	-	-	7,405	
\$ 4,386	\$ 4,248	\$ 1,198	\$ -	\$ -	\$ 970	\$ 23	\$ 322	\$ 2	\$ 10,687	\$ 15,893	\$ 402,137	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,198	-	-	970	-	5,975	-	-	-	166,774	
4,386	4,248	-	-	-	-	23	322	2	10,687	15,893	51,073	
4,386	4,248	1,198	-	-	970	23	322	2	10,687	15,893	217,847	
-	-	-	-	-	-	-	-	-	-	-	7,405	
-	-	-	-	-	-	-	-	-	-	-	142,028	
-	-	-	-	-	-	-	-	-	-	-	34,859	
-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	184,290
\$ 4,386	\$ 4,248	\$ 1,198	\$ -	\$ -	\$ 970	\$ 23	\$ 322	\$ 2	\$ 10,687	\$ 15,893	\$ 402,137	

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 NONMAJOR SPECIAL REVENUE FUNDS

Year Ended June 30, 2013

	FOOD SERVICE 21000	ATHLETIC 22000	TITLE I 24101	MIGRANT CHILDREN EDUCATION 24103	IDEA-B ENTITLEMENT 24106
REVENUES					
Federal Aid	\$ 460,621	\$ -	\$ 83,930	\$ -	\$ 132,803
State Aid	3,747	-	-	-	-
Property Taxes	-	-	-	-	-
Local revenues	15,385	49,500	-	-	-
Interest	-	-	-	-	-
TOTAL REVENUES	479,753	49,500	83,930	-	132,803
EXPENDITURES					
Current					
Instruction	-	38,527	77,012	-	87,758
Support Services					
Students	-	-	-	-	45,045
Instruction	-	-	4,606	-	-
General Administration	-	-	2,312	-	-
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student Transportation	-	-	-	-	-
Food Service	510,651	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-	-
TOTAL EXPENDITURES	510,651	38,527	83,930	-	132,803
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(30,898)	10,973	-	-	-
FUND BALANCE- JUNE 30, 2012	180,329	23,886	-	-	-
FUND BALANCE - JUNE 30, 2013	\$ 149,431	\$ 34,859	\$ -	\$ -	\$ -

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

IDEA -B PRESCHOOL 24109	21STCENTURY LEARNING CENTER 24119	IDEA-B REALLOCATION 24120	ENHANCING EDUCATION THROUGH TECHNOLOGY 24149	TITLE V 24150	TITLE III 24153	TITLE II 24154	TITLE IV 24157	C PERKINS SPECIAL 24172	HSTW 24180
\$ 7,014	\$ -	\$ 731	\$ -	\$ -	\$ -	\$ 21,787	\$ -	\$ -	\$ 17,700
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
7,014	-	731	-	-	-	21,787	-	-	17,700
7,014	-	731	-	-	-	19,971	-	-	17,182
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	518
-	-	-	-	-	-	1,816	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
7,014	-	731	-	-	-	21,787	-	-	17,700
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE
 NONMAJOR SPECIAL REVENUE FUNDS

Year Ended June 30, 2013

	HSTW REDIST. 24182	HEADSTAR 25127	TITLE XIX MEDICAID 25153	RURAL EDUCATION ACHIEVEMENT 25233	SEG STIMULUS 25250	EDUCATION JOB FUND 25255	MICROSOFT SETTLEMENT FUND 26170	DUAL CREDIT INS MAT 27103
REVENUES								
Federal Aid	\$ 11,064	\$ 179,461	\$ 20,137	\$ 36,598	\$ -	\$ -	\$ -	\$ -
State Aid	-	-	-	-	-	-	-	1,645
Property taxes	-	-	-	-	-	-	-	-
Local revenues	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
TOTAL REVENUES	11,064	179,461	20,137	36,598	-	-	-	1,645
EXPENDITURES								
Current								
Instruction	11,064	141,137	7,597	36,598	-	-	-	1,645
Support Services								
Students	-	-	12,540	-	-	-	-	-
Instruction	-	28,036	-	-	-	-	-	-
General Administration	-	-	-	-	-	-	-	-
School Administration	-	-	-	-	-	-	-	-
Central Services	-	-	-	-	-	-	-	-
Operation & Maintenance of Plant	-	8,368	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-	-	-
Food Service	-	1,920	-	-	-	-	-	-
Facilities Acquisition & Construction	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	11,064	179,461	20,137	36,598	-	-	-	1,645
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-	-	-
FUND BALANCE - JUNE 30, 2012	-	-	-	-	-	-	-	-
FUND BALANCE - JUNE 30, 2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

