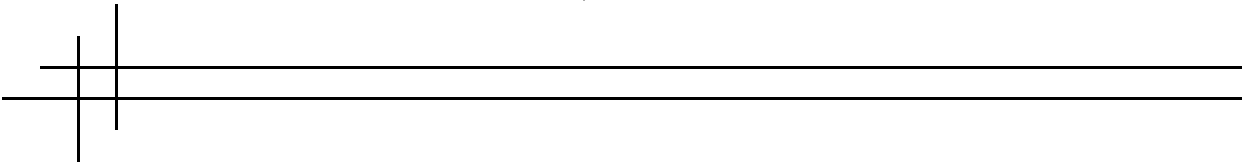


State of New Mexico
Loving Municipal Schools

Annual Financial Report
June 30, 2016

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



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State of New Mexico
Loving Municipal Schools
Official Roster
June 30, 2016

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

Independent Auditor's Report

Mr. Tim Keller
State Auditor of the State of New Mexico
Board Members of the Mora Independent 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, 2016, 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, 2016, 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, 2016 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, 2016, 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.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the District's financial statements, 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 *Title 2 U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* 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.

The Schedule of Expenditures of Federal Awards and other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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, 2016, 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.

De'Aun Willoughby CPA PC

Clovis, New Mexico
October 28, 2016

Financial Section

State of New Mexico
Loving Municipal Schools
 Government-Wide Statement of Net Position
 June 30, 2016

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 3,344,358
Taxes Receivable	236,909
Due from Grantor	298,462
Inventory	7,645
Total Current Assets	<u>3,887,374</u>
Noncurrent Assets	
Capital Assets	27,212,674
Less: Accumulated Depreciation	<u>(11,492,905)</u>
Total Noncurrent Assets	<u>15,719,769</u>
Total Assets	<u>19,607,143</u>
Deferred Outflows of Resources	
Deferred Outflows Related to Pensions	
Changes in Proportion	46,996
Changes of Assumptions	281,203
Contributions Subsequent to Measurement Date	<u>513,757</u>
Total Deferred Outflows of Resources	<u>841,956</u>
Liabilities	
Current Liabilities	
Accounts Payable	54,039
Accrued Interest	85,275
Compensated Absences	54,570
Current Portion Due of Long-Term Debt	<u>1,035,000</u>
Total Current Liabilities	<u>1,228,884</u>
Noncurrent Liabilities	
Bonds and Notes	5,200,000
Pension Liability	<u>8,175,606</u>
Total Noncurrent Liabilities	<u>13,375,606</u>
Total Liabilities	<u>14,604,490</u>
Deferred Inflows of Resources	
Deferred Inflows Related to Pensions	
Actuarial Experience	151,568
Investment Experience	36,801
Changes in Proportion	7,304
Total Deferred Inflows of Resources	<u>195,673</u>
Net Position	
Net Investment in Capital Assets	9,484,769
Restricted for:	
Capital Projects	2,297,212
Debt Service	0
Unrestricted	<u>(6,133,045)</u>
Total Net Position	<u>\$ 5,648,936</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, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities					
Instruction	\$ 4,431,850	70,157	\$ 577,294	\$ 0	\$ (3,784,399)
Support Services					
Students	571,870	15,357	117,318	0	(439,195)
Instruction	372,639	0	111,209	0	(261,430)
General Administration	321,479	0	2,872	0	(318,607)
School Administration	466,935	0	803	0	(466,132)
Central Services	127,460	0	0	0	(127,460)
Operation of Plant	1,039,679	0	3,739	17,183	(1,018,757)
Student Transportation	138,764	0	121,480	90,922	73,638
Other	4,993	0	0	0	(4,993)
Food Services Operations	397,274	4,175	391,903	0	(1,196)
Interest on Long-Term Obligations	197,169	0	0	0	(197,169)
Total Governmental Activities	\$ 8,070,112	\$ 89,689	\$ 1,326,618	\$ 108,105	(6,545,700)
General Revenues					
Taxes					
Property Taxes, Levied for General Purposes					76,404
Property Taxes, Levied for Capital Projects					309,762
Property Taxes, Levied for Debt Service					839,501
Federal and State aid not restricted to specific purpose					
General					5,227,104
Capital					0
Interest and investment earnings					4,821
Miscellaneous					24,701
Subtotal, General Revenues					<u>6,482,293</u>
Change in Net Position					(63,407)
Net Position - Beginning					<u>5,712,343</u>
Net Position - Ending					<u>\$ 5,648,936</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, 2016

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
Assets			
Cash and Cash Equivalents	\$ 680,087	\$ 14,923	\$ 88,988
Receivables			
Taxes	16,457	0	0
Due from Grantor	0	0	0
Interfund Balance	299,309	0	0
Inventory	0	0	0
Total Assets	\$ 995,853	\$ 14,923	\$ 88,988
Liabilities			
Accounts Payable	\$ 15,216	\$	\$ 0
Interfund Balance	0	0	0
Current Portion Due			
Principal	0	0	0
Interest	0	0	0
Total Liabilities	15,216	0	0
Deferred Inflows of Resources			
Unavailable Revenue	13,677	0	0
Total Inflow of Resources	13,677	0	0
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Improvements	0	0	0
Debt Service	0	0	0
Unassigned	966,960	14,923	88,988
Total Fund Balances	966,960	14,923	88,988
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 995,853	\$ 14,923	\$ 88,988

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, 2016

	Special		
	Revenue Fund	Capital Projects Funds	
	School Buses 27178	Bond Building 31100	Senate Bill Nine 31700
Assets			
Cash and Cash Equivalents	\$ 0	\$ 1,207,102	\$ 872,341
Receivables			
Taxes	0	0	66,433
Due from Grantor	90,922	0	17,183
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	\$ 90,922	\$ 1,207,102	\$ 955,957
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 29,015
Interfund Balance	90,922	0	0
Current Portion Due			
Principal	0	0	0
Interest	0	0	0
Total Liabilities	90,922	0	29,015
Deferred Inflows of Resources			
Unavailable Revenue	0	0	55,150
Total Inflow of Resources	0	0	55,150
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue Funds	0	0	0
Capital Improvements	0	1,207,102	871,792
Debt Service	0	0	0
Unassigned	0	0	0
Total Fund Balances	0	1,207,102	871,792
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 90,922	\$ 1,207,102	\$ 955,957

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, 2016

	Debt Service Funds		Other Governmental Funds
	Debt Service 41000	Ed Tech Debt Service 43000	
Assets			
Cash and Cash Equivalents	\$ 0	\$ 77,186	\$ 403,731
Receivables			
Taxes	128,319	25,700	0
Due from Grantor	0	0	190,357
Interfund Balance	0	0	0
Inventory	0	0	7,645
Total Assets	<u>\$ 128,319</u>	<u>\$ 102,886</u>	<u>\$ 601,733</u>
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 9,808
Interfund Balance	18,175	0	190,212
Current Portion Due			
Principal	100,000	135,000	0
Interest	83,250	2,025	0
Total Liabilities	<u>201,425</u>	<u>137,025</u>	<u>200,020</u>
Deferred Inflows of Resources			
Unavailable Revenue	101,461	19,653	0
Total Inflow of Resources	<u>101,461</u>	<u>19,653</u>	<u>0</u>
Fund Balances			
Nonspendable-Inventory	0	0	7,645
Restricted for:			
Special Revenue Funds	0	0	175,750
Capital Improvements	0	0	218,318
Debt Service	0	0	0
Unassigned	(174,567)	(53,792)	0
Total Fund Balances	<u>(174,567)</u>	<u>(53,792)</u>	<u>401,713</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances			
	<u>\$ 128,319</u>	<u>\$ 102,886</u>	<u>\$ 601,733</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, 2016

	Total Governmental Funds
Assets	
Cash and Cash Equivalents	\$ 3,344,358
Receivables	
Taxes	236,909
Due from Grantor	298,462
Interfund Balance	299,309
Inventory	7,645
Total Assets	<u>\$ 4,186,683</u>
Liabilities	
Accounts Payable	\$ 54,039
Interfund Balance	299,309
Current Portion Due	
Principal	235,000
Interest	85,275
Total Liabilities	<u>673,623</u>
Deferred Inflows of Resources	
Unavailable Revenue	189,941
Total Inflow of Resources	<u>189,941</u>
Fund Balances	
Nonspendable-Inventory	7,645
Restricted for:	
Special Revenue Funds	175,750
Capital Improvements	2,297,212
Debt Service	0
Unassigned	842,512
Total Fund Balances	<u>3,323,119</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 4,186,683</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, 2016

Total Fund Balance - Governmental Funds \$ 3,323,119

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.		189,941	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			
Capital Assets	\$ 27,212,674		
Accumulated Depreciation	<u>(11,492,905)</u>	15,719,769	
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	841,956		
Deferred Inflows Related to Pensions	<u>(195,673)</u>	646,283	
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	(5,200,000)		
Pension Liability	(8,175,606)		
Current Portion Due-Principal	235,000		
Current Portion Due of Long-Term Debt	(1,035,000)		
Compensated Absences	<u>(54,570)</u>	<u>(14,230,176)</u>	
Total Net Position - Governmental Activities		<u>\$ 5,648,936</u>	

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, 2016

	General Fund		
	Operational 11000	Transportation 13000	Instructional Materials 14000
Revenues			
Property Taxes	\$ 73,263	\$ 0	\$ 0
Interest Income	4,821	0	0
Fees	14,035	0	0
State & Local Grants	5,225,619	118,480	41,308
Federal Grants	1,485	0	0
Miscellaneous	24,701	0	0
Total Revenues	5,343,924	118,480	41,308
Expenditures			
Current			
Instruction	3,215,208	0	43,968
Support Services			
Students	432,042	0	0
Instruction	254,995	0	0
General Administration	268,669	0	0
School Administration	450,934	0	0
Central Services	124,256	0	0
Operation of Plant	712,428	0	0
Student Transportation	0	118,326	0
Other	4,549	0	0
Food Service Operations	0	0	0
Capital Outlay		0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	5,463,081	118,326	43,968
Excess (Deficiency) of Revenues Over Expenditures	(119,157)	154	(2,660)
Other Financial Sources			
Bond Issue	0	0	0
Total Other Financial Sources	0	0	0
Net Change in Fund Balances	(119,157)	154	(2,660)
Fund Balances at Beginning of Year	1,086,117	14,769	91,648
Fund Balance End of Year	\$ 966,960	\$ 14,923	\$ 88,988

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, 2016

	Special		
	Revenue Fund	Capital Projects Funds	
	School Buses 27178	Bond Building 31100	Senate Bill Nine 31700
Revenues			
Property Taxes	\$ 0	\$ 0	\$ 297,185
Interest Income	0	0	0
Fees	0	0	0
State & Local Grants	90,922	0	17,183
Federal Grants	0	0	0
Miscellaneous	0	0	0
Total Revenues	<u>90,922</u>	<u>0</u>	<u>314,368</u>
Expenditures			
Current			
Instruction	0	0	8,518
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	38,323	801
School Administration	0	0	0
Central Services	0	0	0
Operation of Plant	0	0	287,375
Student Transportation	0	0	0
Other	0	71	153
Food Service Operations	0	0	0
Capital Outlay	90,922	759,266	107,794
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	<u>90,922</u>	<u>797,660</u>	<u>404,641</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>(797,660)</u>	<u>(90,273)</u>
Other Financial Sources			
Bond Issue	0	1,000,000	0
Total Other Financial Sources	<u>0</u>	<u>1,000,000</u>	<u>0</u>
Net Change in Fund Balances	0	202,340	(90,273)
Fund Balances at Beginning of Year	0	1,004,762	962,065
Fund Balance End of Year	\$ <u>0</u>	\$ <u>1,207,102</u>	\$ <u>871,792</u>

