

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Financial Statements
With Independent Auditors' Report Thereon
June 30, 2013**

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

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June 30, 2013**

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**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Official Roster
June 30, 2013**

BOARD OF EDUCATION

Ronny Reeder	President
Robert Cox	Vice-President
Zac Zimmerman	Secretary
Greg Maxie	Member
Lynda McGinnes	Member

SCHOOL OFFICIALS

Darin Manes	Superintendent
LeAnne Gandy	Assistant Superintendent
Sheri Belyeu, CPA	Business Manager

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Board of Education
Lovington Municipal School District
Lovington, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of Lovington Municipal School District (the District), as of and for the year ended June 30, 2013, 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 funds, debt service fund, and all nonmajor funds presented as supplementary information as defined by the Government Accounting Standards Boards, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain 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 our audit evidence we have obtained is sufficient and appropriate to provide a reasonable 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 Lovington Municipal School District, as of June 30, 2013, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund 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 Lovington Municipal School District as of June 30, 2013, and the respective changes in financial position thereof, and the respective budgetary comparisons for the major capital project funds, debt service fund, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on Lovington Municipal School 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 the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, the accompanying financial information listed as supplementary information in the table of contents required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the 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 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2013 on our consideration of the Lovington Municipal School 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 Lovington Municipal School District's internal control over financial reporting and compliance.

Johnson, Miller & Co., CPA's

A handwritten signature in cursive script that reads "Johnson, Miller & Co." in black ink.

Hobbs, New Mexico
October 29, 2013

LOVINGTON MUNICIPAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2013 UNAUDITED

Introduction

The discussion and analysis of the Lovington Municipal School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- ❖ Total assets of governmental fund activities decreased \$11 thousand or .01% from 2012 primarily due to an increase in capital assets offset by a decrease in an increase in accounts receivable.
- ❖ Total liabilities of governmental fund activities decreased approximately \$1.2 million or 5.8% primarily due to payments made on bond liability.
- ❖ The District had \$34.8 million in expenses related to governmental activities: \$5.2 million of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues (primarily State Equalization Guarantee, property taxes, investments and miscellaneous income) of \$30.8 million were adequate to provide for these programs.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Lovington Municipal School District as a financial whole, or as an entire operating entity.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in a single column. For Lovington Municipal School District, the General Fund is the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this report contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2013?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

LOVINGTON MUNICIPAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2013 UNAUDITED

These two statements report the School District's net position and changes in those assets. This change in net position is important because it identifies whether the financial position of the School District has improved or diminished for the School District as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the School District's property tax base, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports only governmental activities:

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, SB-9 Capital Outlay and HB-33 Capital Outlay, and Debt Service Fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements.

Governmental Activities

The Statement of Activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The Statement of Activities, for governmental activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by revenues from state entitlements.

The dependence upon revenues from the State of New Mexico for governmental activities is apparent. Approximately 73 percent of expenses are supported through general state revenues.

LOVINGTON MUNICIPAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2013 UNAUDITED

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$36.2 million and expenditures \$37.5 million. The net change in net position for the year was an decrease of approximately \$1.3 million. This decrease in fund balance was primarily due to decreased Oil and Gas revenue and increased expenditures in instruction and capital outlay.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Mexico law and State Department of Education Regulations and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal 2013, the School District amended its budget as needed according to and in compliance with state regulations.

The following table examines the summary budget performance of the major and combined non-major funds for the fiscal year ending June 30, 2013. Detail budget performance is examined through the expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual for each fund. (In thousands of dollars)

	Final Budget	Actual	Variance
General Fund	\$ 30,665	\$ 27,488	\$ 3,177
HB-33 Capital Outlay	3,624	2,078	1,546
SB-9 Capital Outlay	3,342	1,752	1,590
Debt Service Fund	5,377	2,394	2,983
Nonmajor Governmental Funds	4,412	3,583	829

For the General Fund, final budgeted expenditures and other financing uses are greater than actual expenditures by \$3.2 million.

Expenditures and other financing uses were budgeted at \$30.7 million while actual expenditures plus financing uses were \$27.5 million. The difference between budget and actual expenditures was due to planned budgetary savings throughout the budget.

Actual revenues for the general fund were \$27.4 million and revenues from state sources constitute 97.9% of the total. Actual expenditures surpassed revenues by approximately \$48 thousand.

The primary increase in general fund revenue over the prior year was due to an increase in State Equalization Guarantee payments of approximately \$1.2 million net of \$427,855 liability due to PED for SEG overpayment from an error at PED.

The Debt Service fund also budgets the entire cash balance, but much of the balance is restricted for subsequent year's bond payments.

LOVINGTON MUNICIPAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2013 UNAUDITED

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2013, the District had \$114 million invested in capitalized assets with associated accumulated depreciation of \$62.2 million (see Note 6). The value of District owned land and buildings were adjusted to correspond to historical cost or to appraised value (if historical cost was not available).

Discussion of latest bond issuances and facility needs including Master Facility Plans and recent and planned bond issuances.

Debt

At June 30, 2013, the District had outstanding bonds payable of \$18.7 million and was bonded within practical capacity to 37.17% of the legal limit of \$50.4 million

In 2012, the District refinanced \$5,950,000 of bonds to reduce interest rates from averages of 4.653% to 3.784%. The District was able to capitalize on a low interest rate market in order to lower over all tax rates to residents. Total Net Present Value savings achieved was \$450,576.

Economic Factors and Next Year's Budget

The Lovington Municipal School District is located in Lea County. Lea County continues to build upon and maintain a balanced economy. Unemployment in the area has improved over the past year, and remains relatively stable and far below that of the national average level. Existing residential and commercial real estate continues to turnover, and new and diverse retail businesses continue to locate within Lovington and the surrounding Lea County area.

As Lea County's population has continued to increase, the Lovington Municipal School District's enrollment has continued to increase as well. SY2012 increased by 4.9 percent (3,568 students), SY2009 increased by 3.4% (3,357 students), SY2010 decreased by .02% (3,352 students), and SY2011 increased by 1.4% (3,400 students) to bring total district enrollment to more than 3,712 students as of the 40th day count in October of 2013. The District anticipates a continued longer term trend of student enrollment growth over the next several years' time. The local economy's primary drivers continue to be a demand for employees, excellent climate, and exceptional educational opportunities for students.

The Lovington Municipal School District receives approximately 70.4% of its annual operating budget from State Equalization Guarantee (SEG) formula funding. The SEG formula and State declared unit values are applied to State and certain Federal (i.e., Education Jobs Act) appropriated Operational Education funding sources. The objectives of the formula are (1) to equalize educational opportunity statewide (by crediting certain local and federal support and then distributing state support in an objective manner) and (2) to retain local autonomy in actual use of funds by allowing funds to be used in local districts at the discretion of local policy making bodies. The basis for the formula is in the number of students enrolled. Weighting factors are assigned to students that receive special services, i.e., special education and bilingual education services as well as other factors based on the training and experience of the teaching staff and the district's at-risk population.