SCHOOL BUS REPLACEMENT 27104	2010 GO BONDS STUD LIB 27106	TECHNOLOGY FOR EDUCATION 27117	FORMATIVE ASSESSMENT 27111	BREAKFAST AFTER THE BELL 27155	SCIENCE INSTRUCT MATERIALS 27176	LIBRARY SB301 27170	STATE DIRECTED ACTIVITIES 27200	PRIVATE DIRECT GRANTS 29102	MICROSOFT PIL 29132	COMBINED
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 971,846
81,702	2,036	2,157	4,661	6,486	5,975	-	-	15,338	-	123,747
-	-	-	-	-	-	-	-	-	-	64,885
-	-	-	-	-	-	-	-	-	-	-
81,702	2,036	2,157	4,661	6,486	5,975	-	-	15,338	-	1,160,478
-	-	-	-	-	5,975	-	-	15,338	-	467,549
-	-	-	-	-	-	-	-	-	-	57,585
-	2,036	2,157	4,661	-	-	-	-	-	-	41,496
-	-	-	-	-	-	-	-	-	-	2,830
-	-	-	-	-	-	-	-	-	-	1,816
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	8,368
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	6,486	-	-	-	-	-	519,057
81,702	-	-	-	-	-	-	-	-	-	81,702
81,702	2,036	2,157	4,661	6,486	5,975	-	-	15,338	-	1,180,403
-	-	-	-	-	-	-	-	-	-	(19,925)
-	-	-	-	-	-	-	-	-	-	204,215
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,290

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - FOOD SERVICE - 21000

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Aid	\$ 470,834	\$ 470,834	\$ 430,892	\$ (39,942)
State Aid	7,000	7,000	3,747	(3,253)
Local Revenue	8,200	8,200	15,385	7,185
Income from Investments	40	400	-	(400)
TOTAL REVENUE	486,074	486,434	\$ 450,024	\$ (36,410)
BUDGETED CASH BALANCE	224,801	172,241		
TOTAL REVENUE & CASH	\$ 710,875	\$ 658,675		
EXPENDITURES				
Current				
Food Service	710,875	658,675	480,239	178,436
TOTAL EXPENDITURES	\$ 710,875	\$ 658,675	\$ 480,239	\$ 178,436

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 450,024
Differences budget to GAAP	
Prior Year receivable	-
Current Year commodities	29,729
Current Year receivable	-
Total Revenues (GAAP Basis)	\$ 479,753

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 480,239
Differences-budget to GAAP	
Prior Year Payables	-
Current Year commodities	29,729
Change in Inventories	683
Total Expenditures (GAAP Basis)	\$ 510,651

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - ATHLETICS - 22000

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Fees from activities	\$ 60,000	\$ 60,000	\$ 49,500	\$ (10,500)
Investment income	-	-	-	-
TOTAL REVENUE	<u>60,000</u>	<u>60,000</u>	<u>\$ 49,500</u>	<u>\$ (10,500)</u>
BUDGETED CASH BALANCE	<u>23,524</u>	<u>23,886</u>		
TOTAL REVENUE & CASH	<u>\$ 83,524</u>	<u>\$ 83,886</u>		
EXPENDITURES				
Current				
Instruction	\$ 83,524	\$ 83,886	\$ 38,527	\$ 45,359
TOTAL EXPENDITURES	<u>\$ 83,524</u>	<u>\$ 83,886</u>	<u>\$ 38,527</u>	<u>\$ 45,359</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 49,500
Differences budget to GAAP	
Prior Year deferral	-
Current Year deferral	-
Total Revenues (GAAP Basis)	<u>\$ 49,500</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 38,527
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 38,527</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - TITLE 1 - 24101

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 79,387	\$ 83,994	\$ 86,081	\$ 2,087
TOTAL REVENUE	<u>79,387</u>	<u>83,994</u>	<u>\$ 86,081</u>	<u>\$ 2,087</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 79,387</u>	<u>\$ 83,994</u>		
EXPENDITURES				
Current				
Instruction	\$ 77,075	\$ 77,075	\$ 77,012	\$ 63
Support Services				
Students	-	-	-	-
Instruction	-	4,607	4,606	1
General Administration	2,312	2,312	2,312	-
School Administration	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 79,387</u>	<u>\$ 83,994</u>	<u>\$ 83,930</u>	<u>\$ 64</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 86,081
Differences budget to GAAP	
Prior Year receivable	(51,570)
Current Year receivable	49,419
Total Revenues (GAAP Basis)	<u>\$ 83,930</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 83,930
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 83,930</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - IDEA - ENTITLEMENT - 24106

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 118,066	\$ 172,166	\$ 112,396	\$ (59,770)
TOTAL REVENUE	118,066	172,166	<u>112,396</u>	<u>(59,770)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 118,066</u>	<u>\$ 172,166</u>		
EXPENDITURES				
Current				
Instruction	\$ 83,729	\$ 100,584	\$ 87,758	\$ 12,826
Support Services				
Students	34,337	71,582	45,045	26,537
Instruction	-	-	-	-
School Administration	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 118,066</u>	<u>\$ 172,166</u>	<u>\$ 132,803</u>	<u>\$ 39,363</u>

