



STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**

**ANNUAL FINANCIAL REPORT**  
June 30, 2015

**De'Aun Willoughby CPA, PC**  
Certified Public Accountant  
Clovis, New Mexico



STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
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STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
Official Roster  
June 30, 2015

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**BOARD OF EDUCATION**

Ricky Fuentes	President
Vickie Connally	Vice-President
Eleanora Hernandez	Secretary
Francisco Chacon	Member
Olgo Onsurez	Member

**SCHOOL OFFICIALS**

Ann Lynn McIlroy	Superintendent
Oralia Galindo	Business Manager

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

## Independent Auditor's Report

Mr. Tim Keller  
State Auditor of the State of New Mexico  
Board Members of the Loving Municipal Schools

Mr. Keller and Members of the Board

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Loving Municipal School District (District), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, and the budgetary comparisons for the major capital projects, debt service 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, 2015, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2015 and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the District as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparisons for the major capital projects, debt service and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis 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 Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Vendor Schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

 CPA PC

Clovis, New Mexico  
October 28, 2015

## **FINANCIAL SECTION**



STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
 Government-Wide Statement of Net Position  
 June 30, 2015

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	Governmental Activities
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 3,646,180
Investments	1,650
Taxes Receivable	185,962
Due from Grantor	108,061
Inventory	7,552
Total Current Assets	<u>3,949,405</u>
Noncurrent Assets	
Capital Assets	26,254,692
Less: Accumulated Depreciation	<u>(10,892,406)</u>
Total Noncurrent Assets	<u>15,362,286</u>
Total Assets	<u>19,311,691</u>
Deferred Outflows of Resources	
Deferred Outflows Related to Pensions	486,430
Total Deferred Outflows of Resources	<u>486,430</u>
Liabilities	
Current Liabilities	
Accounts Payable	14,582
Accrued Salaries and Benefits	55,203
Accrued Interest	97,175
Compensated Absences	50,775
Current Portion Due of Long-Term Debt	725,000
Total Current Liabilities	<u>942,735</u>
Noncurrent Liabilities	
Bonds and Notes	5,235,000
Pension Liability	7,141,285
Total Noncurrent Liabilities	<u>12,376,285</u>
Total Liabilities	<u>13,319,020</u>
Deferred Inflows of Resources	
Deferred Inflows Related to Pensions	766,758
Total Deferred Inflows of Resources	<u>766,758</u>
Net Position	
Net Investment in Capital Assets	9,402,286
Restricted for:	
Capital Projects	2,239,119
Debt Service	0
Unrestricted	<u>(5,929,062)</u>
Total Net Position	<u>\$ 5,712,343</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
Government-Wide Statement of Activities  
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities</b>				
Instruction	\$ 4,640,257	65,470	\$ 500,905	\$ 0 \$ (4,073,882)
<b>Support Services</b>				
Students	497,011	18,858	66,837	0 (411,316)
Instruction	329,231	0	53,674	0 (275,557)
General Administration	278,840	0	3,700	0 (275,140)
School Administration	457,740	0	0	0 (457,740)
Central Services	116,679	0	0	0 (116,679)
Operation of Plant	970,377	0	11,105	16,456 (942,816)
Student Transportation	142,564	0	124,921	0 (17,643)
Other	5,237	0	0	0 (5,237)
Food Services Operations	455,389	5,361	413,733	0 (36,295)
Interest on Long-Term Obligations	212,500	0	0	0 (212,500)
<b>Total Governmental Activities</b>	<b>\$ 8,105,825</b>	<b>\$ 89,689</b>	<b>\$ 1,174,875</b>	<b>\$ 16,456 (6,824,805)</b>
<b>General Revenues</b>				
<b>Taxes</b>				
Property Taxes, Levied for General Purposes				90,981
Property Taxes, Levied for Capital Projects				368,049
Property Taxes, Levied for Debt Service				641,579
Federal and State aid not restricted to specific purpose				
General				5,088,741
Capital				0
Interest and investment earnings				4,596
Miscellaneous				106,064
Subtotal, General Revenues				<u>6,300,010</u>
Change in Net Position				<u>(524,795)</u>
Net Position - Beginning				13,654,647
Restatement				<u>(7,417,509)</u>
Restated Beginning Balance				<u>6,237,138</u>
Net Position - Ending				<u>\$ 5,712,343</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2015

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,030,059	\$ 26,726	\$ 91,648
Investments	1,650	0	0
Receivables			
Taxes	14,710	0	0
Due from Grantor	0	0	0
Interfund Balance	106,891	0	0
Inventory	0	0	0
Total Assets	<u>\$ 1,153,310</u>	<u>\$ 26,726</u>	<u>\$ 91,648</u>
<b>Liabilities</b>			
Accounts Payable	\$ 13,367	\$ 45	\$ 0
Accrued Salaries and Benefits	43,290	11,913	0
Interfund Balance	0	0	0
Current Portion Due			
Principal	0	0	0
Interest	0	0	0
Total Liabilities	<u>56,657</u>	<u>11,958</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	<u>10,536</u>	<u>0</u>	<u>0</u>
Total Inflow of Resources	<u>10,536</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Improvements	0	0	0
Debt Service	0	0	0
Unassigned	1,086,117	14,768	91,648
Total Fund Balances	<u>1,086,117</u>	<u>14,768</u>	<u>91,648</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,153,310</u>	<u>\$ 26,726</u>	<u>\$ 91,648</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2015

	Capital Projects		
	Bond Building 31100	Senate Bill Nine 31700	Debt Service 41000
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,004,762	\$ 945,200	\$ 84,462
Investments	0	0	0
Receivables			
Taxes	0	59,438	92,733
Due from Grantor	0	0	0
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 1,004,762</u>	<u>\$ 1,004,638</u>	<u>\$ 177,195</u>
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 0	\$ 0
Accrued Salaries and Benefits	0	0	0
Interfund Balance	0	0	0
Current Portion Due			
Principal	0	0	50,000
Interest	0	0	93,125
Total Liabilities	<u>0</u>	<u>0</u>	<u>143,125</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	0	42,573	66,951
Total Inflow of Resources	<u>0</u>	<u>42,573</u>	<u>66,951</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Improvements	1,004,762	962,065	0
Debt Service	0	0	0
Unassigned	0	0	(32,881)
Total Fund Balances	<u>1,004,762</u>	<u>962,065</u>	<u>(32,881)</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 1,004,762</u>	 <u>\$ 1,004,638</u>	 <u>\$ 177,195</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2015

	Ed Tech Debt Service 43000	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and Cash Equivalents	\$ 114,254	\$ 349,069	\$ 3,646,180
Investments	0	0	1,650
Receivables			
Taxes	19,081	0	185,962
Due from Grantor	0	108,061	108,061
Interfund Balance	0	0	106,891
Inventory	0	7,552	7,552
Total Assets	<u>\$ 133,335</u>	<u>\$ 464,682</u>	<u>\$ 4,056,296</u>
<b>Liabilities</b>			
Accounts Payable	\$ 0	\$ 1,170	\$ 14,582
Accrued Salaries and Benefits	0	0	55,203
Interfund Balance	0	106,891	106,891
Current Portion Due			
Principal	135,000	0	185,000
Interest	4,050	0	97,175
Total Liabilities	<u>139,050</u>	<u>108,061</u>	<u>458,851</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue	12,045	0	132,105
Total Inflow of Resources	<u>12,045</u>	<u>0</u>	<u>132,105</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	7,552	7,552
Restricted for:			
Special Revenue Funds	0	76,777	76,777
Capital Improvements	0	272,292	2,239,119
Debt Service	0	0	0
Unassigned	(17,760)	0	1,141,892
Total Fund Balances	<u>(17,760)</u>	<u>356,621</u>	<u>3,465,340</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 133,335</u>	 <u>\$ 464,682</u>	 <u>\$ 4,056,296</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
 Reconciliation of the Governmental Funds  
 Balance Sheet to the Statement of Net Position  
 June 30, 2015

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Total Fund Balance - Governmental Funds \$ 3,465,340

Amounts reported for governmental activities in the Statement of Net Position  
 are different because:

Property taxes receivable will be collected after the period  
 of availability, but are not available soon enough to pay for  
 the current period's expenditures, and therefore are  
 deferred in the funds. 132,105

Capital assets used in governmental activities are not  
 financial resources and therefore are not reported as  
 assets in governmental funds.

Capital Assets	\$ 26,254,692	
Accumulated Depreciation	<u>(10,892,406)</u>	15,362,286

Deferred Outflows and Inflows Related to Pensions are the  
 results of differences in expected and actual actuary  
 experience and the difference in actuary projected and  
 actual earnings. Also changes in proportion and differences  
 between contributions and proportionate share of  
 contributions.

Deferred Outflows Related to Pensions	486,430	
Deferred Inflows Related to Pensions	<u>(766,758)</u>	(280,328)

Long-term and certain other liabilities, including bonds  
 payable, are not due and payable in the current period and  
 therefore are not reported as liabilities in the funds. Long-  
 term and other liabilities at year end consist of :

Bond Payable	(5,235,000)	
Pension Liability	(7,141,285)	
Current Portion Due-Balance Sheet	185,000	
Current Portion Due of Long-Term Debt-GWFS	(725,000)	
Compensated Absences	<u>(50,775)</u>	<u>(12,967,060)</u>

Total Net Position - Governmental Activities \$ 5,712,343

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and Changes  
in Fund Balance  
For the Year Ended June 30, 2015

	General Fund		
	Operational	Transportation	Instructional
	11000	13000	Materials 14000
<b>Revenues</b>			
Property Taxes	\$ 89,494	\$ 0	\$ 0
Investment Income	4,596	0	0
Fees	17,414	0	0
State & Local Grants	5,086,768	124,921	41,549
Federal Grants	1,973	0	0
Miscellaneous	105,761	0	303
<b>Total Revenues</b>	<b>5,306,006</b>	<b>124,921</b>	<b>41,852</b>
<b>Expenditures</b>			
Current			
Instruction	3,283,271	0	30,382
Support Services			
Students	405,483	0	0
Instruction	273,202	0	0
General Administration	276,463	0	0
School Administration	454,613	0	0
Central Services	117,003	0	0
Operation of Plant	719,022	0	0
Student Transportation	0	134,778	0
Other	5,237	0	0
Food Service Operations	0	0	0
Capital Outlay	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
	0	0	0
<b>Total Expenditures</b>	<b>5,534,294</b>	<b>134,778</b>	<b>30,382</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(228,288)</b>	<b>(9,857)</b>	<b>11,470</b>
<b>Fund Balances at Beginning of Year</b>	<b>1,314,405</b>	<b>24,625</b>	<b>80,178</b>
Restatement	0	0	0
<b>Restated Beginning Fund Balance</b>	<b>1,314,405</b>	<b>24,625</b>	<b>80,178</b>
<b>Fund Balance End of Year</b>	<b>\$ 1,086,117</b>	<b>\$ 14,768</b>	<b>\$ 91,648</b>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and Changes  
in Fund Balance  
For the Year Ended June 30, 2015

	Capital Projects		
	Bond Building 31100	Senate Bill Nine 31700	Debt Service 41000
<b>Revenues</b>			
Property Taxes	\$ 0	\$ 362,103	\$ 511,563
Investment Income	0	0	0
Fees	0	0	0
State & Local Grants	0	16,456	0
Federal Grants	0	0	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<b>0</b>	<b>378,559</b>	<b>511,563</b>
<b>Expenditures</b>			
<b>Current</b>			
Instruction	0	56,893	0
<b>Support Services</b>			
Students	0	0	0
Instruction	0	0	0
General Administration	0	805	1,235
School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	213,028	0
Student Transportation	0	0	0
Other	0	0	0
Food Service Operations	0	0	0
Capital Outlay	21,895	11,462	0
<b>Debt Service</b>			
Principal	0	0	550,000
Interest	0	0	195,000
	0	0	0
<b>Total Expenditures</b>	<b>21,895</b>	<b>282,188</b>	<b>746,235</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(21,895)</b>	<b>96,371</b>	<b>(234,672)</b>
<b>Fund Balances at Beginning of Year</b>	<b>1,026,657</b>	<b>865,694</b>	<b>221,291</b>
Restatement	0	0	(19,500)
<b>Restated Beginning Fund Balance</b>	<b>1,026,657</b>	<b>865,694</b>	<b>201,791</b>
<b>Fund Balance End of Year</b>	<b>\$ 1,004,762</b>	<b>\$ 962,065</b>	<b>\$ (32,881)</b>