LOVINGTON MUNICIPAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2013 UNAUDITED

Contacting the School District's Financial Management

The financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to:

Sheri Belyeu, CPA
Business Manager (575) 739-2200
Lovington Municipal School District
18 W. Washington
Lovington, NM 88260

sbelyeu@lovingtonschools.net

LOVINGTON MUNICIPAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2013 UNAUDITED

Condensed Statement of Net Position (in thousands of dollars)

	June 30, 2013	June 30, 2012
	Governmental Activities	Governmental Activities
Current and other assets	\$ 14,000	\$ 14,797
Net capital assets	51,752	50,934
Total assets	65,752	65,731
Long-term debt outstanding	18,795	20,684
Other liabilities	2,644	1,995
Total liabilities	21,439	22,679
Net position	\$ 44,313	\$ 43,052
Invested in capital assets net of related debt	\$ 32,957	\$ 30,419
Restricted	6,798	8,139
Unrestricted	4,558	4,494
Total net position	\$ 44,313	\$ 43,052

Changes in Net Position from Operating Results (in thousands of dollars)

Revenues:		
Program revenues		
Charges for services	\$ 408	\$ 362
Operating grants	5,002	4,933
Capital grants	-	-
General revenues		
Property taxes/Oil & Gas taxes	5,383	6,421
State aid	25,413	24,258
Other	8	88
Transfers in	-	-
Total revenue	36,214	36,062
Expenses:		
Instruction	18,497	17,330
Support services	11,545	11,524
Transportation	1,139	1,100
Food services	1,341	1,384
Community service	46	69
Debt Service	613	722
Facilities Acquisition & Construction	1,773	1,543
Total expenses	34,954	33,672
Increase (decrease) in net position	\$ 1,260	\$ 2,390

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Government-Wide
Statement of Net Position
June 30, 2013

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents (Note 3)	\$ 11,260,542
Investments (Note 3)	1,087,763
Receivables (Note 4)	1,502,659
Inventory	34,039
Bond issuance costs (net of accumulated amortization of \$68,088)	114,958
Capital assets, net (Note 6)	51,752,274
 Total assets	 \$ 65,752,235
LIABILITIES AND NET POSITION	
Accounts payable	\$ 768,000
Accrued payroll and related expenses	1,256,850
Accrued interest	164,559
Unearned revenue	146,011
Compensated absences - current portion (Note 7)	244,850
Noncurrent liabilities:	
Bond premium	64,189
Compensated absences - non current portion (Note 7)	55,468
Bonds payable: (Note 7)	
Due within one year	1,800,000
Due in more than one year	16,940,000
Total liabilities	21,439,927
 Net invested in capital assets	 33,012,274
Restricted for:	
Debt service	2,577,503
Capital projects	4,220,203
Unrestricted	4,502,328
Total net position	44,312,308
 Total liabilities and net position	 \$ 65,752,235

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Government-Wide
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions
Primary Government:			
Governmental activities:			
Instruction	\$ 18,496,861	\$ 113,175	\$ 2,358,929
Support services:			
Students	3,428,458	-	148,943
Instruction	456,351	-	234,732
General administration	657,427	-	-
School administration	2,069,903	-	-
Central services	2,165,860	-	-
Operation & maintenance of plant	2,731,618	-	-
Student transportation	1,138,821	-	1,041,719
Operation of non-instruction services:			
Food services	1,340,628	294,905	1,217,182
Community services	45,559	-	-
Other support services	35,502	-	-
Capital outlay	1,773,052	-	-
Interest on long-term debt	613,320	-	-
Total primary government	\$ 34,953,360	\$ 408,080	\$ 5,001,505

General revenues:

State equalization guarantee
Property taxes:
 General purposes
 Debt service
 Capital projects
Oil and gas taxes:
 General purposes
 Debt service
 Capital projects
Unrestricted investment earnings
Transfers in (out)
Total general revenues
Change in net position
Beginning net position
Net position - end of year

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

		Net (Expense) Revenue and Changes in Net Position	
		Primary Government	
Capital Grants and Contributions		Governmental Activities	
\$	-	\$	(16,024,757)
	-		(3,279,515)
	-		(221,619)
	-		(657,427)
	-		(2,069,903)
	-		(2,165,860)
	-		(2,731,618)
	-		(97,102)
	-		171,459
	-		(45,559)
	-		(35,502)
	-		(1,773,052)
	-		(613,320)
\$	-		<u>(29,543,775)</u>
			25,413,091
			86,460
			453,420
			832,662
			294,465
			1,360,203
			2,355,721
			8,433
			-
			<u>30,804,455</u>
			1,260,680
			43,051,628
\$			<u><u>44,312,308</u></u>

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Debt Service Fund	Capital Improvement HB- 33 Fund
ASSETS			
Cash and cash equivalents	\$ 4,722,047	\$ 2,321,954	\$ 1,476,400
Investments	4,228	-	560,093
Accounts receivable:			
Taxes	47,760	210,896	195,481
Due from other governments	-	-	-
Due from other funds	985,204	-	-
Inventory	-	-	-
Advances to other funds	323,209	-	-
<i>Total assets</i>	<u>\$ 6,082,448</u>	<u>\$ 2,532,850</u>	<u>\$ 2,231,974</u>
LIABILITIES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts payable	\$ 563,764	\$ -	\$ 112,286
Accrued liabilities	1,256,664	-	-
Accrued interest	-	-	-
Due to other funds	-	-	-
Unearned revenue	3,193	15,062	13,864
Advances from other funds	-	-	-
<i>Total liabilities</i>	<u>1,823,621</u>	<u>15,062</u>	<u>126,150</u>
<i>Fund balances:</i>			
Nonspendable	2,542,466	-	-
Restricted	1,216	2,517,788	2,105,824
Committed	-	-	-
Assigned	-	-	-
Unassigned	1,715,145	-	-
<i>Total fund balances</i>	<u>4,258,827</u>	<u>2,517,788</u>	<u>2,105,824</u>
<i>Total liabilities and fund balances</i>	<u>\$ 6,082,448</u>	<u>\$ 2,532,850</u>	<u>\$ 2,231,974</u>

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

Capital Improvement SB-9 Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,483,932	\$ 1,256,209	\$ 11,260,542
523,442	-	1,087,763
194,956	-	649,093
-	853,566	853,566
-	12,999	998,203
-	34,039	34,039
-	-	323,209
<u>\$ 2,202,330</u>	<u>\$ 2,156,813</u>	<u>\$ 15,206,415</u>
\$ 74,295	\$ 17,655	\$ 768,000
-	186	1,256,850
-	-	-
-	998,203	998,203
13,731	156,814	202,664
-	323,209	323,209
<u>88,026</u>	<u>1,496,067</u>	<u>3,548,926</u>
-	34,039	2,576,505
2,114,304	942,504	7,681,636
-	-	-
-	-	-
-	(315,797)	1,399,348
<u>2,114,304</u>	<u>660,746</u>	<u>11,657,489</u>
<u>\$ 2,202,330</u>	<u>\$ 2,156,813</u>	<u>\$ 15,206,415</u>

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2013**

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

Fund balances - total governmental funds	\$	11,657,489
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the statement of net position.</p>		
		51,752,274
<p>Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds:</p>		
Accounts receivable		10,803
Property taxes		45,850
Bond issuance costs		114,958
<p>Other liabilities are not due and payable in the current period and therefore are not reported in the funds:</p>		
Bond premium liability		(64,189)
Accrued interest expense		(164,559)
<p>Long-term liabilities, including bonds payable, capital leases payable and compensated absences are not due and payable in the current period and therefore are not reported in the fund financial statements.</p>		
		(19,040,318)
Net position of governmental activities in the statement of net position	\$	44,312,308