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, 2016

	Debt Service Funds		Other Governmental Funds
	Debt Service 41000	Ed Tech Debt Service 43000	
Revenues			
Property Taxes	\$ 645,081	\$ 152,302	\$ 0
Interest Income	0		0
Fees	0	0	75,654
State & Local Grants	0	0	340,119
Federal Grants	0	0	826,711
Miscellaneous	0	0	0
Total Revenues	645,081	152,302	1,242,484
Expenditures			
Current			
Instruction	0	0	553,221
Support Services			
Students	0	0	128,432
Instruction	0	0	111,209
General Administration	2,240	472	2,872
School Administration	0	0	803
Central Services	0	0	0
Operation of Plant	0	0	3,739
Student Transportation	0	0	3,000
Other	208	12	0
Food Service Operations	0	0	394,116
Capital Outlay	0	0	0
Debt Service			
Principal	600,000	175,000	0
Interest	184,319	12,850	0
Total Expenditures	786,767	188,334	1,197,392
Excess (Deficiency) of Revenues Over Expenditures	(141,686)	(36,032)	45,092
Other Financial Sources			
Bond Issue	0	0	0
Total Other Financial Sources	0	0	0
Net Change in Fund Balances	(141,686)	(36,032)	45,092
Fund Balances at Beginning of Year	(32,881)	(17,760)	356,621
Fund Balance End of Year	\$ (174,567)	\$ (53,792)	\$ 401,713

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, 2016

	Total Governmental Funds
Revenues	
Property Taxes	\$ 1,167,831
Interest Income	4,821
Fees	89,689
State & Local Grants	5,833,631
Federal Grants	828,196
Miscellaneous	24,701
Total Revenues	<u>7,948,869</u>
Expenditures	
Current	
Instruction	3,820,915
Support Services	
Students	560,474
Instruction	366,204
General Administration	313,377
School Administration	451,737
Central Services	124,256
Operation of Plant	1,003,542
Student Transportation	121,326
Other	4,993
Food Service Operations	394,116
Capital Outlay	957,982
Debt Service	
Principal	775,000
Interest	197,169
Total Expenditures	<u>9,091,091</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,142,222)
Other Financial Sources	
Bond Issue	1,000,000
Total Other Financial Sources	<u>1,000,000</u>
Net Change in Fund Balances	(142,222)
Fund Balances at Beginning of Year	<u>3,465,341</u>
Fund Balance End of Year	<u>\$ 3,323,119</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, 2016

Net Change in Fund Balances \$ (142,222)

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, 2015	\$ (132,105)	
Property Taxes Receivable, June 30, 2016	<u>189,941</u>	57,836

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	(600,499)	
Capital Outlays	<u>957,982</u>	357,483

The issuance of long-term debt provides current financial resources to governmental funds but has no effect on net position. (1,000,000)

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		775,000
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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, 2015	50,775	
Compensated Absences, June 30, 2016	<u>(54,570)</u>	<u>(3,795)</u>

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	513,757	
Pension Expense	<u>(621,466)</u>	<u>(107,709)</u>

Changes in Net Position of Governmental Activities \$ (63,407)

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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 100,134	\$ 99,934	\$ 74,657	\$ (25,277)
Interest Income	4,500	4,500	4,821	321
Fees	4,000	4,000	14,035	10,035
State Grant	5,197,000	5,207,673	5,225,619	17,946
Federal Grant	0	1,485	1,485	0
Miscellaneous	0	200	24,701	24,501
Total Revenues	<u>5,305,634</u>	<u>5,317,792</u>	<u>5,345,318</u>	<u>27,526</u>
Expenditures				
Instruction				
Personnel Services	2,315,839	2,398,839	2,153,426	245,413
Employee Benefits	1,021,300	1,021,300	929,745	91,555
Professional & Tech Services	59,000	60,000	17,412	42,588
Purchased Services	30,000	30,000	16,519	13,481
Supplies	186,500	198,658	86,914	111,744
Supply Assets	0	31,714	3,738	27,976
Total Instruction	<u>3,612,639</u>	<u>3,740,511</u>	<u>3,207,754</u>	<u>532,757</u>
Support Services				
Students				
Personnel Services	186,150	187,050	182,736	4,314
Employee Benefits	83,240	83,340	78,244	5,096
Professional & Tech Services	270,000	270,000	168,887	101,113
Purchased Services	2,000	2,000	1,878	122
Supplies	10,000	10,000	297	9,703
Total Students	<u>551,390</u>	<u>552,390</u>	<u>432,042</u>	<u>120,348</u>
Instruction				
Personnel Services	191,390	193,040	190,353	2,687
Employee Benefits	60,010	60,510	58,433	2,077
Professional & Tech Services	2,000	2,000	228	1,772
Supplies	26,500	28,000	11,983	16,017
Total Instruction	<u>279,900</u>	<u>283,550</u>	<u>260,997</u>	<u>22,553</u>
General Administration				
Personnel Services	136,500	143,500	143,773	(273)
Employee Benefits	54,795	54,845	47,622	7,223
Professional & Tech Services	100,731	100,731	59,485	41,246
Purchased Services	39,500	39,500	17,726	21,774
Supplies	10,500	10,500	6,759	3,741
Total General Administration	<u>\$ 342,026</u>	<u>\$ 349,076</u>	<u>\$ 275,365</u>	<u>\$ 73,711</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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
School Administration				
Personnel Services	\$ 316,000	\$ 316,000	\$ 313,755	\$ 2,245
Employee Benefits	149,715	149,715	134,903	14,812
Professional & Tech Services	13,000	15,500	11,480	4,020
Supplies	12,000	12,000	3,776	8,224
Total School Administration	<u>490,715</u>	<u>493,215</u>	<u>463,914</u>	<u>29,301</u>
Central Services				
Personnel Services	84,185	86,485	86,476	9
Employee Benefits	38,760	38,860	37,340	1,520
Professional & Tech Services	6,600	6,600	3,113	3,487
Purchased Services	2,500	2,500	0	2,500
Supplies	4,000	4,000	1,276	2,724
Total Central Services	<u>136,045</u>	<u>138,445</u>	<u>128,205</u>	<u>10,240</u>
Operation of Plant				
Personnel Services	244,805	249,465	250,757	(1,292)
Employee Benefits	116,275	138,695	135,363	3,332
Professional & Tech Services	500	1,600	2,653	(1,053)
Purchased Property Services	197,000	257,000	155,476	101,524
Purchased Services	157,500	160,400	158,837	1,563
Supplies	28,560	28,560	26,515	2,045
Supply Assets	0	50,000	2,095	47,905
Total Operation of Plant	<u>744,640</u>	<u>885,720</u>	<u>731,696</u>	<u>154,024</u>
Other Support Service				
Professional & Tech Services	13,485	13,485	4,060	9,425
Total Other Support Service	<u>13,485</u>	<u>13,485</u>	<u>4,060</u>	<u>9,425</u>
Total Support Services	<u>2,558,201</u>	<u>2,715,881</u>	<u>2,296,279</u>	<u>419,602</u>
Total Expenditures	<u>6,170,840</u>	<u>6,456,392</u>	<u>5,504,033</u>	<u>952,359</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u>(865,206)</u>	\$ <u>(1,138,600)</u>	\$ <u>(158,715)</u>	\$ <u>(979,885)</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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Other Financing Sources (Uses)				
Loss on Investments	\$ 0	\$ 0	\$ (489)	\$ (489)
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>(489)</u>	<u>(489)</u>
Net Change in Cash Balance	(865,206)	(1,138,600)	(159,204)	(980,374)
Cash Balance Beginning of Year	<u>1,138,600</u>	<u>1,138,600</u>	<u>1,138,600</u>	<u>0</u>
Cash Balance End of Year	\$ <u><u>273,394</u></u>	\$ <u><u>0</u></u>	\$ <u><u>979,396</u></u>	\$ <u><u>979,396</u></u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance			\$ (159,204)	
Net Change in Taxes Receivable			1,746	
Net Change in Accounts Payable			(1,849)	
Net Change in Accrued Salaries & Benefits			43,290	
Net Change in Unavailable Revenue			<u>(3,140)</u>	
Net Change in Fund Balance-GAAP Basis			\$ <u><u>(119,157)</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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 110,226	\$ 118,480	\$ 118,480	\$ 0
Total Revenues	<u>110,226</u>	<u>118,480</u>	<u>118,480</u>	<u>0</u>
Expenditures				
Support Services				
Student Transportation				
Personnel Services	69,256	69,256	64,796	4,460
Employee Benefits	21,850	26,850	26,969	(119)
Professional & Tech Services	400	400	1,090	(690)
Purchased Property Services	4,520	11,274	15,203	(3,929)
Purchased Services	1,700	1,700	387	1,313
Supplies	12,500	22,363	8,475	13,888
Other	0	13,363	13,363	0
Total Student Transportation	<u>110,226</u>	<u>145,206</u>	<u>130,283</u>	<u>14,923</u>
Total Support Services	<u>110,226</u>	<u>145,206</u>	<u>130,283</u>	<u>14,923</u>
Total Expenditures	<u>110,226</u>	<u>145,206</u>	<u>130,283</u>	<u>14,923</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(26,726)	(11,803)	14,923
Cash Balance Beginning of Year	<u>26,726</u>	<u>26,726</u>	<u>26,726</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 26,726</u>	<u>\$ 0</u>	<u>\$ 14,923</u>	<u>\$ 14,923</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (11,803)	
Net Change in Accounts Payable			44	
Net Change in Accrued Salaries & Benefits			11,913	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 154</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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 32,274	\$ 41,032	\$ 41,309	\$ 277
Total Revenues	<u>32,274</u>	<u>41,032</u>	<u>41,309</u>	<u>277</u>
Expenditures				
Instruction				
Supplies	32,274	132,680	43,969	88,711
Total Instruction	<u>32,274</u>	<u>132,680</u>	<u>43,969</u>	<u>88,711</u>
Total Expenditures	<u>32,274</u>	<u>132,680</u>	<u>43,969</u>	<u>88,711</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(91,648)	(2,660)	88,988
Cash Balance Beginning of Year	<u>91,648</u>	<u>91,648</u>	<u>91,648</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 91,648</u>	<u>\$ 0</u>	<u>\$ 88,988</u>	<u>\$ 88,988</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,660)	
Net Change in Accounts Payable			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (2,660)</u>	

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

State of New Mexico
Loving Municipal Schools
Special Revenue Fund-School Buses-27178
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 92,207	\$ 92,207	\$ 0	\$ (92,207)
Total Revenues	<u>92,207</u>	<u>92,207</u>	<u>0</u>	<u>(92,207)</u>
Expenditures				
Support Services				
Student Transportation				
Fixed Assets	92,207	92,207	90,922	1,285
Total Student Transportation	<u>92,207</u>	<u>92,207</u>	<u>90,922</u>	<u>1,285</u>
Total Support Services	<u>92,207</u>	<u>92,207</u>	<u>90,922</u>	<u>1,285</u>
Total Expenditures	<u>92,207</u>	<u>92,207</u>	<u>90,922</u>	<u>1,285</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(90,922)	(90,922)
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>\$ (90,922)</u>	<u>\$ (90,922)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (90,922)	
Net Change in Due from Grantor			<u>90,922</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
Statement of Fiduciary Assets and Liabilities-Agency Funds
June 30, 2016

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ 119,021
Total Assets	<u>\$ 119,021</u>
Liabilities	
Deposits Held for Others	\$ 119,021
Total Liabilities	<u>\$ 119,021</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 nineteenth 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.