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and Changes  
in Fund Balance  
For the Year Ended June 30, 2015

	Ed Tech Debt Service 43000	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$ 117,007	\$ 0	\$ 1,080,167
Investment Income	0	0	4,596
Fees	0	72,275	89,689
State & Local Grants	0	164,643	5,434,337
Federal Grants	0	843,762	845,735
Miscellaneous	0	0	106,064
Total Revenues	<u>117,007</u>	<u>1,080,680</u>	<u>7,560,588</u>
<b>Expenditures</b>			
Current			
Instruction	0	716,462	4,087,008
Support Services			
Students	0	82,660	488,143
Instruction	0	55,822	329,024
General Administration	337	3,700	282,540
School Administration	0	0	454,613
Central Services	0	0	117,003
Operation of Plant	0	10,546	942,596
Student Transportation	0	0	134,778
Other	0	0	5,237
Food Service Operations	0	454,649	454,649
Capital Outlay	0	0	33,357
Debt Service			
Principal	165,000	0	715,000
Interest	17,500	0	212,500
	0	0	0
Total Expenditures	<u>182,837</u>	<u>1,323,839</u>	<u>8,256,448</u>
Excess (Deficiency) of Revenues Over Expenditures			
	<u>(65,830)</u>	<u>(243,159)</u>	<u>(695,860)</u>
Fund Balances at Beginning of Year			
Restatement	28,570	599,780	4,161,200
	19,500	0	0
Restated Beginning Fund Balance	<u>48,070</u>	<u>599,780</u>	<u>4,161,200</u>
Fund Balance End of Year	<u>\$ (17,760)</u>	<u>\$ 356,621</u>	<u>\$ 3,465,340</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
 Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 To the Statement of Activities  
 June 30, 2015

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Excess (Deficiency) of Revenues Over Expenditures \$ (695,860)

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

Some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead reported as deferred revenues. They are however, recorded as revenues in the Statement of Activities.

Property Taxes Receivable, June 30, 2014	\$ (111,663)	
Property Taxes Receivable, June 30, 2015	<u>132,105</u>	20,442

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

Depreciation expense	(597,061)	
Capital Outlays	<u>33,357</u>	(563,704)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal Paid for Bonds		715,000
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Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences, June 30, 2014	54,206	
Compensated Absences, June 30, 2015	<u>(50,775)</u>	3,431

Pension contributions are reported as expenses in the government funds but are deferred outflows in the Statement of Net Position. Pension expense is reported in the Statement of Activities but not in the governmental funds.

Pension Contributions	486,430	
Pension Expense	<u>(490,534)</u>	<u>(4,104)</u>

Changes in Net Position of Governmental Activities		<u>\$ (524,795)</u>
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The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
GENERAL FUND-OPERATIONAL-11000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 153,725	\$ 153,725	\$ 91,990	\$ (61,735)
Interest Income	0	0	4,596	4,596
Fees	0	0	17,414	17,414
State Grant	5,047,255	5,047,255	5,086,768	39,513
Federal Grant	0	237	1,973	1,736
Miscellaneous	0	0	105,761	105,761
Total Revenues	<u>5,200,980</u>	<u>5,201,217</u>	<u>5,308,502</u>	<u>107,285</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	2,228,572	2,248,572	2,148,769	99,803
Employee Benefits	995,200	1,029,900	903,016	126,884
Professional & Tech Services	62,500	65,000	38,136	26,864
Purchased Services	38,000	41,611	37,994	3,617
Supplies	206,500	211,133	102,528	108,605
Supply Assets	100,000	150,000	61,843	88,157
Total Instruction	<u>3,630,772</u>	<u>3,746,216</u>	<u>3,292,286</u>	<u>453,930</u>
<b>Support Services</b>				
<b>Students</b>				
Personnel Services	186,076	192,976	164,415	28,561
Employee Benefits	85,115	85,115	67,124	17,991
Professional & Tech Services	235,500	270,500	179,027	91,473
Purchased Services	2,500	2,500	0	2,500
Supplies	10,000	10,000	1,046	8,954
Supply Assets	75,000	75,000	0	75,000
Total Students	<u>594,191</u>	<u>636,091</u>	<u>411,612</u>	<u>224,479</u>
<b>Instruction</b>				
Personnel Services	187,695	187,695	187,084	611
Employee Benefits	58,706	58,706	56,541	2,165
Professional & Tech Services	2,000	2,000	0	2,000
Supplies	26,500	26,500	23,301	3,199
Supply Assets	50,000	50,000	0	50,000
Total Instruction	<u>324,901</u>	<u>324,901</u>	<u>266,926</u>	<u>57,975</u>
<b>General Administration</b>				
Personnel Services	134,365	143,865	143,636	229
Employee Benefits	52,865	52,965	47,700	5,265
Professional & Tech Services	97,531	107,531	67,617	39,914
Purchased Services	29,000	29,000	12,214	16,786
Supplies	10,500	10,500	6,926	3,574
Supply Assets	25,000	25,000	0	25,000
Total General Administration	<u>\$ 349,261</u>	<u>\$ 368,861</u>	<u>\$ 278,093</u>	<u>\$ 90,768</u>

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
GENERAL FUND-OPERATIONAL-11000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
School Administration				
Personnel Services	\$ 320,000	\$ 320,000	\$ 309,748	\$ 10,252
Employee Benefits	137,215	139,215	132,138	7,077
Professional & Tech Services	13,800	13,800	8,060	5,740
Supplies	15,000	15,000	7,775	7,225
Supply Assets	25,000	25,000	0	25,000
Total School Administration	<u>511,015</u>	<u>513,015</u>	<u>457,721</u>	<u>55,294</u>
Central Services				
Personnel Services	84,390	84,390	83,673	717
Employee Benefits	26,065	33,935	31,148	2,787
Professional & Tech Services	6,600	6,600	1,936	4,664
Purchased Services	2,500	2,500	0	2,500
Supplies	4,000	4,000	304	3,696
Supply Assets	25,000	25,000	0	25,000
Total Central Services	<u>148,555</u>	<u>156,425</u>	<u>117,061</u>	<u>39,364</u>
Operation of Plant				
Personnel Services	252,850	252,850	242,244	10,606
Employee Benefits	151,375	151,375	120,697	30,678
Professional & Tech Services	1,000	1,000	732	268
Purchased Property Services	210,000	210,000	162,412	47,588
Purchased Services	147,500	148,500	148,038	462
Supplies	20,000	30,000	31,991	(1,991)
Supply Assets	13,886	18,886	586	18,300
Total Operation of Plant	<u>796,611</u>	<u>812,611</u>	<u>706,700</u>	<u>105,911</u>
Other Support Service				
Professional & Tech Services	11,227	11,227	5,237	5,990
Total Other Support Service	<u>11,227</u>	<u>11,227</u>	<u>5,237</u>	<u>5,990</u>
Total Support Services	<u>2,735,761</u>	<u>2,823,131</u>	<u>2,243,350</u>	<u>579,781</u>
Total Expenditures	<u>6,366,533</u>	<u>6,569,347</u>	<u>5,535,636</u>	<u>1,033,711</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,165,553)	\$ (1,368,130)	(227,134)	\$ 1,140,996

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
GENERAL FUND-OPERATIONAL-11000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Cash Balance Beginning of Year	<u>1,365,734</u>	<u>1,365,734</u>	<u>1,365,734</u>	<u>0</u>
Cash Balance End of Year	\$ <u><u>200,181</u></u>	\$ <u><u>(2,396)</u></u>	\$ <u><u>1,138,600</u></u>	\$ <u><u>1,140,996</u></u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (227,134)	
Net Change in Taxes Receivable			(1,008)	
Net Change in Accounts Payable			1,491	
Net Change in Accrued Salaries & Benefits			(149)	
Net Change in Unavailable Revenue			<u>(1,488)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u><u>(228,288)</u></u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
GENERAL FUND-TRANSPORTATION-13000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 119,886	\$ 124,921	\$ 124,921	\$ 0
Total Revenues	<u>119,886</u>	<u>124,921</u>	<u>124,921</u>	<u>0</u>
<b>Expenditures</b>				
<b>Support Services</b>				
<b>Student Transportation</b>				
Personnel Services	70,921	73,921	69,128	4,793
Employee Benefits	17,520	20,520	20,818	(298)
Professional & Tech Services	500	500	16	484
Purchased Property Services	7,745	16,477	10,574	5,903
Purchased Services	1,700	1,700	1,260	440
Supplies	21,500	25,500	10,096	15,404
Other	0	0	13,696	(13,696)
Total Student Transportation	<u>119,886</u>	<u>138,618</u>	<u>125,588</u>	<u>13,030</u>
Total Support Services	<u>119,886</u>	<u>138,618</u>	<u>125,588</u>	<u>13,030</u>
Total Expenditures	<u>119,886</u>	<u>138,618</u>	<u>125,588</u>	<u>13,030</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(13,697)	(667)	13,030
Cash Balance Beginning of Year	<u>27,393</u>	<u>27,393</u>	<u>27,393</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 27,393</u>	<u>\$ 13,696</u>	<u>\$ 26,726</u>	<u>\$ 13,030</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (667)	
Net Change in Accounts Payable			2,723	
Net Change in Accrued Salaries & Benefits			(11,913)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (9,857)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
GENERAL FUND-INSTRUCTIONAL MATERIALS-14000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 41,550	\$ 41,550	\$ 41,549	\$ (1)
Other	0	0	303	303
Total Revenues	<u>41,550</u>	<u>41,550</u>	<u>41,852</u>	<u>302</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	107,122	121,728	30,382	91,346
Total Instruction	<u>107,122</u>	<u>121,728</u>	<u>30,382</u>	<u>91,346</u>
Total Expenditures	<u>107,122</u>	<u>121,728</u>	<u>30,382</u>	<u>91,346</u>
Excess (Deficiency) of Revenues Over Expenditures	(65,572)	(80,178)	11,470	91,648
Cash Balance Beginning of Year	<u>80,178</u>	<u>80,178</u>	<u>80,178</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 14,606</u>	<u>\$ 0</u>	<u>\$ 91,648</u>	<u>\$ 91,648</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 11,470	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 11,470</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
Statement of Fiduciary Assets and Liabilities-Agency Funds  
June 30, 2015

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	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ <u>115,108</u>
Total Assets	\$ <u><u>115,108</u></u>
Liabilities	
Deposits Held for Others	\$ <u>115,108</u>
Total Liabilities	\$ <u><u>115,108</u></u>

The notes to the financial statements are an integral part of this statement.



### **Summary of Significant Accounting Policies**

The financial statements of the Loving Municipal School District (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.

### **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 governmental 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. 14 as other legally separate organizations for which the elected District members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

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

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

### **Governmental Funds**

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

General Fund - The General Fund 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 specified purposes.

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

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

***Fiduciary Fund Type***

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

The Student Activity Fund, an 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 organizations.

**Major Funds**

The District reports the following major governmental funds:

**General Fund (11000)(13000)(14000).**The General Fund consist 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 text books for students in the District.

**Bond Building (31100).** The revenues are derived from a School Building Bond Issue. The expenditures are restricted to major capital improvements.

**Senate Bill Nine (31700).** The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements, repairs and maintenance, supplies and supply assets used in the upkeep of the facilities.

**Debt Service Fund (41000).** To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

**Ed Tech Debt Service (43000).** To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest for the retirement of technology bonds. The resources of this fund are generated by a tax levy based upon property values.

**Measurement Focus and Basis of Accounting**

***Government-Wide Financial Statements (GWFS)***

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include: 1) charges for services to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions, Transportation, Food Service, Special Revenue Funds such as special education as well as others., and 3) program specific capital grants and contributions.

***Fund Financial Statements (FFS)***

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the district-wide financial statements.

Revenues

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

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

Revenue Recognition for Grants.

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

1. Required characteristics of recipients. The recipient has the characteristics specified by the provider (are required to be school districts).
2. Time requirements. Time requirements specified by enabling legislation or the provider have been met (period when the resources are required to be used).
3. Reimbursements. The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program.
4. Contingencies. The providers offer of resources is contingent upon 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 the underlying events occur.

Basis of Budgeting

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

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

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

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1st. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 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 to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBFAU.
7. Legal budget control for expenditures is by function.

8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

#### Cash and Cash Equivalents

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

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

#### Investments

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

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

#### 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 Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in 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 consists 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 District-wide and fund financial statements.