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 112,396
Differences budget to GAAP		
Prior Year receivable		(32,056)
Current Year receivable		52,463
Total Revenues (GAAP Basis)		<u>\$ 132,803</u>
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 132,803
Differences-budget to GAAP		
Total Expenditures (GAAP Basis)		<u>\$ 132,803</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - IDEA - PRESCHOOL - 24109

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 6,242	\$ 7,014	\$ 9,296	\$ 2,282
TOTAL REVENUE	6,242	7,014	9,296	2,282
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ 6,242	\$ 7,014		
EXPENDITURES				
Current				
Instruction	\$ 6,242	\$ 7,014	\$ 7,014	\$ -
TOTAL EXPENDITURES	\$ 6,242	\$ 7,014	\$ 7,014	\$ -

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 9,296
Differences budget to GAAP	
Prior Year receivable	(4,295)
Current Year receivable	2,013
Total Revenues (GAAP Basis)	\$ 7,014

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 7,014
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 7,014

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - 21ST CENTURY LEARNING CENTER - 24119

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ -	\$ 50,885	\$ 50,885
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ 50,885</u>	<u>\$ 50,885</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
Student Transportation	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 50,885
Differences budget to GAAP	
Prior Year receivable	(50,885)
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ -</u>

Uses/Outflows of Resources

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

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - IDEA - REALLOCATION - 24120

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 731	\$ 11,793	\$ 11,062
TOTAL REVENUE	-	731	<u>11,793</u>	<u>11,062</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 731</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 731	\$ 731	\$ -
Support Services				
Students	-	-	-	-
School Administration	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 731</u>	<u>\$ 731</u>	<u>\$ -</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 11,793
Differences budget to GAAP	
Prior Year deferral	(11,062)
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ 731</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 731
Differences-budget to GAAP	
Total Expenditures (GAAP-Basis)	<u>\$ 731</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - TITLE III - 24153

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 1	\$ 9,357	\$ 9,356
TOTAL REVENUE	<u>-</u>	<u>1</u>	<u>\$ 9,357</u>	<u>\$ 9,356</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 1</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 1	\$ -	\$ 1
Support Services				
Students	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 9,357
Differences budget to GAAP	
Prior Year receivable	(9,676)
Current Year receivable	319
Total Revenues (GAAP Basis)	<u>\$ -</u>

Uses/Outflows of Resources

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

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - TITLE II -24154

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 21,289	\$ 23,432	\$ 25,914	\$ 2,482
TOTAL REVENUE	<u>21,289</u>	<u>23,432</u>	<u>\$ 25,914</u>	<u>\$ 2,482</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 21,289</u>	<u>\$ 23,432</u>		
EXPENDITURES				
Current				
Instruction	\$ 21,289	\$ 21,289	\$ 19,971	\$ 1,318
Support Services				
School Administration	-	2,143	1,816	327
TOTAL EXPENDITURES	<u>\$ 21,289</u>	<u>\$ 23,432</u>	<u>\$ 21,787</u>	<u>\$ 1,645</u>

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 25,914
Differences budget to GAAP		
Prior Year receivable		(10,816)
Current Year receivable		6,689
Total Revenues (GAAP Basis)		<u>\$ 21,787</u>
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 21,787
Differences-budget to GAAP		
 Total Expenditures (GAAP Basis)		<u>\$ 21,787</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - HSTW -24180

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ 15,994	\$ 17,772	\$ 8,155	\$ (9,617)
TOTAL REVENUE	15,994	17,772	<u>8,155</u>	<u>(9,617)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ 15,994</u>	<u>\$ 17,772</u>		
EXPENDITURES				
Current				
Instruction	\$ 15,694	\$ 17,254	\$ 17,182	\$ 72
General Administration	300	518	518	-
School Administration	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 15,994</u>	<u>\$ 17,772</u>	<u>\$ 17,700</u>	<u>\$ 72</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 8,155
Differences budget to GAAP	
Prior Year Deferral	949
Current Year Receivable	8,596
Total Revenues (GAAP Basis)	<u>\$ 17,700</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 17,700
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 17,700</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - HSTW REDISTRIBUTION - 24182

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 11,480	\$ 4,183	\$ (7,297)
TOTAL REVENUE	<u>-</u>	<u>11,480</u>	<u>\$ 4,183</u>	<u>\$ (7,297)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 11,480</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 11,480	\$ 11,064	\$ 416
General Administration	-	-	-	-
School Administration	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 11,480</u>	<u>\$ 11,064</u>	<u>\$ 416</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 4,183
Differences budget to GAAP	
Prior Year Receivable	-
Current Year Receivable	6,881
Total Revenues (GAAP Basis)	<u>\$ 11,064</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 11,064
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 11,064</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - HEADSTART - 25127