School Buses (27178). To account for a state grant to purchase a to and from school bus. The fund was created by grant provisions.

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 Inflow

The District reports unearned and unavailable revenues on its Statement of Net Position and Fund Balance Sheet. Unearned revenues 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 unearned revenue is removed from the combined balance sheet and the revenue is recognized. Unavailable revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal year 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.

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.

Western Commerce Bank

<u>Name of Account</u>	Balance Per Bank 6/30/16	Reconciled Balance	Type
General Fund Account	\$ 4,228,033	\$ 3,463,179	Interest
Total Deposited	4,228,033	<u>3,463,179</u>	Checking
Less: FDIC Coverage	(250,000)		
Uninsured Amount	3,978,033		
50% collateral requirement	1,989,017		
Pledged securities	2,436,658		
Over (Under) requirement	<u>\$ 447,642</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	\$ 364,880	12/01/34	FHLB, Dallas
GNMA Pool #8321	36202KG66	27,909	02/20/18	Texas
GNMA Pool #8308	36202KGR0	14,052	01/20/18	
FNMA Pool #AH5857	3138A7QK7	764,657	02/01/41	
SBAP Series 2003-20L	83162CNK5	137,160	12/01/23	
FNMA Pool #604975	31388HCL1	125,983	09/01/31	
GNMA Pool #8350	36202KH32	67,218	01/20/24	
SBAP Series 2004-20J	83162CPB3	125,317	10/01/24	
FHLMC Pool #G18471	3128MMQZ9	809,482	07/01/25	
		<u>\$ 2,436,658</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	2,436,658
Uninsured or under collateralized	<u>1,541,375</u>
Total Deposits	<u>\$ 4,228,033</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, 2016 \$1,541,375 of the District's balance of \$4,228,033 was exposed to custodial risk.

B. Receivables

Following is a schedule of property taxes receivable as of June 30, 2016:

	<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	\$ 2,780	\$ 11,283	\$ 26,858	\$ 6,047
Unavailable	13,677	55,150	101,461	19,653
Total Property Taxes Receivable	<u>\$ 16,457</u>	<u>\$ 66,433</u>	<u>\$ 128,319</u>	<u>\$ 25,700</u>

Amounts due from other agencies and units of government were as follows as of June 30, 2016:

	<u>School Buses 27178</u>	<u>Senate Bill Nine 31700</u>	<u>Other Governmental</u>
Federal Agencies	\$ 0	\$ 0	\$ 124,329
State Agencies	90,922	17,183	66,028
Total	<u>\$ 90,922</u>	<u>\$ 17,183</u>	<u>\$ 190,357</u>

C. Interfund Receivables, Payables and Transfers

Interfund balances during the year ending June 30, 2016 were as follows:

Due to General Fund from:	
School Buses-27178	\$ 90,922
Debt Service	18,175
Other Governmental Funds	<u>190,212</u>
Totals	<u>\$ 299,309</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.

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D. Capital Assets

Capital Assets Balances and Activity for the Year Ended June 30, 2016, is as follows:

	Balance 6/30/15	Increases	Decreases	Balance 6/30/16
Governmental Activities				
Capital Assets not being Depreciated				
Land	\$ 10,000	\$ 0	\$ 0	\$ 10,000
Construction in Progress	0	759,266	0	759,266
Total Capital Assets not being Depreciated	<u>10,000</u>	<u>759,266</u>	<u>0</u>	<u>769,266</u>
Capital Assets, being Depreciated				
Buildings & Improvements	24,407,141	98,248	0	24,505,389
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>1,837,551</u>	<u>100,468</u>	<u>0</u>	<u>1,938,019</u>
Total Capital Assets, being Depreciated	<u>26,244,692</u>	<u>198,716</u>	<u>0</u>	<u>26,443,408</u>
Total Capital Assets	<u>26,254,692</u>	<u>957,982</u>	<u>0</u>	<u>27,212,674</u>
Less Accumulated Depreciation				
Buildings & Improvements	9,416,316	531,653	0	9,947,969
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>1,476,090</u>	<u>68,846</u>	<u>0</u>	<u>1,544,936</u>
Total Accumulated Depreciation	<u>10,295,345</u>	<u>600,499</u>	<u>0</u>	<u>11,492,905</u>
Capital Assets, net	<u>\$ 15,925,990</u>	<u>\$ 357,483</u>	<u>\$ 0</u>	<u>\$ 15,719,769</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 542,342
Support Services-Students	4,657
Support Services-General Administration	5,440
Operation & Maintenance of Plant	31,269
Student Transportation	15,747
Food Services Operations	1,044
Total Depreciation Expenses	<u>\$ 600,499</u>

E. Long-Term Liabilities and Other Liabilities

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

	Balance 6/30/15	Additions	Reductions	Balance 6/30/16	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 5,960,000	\$ 1,000,000	\$ 725,000	\$ 6,235,000	\$ 1,035,000
Total Bonds	<u>\$ 5,960,000</u>	<u>\$ 1,000,000</u>	<u>\$ 725,000</u>	<u>\$ 6,235,000</u>	<u>\$ 1,035,000</u>
Other Liabilities					
Compensated					
Absences	\$ 50,775	\$ 55,933	\$ 52,138	\$ 54,570	\$ 54,570
Total Other	<u>\$ 50,775</u>	<u>\$ 55,933</u>	<u>\$ 52,138</u>	<u>\$ 54,570</u>	<u>\$ 54,570</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.

Issue	Original Amount	Interest Rate	Balance
01/15/08	3,000,000	4%	\$ 1,300,000
08/01/08	2,500,000	4%	2,400,000
07/15/13	1,000,000	2%	1,000,000
08/25/15	1,000,000	2%	1,000,000
06/15/13	500,000	2%	135,000
07/15/11	465,000	2%	400,000
			<u>\$ 6,235,000</u>

The annual requirements to amortize the bonds as of June 30, 2016, including interest payments are as follows:

	Principal	Interest	Total
2017	\$ 1,035,000	\$ 196,525	\$ 1,231,525
2018	1,065,000	165,100	1,230,100
2019	755,000	132,650	887,650
2020	700,000	105,850	805,850
2021	780,000	83,050	863,050
2022-2026	<u>1,900,000</u>	<u>118,500</u>	<u>2,018,500</u>
Total	<u>\$ 6,235,000</u>	<u>\$ 801,675</u>	<u>\$ 7,036,675</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	\$ 6,235,000
Statement of Net Position	<u>\$ 6,235,000</u>
Government Wide Statements	
Amount Reported as Current Amount Due	\$ 1,035,000
Amount Reported as Long-Term Due	<u>5,200,000</u>
Statement of Net Position	<u>\$ 6,235,000</u>

F. Commitments

The District is involved in 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.

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 fiscal year ended June 30, 2016 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 \$513,757 for the year ended June 30, 2016.

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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, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015. At June 30, 2016, the District reported a liability of \$8,175,606 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, 2015. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2015, the District proportion was 0.12622 percent, which was an increase of 0.00082 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$621,466. At the June 30, 2016, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 0	\$ 151,568
Changes of assumptions	281,203	0
Net difference between projected and actual earnings on pension plan investments	0	36,801
Changes in proportion and differences between the District's contributions and proportionate share of contributions	46,996	7,304
District's contributions subsequent to the measurement date	513,757	0
Total	<u>\$ 841,956</u>	<u>\$ 195,673</u>

\$513,757 reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2017	\$ (6,779)
2018	(1,843)
2019	27,598
2020	113,550
Total	<u>\$ 132,526</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, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 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, 2015. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

All members with annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and thereafter,

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,

COLAs for most retirees are reduced until NMERB attains a 100% funded status,

These assumptions were adopted by the Board on June 12, 2015 in conjunction with the six-year experience study period ending June 30, 2014, and

For 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
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)

Rate of Return: The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic objections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.).

Discount Rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2015 and June 30, 2014. 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 Net Pension Liability to Changes in the Discount Rate Assumption: 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 2015. In particular, the table presents the District's 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.

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
The Districts' proportionate share of the net pension liability	\$ <u>11,000,823</u>	\$ <u>8,175,606</u>	\$ <u>5,802,128</u>

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.

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 the 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.

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, 2016, 2015 and 2014 were \$73,917, \$71,764, and \$68,999 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. Contingent Liabilities

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

K. 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

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

L. 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.

M. Subsequent Events

Subsequent events were evaluated through October 28, 2016 which is the date the financial statements were available to be issued.

N. Negative Fund Balances

The Debt Service Fund-41000 and the Ed Tech Debt Service-43000 ended the year with negative fund balances of \$(174,567) and \$(53,792) respectively.

**Supplemental Information Related to
Major Funds**

State of New Mexico
Loving Municipal Schools
 Capital Projects Fund-Bond Building-31100
 Statement of Revenues, Expenditures, and Changes in Cash Balance -
 Budget and Actual (Budgetary Basis)
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Bond Issue	\$ 0	\$ 961,677	\$ 1,000,000	\$ 38,323
Total Revenues	<u>0</u>	<u>961,677</u>	<u>1,000,000</u>	<u>38,323</u>
Expenditures				
Capital Outlay				
Professional & Tech Services	0	0	38,323	(38,323)
Other	0	0	71	(71)
Building Improvements	<u>1,004,762</u>	<u>1,966,367</u>	<u>759,266</u>	<u>1,207,101</u>
Total Expenditures	<u>1,004,762</u>	<u>1,966,367</u>	<u>797,660</u>	<u>1,168,707</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,004,762)	(1,004,690)	202,340	1,207,030
Cash Balance Beginning of Year	<u>1,004,762</u>	<u>1,004,762</u>	<u>1,004,762</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 72</u>	<u>\$ 1,207,102</u>	<u>\$ 1,207,030</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 202,340</u>	
Net Change in Fund Balance-GAAP Basis			<u>\$ 202,340</u>	

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

State of New Mexico

Loving Municipal Schools

Capital Projects 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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Property Taxes	\$ 0	\$ 403,838	\$ 302,766	\$ (101,072)
State Grant	0	17,183	0	(17,183)
Total Revenues	<u>0</u>	<u>421,021</u>	<u>302,766</u>	<u>(118,255)</u>
Expenditures				
Support Services				
General Administration				
Professional & Tech Services	<u>2,000</u>	<u>2,000</u>	<u>801</u>	<u>1,199</u>
Total General Administration	<u>2,000</u>	<u>2,000</u>	<u>801</u>	<u>1,199</u>
Total Support Services	<u>2,000</u>	<u>2,000</u>	<u>801</u>	<u>1,199</u>
Capital Outlay				
Repairs and Maintenance	1,012,012	743,451	141,536	601,915
Supplies	200,000	200,000	116,824	83,176
Other	0	0	152	(152)
Fixed Assets	0	0	107,794	(107,794)
Supply Assets	<u>420,615</u>	<u>420,615</u>	<u>8,518</u>	<u>412,097</u>
Total Capital Outlay	<u>1,632,627</u>	<u>1,364,066</u>	<u>374,824</u>	<u>989,242</u>
Total Expenditures	<u>1,634,627</u>	<u>1,366,066</u>	<u>375,625</u>	<u>990,441</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,634,627)	(945,045)	(72,859)	872,186
Cash Balance Beginning of Year	<u>945,200</u>	<u>945,200</u>	<u>945,200</u>	<u>0</u>
Cash Balance End of Year	<u>\$ (689,427)</u>	<u>\$ 155</u>	<u>\$ 872,341</u>	<u>\$ 872,186</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (72,859)	
Net Change in Taxes Receivable			6,995	
Net Change in Due From Grantor			17,183	
Net Change in Accounts Payable			(29,015)	
Net Change in Unavailable Revenue			(12,577)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (90,273)</u>	