Capital Assets

Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, 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 payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital 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 GASB Statement No. 34 the amortization of the costs of bonds will be amortized prospectively from the date of adoption of GASB Statement No. 34.

#### Restricted Net Position

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

#### Fund Balances of Fund Financial Statements

Nonspendable fund balance indicates that portion of fund equity is not spendable such as inventory.

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resources providers, or through enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual amount that is not restricted or committed.

#### Interfund Transfers

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

#### Deferred Inflows

The District reports deferred revenues on its Statement of Net Position and Fund Balance Sheet. Deferred Inflows arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for deferred inflows is removed from the combined balance sheet and the revenue is recognized. Deferred Inflows 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 end.

#### 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. 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 if both the

- (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 or some other means, such as cash payments at termination or retirement.

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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.

**A. Deposits and Investments**

The District is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

<u>Name of Account</u>	Balance Per Bank 6/30/15	Reconciled Balance	<u>Type</u>
General Fund Account	\$ 4,298,737	\$ 3,761,138	Interest
Total Deposited	4,298,737	<u>3,761,138</u>	Checking
Less: FDIC Coverage	(250,000)		
Uninsured Amount	4,048,737		
50% collateral requirement	2,024,369		
Pledged securities	2,949,263		
Over (Under) requirement	<u>\$ 924,894</u>		

There is \$150 cash on hand.

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

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

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FNMA Pool # 796277	31405QUA4	\$ 450,410.40	12/01/2034	FHLB, Dallas
GNMA Pool #8321	36202KG66	49,326.98	02/20/2018	Texas
GNMA Pool #8308	36202KGR0	27,953.95	01/20/2018	
FNMA Pool #AH5857	3138A7QK7	890,174.69	02/01/2041	
SBAP Series 2003-20L	83162CNK5	198,257.79	12/01/2023	
FNMA Pool #604975	31388HCL1	164,999.44	09/01/2031	
GNMA Pool #8350	36202KH32	82,988.66	01/20/2024	
SBAP Series 2004-20J	83162CPB3	185,230.82	10/01/2024	
FHLMC Pool #G18471	3128MMQZ9	899,919.98	07/01/2025	
		<u>\$ 2,949,263</u>		



**Custodial Credit Risk-Deposits**

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank in District's name	2,949,263
Uninsured or under collateralized	<u>1,099,474</u>
Total Deposits	<u>\$ 4,298,737</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 policy for custodial credit risk. As of June 30, 2015 \$1,099,474 of the District's balance of \$4,298,737 was exposed to custodial risk.

**New Mexico State Treasurer**

<u>Name of Account</u>	<u>Balance Per Bank 6/30/15</u>	<u>Reconciled Balance</u>	<u>Type</u>
Loving Municipal Schools	\$ 1,650	\$ 1,650	Investment
Total Deposited	<u>\$ 1,650</u>	<u>\$ 1,650</u>	

GASB Statement No. 40, Deposit and Investment Risk Disclosures, relates to how deposits and investments are reported in the annual financial statements of governmental entities. GASB Statement No. 40 disclosures inform financial statement users about deposit and investment risks that could affect a government's ability to provide services and meet its obligations as they become due. GASB Statement No. 40 requires governments to disclose deposit and investment risks related to credit risk (including custodial credit risk), concentration of credit risk, interest rate risk, and foreign currency risk. The State Treasurer's Office provides the following information regarding the LGIP:

1. With respect to credit risk, the LGIP, a government investment pool, is rated AAAM by Standard & Poor's. Therefore, the LGIP reports AAAM for credit risk. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.
2. GASB Statement No. 40 defines concentration of credit risk as investments of more than 5% in any one issuer. External investment pools, such as the LGIP, are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure. However, our investment portfolio is posted on the State Treasurer's Office website, [www.nmsto.gov](http://www.nmsto.gov), and available for review by participants at any time.
3. GASB Statement No. 40 defines interest rate risk as the risk that interest rate variations may adversely affect the fair value of an investment. According to GASB Statement No. 40, an acceptable method for reporting interest rate risk is weighted average maturity ("WAM"). The State Treasurer's Office uses this method for reporting purposes for the LGIP. The WAM of the LGIP is identified on the monthly LGIP investment report found on the State Treasurer's Office website at [www.nmsto.org](http://www.nmsto.org). As of June 30, 2015, the LGIP WAM(R) is 54.6 days and WAM(F) is 77.7 days.
4. Finally, with respect to foreign currency risk, all investments in the LGIP are in U.S. dollar denominated assets. Therefore, the LGIP has no foreign currency risk.

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**B. Receivables**

Following is a schedule of property taxes receivable as of June 30, 2015:

	<u>General Fund</u>	<u>Senate Bill Nine 31700</u>	<u>Debt Service 41000</u>	<u>Ed Tech Debt Service 43000</u>
Property Tax				
Available	\$ 4,174	\$ 16,865	\$ 25,782	\$ 7,036
Unavailable	10,536	42,573	66,951	12,045
Total Property Taxes Receivable	<u>\$ 14,710</u>	<u>\$ 59,438</u>	<u>\$ 92,733</u>	<u>\$ 19,081</u>

Amounts due from other agencies and units of government were as follows as of June 30, 2015:

	<u>Other Governmental</u>
Federal Agencies	\$ 63,382
State Agencies	44,679
Total	<u>\$ 108,061</u>

**C. Interfund Receivables, Payables and Transfers**

Interfund balances during the year ending June 30, 2015 were as follows:

Due to General Fund from:	
Other Governmental Funds	\$ 106,891
Totals	<u>\$ 106,891</u>

Short term loans from the General Fund to the above fund were to cover costs during the year until the grant revenue is received, the loans will be repaid within one year.

**D. Capital Assets**

Capital Assets Balances and Activity for the Year Ended June 30, 2015, is as follows:

	<u>Balance 6/30/14</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/15</u>
<b>Governmental Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 10,000	\$ 0	\$ 0	\$ 10,000
Total Capital Assets not being Depreciated	<u>\$ 10,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,000</u>
Capital Assets, being Depreciated				
Buildings & Improvements	\$ 24,385,245	\$ 21,896	\$ 0	\$ 24,407,141
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	1,826,089	11,462	0	1,837,551
Total Capital Assets, being Depreciated	<u>26,211,335</u>	<u>33,358</u>	<u>0</u>	<u>26,244,692</u>
Total Capital Assets	<u>\$ 26,221,335</u>	<u>\$ 33,358</u>	<u>\$ 0</u>	<u>\$ 26,254,692</u>

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**Less Accumulated Depreciation**

Buildings & Improvements	\$	8,889,973	\$	526,343	\$	0	\$	9,416,316
Equipment, Vehicles, Information Technology Equipment, Software & Library Books		<u>1,405,372</u>		<u>70,718</u>		<u>0</u>		<u>1,476,090</u>
Total Accumulated Depreciation		<u>10,295,345</u>		<u>597,061</u>		<u>0</u>		<u>10,892,406</u>
Capital Assets, net	\$	<u>15,925,990</u>	\$	<u>(563,703)</u>	\$	<u>0</u>	\$	<u>15,362,286</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$	550,636
Support Services-Students		4,657
Support Services-General Administration		5,440
Operation & Maintenance of Plant		27,114
Student Transportation		8,170
Food Services Operations		1,044
Total Depreciation Expenses	\$	<u>597,061</u>

**E. Long-Term Liabilities and Other Liabilities**

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

	Balance 6/30/14	Additions	Reductions	Balance 6/30/15	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 6,650,000	\$ 0	\$ 690,000	\$ 5,960,000	\$ 725,000
Total Bonds	<u>\$ 6,650,000</u>	<u>\$ 0</u>	<u>\$ 690,000</u>	<u>\$ 5,960,000</u>	<u>\$ 725,000</u>
Other Liabilities					
Compensated					
Absences	\$ 54,206	\$ 51,521	\$ 54,952	\$ 50,775	\$ 50,775
Total Other	<u>\$ 54,206</u>	<u>\$ 51,521</u>	<u>\$ 54,952</u>	<u>\$ 50,775</u>	<u>\$ 50,775</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.

General Obligation Bonds.

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

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Issue	Original Amount	Interest Rate	Balance
01/15/08	3,000,000	4%	\$ 1,800,000
08/01/08	2,500,000	4%	2,450,000
07/15/13	1,000,000	2%	1,000,000
06/15/13	500,000	2%	270,000
07/15/11	465,000	2%	440,000
			<u>\$ 5,960,000</u>

The annual requirements to amortize the bonds as of June 30, 2015, including interest payments are as follows:

	Principal	Interest	Total
2015	\$ 725,000	\$ 200,125	\$ 925,125
2016	935,000	174,525	1,109,525
2017	1,000,000	144,750	1,144,750
2018	600,000	114,500	714,500
2019	700,000	89,250	789,250
2020-2024	2,000,000	141,625	2,141,625
Total	<u>\$ 5,960,000</u>	<u>\$ 864,775</u>	<u>\$ 6,824,775</u>

Reconciliation of Long-Term Debt disclosed in Notes to the Long-Term Debt reported in the Statement of Net Position.

Balance in the Notes	\$ 5,960,000
Statement of Net Position	<u>\$ 5,960,000</u>
Government Wide Statements	
Amount Reported as Current Amount Due	\$ 725,000
Amount Reported as Long-Term Due	<u>5,235,000</u>
Statement of Net Position	<u>\$ 5,960,000</u>

**F. Commitments**

The District is involved in small renovations and repairs campus wide.

**G. Retirement Plan**

**Summary of Significant Accounting Policies**

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

**General Information about the Pension Plan**

Plan description. ERB was created by the state's Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates.

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at [www.nmerb.org](http://www.nmerb.org).

Benefits provided. A member's retirement benefit is determined by a formula which includes three component parts: the member's final average salary (FAS), the number of years of service credit, and a 0.0235 multiplier. The FAS is the average of the member's salaries for the last five years of service or any other consecutive five-year period, whichever is greater. A brief summary of Plan coverage provisions follows:

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and earned service credit add up to the sum of 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member's age and earned service credit add up to the sum of 80 or more; the member is at least sixty-seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor's benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$486,430 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the District reported a liability of \$7,141,285 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the District proportion was .12540 percent, which was a decrease of .00024 percent from its proportion measured as of June 30, 2013.

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For the year ended June 30, 2015, the District recognized pension expense of \$490,534. At the June 30, 2015, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 106,382
Changes of assumptions	0	0
Net difference between projected and actual earnings on pension plan investments	0	649,187
Changes in proportion and differences between the District's contributions and proportionate share of contributions	0	11,189
District's contributions subsequent to the measurement date	486,430	0
Total	\$ <u>486,430</u>	\$ <u>766,758</u>

\$486,430 reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (203,117)
2017	(203,117)
2018	(198,218)
2019	(162,306)
Total	\$ <u>(766,758)</u>

Actuarial assumptions. As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. Specifically, the liabilities measured as of June 30, 2014 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.10% during the fiscal year ending June 30, 2014 and 10.7% thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.

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4. These assumptions were adopted by ERB on April 26, 2013 in conjunction with the six-year experience study period ending June 30, 2012.

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contribution rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increases	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	90% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2014 using Scale AA (one year setback for females)

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2014 and 2013 for 30- year return assumptions are summarized in the following table:

Asset Class	2014	2013
	Long-Term Expected Real Rate of Return	Long-Term Expected Real Rate of Return
Cash	1.50%	75.00%
Treasuries	2.00%	1.00%
IG Corp Credit	3.50%	3.00%
MBS	2.25%	2.50%
Core Bonds	2.53%	2.04%
TIPS	2.50%	1.50%
High Yield Bonds	4.50%	5.00%
Bank Loans	5.00%	5.00%



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Global Bonds (Unhedged)	1.25%	75.00%
Global Bonds (Hedged)	1.38%	93.00%
EMD External	5.00%	4.00%
EMD Local Currency	5.75%	5.00%
Large Cap Equities	6.25%	6.75%
Small/Mid Cap	6.25%	7.00%
International Equities (Unhedged)	7.25%	7.75%
International Equities (Hedged)	7.50%	8.00%
Emerging International Equities	9.50%	9.75%
Private Equity	8.75%	9.00%
Private Debt	8.00%	8.50%
Private Real Assets	7.75%	8.00%
Real Estate	6.25%	6.00%
Commodities	5.00%	5.00%
Hedge Funds Low Vol	5.50%	4.75%
Hedge Funds Mod Vol	5.50%	6.50%

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2014 and June 30, 2013. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB's defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2014. In particular, the table presents the Districts' net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The Districts' proportionate share of the net pension liability	\$ 9,716,542	\$ 7,141,284	\$ 4,990,332

**Pension plan fiduciary net position.** Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2014 and 2013 which are publicly available at [www.nmerb.org](http://www.nmerb.org).