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 179,461	\$ 181,657	\$ 2,196
TOTAL REVENUE	<u>-</u>	<u>179,461</u>	<u>\$ 181,657</u>	<u>\$ 2,196</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 179,461</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 141,137	\$ 141,137	\$ -
Support Services				
Students	-	-	-	-
Instruction	-	28,036	28,036	-
School Administration	-	-	-	-
Operation & Maintenance of Plant	-	8,368	8,368	-
Student Transportation	-	-	-	-
Food Service	-	1,920	1,920	-
Facilities Acquisition & Construction	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 179,461</u>	<u>\$ 179,461</u>	<u>\$ -</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 181,657
Differences budget to GAAP	
Prior Year Receivable	(31,168)
Current Year Receivable	28,972
Total Revenues (GAAP Basis)	<u>\$ 179,461</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 179,461
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 179,461</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - TITLE XIX MEDICAID 3 1/2 -25153

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 23,291	\$ 12,471	\$ (10,820)
TOTAL REVENUE	-	23,291	12,471	(10,820)
BUDGETED CASH BALANCE				
	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 23,291		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 7,600	\$ 7,597	\$ 3
Support Services				
Students	-	15,691	12,540	3,151
TOTAL EXPENDITURES	\$ -	\$ 23,291	\$ 20,137	\$ 3,154

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 12,471
Differences budget to GAAP		
Prior Year deferral		13,523
Current Year deferral		(5,857)
Total Revenues (GAAP Basis)		<u>\$ 20,137</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 20,137
Differences-budget to GAAP		
Total Expenditures (GAAP Basis)		<u>\$ 20,137</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - RURAL EDUCATION ACHIEVEMENT - 25233

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Federal Revenue	\$ -	\$ 36,922	\$ 35,295	\$ (1,627)
TOTAL REVENUE	-	36,922	<u>\$ 35,295</u>	<u>\$ (1,627)</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 36,922</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 36,922	\$ 36,598	\$ 324
Support Services	-	-	-	-
General Administration	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 36,922</u>	<u>\$ 36,598</u>	<u>\$ 324</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 35,295
Differences budget to GAAP	
Prior Year Deferral	1,813
Current Year Deferral	(510)
Total Revenues (GAAP Basis)	<u>\$ 36,598</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 36,598
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 36,598</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - DUAL CREDIT INSTRUCTIONAL MATERIALS 27103

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Revenue	\$ -	\$ 1,645	\$ 1,645	\$ -
TOTAL REVENUE	<u>-</u>	<u>1,645</u>	<u>\$ 1,645</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 1,645</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 1,645	\$ 1,645	\$ -
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 1,645</u>	<u>\$ 1,645</u>	<u>\$ -</u>

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

Sources/Inflows of Resources	
Actual amounts (budgetary basis)	\$ 1,645
Differences budget to GAAP	
Prior Year receivable	-
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ 1,645</u>
Uses/Outflows of Resources	
Actual amounts (budgetary basis)	\$ 1,645
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 1,645</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE - SCHOOL BUS REPLACEMENT- 27104

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Revenue				
State Revenue	\$ -	\$ 81,702	\$ 81,702	\$ -
Investment Income	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>81,702</u>	<u>\$ 81,702</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 81,702</u>		
EXPENDITURES				
Current				
Facilities and construction	\$ -	\$ 81,702	\$ 81,702	\$ -
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 81,702</u>	<u>\$ 81,702</u>	<u>\$ -</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 81,702
Differences budget to GAAP	
Prior Year receivable	-
Current Year receivable	-
Total Revenues (GAAP Basis)	<u>\$ 81,702</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 81,702
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 81,702</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - GO BONDS STUDENT LIBRARY FUND - 27105

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ -	\$ 3,297	\$ 3,297
TOTAL REVENUE	-	-	<u>\$ 3,297</u>	<u>\$ 3,297</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Support Services				
Instruction	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 3,297
Differences budget to GAAP	
Prior Year Receivable	(3,297)
Current Year Receivable	-
Total Revenues (GAAP Basis)	<u>\$ -</u>

Uses/Outflows of Resources

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

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - 2010 GO BONDS STUDENT LIBRARY- 27106

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 6,505	\$ 2,027	\$ (4,478)
TOTAL REVENUE	-	6,505	2,027	(4,478)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 6,505		
EXPENDITURES				
Current				
Support Services				
Instruction	\$ -	\$ 6,505	\$ 2,036	\$ 4,469
TOTAL EXPENDITURES	\$ -	\$ 6,505	\$ 2,036	\$ 4,469

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 2,027
Differences budget to GAAP	
Prior Year Receivable	-
Current Year Receivable	9
Total Revenues (GAAP Basis)	<u>\$ 2,036</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 2,036
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 2,036</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - FORMATIVE ASSESSMENTS - 27111