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

State of New Mexico
Loving Municipal Schools
Debt Service-41000
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 735,250	\$ 735,250	\$ 644,005	\$ (91,245)
Total Revenues	<u>735,250</u>	<u>735,250</u>	<u>644,005</u>	<u>(91,245)</u>
Expenditures				
Support Services				
General Administration				
Professional & Tech Services	2,500	2,500	2,447	53
Total General Administration	<u>2,500</u>	<u>2,500</u>	<u>2,447</u>	<u>53</u>
Total Support Service	<u>2,500</u>	<u>2,500</u>	<u>2,447</u>	<u>53</u>
Debt Service				
Principal	550,000	550,000	550,000	0
Interest	194,195	194,195	194,195	0
Total Debt Service	<u>744,195</u>	<u>744,195</u>	<u>744,195</u>	<u>0</u>
Total Expenditures	<u>746,695</u>	<u>746,695</u>	<u>746,642</u>	<u>53</u>
Excess (Deficiency) of Revenues Over Expenditures	(11,445)	(11,445)	(102,637)	(91,192)
Cash Balance Beginning of Year	<u>84,462</u>	<u>84,462</u>	<u>84,462</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 73,017</u>	<u>\$ 73,017</u>	<u>\$ (18,175)</u>	<u>\$ (91,192)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (102,637)	
Net Change in Taxes Receivable			35,585	
Net Change in Principal			(50,000)	
Net Change in Interest			9,875	
Net Change in Unavailable Revenue			(34,509)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (141,686)</u>	

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

State of New Mexico
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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Taxes	\$ 189,875	\$ 189,875	\$ 153,291	\$ (36,584)
Total Revenues	<u>189,875</u>	<u>189,875</u>	<u>153,291</u>	<u>(36,584)</u>
Expenditures				
Support Services				
General Administration				
Professional & Tech Services	500	500	484	16
Total General Administration	<u>500</u>	<u>500</u>	<u>484</u>	<u>16</u>
Total Support Service	<u>500</u>	<u>500</u>	<u>484</u>	<u>16</u>
Debt Service				
Principal	175,000	175,000	175,000	0
Interest	14,875	14,875	14,875	0
Total Debt Service	<u>189,875</u>	<u>189,875</u>	<u>189,875</u>	<u>0</u>
Total Expenditures	<u>190,375</u>	<u>190,375</u>	<u>190,359</u>	<u>16</u>
Excess (Deficiency) of Revenues Over Expenditures	(500)	(500)	(37,068)	(36,568)
Cash Balance Beginning of Year	<u>114,254</u>	<u>114,254</u>	<u>114,254</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 113,754</u>	<u>\$ 113,754</u>	<u>\$ 77,186</u>	<u>\$ (36,568)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (37,068)	
Net Change in Taxes Receivable			6,619	
Net Change in Principal			0	
Net Change in Interest			2,025	
Net Change in Unavailable Revenue			(7,608)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (36,032)</u>	

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

**Supplemental Information Related to
Nonmajor Funds**

Nonmajor Special Revenue 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.

IDEA Preschool (24109). To account for a program funded by a Federal grant to assist the District in providing a free appropriate public education to preschool disabled children aged three through five years. Funding authorized by the Individuals with Disabilities Education Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, 101-476, and 102-119. 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). 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 (REAP) (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.

GO Student Library (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.

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

Kindergarten 3 Plus (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.

College Counselor Initiative (27189). This funding is to be used to hire college advisors solely dedicated to college advisement. The fund was created by grant agreement.

Social Worker for Middle School (27194). To account for funds received to provide a social worker in the middle school. The fund was created by grant agreement.

Local Projects (29102). To account for a private grant provided for a specific purpose. The fund was created by grant provisions.

United Way Grant (29107). To account for a grant from United Way for the after school program. 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.

Nonmajor Capital Projects Funds

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.

State of New Mexico
Loving Municipal Schools
 Nonmajor Funds
 Combining Balance Sheet
 June 30, 2016

	Special Revenue Fund		
	Food Service 21000	Athletics 22000	Title I 24101
Assets			
Cash and Cash Equivalents	\$ 22,755	\$ 44,567	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	0	0	44,156
Interfund Balance	0	0	0
Inventory	7,645	0	0
Total Assets	<u>\$ 30,400</u>	<u>\$ 44,567</u>	<u>\$ 44,156</u>
Liabilities			
Accounts Payable	9,663	0	0
Interfund Balance	0	0	44,156
Total Liabilities	<u>9,663</u>	<u>0</u>	<u>44,156</u>
Fund Balances			
Nonspendable-Inventory	7,645	0	0
Restricted for:			
Special Revenue	13,092	44,567	0
Capital Improvements	0	0	0
Total Fund Balances	<u>20,737</u>	<u>44,567</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 30,400</u>	<u>\$ 44,567</u>	<u>\$ 44,156</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, 2016

	Special Revenue Fund		
	IDEA B Entitlement 24106	IDEA Preschool 24109	IDEA B Reallocation 24120
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	45,733	1,599	4,368
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 45,733</u>	<u>\$ 1,599</u>	<u>\$ 4,368</u>
Liabilities			
Accounts Payable	0	0	0
Interfund Balance	45,733	1,599	4,368
Total Liabilities	<u>45,733</u>	<u>1,599</u>	<u>4,368</u>
Fund Balances			
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>\$ 45,733</u>	<u>\$ 1,599</u>	<u>\$ 4,368</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, 2016

	Special Revenue Fund		
	Improving Teacher Quality 24154	Carl Perkins HSTW 24180	Head Start 25127
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	7,804	0	19,346
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 7,804</u>	<u>\$ 0</u>	<u>\$ 19,346</u>
Liabilities			
Accounts Payable	41	0	0
Interfund Balance	7,763	0	19,346
Total Liabilities	<u>7,804</u>	<u>0</u>	<u>19,346</u>
Fund Balances			
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>\$ 7,804</u>	<u>\$ 0</u>	<u>\$ 19,346</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, 2016

	Special Revenue Fund		
	Medicaid	Rural Education Achievement	Duel Credit Instructional Materials
	25153	25233	27103
Assets			
Cash and Cash Equivalents	\$ 7,348	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	0	1,323	0
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 7,348</u>	<u>\$ 1,323</u>	<u>\$ 0</u>
Liabilities			
Accounts Payable		0	0
Interfund Balance	0	1,323	0
Total Liabilities	<u>0</u>	<u>1,323</u>	<u>0</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	7,348	0	0
Capital Improvements	0	0	0
Total Fund Balances	<u>7,348</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 7,348</u>	<u>\$ 1,323</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, 2016

	Special Revenue Fund		
	GO Student Library 27107	NM Reads to Lead 27114	Breakfast after the Bell 27155
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	0	7,307	0
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 7,307</u>	<u>\$ 0</u>
Liabilities			
Accounts Payable	0	0	0
Interfund Balance	0	7,307	0
Total Liabilities	<u>0</u>	<u>7,307</u>	<u>0</u>
Fund Balances			
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>\$ 0</u>	<u>\$ 7,307</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, 2016

	Special Revenue Fund		
	K3 Plus 27166	College Counselor 27189	Social Worker for Middle School 27194
Assets			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivables			
Taxes	0	0	0
Due From Grantor	32,579	13,917	12,225
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 32,579</u>	<u>\$ 13,917</u>	<u>\$ 12,225</u>
Liabilities			
Accounts Payable	104	0	0
Interfund Balance	32,475	13,917	12,225
Total Liabilities	<u>32,579</u>	<u>13,917</u>	<u>12,225</u>
Fund Balances			
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>\$ 32,579</u>	<u>\$ 13,917</u>	<u>\$ 12,225</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, 2016

	Special Revenue Fund		
	Local Projects 29102	United Way Grant 29107	Microsoft Pilot 29132
Assets			
Cash and Cash Equivalents	\$ 97,771	\$ 5,017	\$ 7,955
Receivables			
Taxes	0	0	0
Due From Grantor	0	0	0
Interfund Balance	0	0	0
Inventory	0	0	0
Total Assets	<u>\$ 97,771</u>	<u>\$ 5,017</u>	<u>\$ 7,955</u>
Liabilities			
Accounts Payable	0	0	0
Interfund Balance	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Nonspendable-Inventory	0	0	0
Restricted for:			
Special Revenue	97,771	5,017	7,955
Capital Improvements	0	0	0
Total Fund Balances	<u>97,771</u>	<u>5,017</u>	<u>7,955</u>
Total Liabilities and Fund Balances	<u>\$ 97,771</u>	<u>\$ 5,017</u>	<u>\$ 7,955</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, 2016

	<u>Capital Projects Fund</u>		
	Special		Total
	Capital Outlay Local 31300	Ed Tech Equipment 31900	
Assets			
Cash and Cash Equivalents	\$ 176,900	\$ 41,418	\$ 403,731
Receivables			
Taxes	0	0	0
Due From Grantor	0	0	190,357
Interfund Balance	0	0	0
Inventory	0	0	7,645
Total Assets	<u>\$ 176,900</u>	<u>\$ 41,418</u>	<u>\$ 601,733</u>
Liabilities			
Accounts Payable	0	0	9,808
Interfund Balance	0	0	190,212
Total Liabilities	<u>0</u>	<u>0</u>	<u>190,212</u>
Fund Balances			
Nonspendable-Inventory	0	0	7,645
Restricted for:			
Special Revenue	0	0	175,750
Capital Improvements	176,900	41,418	218,318
Total Fund Balances	<u>176,900</u>	<u>41,418</u>	<u>401,713</u>
Total Liabilities and Fund Balances	<u>\$ 176,900</u>	<u>\$ 41,418</u>	<u>\$ 601,733</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, 2016

	Special Revenue Fund		
	Food Service 21000	Athletics 22000	Title I 24101
Revenues			
Fees	\$ 4,175	\$ 56,122	\$ 0
State & Local Grants	0	0	0
Federal Grants	376,720	0	69,252
Total Revenues	<u>380,895</u>	<u>56,122</u>	<u>69,252</u>
Expenditures			
Current			
Instruction	0	47,900	65,645
Support Services			
Students	0	0	0
Instruction	0	0	2,506
General Administration	0	0	1,101
School Administration	0	0	0
Operation of Plant	0	0	0
Student Transportation	0	0	0
Food Service Operations	378,933	0	0
Total Expenditures	<u>378,933</u>	<u>47,900</u>	<u>69,252</u>
Excess (Deficiency) of Revenues Over Expenditures	1,962	8,222	0
Fund Balances at Beginning of Year	<u>18,775</u>	<u>36,345</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 20,737</u>	<u>\$ 44,567</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, 2016