**Payables to the pension plan.** Employers should disclose the amount of payables to the Plan with a description of what gave rise to the payable per GASB Statement 68, paragraphs 122 and 124.

**H. Retiree Health Care**

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

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statutes 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, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$71,764, \$68,999 and \$68,299 respectively, which equal the required contributions for each year.

**I. Reconciliation of Budgetary Basis to GAAP Basis Statements**

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are presented on each individual Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

The reconciliation of budgetary basis to GAAP basis statements are located at the bottom of each budget actual.

**J. Risk Management**

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

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

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

**K. Joint Powers Agreements**

The Loving Municipal School District is part of a joint powers agreement with the Regional Education Cooperative #8 (REC). A regional cooperative center that operates as an agency for four school districts and provides cooperative services as its primary service. The school districts include, Loving, Dexter Hagerman and Lake Arthur.

The purpose of the agreement is to provide supplementary special education services to local education agencies utilizing federal PL 94-142 funds.

The agreement is to remain in effect until the end of any fiscal year during which the school gives notice of intent to terminate.

The financial statements for the REC were prepared by an IPA. The audit report is available at the Regional Education Cooperative #8 Pecos Valley, 2218 West Grande Ave., Artesia, NM 88211-0155.

**L. Subsequent Events**

Subsequent events were evaluated through October 28, 2015 which is the date the financial statements were available to be issued.

**M. Budget Violations**

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

The following funds had budget violations as of June 30, 2014.

	<u>Original</u>		<u>Final</u>		<u>Actual</u>		<u>Variance</u>
<u>Major Funds</u>							
Bond Building (31100)							
Professional & Tech Services \$	0	\$	0	\$	21,895	\$	(21,895)
<u>Non-Major Funds</u>							
Food Service	421,328		421,328		425,174		(3,846)

**N. Restatement**

The fund balance for Debt Service 41000 was restated by (19,500) and the fund balance for Ed Tech Debt Service was restated for 19,500 for current amount of interest due.

Net Position was restated \$(7,417,509) for pension liability balance at the end of the prior year.

**SUPPLEMENTAL INFORMATION RELATED TO  
MAJOR FUNDS**

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SPECIAL REVENUE FUND-BOND BUILDING-31100  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Interest Income	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
<b>Capital Outlay</b>				
Professional & Tech Services	0	0	21,895	(21,895)
Total Capital Projects	<u>0</u>	<u>0</u>	<u>21,895</u>	<u>(21,895)</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>21,895</u>	<u>(21,895)</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(21,895)	(21,895)
Cash Balance Beginning of Year	<u>1,026,657</u>	<u>1,026,657</u>	<u>1,026,657</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,026,657</u>	<u>\$ 1,026,657</u>	<u>\$ 1,004,762</u>	<u>\$ (21,895)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (21,895)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (21,895)</u>	

The notes to the financial statements are an integral part of this statement.

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**LOVING MUNICIPAL SCHOOLS**  
 CAPITAL PROJECT FUND-SENATE BILL NINE-31700  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 578,038	\$ 578,038	\$ 372,046	\$ (205,992)
State Grant	0	16,045	16,456	411
Total Revenues	<u>578,038</u>	<u>594,083</u>	<u>388,502</u>	<u>(205,581)</u>
<b>Expenditures</b>				
<b>Support Services</b>				
General Administration				
Professional & Tech Services	<u>5,500</u>	<u>5,000</u>	<u>805</u>	<u>4,195</u>
Total General Administration	<u>5,500</u>	<u>5,000</u>	<u>805</u>	<u>4,195</u>
Total Support Services	<u>5,500</u>	<u>5,000</u>	<u>805</u>	<u>4,195</u>
<b>Capital Outlay</b>				
Purchased Property Services	810,000	835,940	176,957	658,983
Supplies	175,000	175,000	85,359	89,641
Fixed Assets	417,649	417,649	11,462	406,187
Supply Assets	0	0	8,314	(8,314)
Total Capital Outlay	<u>1,402,649</u>	<u>1,428,589</u>	<u>282,092</u>	<u>1,146,497</u>
Total Expenditures	<u>1,408,149</u>	<u>1,433,589</u>	<u>282,897</u>	<u>1,150,692</u>
Excess (Deficiency) of Revenues Over Expenditures	(830,111)	(839,506)	105,605	945,111
Cash Balance Beginning of Year	<u>839,595</u>	<u>839,595</u>	<u>839,595</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 9,484</u>	<u>\$ 89</u>	<u>\$ 945,200</u>	<u>\$ 945,111</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 105,605	
Net Change in Taxes Receivable			(9,944)	
Net Change in Accounts Payable			710	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 96,371</u>	

The notes to the financial statements are an integral part of this statement.

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DEBT SERVICE-41000

Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 764,500	\$ 764,500	\$ 516,538	\$ (247,962)
Total Revenues	<u>764,500</u>	<u>764,500</u>	<u>516,538</u>	<u>(247,962)</u>
Expenditures				
Support Services				
General Administration				
Professional & Tech Services	4,312	4,312	1,235	3,077
Total General Administration	<u>4,312</u>	<u>4,312</u>	<u>1,235</u>	<u>3,077</u>
Total Support Service	<u>4,312</u>	<u>4,312</u>	<u>1,235</u>	<u>3,077</u>
Debt Service				
Principal	550,000	550,000	550,000	0
Interest	214,500	214,500	214,500	0
Total Debt Service	<u>764,500</u>	<u>764,500</u>	<u>764,500</u>	<u>0</u>
Total Expenditures	<u>768,812</u>	<u>768,812</u>	<u>765,735</u>	<u>3,077</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,312)	(4,312)	(249,197)	(244,885)
Cash Balance Beginning of Year	<u>333,659</u>	<u>333,659</u>	<u>333,659</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 329,347</u>	<u>\$ 329,347</u>	<u>\$ 84,462</u>	<u>\$ (244,885)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (249,197)	
Net Change in Taxes Receivable			(4,975)	
Net Change in Interest			19,500	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (234,672)</u>	

The notes to the financial statements are an integral part of this statement.



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**LOVING MUNICIPAL SCHOOLS**  
DEBT SERVICE-ED TECH-43000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 158,875	\$ 158,875	\$ 136,595	\$ (22,280)
Total Revenues	<u>158,875</u>	<u>158,875</u>	<u>136,595</u>	<u>(22,280)</u>
Expenditures				
Support Services				
General Administration	857	857	337	520
Total General Administration	<u>857</u>	<u>857</u>	<u>337</u>	<u>520</u>
Total Support Service	<u>857</u>	<u>857</u>	<u>337</u>	<u>520</u>
Debt Service				
Principal	140,000	140,000	140,000	0
Interest	<u>18,875</u>	<u>18,875</u>	<u>18,875</u>	<u>0</u>
Total Debt Service	<u>158,875</u>	<u>158,875</u>	<u>158,875</u>	<u>0</u>
Total Expenditures	<u>159,732</u>	<u>159,732</u>	<u>159,212</u>	<u>520</u>
Excess (Deficiency) of Revenues Over Expenditures	(857)	(857)	(22,617)	(21,760)
Cash Balance Beginning of Year	<u>136,871</u>	<u>136,871</u>	<u>136,871</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 136,014</u>	<u>\$ 136,014</u>	<u>\$ 114,254</u>	<u>\$ (21,760)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (22,617)	
Net Change in Taxes Receivable			(19,588)	
Net Change in Principal			(25,000)	
Net Change in Interest			1,375	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (65,830)</u>	

The notes to the financial statements are an integral part of this statement.

**SUPPLEMENTAL INFORMATION RELATED TO  
NON MAJOR FUNDS**

**Food Service (21000).** To account for revenue and expenditures associated with the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements. Authority for creation of this fund is NMSA 22-13-13.

**Athletics (22000).** To account for revenue and expenditures associated with the District's budgeted athletic activities. (NMAC 6.20.2).

**Title I (24101).** To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions.

**IDEA Part B (24106)(24120).** To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by the Individuals with Disabilities Education Act, Part B, Sections 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U. S. C. 1411-1420. The fund was created by the authority of federal grant provisions.

**Improving Teacher Quality (24154).** To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. Elementary and Secondary Education Act of 1965, as amended, Title II, Part A (PL 107-110).

**Carl Perkins (24180) (24182).** To account for federal funds to provide vocational and technical education for secondary education. (P.L. 105-332). The fund was created by the authority of federal grant provisions.

**Head Start (25127).** To promote school readiness by enhancing the social and cognitive development of low-income children, including children on federally recognized reservations and children of migratory farm-workers, through the provision of comprehensive health, educational, nutritional, social and other services; and to involve parents in their children's learning and to help parents make progress toward their educational, literacy and employment goals. Head Start also emphasizes the significant involvement of parents in the administration of their local Head Start programs. The project is funded through the federal government, under the Community Opportunities, Accountability, and Training and Educational Services Act of 1998, Title I, Section 101-119.

**Medicaid (25153).** To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. The fund was created by the authority of federal grant provisions. (Title XIX Social Security Act).

**Rural Education Achievement Program (25233).** Part B of Title VI of the reauthorized ESEA contains Rural Education Achievement Program (REAP) initiatives that are designed to help rural districts that may lack the personnel and resources to compete effectively for Federal competitive grants and that often receive grant allocations in amounts that are too small to be effective in meeting their intended purposes.

**Dual Credit Instructional Materials (27103).** To provide financial assistance to purchased instructional materials for the college classes offered to students who are taking them for dual credits. The fund was created by the authority of state grant provisions.

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**2010 GO Library Books (27106).** To account for revenues and expenditures from a state grant to provide for public school and juvenile detention libraries. The funding made available to update and expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by the State of New Mexico.

**2012 GO Library Books (27107).** To account for revenues and expenditures from a state grant to provide for public school and juvenile detention libraries. The funding made available to update and expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by the State of New Mexico.

**NM Reads to Lead (27114).** To account for revenue and expenditures received from a state grant for the purpose of improving skills of young students in the area of reading. The fund was created by the authority of state grant provisions.

**Technology for Education (27117).** To account for funds received from the Technology for Education Grant created by the 1994 State Legislation to establish funding of any costs associated with educational technology. Funding provided by the State of New Mexico. (NMSA 22-15A-1-10).

**Breakfast after the Bell (27155).** To account for funds received to provide breakfast for all elementary students. The fund was created by grant provisions.

**K3 Plus (27166).** To account for funds received to provide the opportunity for the district to address early literacy. The full-day kindergarten program is the first step in the implementation of a sequential early literacy approach to teaching reading.

**Private Grants (29102).** To account for a private grant provided for a specific purpose. The fund was created by grant provisions.

**Microsoft Pilot (29132).** To account for a grant from Microsoft to be used for technology. The fund was created by grant provisions.

**Special Capital Outlay-Local (31300).** To account for funds received from local sources to provide for a construction project.

**Ed Tech Equipment (31900).** To account for proceeds received from the issuance of Educational Technology Notes to be used for the acquisition of education technology equipment for use in classrooms and library and media centers. Authority for the creation of this fund is NMSA 1978, 6-15A-1 through 6-15A-16.