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 4,661	\$ 4,661	\$ -
TOTAL REVENUE	<u>-</u>	<u>4,661</u>	<u>\$ 4,661</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 4,661</u>		
EXPENDITURES				
Current				
Support Services				
Instruction	\$ -	\$ 4,661	\$ 4,661	\$ -
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 4,661</u>	<u>\$ 4,661</u>	<u>\$ -</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 4,661
Differences budget to GAAP	
Prior Year Receivable	-
Current Year Receivable	-
Total Revenues (GAAP Basis)	<u>\$ 4,661</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 4,661
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 4,661</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND TECHNOLOGY FOR EDUCATION- 27117

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Revenue	\$ -	\$ 6,543	\$ -	\$ (6,543)
TOTAL REVENUE	<u>\$ -</u>	<u>\$ 6,543</u>	<u>\$ -</u>	<u>\$ (6,543)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 6,543</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
Instruction	-	6,543	2,157	4,386
General Administration	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 6,543</u>	<u>\$ 2,157</u>	<u>\$ 4,386</u>

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ -
Differences budget to GAAP		
Prior Year deferral		6,543
Current Year deferral		(4,386)
Total Revenues (GAAP Basis)		<u>\$ 2,157</u>
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 2,157
Differences-budget to GAAP		
 Total Expenditures (GAAP Basis)		<u>\$ 2,157</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - BREAKFAST AFTER THE BELL - 27155

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 8,634	\$ 7,201	\$ (1,433)
TOTAL REVENUE	-	8,634	7,201	(1,433)
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 8,634		
EXPENDITURES				
Current				
Support Services				
Food Services	\$ -	\$ 8,634	\$ 6,486	\$ 2,148
TOTAL EXPENDITURES	\$ -	\$ 8,634	\$ 6,486	\$ 2,148

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 7,201
Differences budget to GAAP	
Prior Year Receivable	(715)
Current Year Receivable	-
Total Revenues (GAAP Basis)	\$ 6,486

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 6,486
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	\$ 6,486

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - SCIENCE INSTRUCIONAL MATERIALS - 27176

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Revenue	\$ -	\$ 10,129	\$ -	\$ (10,129)
TOTAL REVENUE	-	10,129	-	(10,129)
BUDGETED CASH BALANCE				
	-	-		
TOTAL REVENUE & CASH	\$ -	\$ 10,129		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 10,129	\$ 5,975	\$ 4,154
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ 10,129	\$ 5,975	\$ 4,154

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ -
Differences budget to GAAP		-
Prior Year receivable		-
Current Year deferral		5,975
Total Revenues (GAAP Basis)		\$ 5,975
Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 5,975
Differences-budget to GAAP		-
Total Expenditures (GAAP Basis)		\$ 5,975

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - STATE DIRECTED ACTIVITIES - 27200

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Revenue	\$ -	\$ -	\$ 26,962	\$ 26,962
TOTAL REVENUE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,962</u>	<u>\$ 26,962</u>
BUDGETED CASH BALANCE	-	-		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ -</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Sources/Inflows of Resources	
Actual amounts (budgetary basis)	\$ 26,962
Differences budget to GAAP	
Prior Year receivable	(26,939)
Current Year deferral	(23)
Total Revenues (GAAP Basis)	<u>\$ -</u>
Uses/Outflows of Resources	
Actual amounts (budgetary basis)	\$ -
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ -</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - SPECIAL REVENUE FUND - PRIVATE DIRECT GRANTS - 29102

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Aid	\$ -	\$ 26,464	\$ 17,637	\$ (8,827)
TOTAL REVENUE	<u>-</u>	<u>26,464</u>	<u>\$ 17,637</u>	<u>\$ (8,827)</u>
BUDGETED CASH BALANCE	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ -</u>	<u>\$ 26,464</u>		
EXPENDITURES				
Current				
Instruction	\$ -	\$ 18,576	\$ 15,338	\$ 3,238
Operation and Maintenance of Plant	-	7,888	-	7,888
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 26,464</u>	<u>\$ 15,338</u>	<u>\$ 11,126</u>

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

Sources/Inflows of Resources

Actual amounts (budgetary basis)	\$ 17,637
Differences budget to GAAP	
Prior Year deferral	8,388
Current Year deferral	(10,687)
Total Revenues (GAAP Basis)	<u>\$ 15,338</u>

Uses/Outflows of Resources

Actual amounts (budgetary basis)	\$ 15,338
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 15,338</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS

June 30, 2013

	BOND BUILDING FUND 31100	SPECIAL CAPITAL OUTLAY LOCAL 31300	SPECIAL CAPITAL OUTLAY STATE 31400	PSCO 20% 32100	COMBINED
ASSETS					
Cash on Deposit	\$ 173,797	\$ 36,073	\$ 4,250	\$ 749	\$ 214,869
Taxes receivable	-	-	-	-	-
Due from other Governments	-	-	-	-	-
Inventories	-	-	-	-	-
TOTAL ASSETS	\$ 173,797	\$ 36,073	\$ 4,250	\$ 749	\$ 214,869
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	20,000	-	-	-	20,000
TOTAL LIABILITIES	20,000	-	-	-	20,000
FUND BALANCE					
Fund Balance					
Nonspendable	-	-	-	-	-
Restricted	153,797	36,073	4,250	749	194,869
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCE	153,797	36,073	4,250	749	194,869
TOTAL LIABILITIES & FUND BALANCE	\$ 173,797	\$ 36,073	\$ 4,250	\$ 749	\$ 214,869