	Special Revenue Fund		
	IDEA B Entitlement 24106	IDEA Preschool 24109	IDEA B Reallocation 24120
Revenues			
Fees	\$ 0	\$ 0	\$ 0
State & Local Grants	0	0	0
Federal Grants	129,483	6,515	22,173
Total Revenues	<u>129,483</u>	<u>6,515</u>	<u>22,173</u>
Expenditures			
Current			
Instruction	62,938	5,536	19,173
Support Services			
Students	66,545	979	0
Instruction	0	0	0
General Administration	0	0	0
School Administration	0	0	0
Operation of Plant	0	0	0
Student Transportation	0	0	3,000
Food Service Operations	0	0	0
Total Expenditures	<u>129,483</u>	<u>6,515</u>	<u>22,173</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, 2016

	Special Revenue Fund		
	Improving Teacher Quality 24154	Carl Perkins HSTW 24180	Head Start 25127
Revenues			
Fees	\$ 0	\$ 0	\$ 0
State & Local Grants	0	0	0
Federal Grants	15,383	0	180,805
Total Revenues	<u>15,383</u>	<u>0</u>	<u>180,805</u>
Expenditures			
Current			
Instruction	14,300	0	131,563
Support Services			
Students	0	0	0
Instruction	0	0	43,703
General Administration	280	0	0
School Administration	803	0	0
Operation of Plant	0	0	3,739
Student Transportation	0	0	0
Food Service Operations	0	0	1,800
Total Expenditures	<u>15,383</u>	<u>0</u>	<u>180,805</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, 2016

	Special Revenue Fund		
	Medicaid	Rural Education Achievement	Duel Credit Instructional Materials
	25153	25233	27103
Revenues			
Fees	\$ 15,357	\$ 0	\$ 0
State & Local Grants	0	0	1,925
Federal Grants	0	26,380	0
Total Revenues	<u>15,357</u>	<u>26,380</u>	<u>1,925</u>
Expenditures			
Current			
Instruction	0	26,380	1,925
Support Services			
Students	11,114	0	0
Instruction	0	0	0
General Administration	0	0	0
School Administration	0	0	0
Operation of Plant	0	0	0
Student Transportation	0	0	0
Food Service Operations	0	0	0
Total Expenditures	<u>11,114</u>	<u>26,380</u>	<u>1,925</u>
Excess (Deficiency) of Revenues Over Expenditures	4,243	0	0
Fund Balances at Beginning of Year	<u>3,105</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 7,348</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, 2016

	Special Revenue Fund		
	GO Student Library 27107	NM Reads to Lead 27114	Breakfast after the Bell 27155
Revenues			
Fees	\$ 0	\$ 0	\$ 0
State & Local Grants	0	48,874	13,383
Federal Grants	0	0	0
Total Revenues	<u>0</u>	<u>48,874</u>	<u>13,383</u>
Expenditures			
Current			
Instruction	0	47,383	0
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	1,491	0
School Administration	0	0	0
Operation of Plant	0	0	0
Student Transportation	0	0	0
Food Service Operations	0	0	13,383
Total Expenditures	<u>0</u>	<u>48,874</u>	<u>13,383</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, 2016

	Special Revenue Fund		
	K3 Plus 27166	College Counselor 27189	Social Worker for Middle School 27194
Revenues			
Fees	\$ 0	\$ 0	\$ 0
State & Local Grants	63,895	65,000	49,794
Federal Grants	0	0	0
Total Revenues	<u>63,895</u>	<u>65,000</u>	<u>49,794</u>
Expenditures			
Current			
Instruction	63,895	0	0
Support Services			
Students	0	0	49,794
Instruction	0	65,000	0
General Administration	0	0	0
School Administration	0	0	0
Operation of Plant	0	0	0
Student Transportation	0	0	0
Food Service Operations	0	0	0
Total Expenditures	<u>63,895</u>	<u>65,000</u>	<u>49,794</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, 2016

	Special Revenue Fund		
	Local Projects 29102	United Way Grant 29107	Microsoft Pilot 29132
Revenues			
Fees	\$ 0	\$ 0	\$ 0
State & Local Grants	86,000	11,248	0
Federal Grants	0	0	0
Total Revenues	<u>86,000</u>	<u>11,248</u>	<u>0</u>
Expenditures			
Current			
Instruction	5,765	6,231	613
Support Services			
Students	0	0	0
Instruction	0	0	0
General Administration	0	0	0
School Administration	0	0	0
Operation of Plant	0	0	0
Student Transportation	0	0	0
Food Service Operations	0	0	0
Total Expenditures	<u>5,765</u>	<u>6,231</u>	<u>613</u>
Excess (Deficiency) of Revenues Over Expenditures	80,235	5,017	(613)
Fund Balances at Beginning of Year	<u>17,536</u>	<u>0</u>	<u>8,568</u>
Fund Balance End of Year	<u>\$ 97,771</u>	<u>\$ 5,017</u>	<u>\$ 7,955</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, 2016