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Debt Service	Capital Improvement HB- 33	Capital Improvements SB-9
REVENUES				
Property taxes	\$ 90,328	\$ 476,870	\$ 428,268	\$ 437,043
Oil and gas taxes	294,465	1,360,203	1,177,861	1,177,861
Investment income	6,151	-	871	814
Food services	-	-	-	-
District activities	23,119	-	-	-
Insurance recoveries	64,840	-	-	-
Revenue from local sources	48,646	-	-	-
Revenue from state sources	26,887,674	-	-	-
Revenue from federal sources	32,898	-	-	-
Total revenues	<u>27,448,121</u>	<u>1,837,073</u>	<u>1,607,000</u>	<u>1,615,718</u>
EXPENDITURES				
Current:				
Instruction	16,440,390	-	-	-
Support services				
Students	2,974,034	-	-	-
Instruction	323,820	-	-	-
General administration	604,824	4,833	4,282	4,371
School administration	1,928,997	-	-	-
Central services	793,037	-	-	-
Operation and maintenance of plant	2,638,282	-	-	-
Student transportation	1,042,514	-	-	-
Operation of non instructional services				
Food services operations	-	-	-	-
Community services	-	-	-	-
Other support services	35,502	-	-	-
Capital outlay	843,805	-	2,069,375	1,820,391
Debt service	-	2,389,320	-	-
Total expenditures	<u>27,625,205</u>	<u>2,394,153</u>	<u>2,073,657</u>	<u>1,824,762</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(177,084)</u>	<u>(557,080)</u>	<u>(466,657)</u>	<u>(209,044)</u>
Other financing sources (uses)				
Increase (decrease) in inventory	-	-	-	-
Transfers in (out)	(14,763)	-	-	-
Net changes in fund balances	<u>(191,847)</u>	<u>(557,080)</u>	<u>(466,657)</u>	<u>(209,044)</u>
Beginning fund balances,	4,450,674	3,074,868	2,572,481	2,323,348
Fund balances--end of the year	<u>\$ 4,258,827</u>	<u>\$ 2,517,788</u>	<u>\$ 2,105,824</u>	<u>\$ 2,114,304</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 1	\$ 1,432,510
-	4,010,390
597	8,433
294,905	294,905
89,456	112,575
-	64,840
-	48,646
437,625	27,325,299
2,932,211	2,965,109
<u>3,754,795</u>	<u>36,262,707</u>
1,398,837	17,839,227
452,749	3,426,783
94,626	418,446
32,299	650,609
120,098	2,049,095
345	793,382
-	2,638,282
-	1,042,514
1,324,179	1,324,179
43,160	43,160
-	35,502
116,656	4,850,227
-	2,389,320
<u>3,582,949</u>	<u>37,500,726</u>
<u>171,846</u>	<u>(1,238,019)</u>
(7,613)	(7,613)
15,262	499
179,495	(1,245,133)
481,251	12,902,622
<u>\$ 660,746</u>	<u>\$ 11,657,489</u>

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Reconciliation of Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds	\$ (1,245,133)
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Governmental funds reported capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures	2,607,391
Depreciation expense	(1,788,282)

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

Change in deferred property tax revenue	(61,152)
Change in state grants	(68,481)

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

Decrease in the reserve for compensated absences	40,334
Decrease in bond premium liability	3,609
Decrease in capitalized bond issue costs	(20,262)
Decrease in accrued interest payable	17,656
Principal payments on bonds	1,775,000

Change in net position of governmental activities	\$ <u><u>1,260,680</u></u>
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The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 368,970	\$ 368,970	\$ 391,987	\$ 23,017
Investment income	3,000	3,000	6,151	3,151
District activities	4,000	4,000	23,119	19,119
Insurance recoveries	-	-	64,840	64,840
Revenue from local sources	-	-	48,646	48,646
Revenue from state sources	25,799,631	27,150,349	26,887,674	(262,675)
Revenue from federal sources	20,000	20,000	32,898	12,898
<i>Total revenues</i>	<u>26,195,601</u>	<u>27,546,319</u>	<u>27,455,315</u>	<u>(91,004)</u>
EXPENDITURES				
Instruction:				
Personnel services - compensation	13,310,863	12,718,624	11,327,888	1,390,736
Personnel services - employee benefits	3,943,931	3,809,656	3,777,795	31,861
Other purchased services	357,110	382,210	342,092	40,118
Supplies	691,430	1,126,830	957,644	169,186
Property	25,795	37,145	34,968	2,177
Total instruction	<u>18,329,129</u>	<u>18,074,465</u>	<u>16,440,387</u>	<u>1,634,078</u>
Support services - student:				
Personnel services - compensation	1,440,738	1,379,243	1,363,549	15,694
Personnel services - employee benefits	465,525	456,025	441,210	14,815
Purchased professional & technical services	430,000	363,014	308,588	54,426
Purchased property services	751,000	935,100	740,873	194,227
Other purchased services	1,304	2,054	1,879	175
Supplies	100,532	118,084	117,934	150
Property	-	-	-	-
Total support services - student	<u>3,189,099</u>	<u>3,253,520</u>	<u>2,974,033</u>	<u>279,487</u>
Support services - instruction:				
Personnel services - compensation	180,983	182,983	180,066	2,917
Personnel services - employee benefits	113,703	113,304	102,503	10,801
Purchased professional & technical services	-	-	-	-
Purchased property services	3	802	-	802
Other purchased services	4,262	5,162	3,590	1,572
Supplies	41,853	178,203	37,661	140,542
Property	-	-	-	-
Total support services - instruction	<u>340,804</u>	<u>480,454</u>	<u>323,820</u>	<u>156,634</u>

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Support services - general administration:				
Personnel services - compensation	302,237	334,033	333,487	546
Personnel services - employee benefits	114,348	123,790	122,704	1,086
Purchased professional & technical services	84,180	95,071	86,355	8,716
Other purchased services	26,153	30,090	29,497	593
Supplies	21,375	33,225	32,781	444
Property	-	-	-	-
Total support services - general admin.	548,293	616,209	604,824	11,385
Support services - school administration:				
Personnel services - compensation	1,462,298	1,472,581	1,452,085	20,496
Personnel services - employee benefits	478,454	463,753	455,836	7,917
Purchased property services	-	-	-	-
Purchased professional & technical services	2,113	5,868	5,673	195
Other purchased services	8,089	9,564	6,768	2,796
Supplies	8,047	139,014	8,635	130,379
Property	-	-	-	-
Total support services - school admin.	1,959,001	2,090,780	1,928,997	161,783
Support services - central services:				
Personnel services - compensation	534,680	565,786	561,993	3,793
Personnel services - employee benefits	170,291	179,346	179,025	321
Purchased professional & technical services	9,097	15,447	15,248	199
Purchased property services	-	250	246	4
Other purchased services	11,913	8,228	7,958	270
Supplies	18,430	31,024	28,567	2,457
Property	-	-	-	-
Total support services - central serv.	744,411	800,081	793,037	7,044
Support services - operation and maintenance of plant:				
Personnel services - compensation	945,517	981,252	979,352	1,900
Personnel services - employee benefits	420,897	418,437	415,220	3,217
Purchased property services	891,243	1,087,978	707,893	380,085