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NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2015

	<u>Special Revenue Fund</u>		
	<u>Food Service 21000</u>	<u>Athletics 22000</u>	<u>Title I 24101</u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 11,223	\$ 36,345	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	0	0	4,036
Interfund Balance	0	0	0
Inventory	7,552	0	0
Total Assets	<u>\$ 18,775</u>	<u>\$ 36,345</u>	<u>\$ 4,036</u>
<b>Liabilities</b>			
Accounts Payable	0	0	0
Accrued Salaries and Benefits	0	0	0
Interfund Balance	0	0	4,036
Total Liabilities	<u>0</u>	<u>0</u>	<u>4,036</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	7,552	0	0
Restricted for:			
Special Revenue	11,223	36,345	0
Capital Improvements	0	0	0
Total Fund Balances	<u>18,775</u>	<u>36,345</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 18,775</u>	<u>\$ 36,345</u>	<u>\$ 4,036</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2015

	Special Revenue Fund		
	IDEA B Entitlement 24106	IDEA Preschool 24109	IDEA B Reallocation 24120
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	24,242	1,466	119
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 24,242</u>	<u>\$ 1,466</u>	<u>\$ 119</u>
<b>Liabilities</b>			
Accounts Payable	0	0	0
Accrued Salaries and Benefits	0	0	0
Interfund Balance	24,242	1,466	119
Total Liabilities	<u>24,242</u>	<u>1,466</u>	<u>119</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	0	0
Capital Improvements	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 24,242</u>	<u>\$ 1,466</u>	<u>\$ 119</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2015

	Special Revenue Fund		
	Improving Teacher Quality 24154	Carl Perkins HSTW 24180	Carl Perkins Redistribution 24182
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	3,183	9,608	0
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 3,183</u>	<u>\$ 9,608</u>	<u>\$ 0</u>
<b>Liabilities</b>			
Accounts Payable	0	0	0
Accrued Salaries and Benefits	0	0	0
Interfund Balance	3,183	9,608	0
Total Liabilities	<u>3,183</u>	<u>9,608</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	0	0
Capital Improvements	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 3,183</u>	<u>\$ 9,608</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2015

	Special Revenue Fund		
	Head Start 25127	Medicaid 25153	Rural Education Achievement 25233
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 3,105	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	19,557	0	1,171
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 19,557</u>	<u>\$ 3,105</u>	<u>\$ 1,171</u>
<b>Liabilities</b>			
Accounts Payable	1,170	0	0
Accrued Salaries and Benefits	0	0	0
Interfund Balance	18,387	0	1,171
Total Liabilities	<u>19,557</u>	<u>0</u>	<u>1,171</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	3,105	0
Capital Improvements	0	0	0
Total Fund Balances	<u>0</u>	<u>3,105</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 19,557</u>	<u>\$ 3,105</u>	<u>\$ 1,171</u>

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2015

	Special Revenue Fund		
	Duel Credit Instructional Materials 27103	2010 GO Student Library 27106	2012 GO Student Library 27107
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	0	0	9,640
Interfund Balance	0	0	0
Inventory	0	0	0
<b>Total Assets</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,640</u>
<b>Liabilities</b>			
Accounts Payable	0	0	0
Accrued Salaries and Benefits	0	0	0
Interfund Balance	0	0	9,640
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>9,640</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	0	0
Capital Improvements	0	0	0
<b>Total Fund Balances</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,640</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2015

	Special Revenue Fund		
	NM Reads to Lead 27114	Technology for Education 27117	Breakfast after the Bell 27155
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	13,103	0	0
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 13,103</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Liabilities</b>			
Accounts Payable	0	0	0
Accrued Salaries and Benefits	0	0	0
Interfund Balance	13,103	0	0
Total Liabilities	<u>13,103</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	0	0
Capital Improvements	0	0	0
Total Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 13,103</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2015

	Special Revenue Fund		
	K3 Plus 27166	Private Direct Grants 29102	Microsoft Pilot 29132
<b>Assets</b>			
Cash and Cash Equivalents	\$ 0	\$ 17,536	\$ 8,568
Receivables			
Taxes	0	0	0
Due From Grantor	21,936		
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 21,936</u>	<u>\$ 17,536</u>	<u>\$ 8,568</u>
<b>Liabilities</b>			
Accounts Payable	0	0	0
Accrued Salaries and Benefits	0	0	0
Interfund Balance	21,936		
Total Liabilities	<u>21,936</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	0	17,536	8,568
Capital Improvements	0	0	0
Total Fund Balances	<u>0</u>	<u>17,536</u>	<u>8,568</u>
Total Liabilities and Fund Balances	<u>\$ 21,936</u>	<u>\$ 17,536</u>	<u>\$ 8,568</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Balance Sheet  
June 30, 2015

	<u>Capital Projects Fund</u>		
	Special		Total
	Capital Outlay Local 31300	Ed Tech Equipment 31900	
<b>Assets</b>			
Cash and Cash Equivalents	\$ 176,900	\$ 95,392	\$ 349,069
Receivables			
Taxes	0	0	0
Due From Grantor	0	0	108,061
Interfund Balance	0	0	0
Inventory	0	0	7,552
Total Assets	<u>\$ 176,900</u>	<u>\$ 95,392</u>	<u>\$ 464,682</u>
<b>Liabilities</b>			
Accounts Payable	0	0	1,170
Accrued Salaries and Benefits	0	0	0
Interfund Balance	0	0	106,891
Total Liabilities	<u>0</u>	<u>0</u>	<u>108,061</u>
<b>Fund Balances</b>			
Nonspendable-Inventory	0	0	7,552
Restricted for:			
Special Revenue	0	0	76,777
Capital Improvements	176,900	95,392	272,292
Total Fund Balances	<u>176,900</u>	<u>95,392</u>	<u>356,621</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 176,900</u>	<u>\$ 95,392</u>	<u>\$ 464,682</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2015

	Special Revenue Fund		
	Food Service 21000	Athletics 22000	Title I 24101
<b>Revenues</b>			
Fees	\$ 5,361	\$ 48,056	\$ 0
State & Local Grants	0	0	0
Federal Grants	404,653	0	55,439
Total Revenues	<u>410,014</u>	<u>48,056</u>	<u>55,439</u>
<b>Expenditures</b>			
Current			
Instruction	0	44,509	53,487
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	0	1,952
Operation of Plant	0	0	0
Food Service Operations	445,569	0	0
Total Expenditures	<u>445,569</u>	<u>44,509</u>	<u>55,439</u>
Excess (Deficiency) of Revenues Over Expenditures	(35,555)	3,547	0
Fund Balances at Beginning of Year	<u>54,330</u>	<u>32,798</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 18,775</u>	<u>\$ 36,345</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2015

	Special Revenue Fund		
	IDEA B	IDEA	IDEA B
	Entitlement 24106	Preschool 24109	Reallocation 24120
Revenues			
Fees	\$ 0	\$ 0	\$ 0
State & Local Grants	0	0	0
Federal Grants	134,594	6,577	119
Total Revenues	<u>134,594</u>	<u>6,577</u>	<u>119</u>
Expenditures			
Current			
Instruction	68,638	5,696	119
Support Services			
Students	65,956	881	0
Instruction	0	0	0
General Administration	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	0
Total Expenditures	<u>134,594</u>	<u>6,577</u>	<u>119</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2015

	Special Revenue Fund		
	Improving Teacher Quality 24154	Carl Perkins HSTW 24180	Carl Perkins Redistribution 24182
Revenues			
Fees	\$ 0	\$ 0	\$ 0
State & Local Grants	0	0	0
Federal Grants	8,056	21,184	3,507
Total Revenues	<u>8,056</u>	<u>21,184</u>	<u>3,507</u>
Expenditures			
Current			
Instruction	8,056	21,184	3,507
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	0
Total Expenditures	<u>8,056</u>	<u>21,184</u>	<u>3,507</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2015

	Special Revenue Fund		
	Head Start 25127	Medicaid 25153	Rural Education Achievement 25233
<b>Revenues</b>			
Fees	\$ 0	\$ 18,858	\$ 0
State & Local Grants	0	0	0
Federal Grants	185,407	0	24,226
Total Revenues	<u>185,407</u>	<u>18,858</u>	<u>24,226</u>
<b>Expenditures</b>			
Current			
Instruction	133,827	0	24,226
Support Services			
Students	0	15,823	0
Instruction	44,034	0	0
General Administration	0	0	0
Operation of Plant	5,546	0	0
Food Service Operations	2,000	0	0
Total Expenditures	<u>185,407</u>	<u>15,823</u>	<u>24,226</u>
Excess (Deficiency) of Revenues Over Expenditures	0	3,035	0
Fund Balances at Beginning of Year	<u>0</u>	<u>70</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 3,105</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2015

	Special Revenue Fund		
	Duel Credit Instructional Materials 27103	2010 GO Student Library 27106	2012 GO Student Library 27107
<b>Revenues</b>			
Fees	\$ 0	\$ 0	\$ 0
State & Local Grants	816	0	9,640
Federal Grants	0	0	0
Total Revenues	<u>816</u>	<u>0</u>	<u>9,640</u>
<b>Expenditures</b>			
Current			
Instruction	816	0	0
Support Services			
Students	0	0	0
Instruction	0	0	9,640
General Administration	0	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	0
Total Expenditures	<u>816</u>	<u>0</u>	<u>9,640</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2015

	Special Revenue Fund		
	NM Reads to Lead 27114	Technology for Education 27117	Breakfast after the Bell 27155
<b>Revenues</b>			
Fees	\$ 0	\$ 0	\$ 0
State & Local Grants	50,000	0	7,080
Federal Grants	0	0	0
Total Revenues	<u>50,000</u>	<u>0</u>	<u>7,080</u>
<b>Expenditures</b>			
Current			
Instruction	48,252	0	0
Support Services			
Students	0	0	0
Instruction	0	2,148	0
General Administration	1,748	0	0
Operation of Plant	0	0	0
Food Service Operations	0	0	7,080
Total Expenditures	<u>50,000</u>	<u>2,148</u>	<u>7,080</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(2,148)	0
Fund Balances at Beginning of Year	<u>0</u>	<u>2,148</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2015

	Special Revenue Fund		
	K3 Plus 27166	Private Direct Grants 29102	Microsoft Pilot 29132
<b>Revenues</b>			
Fees	\$ 0	\$ 0	\$ 0
State & Local Grants	91,548	5,559	0
Federal Grants	0	0	0
Total Revenues	<u>91,548</u>	<u>5,559</u>	<u>0</u>
<b>Expenditures</b>			
Current			
Instruction	91,548	0	2,980
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	0	0
Operation of Plant	0	5,000	0
Food Service Operations	0	0	0
Total Expenditures	<u>91,548</u>	<u>5,000</u>	<u>2,980</u>
Excess (Deficiency) of Revenues Over Expenditures	0	559	(2,980)
Fund Balances at Beginning of Year	<u>0</u>	<u>16,977</u>	<u>11,548</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 17,536</u>	<u>\$ 8,568</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
NONMAJOR FUNDS  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended June 30, 2015

	Capital Projects Fund		
	Special		Total
	Capital Outlay	Ed Tech	
Local 31300	Equipment 31900		
Revenues			
Fees	\$ 0	\$ 0	\$ 72,275
State & Local Grants	0	0	164,643
Federal Grants	0	0	843,762
Total Revenues	<u>0</u>	<u>0</u>	<u>1,080,680</u>
Expenditures			
Current			
Instruction	0	209,617	716,462
Support Services			
Students	0	0	82,660
Instruction	0	0	55,822
General Administration	0	0	3,700
Operation of Plant	0	0	10,546
Food Service Operations	0	0	454,649
Total Expenditures	<u>0</u>	<u>209,617</u>	<u>1,323,839</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(209,617)	(243,159)
Fund Balances at Beginning of Year	<u>176,900</u>	<u>305,009</u>	<u>599,780</u>
Fund Balance End of Year	<u>\$ 176,900</u>	<u>\$ 95,392</u>	<u>\$ 356,621</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-FOOD SERVICE-21000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Fees	\$ 7,500	\$ 7,500	\$ 5,361	\$ (2,139)
Federal Grants	380,000	380,000	401,548	21,548
Total Revenues	<u>387,500</u>	<u>387,500</u>	<u>406,909</u>	<u>19,409</u>
<b>Expenditures</b>				
<b>Food Services Operations</b>				
Personnel Services	87,049	87,049	84,002	3,047
Employee Benefits	64,690	64,690	45,250	19,440
Professional & Tech Services	500	500	422	78
Purchased Services	500	500	200	300
Supplies	268,589	268,589	295,300	(26,711)
Total Food Service Operations	<u>421,328</u>	<u>421,328</u>	<u>425,174</u>	<u>(3,846)</u>
Total Expenditures	<u>421,328</u>	<u>421,328</u>	<u>425,174</u>	<u>(3,846)</u>
Excess (Deficiency) of Revenues Over Expenditures	(33,828)	(33,828)	(18,265)	15,563
Cash Balance Beginning of Year	<u>29,488</u>	<u>29,488</u>	<u>29,488</u>	<u>0</u>
Cash Balance End of Year	<u>\$ (4,340)</u>	<u>\$ (4,340)</u>	<u>\$ 11,223</u>	<u>\$ 15,563</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (18,265)	
Net Change in Due from Grantor			(24,107)	
Net Change in Inventory			(397)	
Net Change in Accounts Payable			6,568	
Net Change in Accrued Salaries & Benefits			646	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (35,555)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-ATHLETICS-22000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Fees	\$ 40,000	\$ 40,000	\$ 48,056	\$ 8,056
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>48,056</u>	<u>8,056</u>
Expenditures				
Instruction				
Purchased Services	23,000	23,000	14,151	8,849
Supplies	21,409	39,798	30,358	9,440
Supply Assets	10,000	10,000	0	10,000
Total Instruction	<u>54,409</u>	<u>72,798</u>	<u>44,509</u>	<u>28,289</u>
Total Expenditures	<u>54,409</u>	<u>72,798</u>	<u>44,509</u>	<u>28,289</u>
Excess (Deficiency) of Revenues Over Expenditures	(14,409)	(32,798)	3,547	36,345
Cash Balance Beginning of Year	<u>32,798</u>	<u>32,798</u>	<u>32,798</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 18,389</u>	<u>\$ 0</u>	<u>\$ 36,345</u>	<u>\$ 36,345</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 3,547	
Net Change in Accounts Payable			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 3,547</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-TITLE I-24101  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 68,133	\$ 70,085	\$ 62,551	\$ (7,534)
Total Revenues	<u>68,133</u>	<u>70,085</u>	<u>62,551</u>	<u>(7,534)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	37,077	37,077	34,163	2,914
Employee Benefits	19,908	19,908	19,324	584
Total Instruction	<u>56,985</u>	<u>56,985</u>	<u>53,487</u>	<u>3,498</u>
<b>Support Services</b>				
General Administration				
Professional & Tech Services	0	1,952	1,952	0
Total General Administration	<u>0</u>	<u>1,952</u>	<u>1,952</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>1,952</u>	<u>1,952</u>	<u>0</u>
Total Expenditures	<u>56,985</u>	<u>58,937</u>	<u>55,439</u>	<u>3,498</u>
Excess (Deficiency) of Revenues Over Expenditures	11,148	11,148	7,112	(4,036)
Cash Balance Beginning of Year	<u>(11,148)</u>	<u>(11,148)</u>	<u>(11,148)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (4,036)</u>	<u>\$ (4,036)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 7,112	
Net Change in Due from Grantor			<u>(7,112)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