	<u>Capital Projects Fund</u>		
	Special		<u>Total</u>
	Capital Outlay	Ed Tech	
Local 31300	Equipment 31900		
Revenues			
Fees	\$ 0	\$ 0	\$ 75,654
State & Local Grants	0	0	340,119
Federal Grants	0	0	826,711
Total Revenues	<u>0</u>	<u>0</u>	<u>1,242,484</u>
Expenditures			
Current			
Instruction	0	53,974	553,221
Support Services			
Students	0	0	128,432
Instruction	0	0	111,209
General Administration	0	0	2,872
School Administration	0	0	803
Operation of Plant	0	0	3,739
Student Transportation	0	0	3,000
Food Service Operations	0	0	394,116
Total Expenditures	<u>0</u>	<u>53,974</u>	<u>1,197,392</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(53,974)	45,092
Fund Balances at Beginning of Year	<u>176,900</u>	<u>95,392</u>	<u>356,621</u>
Fund Balance End of Year	<u>\$ 176,900</u>	<u>\$ 41,418</u>	<u>\$ 401,713</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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 4,000	\$ 4,000	\$ 4,175	\$ 175
Federal Grants	375,000	375,000	355,580	(19,420)
Total Revenues	<u>379,000</u>	<u>379,000</u>	<u>359,755</u>	<u>(19,245)</u>
Expenditures				
Food Services Operations				
Personnel Services	76,637	76,637	17,920	58,717
Employee Benefits	53,035	53,035	10,712	42,323
Professional & Tech Services	500	500	0	500
Purchased Services	500	500	318,048	(317,548)
Supplies	258,683	259,551	1,543	258,008
Total Food Service Operations	<u>389,355</u>	<u>390,223</u>	<u>348,223</u>	<u>42,000</u>
Total Expenditures	<u>389,355</u>	<u>390,223</u>	<u>348,223</u>	<u>42,000</u>
Excess (Deficiency) of Revenues Over Expenditures	(10,355)	(11,223)	11,532	22,755
Cash Balance Beginning of Year	<u>11,223</u>	<u>11,223</u>	<u>11,223</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 868</u>	<u>\$ 0</u>	<u>\$ 22,755</u>	<u>\$ 22,755</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 11,532	
Net Change in Due from Grantor			0	
Net Change in Inventory			93	
Net Change in Accounts Payable			(9,663)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 1,962</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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 40,000	\$ 40,000	\$ 56,122	\$ 16,122
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>56,122</u>	<u>16,122</u>
Expenditures				
Instruction				
Purchased Services	23,000	28,000	15,680	12,320
Supplies	<u>26,809</u>	<u>48,345</u>	<u>32,220</u>	<u>16,125</u>
Total Instruction	<u>49,809</u>	<u>76,345</u>	<u>47,900</u>	<u>28,445</u>
Total Expenditures	<u>49,809</u>	<u>76,345</u>	<u>47,900</u>	<u>28,445</u>
Excess (Deficiency) of Revenues Over Expenditures	(9,809)	(36,345)	8,222	44,567
Cash Balance Beginning of Year	<u>36,345</u>	<u>36,345</u>	<u>36,345</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 26,536</u>	<u>\$ 0</u>	<u>\$ 44,567</u>	<u>\$ 44,567</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 8,222	
Net Change in Accounts Payable			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 8,222</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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 58,820	\$ 75,528	\$ 29,132	\$ (46,396)
Total Revenues	<u>58,820</u>	<u>75,528</u>	<u>29,132</u>	<u>(46,396)</u>
Expenditures				
Instruction				
Personnel Services	34,900	34,900	33,424	1,476
Employee Benefits	19,884	18,783	28,522	(9,739)
Professional & Tech Services	0	0	1,000	(1,000)
Supplies	0	14,202	2,700	11,502
Total Instruction	<u>54,784</u>	<u>67,885</u>	<u>65,646</u>	<u>2,239</u>
Support Services				
Instruction				
Personnel Services	0	2,506	2,506	0
Total Instruction	<u>0</u>	<u>2,506</u>	<u>2,506</u>	<u>0</u>
General Administration				
Professional & Tech Services	0	1,101	1,101	0
Total General Administration	<u>0</u>	<u>1,101</u>	<u>1,101</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>3,607</u>	<u>3,607</u>	<u>0</u>
Total Expenditures	<u>54,784</u>	<u>71,492</u>	<u>69,253</u>	<u>2,239</u>
Excess (Deficiency) of Revenues Over Expenditures	4,036	4,036	(40,121)	(44,157)
Cash Balance Beginning of Year	<u>(4,036)</u>	<u>(4,036)</u>	<u>(4,036)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (44,157)</u>	<u>\$ (44,157)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (40,121)	
Net Change in Due from Grantor			40,121	
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 Entitlement-24106
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 140,335	\$ 155,157	\$ 107,993	\$ (47,164)
Total Revenues	<u>140,335</u>	<u>155,157</u>	<u>107,993</u>	<u>(47,164)</u>
Expenditures				
Instruction				
Personnel Services	40,604	40,604	43,135	(2,531)
Employee Benefits	16,282	16,282	19,803	(3,521)
Supplies	0	7,122	0	7,122
Total Instruction	<u>56,886</u>	<u>64,008</u>	<u>62,938</u>	<u>1,070</u>
Support Services				
Students				
Personnel Services	25,216	33,916	33,916	0
Employee Benefits	15,576	15,576	15,215	361
Purchased Services	17,415	17,415	17,413	2
Total Students	<u>58,207</u>	<u>66,907</u>	<u>66,544</u>	<u>363</u>
Total Support Services	<u>58,207</u>	<u>66,907</u>	<u>66,544</u>	<u>363</u>
Total Expenditures	<u>115,093</u>	<u>130,915</u>	<u>129,482</u>	<u>1,433</u>
Excess (Deficiency) of Revenues Over Expenditures	25,242	24,242	(21,489)	(45,731)
Cash Balance Beginning of Year	<u>(24,242)</u>	<u>(24,242)</u>	<u>(24,242)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 1,000</u>	<u>\$ 0</u>	<u>\$ (45,731)</u>	<u>\$ (45,731)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (21,489)	
Net Change in Due from Grantor			21,489	
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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 7,994	\$ 8,116	\$ 6,383	\$ (1,733)
Total Revenues	<u>7,994</u>	<u>8,116</u>	<u>6,383</u>	<u>(1,733)</u>
Expenditures				
Instruction				
Personnel Services	3,633	3,633	3,366	267
Employee Benefits	1,908	2,030	2,170	(140)
Total Instruction	<u>5,541</u>	<u>5,663</u>	<u>5,536</u>	<u>127</u>
Support Services				
Students				
Other Purchased Services	987	987	980	7
Total Students	<u>987</u>	<u>987</u>	<u>980</u>	<u>7</u>
Total Support Services	<u>987</u>	<u>987</u>	<u>980</u>	<u>7</u>
Total Expenditures	<u>6,528</u>	<u>6,650</u>	<u>6,516</u>	<u>134</u>
Excess (Deficiency) of Revenues Over Expenditures	1,466	1,466	(133)	(1,599)
Cash Balance Beginning of Year	<u>(1,466)</u>	<u>(1,466)</u>	<u>(1,466)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,599)</u>	<u>\$ (1,599)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance-Cash Basis			\$ (133)	
Net Change in Due from Grantor			133	
Net Change in Fund Balance-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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 119	\$ 22,332	\$ 17,924	\$ (4,408)
Total Revenues	<u>119</u>	<u>22,332</u>	<u>17,924</u>	<u>(4,408)</u>
Expenditures				
Instruction				
Personnel Services	0	19,104	19,173	(69)
Supplies	<u>0</u>	<u>109</u>	<u>0</u>	<u>109</u>
Total Instruction	<u>0</u>	<u>19,213</u>	<u>19,173</u>	<u>40</u>
Support Services				
Student Transportation				
Personnel Services	<u>0</u>	<u>3,000</u>	<u>3,000</u>	<u>0</u>
Total Student Transportation	<u>0</u>	<u>3,000</u>	<u>3,000</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>3,000</u>	<u>3,000</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>22,213</u>	<u>22,173</u>	<u>40</u>
Excess (Deficiency) of Revenues Over Expenditures	119	119	(4,249)	(4,368)
Cash Balance Beginning of Year	<u>(119)</u>	<u>(119)</u>	<u>(119)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (4,368)</u>	<u>\$ (4,368)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,249)	
Net Change in Due from Grantor			<u>4,249</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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 14,986	\$ 20,141	\$ 10,762	\$ (9,379)
Total Revenues	<u>14,986</u>	<u>20,141</u>	<u>10,762</u>	<u>(9,379)</u>
Expenditures				
Instruction				
Personnel Services	0	0	6,750	(6,750)
Employee Benefits	0	0	555	(555)
Professional & Tech Services	<u>11,803</u>	<u>14,678</u>	<u>6,954</u>	<u>7,724</u>
Total Instruction	<u>11,803</u>	<u>14,678</u>	<u>14,259</u>	<u>419</u>
Support Services				
General Administration				
Professional & Tech Services	<u>0</u>	<u>280</u>	<u>280</u>	<u>0</u>
Total General Administration	<u>0</u>	<u>280</u>	<u>280</u>	<u>0</u>
School Administration				
Personnel Services	0	0	600	(600)
Employee Benefits	0	0	46	(46)
Professional & Tech Services	<u>0</u>	<u>2,000</u>	<u>157</u>	<u>1,843</u>
Total School Administration	<u>0</u>	<u>2,000</u>	<u>803</u>	<u>1,197</u>
Total Support Services	<u>0</u>	<u>2,280</u>	<u>1,083</u>	<u>1,197</u>
Total Expenditures	<u>11,803</u>	<u>16,958</u>	<u>15,342</u>	<u>1,616</u>
Excess (Deficiency) of Revenues Over Expenditures	3,183	3,183	(4,580)	(7,763)
Cash Balance Beginning of Year	<u>(3,183)</u>	<u>(3,183)</u>	<u>(3,183)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (7,763)</u>	<u>\$ (7,763)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,580)	
Net Change in Due from Grantor			<u>4,580</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-24180
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 9,608	\$ 9,608	\$ 9,608	\$ 0
Total Revenues	<u>9,608</u>	<u>9,608</u>	<u>9,608</u>	<u>0</u>
Expenditures				
Instruction				
Personnel Services	0	0	0	0
Employee Benefits	<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 Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	9,608	9,608	9,608	0
Cash Balance Beginning of Year	<u>(9,608)</u>	<u>(9,608)</u>	<u>(9,608)</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			\$ 9,608	
Net Change in Due from Grantor			<u>(9,608)</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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 200,362	\$ 200,362	\$ 181,015	\$ (19,347)
Total Revenues	<u>200,362</u>	<u>200,362</u>	<u>181,015</u>	<u>(19,347)</u>
Expenditures				
Instruction				
Personnel Services	65,282	65,282	61,507	3,775
Employee Benefits	66,379	66,379	64,830	1,549
Professional & Tech Services	0	0	112	(112)
Other Purchased Services	0	0	498	(498)
Supplies	1,072	1,072	5,786	(4,714)
Total Instruction	<u>132,733</u>	<u>132,733</u>	<u>132,733</u>	<u>0</u>
Support Services				
Instruction				
Personnel Services	22,923	22,923	22,923	0
Employee Benefits	20,280	20,280	17,991	2,289
Professional & Tech Services	500	500	0	500
Supplies	0	0	2,788	(2,788)
Total Instruction	<u>43,703</u>	<u>43,703</u>	<u>43,702</u>	<u>1</u>
Operation of Plant				
Personnel Services	3,357	3,357	3,021	336
Employee Benefits	382	382	240	142
Other Purchased Services	0	0	478	(478)
Total Operation of Plant	<u>3,739</u>	<u>3,739</u>	<u>3,739</u>	<u>0</u>
Food Services Operations				
Supplies	1,800	1,800	1,800	0
Total Food Service Operations	<u>1,800</u>	<u>1,800</u>	<u>1,800</u>	<u>0</u>
Total Expenditures	<u>181,975</u>	<u>181,975</u>	<u>181,974</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	18,387	18,387	(959)	(19,346)
Cash Balance Beginning of Year	<u>(18,387)</u>	<u>(18,387)</u>	<u>(18,387)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(19,346)</u>	\$ <u>(19,346)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (959)	
Net Change in Due from Grantor			(211)	
Net Change in Accrued Salaries & Benefits			1,170	
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-Medicaid-25153
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Fees	\$ 8,000	\$ 15,823	\$ 15,357	\$ (466)
Total Revenues	<u>8,000</u>	<u>15,823</u>	<u>15,357</u>	<u>(466)</u>
Expenditures				
Support Services				
Students				
Personnel Services	0	6,375	6,089	286
Employee Benefits	0	0	4,067	(4,067)
Supplies	5,000	6,000	957	5,043
Total Students	<u>5,000</u>	<u>12,375</u>	<u>11,113</u>	<u>1,262</u>
Total Support Services	<u>5,000</u>	<u>12,375</u>	<u>11,113</u>	<u>1,262</u>
Total Expenditures	<u>5,000</u>	<u>12,375</u>	<u>11,113</u>	<u>1,262</u>
Excess (Deficiency) of Revenues Over Expenditures	3,000	3,448	4,244	796
Cash Balance Beginning of Year	<u>3,105</u>	<u>3,105</u>	<u>3,105</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 6,105</u>	<u>\$ 6,553</u>	<u>\$ 7,349</u>	<u>\$ 796</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 4,244	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 4,244</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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Federal Grant	\$ 9,561	\$ 56,447	\$ 26,229	\$ (30,218)
Total Revenues	<u>9,561</u>	<u>56,447</u>	<u>26,229</u>	<u>(30,218)</u>
Expenditures				
Instruction				
Personnel Services	8,390	24,390	21,271	3,119
Employee Benefits	0	30,886	5,109	25,777
Total Instruction	<u>8,390</u>	<u>55,276</u>	<u>26,380</u>	<u>28,896</u>
Total Expenditures	<u>8,390</u>	<u>55,276</u>	<u>26,380</u>	<u>28,896</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,171	\$ 1,171	\$ (151)	\$ (1,322)
Cash Balance Beginning of Year	\$ (1,171)	\$ (1,171)	\$ (1,171)	\$ 0
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1,322)</u>	<u>\$ (1,322)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (151)	
Net Change in Due from Grantor			<u>151</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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 1,636	\$ 1,925	\$ 1,925	\$ 0
Total Revenues	<u>1,636</u>	<u>1,925</u>	<u>1,925</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	<u>1,636</u>	<u>1,925</u>	<u>1,925</u>	<u>0</u>
Total Instruction	<u>1,636</u>	<u>1,925</u>	<u>1,925</u>	<u>0</u>
Total Expenditures	<u>1,636</u>	<u>1,925</u>	<u>1,925</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			<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-GO Student Library-27107
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 9,640	\$ 9,640	\$ 9,640	\$ 0
Total Revenues	<u>9,640</u>	<u>9,640</u>	<u>9,640</u>	<u>0</u>
Expenditures				
Support Services				
Instruction				
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	9,640	9,640	9,640	0
Cash Balance Beginning of Year	<u>(9,640)</u>	<u>(9,640)</u>	<u>(9,640)</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			\$ 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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 63,103	\$ 63,103	\$ 54,670	\$ (8,433)
Total Revenues	<u>63,103</u>	<u>63,103</u>	<u>54,670</u>	<u>(8,433)</u>
Expenditures				
Instruction				
Personnel Services	36,000	34,509	28,419	6,090
Employee Benefits	14,000	14,000	8,930	5,070
Other Purchase Services	0	0	200	(200)
Supplies	0	0	9,834	(9,834)
Total Instruction	<u>50,000</u>	<u>48,509</u>	<u>47,383</u>	<u>1,126</u>
Support Services				
General Administration				
Professional & Tech Services	0	1,491	1,491	0
Total General Administration	<u>0</u>	<u>1,491</u>	<u>1,491</u>	<u>0</u>
Total Support Services	<u>0</u>	<u>1,491</u>	<u>1,491</u>	<u>0</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>48,874</u>	<u>1,126</u>
Excess (Deficiency) of Revenues Over Expenditures	13,103	13,103	5,796	(7,307)
Cash Balance Beginning of Year	<u>(13,103)</u>	<u>(13,103)</u>	<u>(13,103)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (7,307)</u>	<u>\$ (7,307)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 5,796	
Net Change in Due from Grantor			<u>(5,796)</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-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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 13,383	\$ 13,383	\$ 13,383	\$ 0
Total Revenues	<u>13,383</u>	<u>13,383</u>	<u>13,383</u>	<u>0</u>
Expenditures				
Food Services Operations				
Supplies	13,383	13,383	13,383	0
Total Food Services Operations	<u>13,383</u>	<u>13,383</u>	<u>13,383</u>	<u>0</u>
Total Expenditures	<u>13,383</u>	<u>13,383</u>	<u>13,383</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>
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><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-K3 Plus-27166
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 73,872	\$ 105,177	\$ 53,252	\$ (51,925)
Total Revenues	<u>73,872</u>	<u>105,177</u>	<u>53,252</u>	<u>(51,925)</u>
Expenditures				
Instruction				
Personnel Services	39,500	59,250	42,159	17,091
Employee Benefits	9,250	15,250	9,945	5,305
Other Purchased Services	1,187	1,586	545	1,041
Supplies	2,000	7,156	11,143	(3,987)
Total Instruction	<u>51,937</u>	<u>83,242</u>	<u>63,792</u>	<u>19,450</u>
Total Expenditures	<u>51,937</u>	<u>83,242</u>	<u>63,792</u>	<u>19,450</u>
Excess (Deficiency) of Revenues Over Expenditures	21,935	21,935	(10,540)	(32,475)
Cash Balance Beginning of Year	<u>(21,935)</u>	<u>(21,935)</u>	<u>(21,935)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (32,475)</u>	<u>\$ (32,475)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Net Change in Cash Balance-Cash Basis			\$ (10,540)	
Net Change in Due from Grantor			10,643	
Net Change in Accounts Payable			(103)	
Net Change in Fund Balance-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-College Counselor Initiative-27189
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 65,000	\$ 65,000	\$ 51,083	\$ (13,917)
Total Revenues	<u>65,000</u>	<u>65,000</u>	<u>51,083</u>	<u>(13,917)</u>
Expenditures				
Support Services				
Instruction				
Personnel Services	45,000	45,000	44,795	205
Employee Benefits	15,000	15,000	20,205	(5,205)
Supplies	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>5,000</u>
Total Instruction	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>0</u>
Total Support Services	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>0</u>
Total Expenditures	<u>65,000</u>	<u>65,000</u>	<u>65,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(13,917)	(13,917)
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>\$ (13,917)</u>	<u>\$ (13,917)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (13,917)	
Net Change in Due from Grantor			<u>13,917</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-Social Workers For Middle School-27194