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>EXPENDITURES</i> (continued)				
Other purchased services	477,326	429,365	420,346	9,019
Supplies	77,880	87,335	86,186	1,149
Purchased professional & technical services	21,269	31,119	29,284	1,835
Total support services - operation and maintenance of plant	2,834,132	3,035,486	2,638,281	397,205
Operation of non instructional services - community services:				
Personnel services - compensation	12,000	540	-	540
Personnel services - employee benefits	936	-	-	-
Other purchased services	-	-	-	-
Total operation of non instructional services - community services	12,936	540	-	540
Support services - student transportation:				
Personnel services - compensation	35,205	31,675	31,675	-
Personnel services - employee benefits	7,465	8,085	8,085	-
Purchased professional & technical services	305	375	375	-
Purchased property services	124,353	204,944	204,629	315
Other purchased services	771,277	796,955	796,955	-
Supplies	-	800	795	5
Total support services - student transportation	938,605	1,042,834	1,042,514	320
Support services - other support				
Debt service and miscellaneous	43,651	43,651	35,502	8,149
Total support services - other support	43,651	43,651	35,502	8,149
Capital outlay	374,223	1,226,982	707,195	519,787
<i>Total expenditures</i>	29,314,284	30,665,002	27,488,590	3,176,412
<i>Excess (deficiency) of revenues over expenditures</i>	(3,118,683)	(3,118,683)	(33,275)	3,085,408

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Transfers in (out)	-	-	(14,763)	(14,763)
<i>Total other financing sources (uses)</i>	-	-	(14,763)	(14,763)
 <i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	 (3,118,683)	 (3,118,683)	 (48,038)	 3,070,645
 <i>Prior year cash balance</i>	 4,093,001	 4,093,149	 4,094,217	 1,068
 <i>End of year cash balance</i>	 \$ 974,318	 \$ 974,466	 \$ 4,046,179	 \$ 3,071,713

RECONCILIATION TO GAAP

Adjustments:

Unearned revenue	347
Accounts payable	(136,617)
Receivables	(7,539)
Net change in fund balance (GAAP basis)	\$ (191,847)

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2013

	<u>Agency Funds</u>
ASSETS	
<i>Current assets</i>	
Cash	\$ 327,916
	<u><u> </u></u>
LIABILITIES	
<i>Current liabilities</i>	
Deposits held in trust for others	\$ 327,916
	<u><u> </u></u>

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

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Lovington Municipal School District (the "District") is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education in the city of Lovington and surrounding area. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. Based on the criteria for determining the reporting entity (separate legal entity and fiscal or financial dependency on other governments), the District is considered to be an independent reporting entity and has no component units.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of the District's management who is responsible for their integrity and objectivity. The financial statements of the District conform to generally accepted accounting principles (GAAP) as applied to governmental 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 government's accounting policies are described below.

B. Government-Wide and Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues, net of estimated refunds and estimated uncollectible amounts, in the

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

General Funds – The general fund is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service – 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.

Capital Improvements HB-33- The capital outlay fund is used, to account for resources received from the local ad valorem tax levy for use in remodeling and equipping classroom facilities.

Capital Improvements SB-9 – The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements.

Additionally, the government reports the following fund types:

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

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

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Debt Service Funds – Debt service funds account for accumulation of resources for general long-term debt repayment.

Fiduciary Funds - The District's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

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

State statutes authorize the investment of the District's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The District is also allowed to invest in United States Government obligations. All funds for the District must follow the above investment policies.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Deposits and Investments (continued)

Excess of funds may be temporarily invested in securities which are issued by the State of New Mexico or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

Investments for the District are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

The District's property taxes are levied each year on the assessed valuation or property located in the District as of the preceding January 1st. The assessed valuation for the 2013 fiscal year was \$217,158,829. Mill levy rates are set by the State of New Mexico each year for the General Fund, HB-33 Capital Improvements Fund, SB-9 Capital Improvements Fund, Debt Service Fund, and the Education Technology Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

3. Inventories

The food inventories are valued at cost using the first-in/first-out (FIFO) method. USDA commodities are recorded at estimated costs. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. However, the District does not construct or maintain infrastructure assets, accordingly, the District is not subject to this provision of GASB Statement No. 34. Donated capital assets are recorded at

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

4. Capital Assets (continued)

estimated fair market value at the date of donation. Library books are not capitalized but are expensed during the year of purchase.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings	50
Building Improvements	20
Vehicles	2-15
Equipment and Software	3-15

5. Unearned Revenue

Accounting principles generally accepted in the United States of America require that grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the special revenue funds are shown as unearned revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be “available” under the current financial resources measurement focus are reported as unearned revenues in the governmental fund financial statements.

6. Compensated Absences

It is the District’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Unused sick leave is accrued at 50% of days accumulated at a rate of \$50 per day for employees who retire with at least ten years of service. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The accrued leave at June 30, 2013 was \$300,318.

7. Long-Term Obligations

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

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Long-Term Obligations (continued)

In the fund financial statements, current portions of debt that will mature early in the following year are reported as current liabilities. In addition, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Balance and Net Position

Fund Balance: In the fund financial statements, components of fund balance include the following:

1. Nonspendable fund balance is the portion of the gross fund balance that is not expendable or is legally earmarked for a specific use.
2. Restricted fund balances include fund balances that are subject or constrained to a specific purpose by the provider, such as a grantor.
3. Committed fund balances are the portion of the fund balance that is constrained to a specific purpose by the Board.
4. Assigned fund balances are the portion of the fund balances that are spendable or available for appropriation but have been tentatively earmarked for some specific purpose by the Superintendent or designee.
5. Unassigned fund balances include amounts available for any legal purpose. This portion of the net assets in the general fund is available to finance operating expenditures.

Net Position: in the government-wide financial statements components of net position include the following:

1. Net position invested in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balance of debt issue to finance the acquisition, improvement, or construction of those assets.
2. Restricted net position includes balances that are subject to constraints on their use by creditors, grantors, and bond indentures. These are the replacement reserves and the bond escrow accounts.
3. Unrestricted net position is available for general use by the District for any obligation or expense.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. Estimates

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

10. Indirect Costs

The District's general fund receives indirect cost reimbursements from the various federal programs it administers. These reimbursements are for expenses incurred in performing administrative functions on behalf of the special revenue funds. They are shown as expenditures in the special revenue funds, and as other special federal revenue in the general fund.

E. Revenues

1. State Equalization Guarantee:

School districts in the State of New Mexico receive a state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's program cost."

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size; etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$25,413,091 in state equalization guarantee distributions during the year ended June 30, 2013.

2. Transportation Distribution:

School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$1,041,719 in transportation distributions during the year ended June 30, 2013.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Revenues (continued)

3. Tax Revenues:

The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District recognized \$5,382,932 in tax revenues during the year ended June 30, 2013. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

These budgets are prepared on the non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent year. Such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance.

Actual expenditures may not exceed the budget on a line item basis. (i.e., each budgeted expenditure must be within budgeted amounts.) Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series', this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

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

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

1. In April or May, the Superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.
4. The Superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Board of Education.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2013**

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.
6. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2013 was properly amended by the Board throughout the year. New Mexico state law prohibits a school district to exceed a function line item.

NOTE 3: DEPOSITS AND INVESTMENTS

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2013.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of the deposit. At June 30, 2013, there were no investments in non-demand interest-bearing accounts.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States Government, or by their departments or agencies, and which are either direct obligations of the State or United States or are backed by the full faith and credit of those governments.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together insured up to \$250,000.