## STATE OF NEW MEXICO

**LOVING MUNICIPAL SCHOOLS**

SPECIAL REVENUE FUND-IDEA, PART B ENTITLEMENT-24106

Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 160,565	\$ 179,216	\$ 154,678	\$ (24,538)
Total Revenues	<u>160,565</u>	<u>179,216</u>	<u>154,678</u>	<u>(24,538)</u>
Expenditures				
Instruction				
Personnel Services	37,077	37,077	32,689	4,388
Employee Benefits	19,908	19,908	17,135	2,773
Supplies	<u>0</u>	<u>11,659</u>	<u>18,814</u>	<u>(7,155)</u>
Total Instruction	<u>56,985</u>	<u>68,644</u>	<u>68,638</u>	<u>6</u>
Support Services				
Students				
Personnel Services	27,843	33,638	33,639	(1)
Employee Benefits	13,976	15,173	14,882	291
Professional & Tech Services	<u>17,436</u>	<u>17,436</u>	<u>17,436</u>	<u>0</u>
Total Students	<u>59,255</u>	<u>66,247</u>	<u>65,957</u>	<u>290</u>
Total Support Services	<u>59,255</u>	<u>66,247</u>	<u>65,957</u>	<u>290</u>
Total Expenditures	<u>116,240</u>	<u>134,891</u>	<u>134,595</u>	<u>296</u>
Excess (Deficiency) of Revenues Over Expenditures	44,325	44,325	20,083	(24,242)
Cash Balance Beginning of Year	<u>(44,325)</u>	<u>(44,325)</u>	<u>(44,325)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (24,242)</u>	<u>\$ (24,242)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 20,083	
Net Change in Due from Grantor			<u>(20,083)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-IDEA PRESCHOOL-24109  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 6,710	\$ 7,534	\$ 5,946	\$ (1,588)
Total Revenues	<u>6,710</u>	<u>7,534</u>	<u>5,946</u>	<u>(1,588)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	2,882	3,483	3,483	0
Employee Benefits	1,859	2,082	2,213	(131)
Supplies	<u>252</u>	<u>252</u>	<u>0</u>	<u>252</u>
Total Instruction	<u>4,993</u>	<u>5,817</u>	<u>5,696</u>	<u>121</u>
<b>Support Services</b>				
<b>General Administration</b>				
Professional & Tech Services	<u>882</u>	<u>882</u>	<u>881</u>	<u>1</u>
Total General Administration	<u>882</u>	<u>882</u>	<u>881</u>	<u>1</u>
Total Support Services	<u>882</u>	<u>882</u>	<u>881</u>	<u>1</u>
Total Expenditures	<u>5,875</u>	<u>6,699</u>	<u>6,577</u>	<u>122</u>
Excess (Deficiency) of Revenues Over Expenditures	835	835	(631)	(1,466)
Cash Balance Beginning of Year	<u>(835)</u>	<u>(835)</u>	<u>(835)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,466)</u>	<u>\$ (1,466)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (631)	
Net Change in Due from Grantor			<u>631</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-IDEA B REALLOCATION-24120  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal Grant	\$ 11,634	\$ 11,753	\$ 11,634	\$ (119)
Total Revenues	<u>11,634</u>	<u>11,753</u>	<u>11,634</u>	<u>(119)</u>
Expenditures				
Instruction				
Personnel Services	0	119	119	0
Employee Benefits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>119</u>	<u>119</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>119</u>	<u>119</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	11,634	11,634	11,515	(119)
Cash Balance Beginning of Year	<u>(11,634)</u>	<u>(11,634)</u>	<u>(11,634)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (119)</u>	<u>\$ (119)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 11,515	
Net Change in Due from Grantor			<u>(11,515)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-IMPROVING TEACHER QUALITY-24154  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 14,582	\$ 16,822	\$ 13,479	\$ (3,343)
Total Revenues	<u>14,582</u>	<u>16,822</u>	<u>13,479</u>	<u>(3,343)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	0	2,700	(2,700)
Employee Benefits	0	0	207	(207)
Professional & Tech Services	<u>11,827</u>	<u>14,067</u>	<u>11,000</u>	<u>3,067</u>
Total Instruction	<u>11,827</u>	<u>14,067</u>	<u>13,907</u>	<u>160</u>
Total Expenditures	<u>11,827</u>	<u>14,067</u>	<u>13,907</u>	<u>160</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,755</u>	<u>2,755</u>	<u>(428)</u>	<u>(3,183)</u>
Cash Balance Beginning of Year	<u>(2,755)</u>	<u>(2,755)</u>	<u>(2,755)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,183)</u>	<u>\$ (3,183)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (428)	
Net Change in Due from Grantor			<u>428</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-CARL PERKINS HSTW-24180  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 29,732	\$ 29,745	\$ 19,278	\$ (10,467)
Total Revenues	<u>29,732</u>	<u>29,745</u>	<u>19,278</u>	<u>(10,467)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	0	1,912	(1,912)
Employee Benefits	0	0	146	(146)
Professional & Tech Services	22,029	22,042	3,876	18,166
Other Purchased Services	0	0	15,099	(15,099)
Supplies	0	0	150	(150)
Total Instruction	<u>22,029</u>	<u>22,042</u>	<u>21,183</u>	<u>859</u>
Total Expenditures	<u>22,029</u>	<u>22,042</u>	<u>21,183</u>	<u>859</u>
Excess (Deficiency) of Revenues Over Expenditures	7,703	7,703	(1,905)	(9,608)
Cash Balance Beginning of Year	<u>(7,703)</u>	<u>(7,703)</u>	<u>(7,703)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(9,608)</u>	\$ <u>(9,608)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (1,905)	
Net Change in Due from Grantor			<u>1,905</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-CARL PERKINS REDISTRIBUTION-24182  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 4,829	\$ 11,262	\$ 3,507	\$ (7,755)
Total Revenues	<u>4,829</u>	<u>11,262</u>	<u>3,507</u>	<u>(7,755)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	0	1,350	(1,350)
Employee Benefits	0	0	110	(110)
Professional & Tech Services	4,829	11,262	2,047	9,215
Total Instruction	<u>4,829</u>	<u>11,262</u>	<u>3,507</u>	<u>7,755</u>
Total Expenditures	<u>4,829</u>	<u>11,262</u>	<u>3,507</u>	<u>7,755</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Net Change in Due from Grantor			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-HEAD START-25127  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 152,214	\$ 203,794	\$ 185,407	\$ (18,387)
Total Revenues	<u>152,214</u>	<u>203,794</u>	<u>185,407</u>	<u>(18,387)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	65,283	65,283	65,643	(360)
Employee Benefits	57,910	57,910	51,316	6,594
Professional & Tech Services	0	0	196	(196)
Other Purchased Services	400	400	0	400
Supplies	6,802	6,802	10,843	(4,041)
Supply Assets	0	0	2,397	(2,397)
Total Instruction	<u>130,395</u>	<u>130,395</u>	<u>130,395</u>	<u>0</u>
<b>Support Services</b>				
<b>Instruction</b>				
Personnel Services	22,924	22,924	22,923	1
Employee Benefits	20,360	20,360	17,215	3,145
Professional & Tech Services	500	500	0	500
Supplies	250	250	3,896	(3,646)
Total Instruction	<u>44,034</u>	<u>44,034</u>	<u>44,034</u>	<u>0</u>
<b>Operation of Plant</b>				
Personnel Services	5,036	5,036	3,021	2,015
Employee Benefits	510	510	572	(62)
Other Purchased Services	0	0	1,953	(1,953)
Total Operation of Plant	<u>5,546</u>	<u>5,546</u>	<u>5,546</u>	<u>0</u>
<b>Food Services Operations</b>				
Supplies	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>
Total Food Service Operations	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>
Total Expenditures	<u>181,975</u>	<u>181,975</u>	<u>181,975</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	(29,761)	21,819	3,432	(18,387)
Cash Balance Beginning of Year	<u>(21,819)</u>	<u>(21,819)</u>	<u>(21,819)</u>	<u>0</u>
Cash Balance End of Year	<u><u>\$ (51,580)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (18,387)</u></u>	<u><u>\$ (18,387)</u></u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 3,432	
Net Change in Due from Grantor			(3,442)	
Net Change in Accrued Salaries & Benefits			10	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u><u>\$ 0</u></u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-MEDICAID-25153  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Fees	\$ 8,000	\$ 15,823	\$ 18,858	\$ 3,035
Total Revenues	<u>8,000</u>	<u>15,823</u>	<u>18,858</u>	<u>3,035</u>
Expenditures				
Support Services				
Students				
Personnel Services	0	7,753	13,014	(5,261)
Employee Benefits	0	0	2,681	(2,681)
Supplies	8,000	8,070	128	7,942
Total Students	<u>8,000</u>	<u>15,823</u>	<u>15,823</u>	<u>0</u>
Total Support Services	<u>8,000</u>	<u>15,823</u>	<u>15,823</u>	<u>0</u>
Total Expenditures	<u>8,000</u>	<u>15,823</u>	<u>15,823</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	3,035	3,035
Cash Balance Beginning of Year	<u>70</u>	<u>70</u>	<u>70</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 70</u>	<u>\$ 70</u>	<u>\$ 3,105</u>	<u>\$ 3,035</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 3,035	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 3,035</u>	

The notes to the financial statements are an integral part of this statement.