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 65,000	\$ 65,000	\$ 37,569	\$ (27,431)
Total Revenues	<u>65,000</u>	<u>65,000</u>	<u>37,569</u>	<u>(27,431)</u>
Expenditures				
Support Services				
Students				
Personnel Services	40,000	40,000	39,362	638
Employee Benefits	20,000	20,000	9,524	10,476
Professional & Tech Services	0	0	708	(708)
Supplies	5,000	5,000	200	4,800
Total Students	<u>65,000</u>	<u>65,000</u>	<u>49,794</u>	<u>15,206</u>
Total Support Services	<u>65,000</u>	<u>65,000</u>	<u>49,794</u>	<u>15,206</u>
Total Expenditures	<u>65,000</u>	<u>65,000</u>	<u>49,794</u>	<u>15,206</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(12,225)	(12,225)
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>\$ (12,225)</u>	<u>\$ (12,225)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (12,225)	
Net Change in Due from Grantor			<u>12,225</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-Local Projects-29102
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 0	\$ 86,000	\$ 86,000	\$ 0
Total Revenues	<u>0</u>	<u>86,000</u>	<u>86,000</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	<u>0</u>	<u>5,900</u>	<u>5,765</u>	<u>135</u>
Total Instruction	<u>0</u>	<u>5,900</u>	<u>5,765</u>	<u>135</u>
Total Support Services	<u>0</u>	<u>5,900</u>	<u>5,765</u>	<u>135</u>
Total Expenditures	<u>0</u>	<u>5,900</u>	<u>5,765</u>	<u>135</u>
Excess (Deficiency) of Revenues Over Expenditures	0	80,100	80,235	135
Cash Balance Beginning of Year	<u>17,536</u>	<u>17,536</u>	<u>17,536</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 17,536</u>	<u>\$ 97,636</u>	<u>\$ 97,771</u>	<u>\$ 135</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 80,235</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 80,235</u>	

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

State of New Mexico
Loving Municipal Schools
Special Revenue Fund-United Way Grant-29107
Statement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 0	\$ 7,500	\$ 11,248	\$ 3,748
Total Revenues	<u>0</u>	<u>7,500</u>	<u>11,248</u>	<u>3,748</u>
Expenditures				
Instruction				
Personnel Services	0	6,250	5,000	1,250
Employee Benefits	0	0	438	(438)
Other Purchased Services	0	0	82	(82)
Supplies	0	1,250	711	539
Total Instruction	<u>0</u>	<u>7,500</u>	<u>6,231</u>	<u>1,269</u>
Total Support Services	<u>0</u>	<u>7,500</u>	<u>6,231</u>	<u>1,269</u>
Total Expenditures	<u>0</u>	<u>7,500</u>	<u>6,231</u>	<u>1,269</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	5,017	5,017
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>\$ 5,017</u>	<u>\$ 5,017</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 5,017	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 5,017</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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State & Local Grants	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instruction				
Supplies	8,568	8,568	613	7,955
Total Instruction	<u>8,568</u>	<u>8,568</u>	<u>613</u>	<u>7,955</u>
Total Expenditures	<u>8,568</u>	<u>8,568</u>	<u>613</u>	<u>7,955</u>
Excess (Deficiency) of Revenues Over Expenditures	(8,568)	(8,568)	(613)	7,955
Cash Balance Beginning of Year	<u>8,568</u>	<u>8,568</u>	<u>8,568</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,955</u>	<u>\$ 7,955</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ (613)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (613)</u>	

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

State of New Mexico

Loving Municipal Schools

Capital Projects Fund-Special Capital Outlay-Local-31300

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

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Capital Outlay				
Fixed Assets	0	0	0	0
Total Capital Outlay	<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	0	0	0	0
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>\$ 176,900</u>	<u>\$ 176,900</u>	<u>\$ 176,900</u>	<u>\$ 0</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
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, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
Local Sources	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Capital Outlay				
Supplies	70,000	74,997	39,314	35,683
Supply Assets	20,209	20,209	14,660	5,549
Total Capital Outlay	<u>90,209</u>	<u>95,206</u>	<u>53,974</u>	<u>41,232</u>
Total Expenditures	<u>90,209</u>	<u>95,206</u>	<u>53,974</u>	<u>41,232</u>
Excess (Deficiency) of Revenues Over Expenditures	(90,209)	(95,206)	(53,974)	41,232
Cash Balance Beginning of Year	<u>95,392</u>	<u>95,392</u>	<u>95,392</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 5,183</u>	<u>\$ 186</u>	<u>\$ 41,418</u>	<u>\$ 41,232</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (53,974)	
Net Change in Accounts Payable			<u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (53,974)</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

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

Last 10 Fiscal Years*

	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.12516%	0.12622%
District's proportionate share of the net pension liability	\$ 7,141,284	\$ 8,175,606
District's covered-employee payroll	\$ 3,449,925	\$ 3,446,210
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	207.00%	237.23%
Plan fiduciary net position as a percentage of the total pension liability	66.54%	63.97%

*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>	<u>2016</u>
Contractually required contribution	\$ 486,430	\$ 569,190
Contributions in relation to the contractually required contribution	<u>486,430</u>	<u>498,750</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 70,440</u>
Districts covered-employee payroll	\$ 3,449,925	\$ 3,449,925
Contributions as a percentage of covered-employee payroll	14.10%	14.46%

* 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

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

Loving Municipal Schools

Notes to Required Supplementary Information

For the Year Ended June 30, 2016

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 June 12, 2015, the Board of Trustees of ERB implemented the following changes in assumptions for fiscal years 2015.

1. Fiscal year 2015 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 4.25% to 3.75%
 - b. Minor changes to demographic assumptions
 - c. Lower population growth from .50% to zero by removing population growth assumption for
 - d. Updated the mortality tables to incorporate generational improvements

2. Assumptions that were not changed:
 - a. Investment return will remain at 7.75%
 - b. Inflation will remain at 3.00%
 - c. COLA assumption of 2.00% per year
 - d. Retain net 4.75% real return assumption
 - e. Maintain current payroll growth assumption of 3.50%
 - f. Maintained experience-based rates for members who joined NMERB by June 30, 2010

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, 2016

Assets	Balance 6/30/15	Receipts	Disbursements	Balance 6/30/16
80001 HS Football	\$ 1,125	\$ 3,363	\$ 2,607	\$ 1,880
80002 HS Boys Basketball	394	3,059	2,669	784
80003 HS Girls Basketball	338	10,064	9,916	485
80004 HS Volleyball	525	7,439	7,044	920
80005 HS Track	5,280	3,886	1,028	8,138
80007 HS Softball	2,462	1,546	3,695	313
80009 HS Baseball	496	2,437	1,917	1,016
80010 Falcon Booster	0	7,523	7,085	438
80011 Dig Pink Volleyball	0	12,756	9,020	3,736
80013 HS Science	803	30	20	813
80014 HS Cheerleaders	2,942	3,284	3,880	2,346
80015 HS Student Council	1,931	0	0	1,931
80018 MS Science	201	0	0	201
80019 Loving Cares	266	0	0	266
80021 HS Yearbook	6,040	7,679	5,878	7,841
80022 HS National Honor Society	359	522	501	380
80023 Custodial	38	0	0	38
80024 HS General Activity	6,692	1,419	5,198	2,913
80025 HS Shop	369	0	0	369
80026 HS Band	8,117	2,943	3,842	7,218
80028 Skills USA	1,837	6,982	7,357	1,461
80029 HS AD Athletics	4,164	6,269	4,081	6,352
80030 HS Scholarship	579	0	0	579
80031 HS Library	1,380	31	0	1,411
80032 Central Office	315	0	121	195
80034 ID Account	437	15	0	452
80035 KUNOS	915	0	0	915
80036 Posters-Tech Dept.	0	630	0	630
80037 MS General Activity	5,864	7,333	7,131	6,066
80038 MS Cheerleaders	118	115	132	101
80039 MS Student Council	2,661	720	510	2,871
80040 MS Library	441	10	0	451
80041 MS PE	31	0	0	31
80042 MS Parent Club	919	3,294	2,246	1,967
80043 MS Media	608	1,105	1,700	13
80044 MS Home Ec	60	1,145	169	1,035
80045 ES General Activity	4,592	1,604	1,112	5,084
80046 ES Student Council	474	1,366	1,218	622
80047 ES Library	399	4,837	4,769	468
80053 ES Parent Council	14,235	28,254	26,492	15,997
80055 ES Head Start	199	0	134	65
80061 ES Staff	1,845	591	1,860	575
80063 HS Falcon Creations	498	105	0	603
80064 HS Track Coaches	4,912	3,469	4,891	3,489
80065 HS Football Coaches	429	3,418	1,510	2,337
80066 ES Music	669	510	0	1,179
80067 HS Boys Basketball Coaches	\$ 2	\$ 0	\$ 0	\$ 2

State of New Mexico
Loving Municipal Schools
Agency Funds-Activity
Schedule of Fiduciary Assets and Liabilities-Agency Funds
For the Year Ended June 30, 2016

Assets	Balance 6/30/15	Receipts	Disbursements	Balance 6/30/16
80069 ES Clothing Bank	\$ 2,644	\$ 0	\$ 0	\$ 2,644
80072 HS Robotics	1,038	0	0	1,038
80073 HS Girls Basketball Coaches	45	0	0	45
80075 HS Athletics	1,216	2,102	2,239	1,079
80076 HS Softball Coaches	37	934	650	320
80077 MS Shop	985	820	493	1,312
80078 HS Health	36	5	0	41
80079 Class of 2017	4,535	2,713	5,819	1,429
80081 HS Staff	1,490	8,408	7,302	2,595
80082 MS National Junior Honor Society	536	2,011	1,421	1,126
80083 Positive Behavior Support	44	0	0	44
80085 Class of 2018	1,248	1,092	710	1,630
80087 Volleyball Coaches	6,523	0	6,106	417
80088 Class of 2015	2,294	1,064	435	2,923
80090 Class of 2016	5,302	5,012	5,449	4,865
80091 Tech Lab Fees	226	310	0	536
Total Assets	<u>\$ 115,157</u>	<u>\$ 164,221</u>	<u>\$ 160,357</u>	<u>\$ 119,021</u>
Liabilities				
Deposits Held for Others	\$ 115,157	\$ 164,221	\$ 160,357	\$ 119,021
Total Liabilities	<u>\$ 115,157</u>	<u>\$ 164,221</u>	<u>\$ 160,357</u>	<u>\$ 119,021</u>