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2013**

NOTE 3: DEPOSITS AND INVESTMENTS (continued)

As of June 30, 2013, \$12,013,898 of the District's bank balances were exposed to custodial credit risk as follows:

	District
Insured (FDIC)	\$ 1,000,000
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the District's name	7,493,000
Uninsured and uncollateralized	3,520,898
Balance exposed to custodial credit risk	\$ 12,013,898
Total bank balances	\$ 12,013,898
Carrying Amount	\$ 11,588,458

The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10-1, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in securities that are issued by the United States Government or by its departments or agencies and are either backed by the full faith and credit of the United States Government or are agencies sponsored by the United States Government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares; at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts of the fund were invested. Any unrealized gain or loss on the portfolio is distributed through the investment yield on distribution dates. The State of New Mexico is the regulatory oversight entity and participation in the pool is voluntary. The State Treasurer issues separate financial statements that disclose the collateral pledged to secure these deposits. At June 30, 2013, the New MexiGROW Local Government Investment Pool was rated at AAAM and was considered a 36-day WAM. The District had \$1,087,763 invested in the New MexiGROW Local Government Investment Pool at June 30, 2013.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2013**

NOTE 3: DEPOSITS AND INVESTMENTS (continued)

Collateral Pledged

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution, and one hundred two percent of the amount in overnight repurchase accounts on deposit with the institution. The schedule listed below will meet the State of New Mexico Office of the State Auditor's requirements in reporting the insured portion of the deposits.

	Western Commerce Bank	Lea County State Bank	Wells Fargo Bank	Total
Total amount of deposits	\$5,010,203	\$429,581	\$6,574,114	\$12,013,898
FDIC coverage	250,000	250,000	500,000	1,000,000
Total uninsured public funds	<u>\$4,760,203</u>	<u>\$179,581</u>	<u>\$6,074,114</u>	<u>\$11,013,898</u>
Collateral requirement (50% of uninsured public funds)	\$2,380,102	\$89,791	\$3,037,057	\$5,506,950
Pledged securities	<u>4,154,298</u>	<u>700,000</u>	<u>3,159,123</u>	<u>8,013,421</u>
Over (under) collateralization	<u>\$1,774,196</u>	<u>\$610,209</u>	<u>\$122,066</u>	<u>\$2,506,471</u>

The collateral pledged is listed on Page 131-132 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

Reconciliation to the Statements of Net Position

The carrying amount of deposits and investments shown above are included in the District's balance sheet as follows:

	District
Carrying amount - Deposits	\$11,260,542
Less amounts included in agency funds	327,916
Total	<u>\$11,588,458</u>
Included in the following balance sheet captions:	
Cash and cash equivalents	<u>\$11,588,458</u>

Interest Rate Risk – The District does not currently have an investment policy to minimize interest rate risk.

Credit Risk – As previously stated, State statutes allow the District to invest funds in a wide variety of instruments. However, at June 30, 2013 the District had limited the majority of its investments to those backed by the full faith and credit of the United States government. In addition, the investments in agencies of the United States were rated AAAM by Standard & Poor's.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2013**

NOTE 3: DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District requires all investment securities to be held in third-party safekeeping by an institution acceptable to the District. The safekeeping institution is required to issue a safekeeping receipt or book entry notice to the District listing the specific instrument, rate, amount, maturity date, instrument number, term and other pertinent information. In addition, any financial institution holding securities for the benefit of the District is required to provide insurance sufficient to cover 100% of the securities.

Concentration of Credit Risk - The District places no limit on the amount the District may invest in any one issuer. However, as previously illustrated, 100% of the District's investments are backed by the full faith and credit of the United States government. These types of investments are considered to have minimal risk associated with them.

NOTE 4: RECEIVABLES

Receivables as of June 30, 2013 for the government's individual major funds and non-major funds in the aggregate, include the following:

	General	Capital Outlay	Debt Service	Other	Total
Receivables:					
Property taxes	\$ 7,848	\$ 71,142	\$ 39,248	\$ -	\$ 118,238
Oil & gas taxes	39,912	319,295	171,648	-	530,855
Due from other govts	-	-	-	853,566	853,566
	<u>\$ 47,760</u>	<u>\$ 390,437</u>	<u>\$ 210,896</u>	<u>\$ 853,566</u>	<u>\$1,502,659</u>

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2013**

NOTE 5: INTERFUND RECEIVABLES AND TRANSFERS

Interfund balances represent advances to funds that receive grants on a reimbursement basis. The composition of interfund balances during the year ended June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Reading First	\$275,447
General Fund	Reading First*	180,338
General Fund	Migrant Children Education*	29,250
General Fund	IDEA-B "Risk Pool"	3,228
General Fund	IDEA-B Preschool	886
General Fund	English Language Acquisition	10,618
General Fund	English Language Acquisition	71,343
General Fund	Title I-IASA	238,575
General Fund	Teacher/Principal Training	25,839
General Fund	IDEA-B	283,589
General Fund	Pre K Initiative	27,744
General Fund	Medicaid XIX	14,616
General Fund	GRADS Instruction *	42,278
General Fund	Reads to Lead	54,116
General Fund	Science Ins. Materials K-12	47,223
Carl Perkins High Schools That Work	Carl D Perkins Secondary	12,999
Local Combined Grants	General Fund	3,323
		\$ 1,321,412

*Considered long-term advances

The following transfers to close inactive funds were made between funds during the year ended June 30, 2013:

	Transfers Out	Transfers In
General Fund	\$ 14,763	\$
Safe and Drug Free Schools	2,972	
Rural and Low Income Schools	13,093	
Title VII Comprehensive	499	
Incentives for School Improvement	6,021	
Libraries 2006 SB301 GO Bonds	7,273	
Gear Up Grant	99	
Title I - 1003 G		7,282
GO Student Library Fund 2008		30,909
Pre K Initiative		6,529
Total	\$ 44,720	\$ 44,720

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2013**

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance 06/30/12	Increases	Deletions	Ending Balance 06/30/13
Governmental Activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 73,609	\$ -	\$ -	\$ 73,609
Capital assets, being depreciated:				
Buildings and improvements	105,602,700	1,242,202	-	106,844,902
Equipment	4,171,285	889,699	455,908	4,605,076
Vehicles	1,775,427	243,712	-	2,019,139
Intangibles	289,753	231,778	90,000	431,531
Total at historical cost	<u>111,912,774</u>	<u>2,607,391</u>	<u>545,908</u>	<u>113,974,257</u>
Less Accumulated Depreciation:				
Buildings and improvements	(56,492,799)	(1,364,160)	-	(57,856,959)
Equipment	(3,290,821)	(223,512)	455,908	(3,058,425)
Vehicles	(1,065,886)	(96,307)	-	(1,162,193)
Intangibles	(130,103)	(104,303)	90,000	(144,406)
Total accumulated depreciation	<u>(60,979,609)</u>	<u>(1,788,282)</u>	<u>545,908</u>	<u>(62,221,983)</u>
Governmental activities capital assets, net	<u>\$ 50,933,165</u>	<u>\$ 819,109</u>	<u>\$ -</u>	<u>\$ 51,752,274</u>

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

	District
Instruction	\$257,762
Support services:	
Students	6,463
Instruction	12,606
School administration	16,007
General administration	16,486
Central services	1,364,159
Operation and maintenance of plant	12,423
Student transportation	96,306
Food services	3,670
Community services	2,400
Total depreciation expense	<u>\$1,788,282</u>

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2013**

NOTE 7: LONG – TERM DEBT

General Obligation Bonds – the District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Bonds are direct obligations and pledge the full faith and credit of the District. The bonds will be paid from taxes levied against property owners living within the District boundaries. Bonds outstanding as of June 30, 2013 are comprised of the following:

	Original Amount	Interest Rates	Balance 06/30/13
Series 2007 General Obligation Bond	\$ 8,500,000	4.00%	\$ 6,500,000
Series 2008 General Obligation Bond	8,000,000	3.45%	6,725,000
Series 2011 General Obligation Refund Bond	6,040,000	2.50%	5,515,000
Total General Obligation Bonds	\$ 22,540,000		\$ 18,740,000

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

Year Ending June 30	Principal	Interest	Total Requirements
2014	1,800,000	560,775	2,360,775
2015	1,960,000	508,050	2,468,050
2016	2,115,000	450,675	2,565,675
2017	2,345,000	385,700	2,730,700
2018	2,575,000	314,225	2,889,225
2019-2022	7,945,000	499,888	8,444,888
Total	\$ 18,740,000	\$ 2,719,313	\$ 21,459,313

Changes in long-term liabilities – During the year ended June 30, 2013, the following changes occurred in liabilities reported in the general obligation bonds and compensated absences.