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS

Year Ended June 30, 2013

	BOND BUILDING FUND 31100	SPECIAL CAPITAL OUTLAY LOCAL 31300	SPECIAL CAPITAL OUTLAY STATE 31400	ED PSCO 20% 32100	COMBINED
REVENUES					
Federal Aid	\$ -	\$ -	\$ -	\$ -	\$ -
State Aid	-	-	-	-	-
Property Taxes	-	-	-	-	-
Local revenues	-	-	-	-	-
Interest	108	-	-	-	108
TOTAL REVENUES	108	-	-	-	108
EXPENDITURES					
Current					
Instruction	-	-	-	-	-
Support Services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Food Service	-	-	-	-	-
Facilities and construction	-	2,000	-	-	2,000
TOTAL EXPENDITURES	-	2,000	-	-	2,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	108	(2,000)	-	-	(1,892)
FUND BALANCE- JUNE 30, 2012	153,689	38,073	4,250	749	196,761
FUND BALANCE - JUNE 30, 2013	\$ 153,797	\$36,073	\$ 4,250	\$ 749	\$ 194,869

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - CAPITAL PROJECTS - BOND BUILDING FUND -31100

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Local Revenue				
Sale of Bonds	\$ -	\$ -	\$ 20,000	\$ 20,000
Other Local Income	-	-	-	-
Investment Income	400	400	108	(292)
TOTAL REVENUE	<u>400</u>	<u>400</u>	<u>\$ 20,108</u>	<u>\$ 19,708</u>
BUDGETED CASH BALANCE	<u>151,229</u>	<u>153,689</u>		
TOTAL REVENUE & CASH	<u>\$ 151,629</u>	<u>\$ 154,089</u>		
EXPENDITURES				
Current				
Facilities and construction	\$ 151,629	\$ 154,089	\$ -	\$ 154,089
TOTAL EXPENDITURES	<u>\$ 151,629</u>	<u>\$ 154,089</u>	<u>\$ -</u>	<u>\$ 154,089</u>

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ 20,108
Differences budget to GAAP		
Current Year deferral		(20,000)
Total Revenues (GAAP Basis)		<u>\$ 108</u>
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ -
Differences-budget to GAAP		
Current Year Accounts Payable		-
Total Expenditures (GAAP Basis)		<u>\$ -</u>

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

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES - BUDGET (NON-GAAP)
 AND ACTUAL - CAPITAL PROJECTS - SPECIAL CAPITAL OUTLAY LOCAL - 31300

Year Ended June 30, 2013

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Revenue				
Local Revenue	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	-	-
TOTAL REVENUE	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
BUDGETED CASH BALANCE	<u>36,214</u>	<u>38,073</u>		
TOTAL REVENUE & CASH	<u>\$ 36,214</u>	<u>\$ 38,073</u>		
EXPENDITURES				
Current				
Facilities and construction	\$ 36,214	\$ 38,073	\$ 2,000	\$ 36,073
TOTAL EXPENDITURES	<u>\$ 36,214</u>	<u>\$ 38,073</u>	<u>\$ 2,000</u>	<u>\$ 36,073</u>

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

Sources/Inflows of Resources		
Actual amounts (budgetary basis)		\$ -
Differences budget to GAAP		
Prior Year receivable		-
Current Year receivable		-
Total Revenues (GAAP Basis)		<u>\$ -</u>
 Uses/Outflows of Resources		
Actual amounts (budgetary basis)		\$ 2,000
Differences-budget to GAAP		
 Total Expenditures (GAAP Basis)		<u>\$ 2,000</u>

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

OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
LOVING MUNICIPAL SCHOOLS

FIDUCIARY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
For the year ended June 30, 2013

	<u>Balance June 30, 2012</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2013</u>
<u>ASSETS</u>				
High School	\$ 57,975	\$ 109,692	\$ 90,863	\$ 76,804
Middle School	6,796	15,560	16,500	5,856
Elementary School	21,525	58,316	48,492	31,349
Pooled Cash and Investments	<u>\$ 86,296</u>	<u>\$ 183,568</u>	<u>\$ 155,855</u>	<u>\$ 114,009</u>
<u>LIABILITIES</u>				
Deposits held for others	<u>\$ 86,296</u>	<u>\$ 183,568</u>	<u>\$ 155,855</u>	<u>\$ 114,009</u>

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS
 SCHEDULE OF PLEDGED COLLATERAL
 June 30, 2013