## STATE OF NEW MEXICO

**LOVING MUNICIPAL SCHOOLS**

## SPECIAL REVENUE FUND-RURAL EDUCATION ACHIEVEMENT PROGRAM-25233

## Statement of Revenues, Expenditures, and Changes in Cash Balance -

## Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 8,198	\$ 46,187	\$ 26,017	\$ (20,170)
Total Revenues	<u>8,198</u>	<u>46,187</u>	<u>26,017</u>	<u>(20,170)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	5,236	19,647	19,505	142
Employee Benefits	0	17,985	4,721	13,264
Professional & Tech Services	0	3,000	0	3,000
Supplies	<u>0</u>	<u>2,593</u>	<u>0</u>	<u>2,593</u>
Total Instruction	<u>5,236</u>	<u>43,225</u>	<u>24,226</u>	<u>18,999</u>
Total Expenditures	<u>5,236</u>	<u>43,225</u>	<u>24,226</u>	<u>18,999</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,962	\$ 2,962	\$ 1,791	\$ (1,171)
Cash Balance Beginning of Year	\$ <u>(2,962)</u>	\$ <u>(2,962)</u>	\$ <u>(2,962)</u>	\$ <u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(1,171)</u>	\$ <u>(1,171)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,791	
Net Change in Due from Grantor			<u>(1,791)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>0</u>	

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-DUAL CREDIT INSTRUCTIONAL MATERIALS-27103  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
State & Local Grants	\$ 1,162	\$ 1,162	\$ 816	\$ (346)
Total Revenues	<u>1,162</u>	<u>1,162</u>	<u>816</u>	<u>(346)</u>
Expenditures				
Instruction				
Supplies	1,162	1,162	816	346
Total Instruction	<u>1,162</u>	<u>1,162</u>	<u>816</u>	<u>346</u>
Total Expenditures	<u>1,162</u>	<u>1,162</u>	<u>816</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Net change in Due from Grantor			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-2010 GO BOND STUDENT LIBRARY-27106  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State & Local Grants	\$ 3,902	\$ 3,902	\$ 3,902	\$ 0
Total Revenues	<u>3,902</u>	<u>3,902</u>	<u>3,902</u>	<u>0</u>
<b>Expenditures</b>				
<b>Support Services</b>				
<b>Instruction</b>				
Supplies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	3,902	3,902	3,902	0
Cash Balance Beginning of Year	<u>(3,902)</u>	<u>(3,902)</u>	<u>(3,902)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 3,902	
Net Change in Due from Grantor			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 3,902</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-2012 GO BOND STUDENT LIBRARY-27107  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State & Local Grants	\$ 9,694	\$ 9,694	\$ 0	\$ (9,694)
Total Revenues	<u>9,694</u>	<u>9,694</u>	<u>0</u>	<u>(9,694)</u>
<b>Expenditures</b>				
<b>Support Services</b>				
<b>Instruction</b>				
Supplies	9,694	9,694	9,640	54
Total Instruction	<u>9,694</u>	<u>9,694</u>	<u>9,640</u>	<u>54</u>
Total Support Services	<u>9,694</u>	<u>9,694</u>	<u>9,640</u>	<u>54</u>
Total Expenditures	<u>9,694</u>	<u>9,694</u>	<u>9,640</u>	<u>54</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(9,640)	(9,640)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (9,640)</u>	<u>\$ (9,640)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (9,640)	
Net Change in Due from Grantor			<u>9,640</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-NM READS TO LEAD-27114  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State & Local Grants	\$ 66,867	\$ 66,867	\$ 53,764	\$ (13,103)
Total Revenues	<u>66,867</u>	<u>66,867</u>	<u>53,764</u>	<u>(13,103)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	32,985	32,985	34,712	(1,727)
Employee Benefits	17,015	15,267	12,544	2,723
Supplies	0	0	996	(996)
Total Instruction	<u>50,000</u>	<u>48,252</u>	<u>48,252</u>	<u>0</u>
<b>Support Services</b>				
<b>General Administration</b>				
Professional & Tech Services	0	1,748	1,748	0
Total General Administration	<u>0</u>	<u>1,748</u>	<u>1,748</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>1,748</u>	<u>1,748</u>	<u>0</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	16,867	16,867	3,764	(13,103)
Cash Balance Beginning of Year	<u>(16,867)</u>	<u>(16,867)</u>	<u>(16,867)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (13,103)</u>	<u>\$ (13,103)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 3,764	
Net Change in Due from Grantor			<u>(3,764)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-TECHNOLOGY FOR EDUCATION-27117  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State & Local Grants	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
<b>Support Services</b>				
<b>Instruction</b>				
Personnel Services	0	2,148	1,713	435
Employee Benefits	0	0	435	(435)
Total Instruction	<u>0</u>	<u>2,148</u>	<u>2,148</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>2,148</u>	<u>2,148</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>2,148</u>	<u>2,148</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(2,148)	(2,148)	0
Cash Balance Beginning of Year	<u>2,148</u>	<u>2,148</u>	<u>2,148</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 2,148</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,148)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (2,148)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-BREAKFAST AFTER THE BELL-27155  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State & Local Grants	\$ 5,640	\$ 7,080	\$ 7,080	\$ 0
Total Revenues	<u>5,640</u>	<u>7,080</u>	<u>7,080</u>	<u>0</u>
<b>Expenditures</b>				
<b>Food Services Operations</b>				
Supplies	5,640	7,080	7,080	0
Total Food Services Operations	<u>5,640</u>	<u>7,080</u>	<u>7,080</u>	<u>0</u>
Total Expenditures	<u>5,640</u>	<u>7,080</u>	<u>7,080</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year		0	0	0
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-K3 PLUS-27166  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State & Local Grants	\$ 73,691	\$ 114,790	\$ 92,732	\$ (22,058)
Total Revenues	<u>73,691</u>	<u>114,790</u>	<u>92,732</u>	<u>(22,058)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	38,000	49,936	36,791	13,145
Employee Benefits	8,680	8,680	8,414	266
Other Purchased Services	750	750	1,062	(312)
Supplies	3,141	32,304	28,287	4,017
Fixed Assets	0	0	16,993	(16,993)
Total Instruction	<u>50,571</u>	<u>91,670</u>	<u>91,547</u>	<u>123</u>
Total Expenditures	<u>50,571</u>	<u>91,670</u>	<u>91,547</u>	<u>123</u>
Excess (Deficiency) of Revenues Over Expenditures	23,120	23,120	1,185	(21,935)
Cash Balance Beginning of Year	<u>(23,120)</u>	<u>(23,120)</u>	<u>(23,120)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (21,935)</u>	<u>\$ (21,935)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 1,185	
Net Change in Due from Grantor			<u>(1,185)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-PRIVATE DIRECT GRANTS-29102  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State & Local Grants	\$ 0	\$ 0	\$ 5,559	\$ 5,559
Total Revenues	<u>0</u>	<u>0</u>	<u>5,559</u>	<u>5,559</u>
<b>Expenditures</b>				
<b>Support Services</b>				
Operation of Plant				
Purchased Property Services	16,977	16,977	5,000	11,977
Total Operation of Plant	<u>16,977</u>	<u>16,977</u>	<u>5,000</u>	<u>11,977</u>
Total Support Services	<u>16,977</u>	<u>16,977</u>	<u>5,000</u>	<u>11,977</u>
Total Expenditures	<u>16,977</u>	<u>16,977</u>	<u>5,000</u>	<u>11,977</u>
Excess (Deficiency) of Revenues Over Expenditures	(16,977)	(16,977)	559	17,536
Cash Balance Beginning of Year	<u>16,977</u>	<u>16,977</u>	<u>16,977</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 17,536</u>	<u>\$ 17,536</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 559	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 559</u>	

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
SPECIAL REVENUE FUND-MICROSOFT PILOT-29132  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State & Local Grants	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	11,548	11,548	2,980	8,568
Total Instruction	<u>11,548</u>	<u>11,548</u>	<u>2,980</u>	<u>8,568</u>
Total Expenditures	<u>11,548</u>	<u>11,548</u>	<u>2,980</u>	<u>8,568</u>
Excess (Deficiency) of Revenues Over Expenditures	(11,548)	(11,548)	(2,980)	8,568
Cash Balance Beginning of Year	<u>11,548</u>	<u>11,548</u>	<u>11,548</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,568</u>	<u>\$ 8,568</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (2,980)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (2,980)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
 CAPITAL PROJECTS FUND-CAPITAL OUTLAY-LOCAL-31300  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
<b>Capital Outlay</b>				
Fixed Assets	176,900	176,900	0	176,900
Total Capital Outlay	<u>176,900</u>	<u>176,900</u>	<u>0</u>	<u>176,900</u>
Total Expenditures	<u>176,900</u>	<u>176,900</u>	<u>0</u>	<u>176,900</u>
Excess (Deficiency) of Revenues Over Expenditures	(176,900)	(176,900)	0	176,900
Cash Balance Beginning of Year	<u>176,900</u>	<u>176,900</u>	<u>176,900</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 176,900</u>	<u>\$ 176,900</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Net Change in Accounts Payable			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
 CAPITAL PROJECTS FUND-ED TECH EQUIPMENT-31900  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Local Sources	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
<b>Capital Outlay</b>				
Purchased Property Services	50,000	50,000	0	50,000
Supplies	175,000	178,984	128,157	50,827
Supply Assets	<u>76,025</u>	<u>76,025</u>	<u>81,460</u>	<u>(5,435)</u>
Total Capital Outlay	<u>301,025</u>	<u>305,009</u>	<u>209,617</u>	<u>95,392</u>
Total Expenditures	<u>301,025</u>	<u>305,009</u>	<u>209,617</u>	<u>95,392</u>
Excess (Deficiency) of Revenues Over Expenditures	(301,025)	(305,009)	(209,617)	95,392
Cash Balance Beginning of Year	<u>305,009</u>	<u>305,009</u>	<u>305,009</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 3,984</u>	<u>\$ 0</u>	<u>\$ 95,392</u>	<u>\$ 95,392</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (209,617)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (209,617)</u>	

The notes to the financial statements are an integral part of this statement.

**REQUIRED SUPPLEMENTAL INFORMATION**

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
Schedules of Required Supplementary Information for Pension Plan

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**Schedule of the District's Proportionate Share of the Net Pension Liability**

Last 10 Fiscal Years\*

	<u>2015</u>
District's proportion of the net pension liability	0.12516%
District's proportionate share of the net pension liability	\$ 7,141,284
District's covered-employee payroll	\$ 3,449,925
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	48.31%
Plan fiduciary net position as a percentage of the total pension liability	66.54%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**Schedule of District's Contributions**

Last 10 Fiscal Years\*

	<u>2015</u>
Contractually required contribution	\$ 486,430
Contributions in relation to the contractually required contribution	486,430
Contribution deficiency (excess)	\$ 0
Districts covered-employee payroll	\$ 3,449,925
Contributions as a percentage of covered-employee payroll	14.10%

\* These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO

**LOVING MUNICIPAL SCHOOLS**

Notes to Required Supplementary Information

For the Year Ended June 30, 2015

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**Changes of benefit terms.** The COLA and retirement eligibility benefits changes in recent years are described in the Benefits Provided subsection of the financial statement note disclosure General Information on the Pension Plan.

**Changes of assumptions.**

ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on April 26, 2013, ERB implemented the following changes in assumptions for fiscal years 2014 and 2013.

1. Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:

- a. Lower wage inflation from 4.75% to 4.25%
- b. Lower payroll growth from 3.75% to 3.50%
- c. Minor changes to demographic assumptions
- d. Population growth per year from 0.75% to 0.50%

2. Assumptions that were not changed:

- a. Investment return will remain at 7.75%
- b. Inflation will remain at 3.00%

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

**OTHER SUPPLEMENTAL INFORMATION**

**FIDUCIARY FUND**

**Activity Trust Fund**

To account for funds of various student groups that are custodial in nature.



STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
 AGENCY FUNDS - ACTIVITY  
 Schedule of Fiduciary Assets and Liabilities-Agency Funds  
 For the Year Ended June 30, 2015

	Balance 6/30/14	Receipts	Disbursements	Balance 6/30/15
<b>Assets</b>				
80001 HS Football	\$ 1,499	\$ 4,671	\$ 5,046	\$ 1,124
80002 HS Boys Basketball	1,206	2,734	3,547	393
80003 HS Girls Basketball	1,218	3,113	3,993	338
80004 HS Volleyball	1,862	4,851	6,189	524
80005 HS Track	4,428	3,973	3,121	5,280
80007 HS Softball	1,002	6,527	5,066	2,463
80009 HS Baseball	543	1,311	1,357	497
80013 HS Science	708	95	0	803
80014 HS Cheerleaders	1,293	4,841	3,191	2,943
80015 HS Student Council	1,983	5	58	1,930
80018 MS Science	201	0	0	201
80019 Loving Cares	266	0	0	266
80020 HS Arts and Crafts	465	0	465	(0)
80021 HS Yearbook	6,732	6,020	6,712	6,040
80022 HS National Honor Society	884	313	838	359
80023 Custodial	38	0	0	38
80024 HS General Activity	1,069	7,057	1,434	6,692
80025 HS Shop	367	2	0	369
80026 HS Band	6,050	6,121	4,055	8,116
80027 HS FFA	559	0	559	(0)
80028 Skills USA	5,779	6,133	10,076	1,836
80029 HS AD Athletics	1,507	4,731	2,074	4,164
80030 HS Scholarship	579	0	0	579
80031 HS Library	1,243	137	0	1,380
80032 Central Office	429	0	114	315
80033 HS Drama Club	14	0	14	(0)
80034 ID Account	771	345	679	437
80035 KUNOS	0	1,065	150	915
80037 MS General Activity	6,625	12,999	13,760	5,864
80038 MS Cheerleaders	1,401	0	1,284	117
80039 MS Student Council	2,375	934	648	2,661
80040 MS Library	342	119	20	441
80041 MS PE	31	0	0	31
80042 MS Parent Club	418	883	381	920
80043 MS Media	635	1,631	1,658	608
80044 MS Home Ec	20	40	0	60
80045 ES General Activity	6,798	1,621	3,876	4,543
80046 ES Student Council	393	1,097	1,016	474
80047 ES Library	268	7,888	7,757	399
80053 ES Parent Council	11,384	33,244	30,394	14,234
80055 ES Head Start	199	0	0	199
80060 HS Falcon Store	3,989	0	3,989	0
80061 ES Staff	1,789	243	187	1,845
80063 HS Falcon Creations	498	0	0	498
80064 HS Track Coaches	5,699	2,225	3,012	4,912
80065 HS Football Coaches	\$ 976	\$ 2,225	2,772	\$ 429

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
 AGENCY FUNDS - ACTIVITY  
 Schedule of Fiduciary Assets and Liabilities-Agency Funds  
 For the Year Ended June 30, 2015

	Balance 6/30/14	Receipts	Disbursements	Balance 6/30/15
80066 ES Music	\$ 669	\$ 0	0	\$ 669
80067 HS Boys Basketball Coaches	2	0	0	2
80069 ES Clothing Bank	2,803	0	159	2,644
80071 HS FFA Sponsor	14	0	14	0
80072 HS Robotics	1,038	0	0	1,038
80073 HS Girls Basketball Coaches	45	0	0	45
80075 HS Athletics	2,066	820	1,670	1,216
80076 HS Softball Coaches	37	0	0	37
80077 MS Shop	420	565	0	985
80078 HS Health	31	5	0	36
80079 Class of 2017	5,119	660	1,244	4,535
80080 Community Library	559	0	559	(0)
80081 HS Staff	393	3,492	2,395	1,490
80082 MS National Junior Honor Society	608	314	385	537
80083 Positive Behavior Support	44	0	0	44
80085 Class of 2014	360	887	0	1,247
80087 Volleyball Coaches	5,265	7,160	5,901	6,524
80088 Class of 2015	3,689	141	1,536	2,294
80089 Character Counts	184	0	184	(0)
80090 Class of 2016	4,966	7,482	7,146	5,302
80091 Tech Lab Fees	317	721	812	226
80092 Entrepreneurship Program	165	0	165	0
<b>Total Assets</b>	<b>\$ 115,329</b>	<b>\$ 151,441</b>	<b>\$ 151,662</b>	<b>\$ 115,108</b>
<b>Liabilities</b>				
Deposits Held for Others	\$ 115,329	\$ 151,441	\$ 151,662	\$ 115,108
<b>Total Liabilities</b>	<b>\$ 115,329</b>	<b>\$ 151,441</b>	<b>\$ 151,662</b>	<b>\$ 115,108</b>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
 CASH RECONCILIATION-ALL FUNDS  
 For the Year Ended June 30, 2015

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		Beginning Cash 6/30/14	Revenue	Expenditures	Ending Cash 6/30/15
Operational	11000 \$	1,365,736 \$	5,308,502 \$	5,535,638 \$	1,138,600
Transportation	13000	27,393	124,921	125,588	26,726
Instructional Materials	14000	80,177	41,853	30,382	91,648
Food Service	21000	29,488	406,908	425,173	11,223
Athletics	22000	32,798	48,056	44,508	36,346
Federal Flowthrough	24000	(78,400)	271,073	235,327	(42,654)
Federal Direct	25000	(24,711)	230,282	222,024	(16,453)
State Flowthrough	27000	(41,742)	158,294	161,231	(44,679)
Local/State	29000	28,524	5,559	7,980	26,103
Bond Building	31100	1,026,657	0	21,896	1,004,761
Special CO Local	31300	176,900	0	0	176,900
SB 9	31700	839,595	388,502	282,897	945,200
Ed Tech Equipment	31900	305,009	0	209,617	95,392
Debt Service	41000	333,659	516,538	765,735	84,462
Debt Service Ed Tech	43000	136,872	136,595	159,212	114,255
Activities		115,329	151,441	151,662	115,108
Total		<u>\$ 4,353,284</u>	<u>\$ 7,788,524</u>	<u>\$ 8,378,870</u>	<u>\$ 3,762,938</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
VENDOR SCHEDULE  
For the Year Ended June 30, 2015

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Bid or Quote Number: None  
Contract Amount: \$220,224.57  
Contracting Vendor: Ben E. Keith  
Box 1588  
Amarillo, TX 79105  
Preference: None  
Scope of the work: Food Provider  
Other Vendors responding to the bid or quote: None

Bid or Quote Number: None  
Contract Amount: \$92,736.73  
Contracting Vendor: Sysco  
601 Commanche Rd, NE  
Albuquerque, NM 87107  
Preference: None  
Scope of the work: Food Provider  
Other Vendors responding to the bid or quote: None

Bid or Quote Number: GSA Vendor  
Contract Amount: \$192,994.91  
Contracting Vendor: Dell Maerketing  
One Dell Way  
Round Rock, TX 79682  
Preference: None  
Scope of the work: Computer Equipment  
Other Vendors responding to the bid or quote: None

The notes to the financial statements are an integral part of this statement.

**FEDERAL COMPLIANCE**

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2015

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
<u>U. S. Department of Agriculture</u>			
Pass-through State Public Education Department:			
School Breakfast Program	10.553	21000	\$ 106,522
National School Lunch Program	10.555	21000	270,919
			<u>377,441</u>
Pass-through State Department of Human Services:			
Supplemental Nutrition Assistance Program	10.551	21000	(1) 27,212
Direct Program			
Rural Development, Forestry, and Communities	10.672	11000	1,973
			<u>1,973</u>
Total U. S. Department of Agriculture			<u>406,626</u>
<u>U. S. Department of Education</u>			
Pass-through State Public Education Department:			
Special Education Cluster			
IDEA B Entitlement	84.027	24106	134,594
IDEA B Reallocation	84.027	24120	119
IDEA Preschool	84.173	24109	6,577
			<u>141,290</u>
Pass-through State Public Education Department:			
Title I	84.010	24101	55,439
Carl Perkins	84.403	24180	21,184
Carl Perkins Redistribution	84.365	24153	3,507
Improving Teacher Quality	84.367	24154	8,056
Direct Program			
Rural Education Achievement Program	84.358	25233	24,226
Total U. S. Department of Education			<u>253,702</u>
<u>U. S. Department of Health and Human Services</u>			
Direct Program			
Head Start	93.600	25127	185,407
Total Federal Assistance			\$ <u>845,735</u>

(1) Non-cash assistance

See accompanying notes to the Schedule of Expenditures of Federal Awards

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**

Notes to the Schedule of Expenditures of Federal Awards  
June 30, 2015

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Note 1: Significant Accounting Policies used in preparing the Schedule of Expenditure of Federal Awards

The modified accrual basis was used to prepare the Schedule of Expenditures of Federal Awards

Note 2: Insurance Requirements

There are no insurance requirements on the federal awards disclosed on the Schedule of Expenditures of Federal Awards

Note 3: Loans or Loan Guarantees

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

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

Mr. Tim Keller  
State Auditor of the State of New Mexico  
Board Members of the Loving Municipal Schools

Mr. Keller and Members of the Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Loving Municipal Schools District (District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplemental information, and have issued our report thereon dated October 28, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies. 2014-002 and 2014-003.



#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002 and 2014-003.

#### District's Responses to Findings

The District's responses to the findings identified in our audit as described in the accompanying Schedule of Findings and Questioned Cost. 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 results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

 De'Ann Willoughby CPA PC

Clovis, New Mexico  
October 28, 2015

Report on Compliance With Requirements  
Applicable To Each Major Program and Internal Control  
Over Compliance in Accordance With OMB Circular A-133

Independent Auditor's Report

Mr. Tim Keller  
State Auditor of the State of New Mexico  
Board Members of the Loving Municipal Schools

Mr. Keller and Members of the Board

Compliance

We have audited Loving Municipal School District (District) compliance with the types of compliance requirements described in the *OMB A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

### Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The District's response to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*De'Ann Willoughby* CPA PC

Clovis, New Mexico  
October 28, 2015

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2015

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**A. SUMMARY OF AUDIT RESULTS**

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting

\* Material weaknesses identified? No

\* Significant deficiencies identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

\* Material weaknesses identified? No

\* Significant deficiencies identified? No

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 No

Identification of major programs:

<u>CFDA Numbers)</u>	<u>Name of Federal Program of Cluster</u>
	Nutrition Cluster
10.553	School Breakfast Program
10.555	National School Lunch Program
	Special Education Cluster
84.027	IDEA B, Entitlement
84.027	IDEA B, Reallocation
84.173	IDEA Preschool

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Audited qualified as low risk Auditee No

STATE OF NEW MEXICO  
**LOVING MUNICIPAL SCHOOLS**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2015

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**Federal Compliance Findings**

**Prior Year Audit Findings**  
 Data Collection Form

**Status**  
 Resolved

**Financial Statements Findings**

**Prior Year Audit Findings**

2014-002 Budget Violations  
 2014-003 Cash Appropriations in Excess of Available Cash Balances  
 2014-004 PED Cash Reports  
 2014-005 Payroll  
 2014-006 Expenditures

**Status**  
 Repeated  
 Repeated  
 Resolved  
 Resolved  
 Resolved

**Current Year Audit Findings**

**2014-002 Budget Violations-Compliance and Internal Control-Significant Deficiency**

**Condition**

The District has maintained expenditures at the function level in which actual expenditures exceeded budgetary authority in the following funds:

<u>Major Funds</u>	Budget		<u>Actual</u>	<u>Over Budget</u>
	<u>Original</u>	<u>Final</u>		
Bond Building (31100)				
Bond Issue Costs	\$ 0	\$ 0	\$ 21,895	\$ (21,895)
<u>Non-Major Funds</u>				
Food Service (21000)				
Food Service	421,328	421,328	425,174	(3,846)

Management has progress resolving this finding.

**Criteria**

Sound financial management and state regulation 6.20.2.9 (A), NMAC and state statutes 22-8-5 through 22-8-12.2, NMSA 1978, require that budgets not be exceeded at the legal level of control. For school district's, the expenditure function is the legal level of control.

**Cause**

The District did not make the appropriate budgetary adjustments requests and transfers to the funds mentioned in the condition, which would alleviate over-expenditure within the function prior to the year end.

**Effect**

As a result, the District is not in compliance with New Mexico law, and the control established by the use of budgets has been compromised. Continued over-expenditure of budgeted balances may result in unnecessary usage of operating funds to absorb over-expenditures.

**Recommendation**

The District should establish a policy of budgetary review at year-end, and make the necessary budget adjustments.

**Response**

We will monitor the budget more closely and amend it as necessary. The business manager is confident this finding will be resolved by the end of the fiscal year.

**2014-003 Cash Appropriations in Excess of Available Cash Balances-Compliance and Internal Control-Significant Deficiency**

**Condition**

The District maintained a deficit budget in excess of available cash balance in Operational (11000) of \$(2,396), Food Service (21000) of \$(4,340). Management has progress resolving this finding.

**Criteria**

funds, to be budgeted by the local governing body and submitted to the PED for approval. Cash balances re-budgeted to make up the deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

**Cause**

The District lacks a proper procedure to ensure that sufficient beginning cash balances exist to absorb budget deficits later in the fiscal year.

**Effect**

The District will be required to supplement this budget deficit in this fund with cash reserves from the operational fund. This supplement may lead to financial difficulties and deplete the resources in the operational fund.

**Recommendation**

The District should review the budget for future years to insure that all funds have adequate budget authority for budgeted expenditures. Greater attention should be given to the budget monitoring process and the end of the year cash balance estimates.

**Response**

The District has implemented a policy whereby they will review and compare the June 30th reconciled cash balances in each fund to ensure that budgeted cash balances are sufficient for the fund's purposes. If this review reveals a that there is not sufficient cash to balance the budget, budget amendments will be made. The business manager is confident this finding will be resolved by the end of the fiscal year.

**Financial Statement Preparation**

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

**Exit Conference**

An exit conference was held on October 28, 2015. Those present were Olga Onsurez-Board Member, Diane Walters-Secretary, Veronica Carrasco-Bookkeeper, Oralia Galindo-Business Manager and De'Aun Willoughby, CPA.