	Balance 06/30/12	Additions	Retirements	Balance 06/30/13	Due Within One Year
2003 Series	350,000	-	(350,000)	-	-
2007 Series	7,000,000	-	(500,000)	6,500,000	500,000
2008 Series	7,125,000	-	(400,000)	6,725,000	400,000
2011 Series	6,040,000	-	(525,000)	5,515,000	900,000
Compensated Absences	340,651	204,517	(244,850)	300,318	244,850
Total Long-Term Liabilities	\$ 20,855,651	\$ 204,517	\$ (2,019,850)	\$ 19,040,318	\$ 2,044,850

Compensated absences typically have been liquidated in the general and other governmental funds. Total interest expense on outstanding bonds for the year ended June 30, 2013 was \$ 595,994.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2013**

NOTE 8: RISK MANAGEMENT

The District is a member of the New Mexico Public School Insurance Authority (NMPSIA). NMPSIA was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 or each property damage claim with a \$750 deductible to each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2013, there have been no claims that have exceeded insurance coverage.

NOTE 9: PENSION PLAN-EDUCATIONAL RETIREMENT BOARD

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

Funding Policy

Member Contributions

Plan members whose salary is \$20,000 or less annually are required by statute to contribute 7.9% of their gross salary. Plan members whose salary is over \$20,000 annually are required to make the following contributions to the plan: 9.4% of their gross salary in fiscal year 2013; 10.1% of their gross salary in fiscal year 2014; and 10.7% of their gross salary in fiscal year 2015 and thereafter.

Employer Contributions

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

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2013**

NOTE 9: PENSION PLAN-EDUCATIONAL RETIREMENT BOARD (continued)

In the future, the District will contribute the following percentages of the gross covered salary of employees: 13.15% of gross covered salary in fiscal year 2014; and 13.9% of gross covered salary in fiscal year 2015.

The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District contribution to ERB for the fiscal years ending June 30, 2013, 2012, and 2011, were: \$1,849,342, \$1,550,222, and \$1,861,440 respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 10: POST-EMPLOYMENT BENEFITS-STATE RETIREE HEALTH CARE PLAN

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

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

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

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

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2013**

NOTE 10: POST-EMPLOYMENT BENEFITS-STATE RETIREE HEALTH CARE PLAN (continued)

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 not members of an enhanced retirement plan during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2013, 2012, and 2011 were \$343,107, \$301,516, and \$276,315 in employer contributions, which equals the required contributions for each year.

NOTE 11: CONTINGENT LIABILITIES

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

The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2013**

NOTE 12: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures as part of the combined statements of certain information concerning individual funds including:

A. Deficit fund balance of individual funds.

Migrant Children Education	\$	29,250
IDEA-B Preschool		886
English Language Acquisition		82,146
Teacher/Principal Training & Recruiting		1,356
Reading First		180,338
GRADS - Instruction		<u>42,278</u>
Total	\$	<u>336,254</u>

B. Excess of expenditures over appropriations.

For the fiscal year ended June 30, 2013, expenditures exceed appropriations in the following funds:

None.

C. Designated cash appropriations in excess of available balances:

None.

NOTE 13: SUBSEQUENT PRONOUNCEMENTS

In March 2012, GASB Statement No. 65 *Items Previously Report as Assets and Liabilities*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard will be implemented during fiscal year June 30, 2014.

In March 2012, GASB Statement No. 66 *Technical Corrections-2012—an amendment of GASB Statements No. 10 and No. 62*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard will be implemented during fiscal year June 30, 2014.

In June 2012, GASB Statement No. 67 *Financial Reporting for Pension Plans—an amendment of GASB Statements No. 25*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The standard is expected to have no effect on the District in upcoming years.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2013**

NOTE 13: SUBSEQUENT PRONOUNCEMENTS (continued)

In June 2012, GASB Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statements No. 27*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 14, 2013. Earlier application is encouraged. The standard is expected to have no effect on the District in upcoming years.

NOTE 14: BUDGETED FUND BALANCE RESTATEMENT

The budget fund balances for the following funds have been restated from the prior year report due to a mathematical error:

	Previously Reported June 30, 2012	As Reported June 30, 2013	Differences
Capital Improvement HB-33	1,796,534	1,796,591	57
Capital Improvement SB-9	1,593,199	1,593,253	54
English Language Acquisition	(18,456)	(18,641)	(185)
Gear Up CHE	(48,816)	(48,717)	99

NOTE 15: SUBSEQUENT EVENTS

Management review

The date to which events occurring after June 30, 2013, the date of the most recent Statement of Net Position have been evaluated for possible adjustment to the financial statements and disclosures is October 29, 2013 which is the date on which the financial statements were available for review.

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STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS DISTRICT
Combining Balance Sheet
General Fund
June 30, 2013

	Operational	Transportation	Instructional Materials	Total General Fund
ASSETS				
Cash and cash equivalents	\$ 4,708,814	\$ 148	\$ 13,085	\$ 4,722,047
Investments	4,228	-	-	4,228
Receivables:				
Taxes	47,760	-	-	47,760
Due from other governments	-	-	-	-
Due from other funds	985,204	-	-	985,204
Advances to other funds	323,209	-	-	323,209
	<u>6,069,215</u>	<u>148</u>	<u>13,085</u>	<u>6,082,448</u>
Total assets	<u>\$ 6,069,215</u>	<u>\$ 148</u>	<u>\$ 13,085</u>	<u>\$ 6,082,448</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 563,764	\$ -	\$ -	\$ 563,764
Accrued payroll	1,256,664	-	-	1,256,664
Deferred revenue	3,193	-	-	3,193
Total liabilities	<u>1,823,621</u>	<u>-</u>	<u>-</u>	<u>1,823,621</u>
<i>Fund balances:</i>				
Nonspendable	2,542,466	-	-	2,542,466
Restricted	-	148	1,068	1,216
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	1,703,128	-	12,017	1,715,145
<i>Total fund balances</i>	<u>4,245,594</u>	<u>148</u>	<u>13,085</u>	<u>4,258,827</u>
Total liabilities and fund balances	<u>\$ 6,069,215</u>	<u>\$ 148</u>	<u>\$ 13,085</u>	<u>\$ 6,082,448</u>