	Western Commerce Bank
Cash on Deposit at June 30, 2013	\$ 4,642,074
Less FIDC Coverage	<u>250,000</u>
Uninsured Funds	4,392,074
50% Collateral Requirement	<u>2,196,037</u>
Amount Requiring Pledged Collateral	2,196,037
Pledged Collateral	<u>2,386,259</u>
Excess of Pledged Collateral	<u>\$ 190,222</u>

Pledged collateral of financial institutions consists of the following at June 30, 2013

	<u>Maturity</u>	<u>CUSIP #</u>	<u>Amount</u>
Western Commerce Bank			
FNMA POOL # 796277	9/15/2015	31393MTT8	649,587
GNMA Pool #8321	9/15/2015	31393MTT8	99,419
GNMA Pool #8308	9/15/2015	31393MTT8	74,443
FNMA Pool #AH5857	9/15/2015	31393MTT8	1,140,648
SBAP Series 2003-20L Class 1	9/15/2015	31393MTT8	<u>422,162</u>
Total Western Bank			<u>\$ 2,386,259</u>

Pledged Securities are held by the Federal Home Loan Bank of Dallas in Dallas, TX.
 Safekeeping receipts are held by the authority.

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS
 CASH RECONCILIATION
 June 30, 2013

	<u>Beginning Cash</u>	<u>Adjustments</u>	<u>Receipts</u>	<u>Distributions</u>
Loving Municipal Schools				
Operational Account	\$ 1,285,501	\$ (3)	\$ 5,305,149	\$ (5,113,786)
Transportation	30,364	-	125,652	(154,575)
Instructional Materials	38,554	-	40,990	(18,574)
Food Services	172,241	-	450,024	(480,239)
Athletics	23,886	-	49,500	(38,527)
Federal Flowthrough	(165,447)	-	318,060	(275,029)
Federal Direct	(15,833)	-	229,423	(236,195)
Local Grants Fund	1,911	-	-	-
State Flowthrough	(22,007)	-	127,495	(104,662)
State Direct Fund	2	-	-	-
Local/State	24,281	-	17,637	(15,338)
Bond Building	153,689	-	20,108	-
Special Capital Outlay - Local	38,073	-	-	(2,000)
Special Capital Outlay - State	4,250	-	-	-
Capital Improvement SB-9	467,001	-	371,883	(279,845)
ED Tech Equipment	464,699	-	457,456	(85,703)
20% Capital Outlay	749	-	-	-
Debt Service	927,267	-	503,318	(722,850)
Debt Service Ed Tech	135,663	-	76,714	(104,415)
Student Activities	86,296	-	183,568	(155,855)
Total Loving Schools	\$ 3,651,140	\$ (3)	\$ 8,276,977	\$ (7,787,593)

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>
Loving Municipal Schools			
Operational	Checking	Western Commerce Bank	\$ 4,642,074
Investments	CD	NM State Treas	2,768
Total Loving Municipal Schools			\$ 4,644,842
Total Bank Balances			\$ 4,644,842
Reconciling Items			(504,321)
Report Balance			\$ 4,140,521

Other	Net Cash end of Period
\$ -	\$ 1,476,861
-	1,441
-	60,970
-	142,026
-	34,859
-	(122,416)
-	(22,605)
-	1,911
-	826
-	2
-	26,580
-	173,797
-	36,073
-	4,250
-	559,039
-	836,452
-	749
-	707,735
-	107,962
-	114,009
<u>\$ -</u>	<u>\$ 4,140,521</u>

STATE OF NEW MEXICO
 LOVING MUNICIPAL SCHOOLS
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2013

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Child Nutrition - Cluster:</u>			
<u>U.S. Department of Agriculture:</u>			
Pass-Through Program From:			
New Mexico Public Education Department			
USDA National School Lunch Program *	10.555	21000	<u>\$ 430,892</u>
Pass-Through Program From:			
New Mexico Human Service Department:			
USDA Commodities Program	10.550	21000	<u>29,729</u>
Total U.S. Department of Agriculture *			<u>460,621</u>
<u>U.S. Department of Education:</u>			
Pass-Through Programs From:			
New Mexico Public Education Department			
Title I	84.010	24101	83,930
IDEA-B Entitlement	84.027	24106	132,803
IDEA-B Preschool	84.173	24109	7,014
21st Century Learning Center	84.048	24119	-
IDEA Reallocation	84.027	24120	731
Enhanced Education Through Technology	84.318	24149	-
Title III ELA	84.365	24153	-
Title II	84.367	24154	21,787
Safe & Drug free Schools	84.186	24157	-
C Perkins HSTW	84.048	24180	17,700
C Perkins HSTW Redistribution	84.048	24182	11,064
Headstart	93.600	25127	179,461
Title XIX Medicaid	93.778	25153	20,137
Rural Education Achievement Program	84.358	25233	36,598
Education Job Fund	84.410	25255	-
State Directed Activities	84.391	27200	-
Total Pass Through Grants			<u>511,225</u>
			<u>\$ 971,846</u>

Total Federal Awards Expenditures

Note 1 - This schedule is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Note 2 - Non-Monetary assistance is reported in the schedule at the fair market value of the commodities received.