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, 2016

		Beginning Cash 6/30/15	Revenue	Expenditures	Ending Cash 6/30/16
Operational	11000 \$	1,138,600 \$	5,345,318 \$	5,504,522 \$	979,396
Transportation	13000	26,726	118,480	130,283	14,923
Instructional Materials	14000	91,648	41,308	43,968	88,988
Food Service	21000	11,223	359,755	348,223	22,755
Athletics	22000	36,346	56,122	47,900	44,568
Federal Flowthrough	24000	(42,654)	181,802	242,767	(103,619)
Federal Direct	25000	(16,453)	222,601	219,469	(13,321)
State Flowthrough	27000	(44,679)	221,522	333,689	(156,846)
Local/State	29000	26,103	97,248	12,608	110,743
Bond Building	31100	1,004,761	1,000,000	797,660	1,207,101
Capital Outlay-Local	31300	176,900	0	0	176,900
Senate Bill Nine	31700	945,200	302,766	375,625	872,341
Ed Tech Equipment	31900	95,392	0	53,975	41,417
Debt Service	41000	84,462	644,005	746,642	(18,175)
Debt Service Ed Tech	43000	114,255	153,291	190,359	77,187
Activities		115,157	164,221	160,357	119,021
Total		<u>\$ 3,762,987</u>	<u>\$ 8,908,439</u>	<u>\$ 9,208,047</u>	<u>\$ 3,463,379</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, 2016

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>RFB#/RFP# (if applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>	<i>If the procurement is attributable to a Component Unit, Name of Component Unit</i>
7056	Loving Municipal Schools	Schools	RFP	RFP	Summit Food Services	Yes	329,786	N/A	PO Box 743293, Atlanta, GA 30374	In-State	No	Food Services Management Co	N/A

Federal Compliance

State of New Mexico
Loving Municipal Schools
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2016

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	\$ 96,929
National School Lunch Program	10.555	21000	258,650
			<u>355,579</u>
Pass-through State Department of Human Services:			
Supplemental Nutrition Assistance Program	10.551	21000	(1) 21,141
Direct Program			
Rural Development, Forestry, and Communities	10.672	11000	1,485
			<u>1,485</u>
Total U. S. Department of Agriculture			<u>378,205</u>
<u>U. S. Department of Education</u>			
Pass-through State Public Education Department:			
Special Education Cluster			
IDEA B Entitlement	84.027	24106	129,483
IDEA B Reallocation	84.027	24120	22,173
IDEA Preschool	84.173	24109	6,515
			<u>158,171</u>
Pass-through State Public Education Department:			
Title I	84.010	24101	69,252
Improving Teacher Quality	84.367	24154	15,383
Direct Program			
Rural Education Achievement Program	84.358	25233	26,380
Total U. S. Department of Education			<u>269,186</u>
<u>U. S. Department of Health and Human Services</u>			
Direct Program			
Head Start	93.600	25127	180,805
			<u>180,805</u>
Total Federal Assistance			\$ <u>828,196</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, 2016

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.

Note 4: De Minimis Indirect Rate

The District did not elect to use the 10% de minimis indirect cost rate.

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 Mora Independent 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, 2016, 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, 2016.

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. 2016-001, 2016-002, 2016-003

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 2016-001, 2016-002, 2016-003

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, 2016

Report on Compliance With Requirements
Applicable To Each Major Program and Internal Control
Over Compliance in Accordance With OMB Uniform Guidance

Independent Auditor's Report

Mr. Tim Keller
State Auditor of the State of New Mexico
Board Members of the Mora Independent Schools

Mr. Keller and Members of the Board

Compliance

We have audited Loving Municipal Schools (District) compliance with the types of compliance requirements described in the Title 2 U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. 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. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements in the *Uniform Guidance*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements 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, 2016.

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. In planning and performing the compliance audit, 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

De'Ann Willoughby CPA PC

Clovis, New Mexico
October 28, 2016

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? Yes

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 Uniform Guidance No

Identification of major programs:

<u>CFDA Numbers)</u>	<u>Name of Federal Program of Cluster</u>
10.553	Nutrition Cluster
10.555	School Breakfast Program
	National School Lunch Program

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Audited qualified as low risk Auditee No

Federal Compliance Findings

Prior Year Audit Findings

None

Current Year Audit Findings

None

Financial Statements Findings

Prior Year Audit Findings

2014-002 Budget Violations

2014-003 Cash Appropriations in Excess of Available Cash Balances

Status

Resolved

Resolved

Current Year Audit Findings

2016-001 Payroll-Compliance & Internal Control-Significant Deficiency Condition

Out of 10 personnel files sampled we noted:

(A) 2 of the 5 non-exempt employees had overtime on their timesheets. There was no overtime paid on payroll. The business manager stated that the employees took comp time in lieu of overtime. The District has no written policy stating an employee has to take comp time and there was not a written agreement from the employee accepting comp time. The central office is not tracking the comp time and depending on supervisors to track it. No documentation could be provided to the auditor with outstanding comp time as of June 30, 2016 to determine if a liability for comp time would be material.

(B) 5 of 17 new hires sampled 5 were not submitted timely.

Criteria

(A) Fair Labor Standards Act requires time and a half be paid to employees who work more than forty hours in a work week who fall into the non-exempt status.

(B) Under New Mexico law (§50-13-1 to 50-13-4) and Federal law (42 USC §653.a.(b)(1)(A)), all public, private, non-profit, and government employers are required to report all newly hired employees within 20 days of hire or rehire to the New Mexico New Hires Directory.

Cause

Management was not aware a policy or written agreement was necessary to offer comp time vs paying overtime. Management considered the supervisor's records to be adequate.

Effect

(A) Without adequate time worked documentation, Workforce Solutions could require the District to pay at time and a half the hours verbally told to them by the nonexempt employees. The cost to the District could be substantial.

(B) Pursuant to federal law, states have the option of imposing civil monetary penalties on employers who fail to report new hires. The fine can be up to \$20 per newly hired employee, and if there is a conspiracy between the employer and employee not to report, the penalty can be up to \$500 per newly hired employee.

Recommendation

(A) A system needs to be set in place to track any comp time earned and used so the District can determine an accurate liability.

(B) Training and supervision should occur to assure the new hire reporting requirements are met.

Response

The District will implement a tracking system to record, monitor and accurately pay comp and/or overtime wages to non-exempt employees. The monthly reporting of New Hires has been changed to semi-monthly reporting to comply with the reporting requirement. The Business Manager is responsible for this finding and has resolved it.

2016-002 Expenditure Issues - Compliance and Internal Control-Significant Deficiency Condition

Of a sample size of 206 totaling \$1,808,752.79 revealed the following:

Fund 11000 - Of the 47 expenditures tested totaling \$239,713.20, 14 had after fact PO's totaling \$90,411.10 or 37.72%, 8 expenditures had no PO created at all for a total of \$2,448.70 or 1.02%.

Fund 13000 - Of the 15 expenditures tested totaling \$27,396.14, 2 had no PO's created totaling \$14,417.79 or 52.63%.

Fund 14000-Of the 9 expenditures tested totaling \$42,061.25, 1 had an after fact PO totaling \$69.97 or 0.17%.

Fund 21000 - Of the 13 expenditures tested totaling \$230,727.32, 8 had after fact PO's totaling \$189,972.43 or 82.34%, 1 had no PO created totaling \$59.92 or 0.03%.

Fund 22000 - Of the 26 expenditures tested totaling \$18,802.76, 3 had an after fact PO's totaling \$1,860.67 or 11.17%, 1 had no PO created totaling \$919.09 or 4.89%.

Fund 24101-Of the 1 expenditure tested totaling \$1,000.00, 1 had an after fact PO totaling \$1,000.00 or 100%.

Fund 24106 - Of the 1 expenditure tested totaling \$17,413.95, 1 had an after fact PO totaling \$17,413.95 or 100%.

Fund 24109 - Of the 1 expenditure tested totaling \$979.20, 1 had an after fact PO totaling \$979.20 or 100%.

Fund 24154-Of the 5 expenditures tested totaling \$6,592.55, 1 had no PO created totaling \$109.87 or 1.67%.

Fund 25127-Of the 8 expenditures tested totaling \$4,603.44 , 1 had an after fact PO totaling \$110.00 or 2.39%, 1 had no PO created totaling \$69.40 or 1.51%.

Fund 27114- Of the 2 expenditures tested totaling \$11,493.67, 1 had an after fact PO totaling \$3,112.49 or 27.08%.

Fund 27194-Of the 4 expenditures tested totaling \$803.06, 1 had no PO created to verify, totaling \$291.45 or 36.29%.

Fund 29102-Of the 3 expenditures tested totaling \$5,368.99, 1 had an after fact PO totaling \$499.00 or 9.29%.

Fund 29107-Of the 8 expenditures tested totaling \$9,606.17, 1 had no PO created for a total of \$1,852.50 or 19.28%, 2 were stipends issued to 2 employees that were not ran though payroll totaling \$5,000.00 or 52.05%.

Fund 31700 -Of the 10 expenditures sampled totaling \$747,464.56, 2 had after fact PO's totaling \$13,063.53 or 1.75%.

Fund 31700 - Of the 30 expenditures totaling \$306271.70, 4 had after fact PO's totaling \$43,134.78 or 14.08%.

Fund 31900 - Of the 10 expenditures tested totaling \$36,347.27, 2 had after fact PO's totaling \$5,298.75 or 14.58%.

Criteria

In accordance with 6.20.2.17 Purchasing, each school district shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq, NMSA 1978.

Cause

There is a lack of enforcing existing policies by those with approval authority.

Effect

The results of these expenditure issues is over spending of public funds.

Recommendation

Personnel should be trained in the procurement process and there should be consequences for failing to follow the process.

Response

The District will enforce and/or improve a better practice of processing open purchase orders for reoccurring expenditures such as utilities, legal services, etc. For expenditures made by employees, disciplinary action will be taken for those that do not follow the procurement process.

The Superintendent is responsible for enforcing the procurement process and expects progress in the current fiscal year.

2016-003 Activity Receipts-Compliance and Internal Control-Significant Deficiency**Condition**

Some receipts are made out to organizations rather than individuals. Students are not always given receipts. Some athletic gate receipts only had one signature. There was one instance of money not deposited within 24 hours of receipt. And in one instance the deposit date was one day before the receipt date.

Criteria

6-5-2 NMSA Internal Accounting Controls: Internal controls and procedures should be in writing and followed allowing documentation for the responsible party.

Effect

Activity funds pose a high risk of fraud making the implementation of a strong internal control system very important. Without a strong working control system, activity funds could easily be misappropriated.

Cause

Everyone district wide has become complacent in issuing receipts and depositing funds timely.

Recommendation

The District should undertake to provide the personnel responsible for handling activity receipts with sufficient training and supervision to ensure compliance with internal control systems.

Response

The District will continue to train employees of the receipting/depositing procedures and hold responsible parties accountable.

The superintendent is responsible for this finding and continues to remind staff of proper money handling procedures and expects progress in the current 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, 2016. Those present were Ann Lynn McIlroy -Superintendent, Olga Onsurez-Board Member, Angelica Fernandez-Audit Committee Member, Lee White-Principal, Margarita Buendia-Secretary, Veronica Carrasco-Central Office, Victoria Martinez-Central Office, Oralia Galindo-Business Manager and De'Aun Willoughby, CPA.