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2013

	Operational	Transportation	Instructional Materials	Total General Fund
REVENUES				
Property taxes	\$ 90,328	\$ -	\$ -	\$ 90,328
Oil and gas taxes	294,465	-	-	294,465
District activities	23,119	-	-	23,119
Investment income	6,151	-	-	6,151
Insurance recoveries	64,840	-	-	64,840
Revenue from local sources	48,646	-	-	48,646
Revenue from state sources	25,625,923	1,041,719	220,032	26,887,674
Revenue from federal sources	32,898	-	-	32,898
Sale of real property	-	-	-	-
Total revenues	<u>26,186,370</u>	<u>1,041,719</u>	<u>220,032</u>	<u>27,448,121</u>
EXPENDITURES				
Current:				
Instruction	16,232,375	-	208,015	16,440,390
Support services:				
Students	2,974,034	-	-	2,974,034
Instruction	323,820	-	-	323,820
General administration	604,824	-	-	604,824
School administration	1,928,997	-	-	1,928,997
Central services	793,037	-	-	793,037
Operation and maintenance of plant	2,638,282	-	-	2,638,282
Student transportation	795	1,041,719	-	1,042,514
Operation of non instructional services:				
Food services operations	-	-	-	-
Community services	-	-	-	-
Other support services	35,502	-	-	35,502
Capital outlay	843,805	-	-	843,805
Total expenditures	<u>26,375,471</u>	<u>1,041,719</u>	<u>208,015</u>	<u>27,625,205</u>
Excess (deficiency) of revenues over expenditures	<u>(189,101)</u>	<u>-</u>	<u>12,017</u>	<u>(177,084)</u>
Other financing sources (uses)				
Transfers (in) out	<u>(14,763)</u>	<u>-</u>	<u>-</u>	<u>(14,763)</u>
Net changes in fund balances	(203,864)	-	12,017	(191,847)
Fund balances - beginning of year	<u>4,449,458</u>	<u>148</u>	<u>1,068</u>	<u>4,450,674</u>
Fund balances - end of year	<u>\$ 4,245,594</u>	<u>\$ 148</u>	<u>\$ 13,085</u>	<u>\$ 4,258,827</u>

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Operational
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive Negative
	Original	Final		
REVENUES				
Taxes	\$ 368,970	\$ 368,970	\$ 391,987	\$ 23,017
Investment income	3,000	3,000	6,151	3,151
District activities	4,000	4,000	23,119	19,119
Insurance recoveries	-	-	64,840	64,840
Revenue from local sources	-	-	48,646	48,646
Revenue from state sources	24,640,994	25,888,598	25,625,923	(262,675)
Revenue from federal sources	20,000	20,000	32,898	12,898
Sale of real property	-	-	-	-
<i>Total revenues</i>	<u>25,036,964</u>	<u>26,284,568</u>	<u>26,193,564</u>	<u>(91,004)</u>
EXPENDITURES				
Instruction:				
Personnel services - compensation	13,310,863	12,718,624	11,327,888	1,390,736
Personnel services - employee benefits	3,943,931	3,809,656	3,777,795	31,861
Other purchased services	357,110	382,210	342,092	40,118
Supplies	471,398	906,798	749,629	157,169
Property	25,795	37,145	34,968	2,177
Total instruction	<u>18,109,097</u>	<u>17,854,433</u>	<u>16,232,372</u>	<u>1,622,061</u>
Support services - student:				
Personnel services - compensation	1,440,738	1,379,243	1,363,549	15,694
Personnel services - employee benefits	465,525	456,025	441,210	14,815
Purchase prof. & tech. services	430,000	363,014	308,588	54,426
Purchased property services	751,000	935,100	740,873	194,227
Other purchased services	1,304	2,054	1,879	175
Supplies	100,532	118,084	117,934	150
Property	-	-	-	-
Total support services - student	<u>3,189,099</u>	<u>3,253,520</u>	<u>2,974,033</u>	<u>279,487</u>
Support services - instruction:				
Personnel services - compensation	180,983	182,983	180,066	2,917
Personnel services - employee benefits	113,703	113,304	102,503	10,801
Purchase prof. & tech. services	-	-	-	-
Purchased property services	3	802	-	802
Other purchased services	4,262	5,162	3,590	1,572
Supplies	41,853	178,203	37,661	140,542
Property	-	-	-	-
Total support services - instruction	<u>340,804</u>	<u>480,454</u>	<u>323,820</u>	<u>156,634</u>

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Operational
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Support services - general administration:				
Personnel services - compensation	302,237	334,033	333,487	546
Personnel services - employee benefits	114,348	123,790	122,704	1,086
Purchased professional & technical services	84,180	95,071	86,355	8,716
Other purchased services	26,153	30,090	29,497	593
Supplies	21,375	33,225	32,781	444
Property	-	-	-	-
Total support services - general admin	548,293	616,209	604,824	11,385
Support services - school administration:				
Personnel services - compensation	1,462,298	1,472,581	1,452,085	20,496
Personnel services - employee benefits	478,454	463,753	455,836	7,917
Purchase prof. & tech. services	2,113	5,868	5,673	195
Purchased property services	-	-	-	-
Other purchased services	8,089	9,564	6,768	2,796
Supplies	8,047	139,014	8,635	130,379
Property	-	-	-	-
Total support services - school admin.	1,959,001	2,090,780	1,928,997	161,783
Support services - central services:				
Personnel services - compensation	534,680	565,786	561,993	3,793
Personnel services - employee benefits	170,291	179,346	179,025	321
Purchased professional & technical services	9,097	15,447	15,248	199
Purchased property services	-	250	246	4
Other purchased services	11,913	8,228	7,958	270
Supplies	18,430	31,024	28,567	2,457
Property	-	-	-	-
Total support services - central serv.	744,411	800,081	793,037	7,044

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Operational
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>EXPENDITURES (continued)</i>				
Support services - operation and maintenance of plant:				
Personnel services - compensation	945,517	981,252	979,352	1,900
Personnel services - employee benefits	420,897	418,437	415,220	3,217
Purchased professional & technical services	21,269	31,119	29,284	1,835
Purchased property services	891,243	1,087,978	707,893	380,085
Other purchased services	477,326	429,365	420,346	9,019
Supplies	77,880	87,335	86,186	1,149
Property	-	-	-	-
Total support services - operation and maintenance of plant	2,834,132	3,035,486	2,638,281	397,205
Support services - community services:				
Personnel services - compensation	12,000	540	-	540
Personnel services - employee benefits	936	-	-	-
Travel and training	-	-	-	-
maintenance of plant	12,936	540	-	540
Support services - other support:				
Miscellaneous	43,651	43,651	35,502	8,149
Total support services - other support	43,651	43,651	35,502	8,149
Operation of non instructional services:				
Other purchased services-transportation	-	1,115	795	320
Other purchased services-food service	-	-	-	-
Total transportation services	-	1,115	795	320

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Operational
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Capital outlay	374,223	1,226,982	707,195	519,787
Non-operating	-	-	-	-
<i>Total expenditures</i>	28,155,647	29,403,251	26,238,856	3,164,395
<i>Excess (deficiency) of revenues over expenditures</i>	(3,118,683)	(3,118,683)	(45,292)	3,073,391
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Transfer in (out)	-	-	(14,763)	(14,763)
<i>Total other financing sources (uses)</i>	-	-	(14,763)	(14,763)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	(3,118,683)	(3,118,683)	(60,055)	3,058,628
<i>Prior year cash balance</i>	4,093,001	4,093,001	4,093,001	4,093,001
<i>End of year cash balance</i>	\$ 974,318	\$ 974,318	\$ 4,032,946	\$ 7,151,629
RECONCILIATION TO GAAP				
Adjustments:				
Unearned revenue			347	
Accounts payable			(136,617)	
Accounts receivable			(7,539)	
Net change in fund balance (GAAP basis)			\$ (203,864)	