* Part of a cluster

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

INDEPENDENT AUDITOR'S REPORT

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Board of Education
Loving Municipal School
Loving, New Mexico

We have audited, 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, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparison of the general fund, of the Loving Municipal Schools as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise Loving Municipal Schools basic financial statements, and the combining and individual funds and related budgetary comparisons of Loving Municipal Schools presented as supplemental information, and have issued our report thereon dated October 11, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Loving Municipal School's internal control over financial reporting to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Loving Municipal School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Loving Municipal School'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 function, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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 significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations,

during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and questioned costs that we consider to be significant deficiencies, and are identified as 2013-01 and 2013-02.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Loving Municipal Schools financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclose one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2013-01 and 2013-02.

The Agency's Responses to Findings

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

Purpose of this Report

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



Ronny Fouts, CPA
Loving, New Mexico
October 11, 2013

RONNY FOUTS
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Hector Balderas, State Auditor
The Office of Management and budget and
Loving Municipal School and
Board of Education
Loving, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the Loving Municipal Schools' compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Loving Municipal School's major federal programs for the year ended June 30, 2013. Loving Municipal School'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 each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Loving Municipal Schools' 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 Loving Municipal School'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 on Loving Municipal School's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Loving Municipal School complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The management of Loving Municipal School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered Loving Municipal School's internal control over compliance with the types requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 Loving Municipal School's internal control over compliance.

A control deficiency in an entity's 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented, or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This 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.



Ronny Fouts, CPA
Melrose, New Mexico
October 11, 2013

STATE OF NEW MEXICO
LOVING MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2013

I. SUMMARY OF AUDITORS RESULTS:

Report on Financial Statements	Unqualified
Significant Deficiencies on GAGAS	One
Material Weakness involving Significant Deficiencies	None
Material Noncompliance	None
Questioned Cost	None
Type A & Type B dollar threshold	\$300,000
Entity Risk	Low Risk
Major Federal Program	Child Nutrition CFDA#10.555
Significant Deficiencies on Internal Control Over Major Programs	None
Report on Compliance with Major Programs	Unmodified
<u>II. FEDERAL PROGRAM FINDINGS:</u>	None

III. FINANCIAL STATEMENT FINDINGS:

III. SUMMARY OF PRIOR AUDIT FINDINGS:

2012-01 – Capital Assets Listing - Repeated

IV. CURRENT FINDINGS

2013-01 – Capital Assets Listing (Significant Deficiency

Condition

The district has failed to compile a detailed listing and depreciation schedule for capital assets. The district is in the process of completing a detailed listing. The district has other procedures in effect to provide amounts that are materially stated in the government wide statements.

Criteria

GASB requires that depreciation be recognized and a complete inventory of assets costing \$5,000 or more be compiled.

Cause

The employee that was designated to do the inventory of capital assets left the district without completing the requirements.

Effect

STATE OF NEW MEXICO
LOVING MUNICIPAL SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2013

The lack of a complete inventory of capital assets caused the district to be in violation of the requirements of State Auditor and GASB.

Recommendation

The district should designate an employee to complete the necessary inventory and comply with the requirements.

Response

The district has obtained software program and has designated another employee to perform the required steps to comply with the requirements. The district was in the process of complying with the requirements and had purchased the program to perform the necessary inventory and the employees designated to do this were in the process.

2013-02 – Audit Report Submitted Late (Significant Deficiency)

Condition: The audit report was not submitted to the New Mexico State Auditor's office by the due date of November 15, 2013.

Criteria: The New Mexico State Auditor requires public entities to submit their audit reports by November 15. If the reports are submitted late, it is considered to be an instance of noncompliance with subsection 2.2.2.2 (E) NMAC.

Cause: The audit was submitted before November 15, but because of changes required by the New Mexico State Auditor's Office, it could not be resubmitted by the due date.

Effect: Noncompliance with New Mexico State Auditor's Rule.

Recommendation: Complete and submit in a timely manner.

Response: None

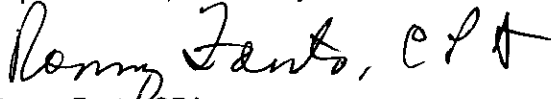
STATE OF NEW MEXICO
Loving Municipal Schools

Exit Conference
For the Year Ended June 30, 2013

The financial statements were prepared by Ronny Fouts, CPA with substantial assistance from District Personnel. I have determined that an audit finding is not required.

EXIT CONFERENCE

The contents of this report were discussed with Oralia Galindo, Business Manager, Vickie Connally, Finance Committee Member and School board member, Jessie Fuentes, Superintendent, and Ronny Fouts, CPA on October 11, 2013.



Ronny Fouts, CPA
Melrose, New Mexico
October 11, 2013