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Transportation
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenues from state sources	\$ 938,605	\$ 1,041,719	\$ 1,041,719	\$ -
<i>Total revenues</i>	<u>938,605</u>	<u>1,041,719</u>	<u>1,041,719</u>	<u>-</u>
EXPENDITURES				
Support services:				
Student transportation	938,605	1,041,719	1,041,719	-
<i>Total expenditures</i>	<u>938,605</u>	<u>1,041,719</u>	<u>1,041,719</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Prior year cash balance</i>	-	148	148	148
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ 148</u>	<u>\$ 148</u>	<u>\$ 148</u>

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Instructional Materials
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from local sources	\$ -	\$ -	\$ -	\$ -
Revenues from state sources	220,032	220,032	220,032	-
<i>Total revenues</i>	<u>220,032</u>	<u>220,032</u>	<u>220,032</u>	<u>-</u>
EXPENDITURES				
Instruction	220,032	220,032	208,015	12,017
Support services:				
Instruction	-	-	-	-
<i>Total expenditures</i>	<u>220,032</u>	<u>220,032</u>	<u>208,015</u>	<u>12,017</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>12,017</u>	<u>12,017</u>
<i>Other financing sources (uses):</i>				
Designated cash balance			-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>12,017</u>	<u>12,017</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>1,068</u>	<u>1,068</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,085</u>	<u>\$ 13,085</u>

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Debt Service Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,486,075	\$ 2,486,075	\$ 1,924,573	\$ (561,502)
Bond premium	-	-	-	-
<i>Total revenues</i>	<u>2,486,075</u>	<u>2,486,075</u>	<u>1,924,573</u>	<u>(561,502)</u>
EXPENDITURES				
Support services:				
General administration	5,000	5,000	4,834	166
Debt service	5,372,364	5,372,364	2,389,320	2,983,044
<i>Total expenditures</i>	<u>5,377,364</u>	<u>5,377,364</u>	<u>2,394,154</u>	<u>2,983,210</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,891,289)</u>	<u>(2,891,289)</u>	<u>(469,581)</u>	<u>2,421,708</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	2,891,289	2,891,289	-	(2,891,289)
<i>Total other financing sources (uses)</i>	<u>2,891,289</u>	<u>2,891,289</u>	<u>-</u>	<u>(2,891,289)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(469,581)</u>	<u>(469,581)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>2,791,534</u>	<u>2,791,534</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,321,953</u>	<u>\$ 2,321,953</u>
RECONCILIATION TO GAAP				
Adjustments:				
Deferred revenue			6,665	
Accounts receivable			(94,166)	
Net change in fund balance (GAAP basis)			<u>\$ (557,082)</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Capital Improvement HB-33 Capital Project Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,538,628	\$ 1,538,628	\$ 1,633,836	\$ 95,208
Revenue from state sources	-	-	-	-
Investment income	900	900	871	(29)
<i>Total revenues</i>	1,539,528	1,539,528	1,634,707	95,179
EXPENDITURES				
Support services:				
General administration	3,726	4,726	4,282	444
Other support services	-	-	-	-
Capital outlay	3,621,006	3,620,006	2,074,483	1,545,523
<i>Total expenditures</i>	3,624,732	3,624,732	2,078,765	1,545,967
<i>Excess (deficiency) of revenues over expenditures</i>	(2,085,204)	(2,085,204)	(444,058)	1,641,146
<i>Other financing sources (uses):</i>				
Designated cash balance	2,085,204	2,085,204	-	(2,085,204)
<i>Total other financing sources (uses)</i>	2,085,204	2,085,204	-	(2,085,204)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(444,058)	(444,058)
<i>Prior year cash balance (as restated)</i>	-	-	1,796,591	1,796,591
<i>End of year cash balance</i>	\$ -	\$ -	\$ 1,352,533	\$ 1,352,533
RECONCILIATION TO GAAP				
Adjustments:				
Accounts payable			5,108	
Deferred revenue			1,591	
Accounts receivable			(29,298)	
Net change in fund balance (GAAP basis)			\$ (466,657)	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Capital Improvements SB-9 Capital Project Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,547,416	\$ 1,547,416	\$ 1,642,784	\$ 95,368
Revenue from state sources	-	-	-	-
Revenue from local sources	-	-	-	-
Investment income	-	-	814	814
<i>Total revenues</i>	1,547,416	1,547,416	1,643,598	96,182
EXPENDITURES				
Support services:				
General administration	3,814	4,814	4,371	443
Central services	-	-	-	-
Other support services	-	-	-	-
Capital outlay	3,338,379	3,337,379	1,747,734	1,589,645
<i>Total expenditures</i>	3,342,193	3,342,193	1,752,105	1,590,088
<i>Excess (deficiency) of revenues over expenditures</i>	(1,794,777)	(1,794,777)	(108,507)	1,686,270
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Transfers in	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	(1,794,777)	(1,794,777)	(108,507)	1,686,270
<i>Prior year cash balance (as restated)</i>	1,593,253	1,593,253	1,593,253	1,593,253
<i>End of year cash balance</i>	\$ (201,524)	\$ (201,524)	\$ 1,484,746	\$ 3,279,523
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(136,629)	
Accounts payable			(44,780)	
Deferred revenue			80,872	
Net change in fund balance (GAAP basis)			\$ (209,044)	

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

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Special Revenue Funds
June 30, 2013**

Food Services – 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 – To account for revenue and expenditures associated with the District’s budgeted athletic activities. (NMAC 6.20.2).

Title I IASA - 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.

Title I Migrant Children Education – To account for a program funded by a federal grant whose purpose is to implement school wide bilingual education programs of special alternative instruction programs to improve, reform, and upgrade relevant programs and operations within an entire local educational agency, that serve a significant number of children and youth of limited English proficiency in local educational agencies with significant concentrations of such children and youth. The fund was created by the authority of federal grant provisions. (Title VII, Section 7115 of the ESEA (20USC 7425)).

IDEA Part B, Entitlement – 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 Part B, Preschool – 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.

IDEA-B Risk Pool - To account for funds received for high cost education of individuals with special needs. 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.

Title I Section 1003g-Schools in Need of Improvement – The purpose of this title is to ensure that all children have a fair, equal, and significant opportunity to obtain a high-quality education and reach, at a minimum, proficiency on challenging state academic achievement standards and state academic assessments. This fund was created by the authority of federal grant provisions-Chapter I of Title I of the Elementary and Secondary Education Act. (ESEA) of 1965, as amended.

Enhancing Education Through Technology/Title II-D - To account for funds which provide hardware, software and training to enhance classroom use of technology. The fund was created by the authority of federal grant provisions.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Special Revenue Funds
June 30, 2013**

English Language Acquisition – To account for revenues and expenditures received from a federal grant provided to develop school-wide programs for limited english proficient students that reform, restructure, and upgrade all relevant programs. The fund was created by the Elementary and Secondary Education Act of 1965, as amended, Title VII, Part A.

Teacher/Principal Training – 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).

Safe and Drug Free School – To offer a disciplined environment conducive to learning, by preventing violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco, and drugs, involve parents, and coordinated with related federal, state, and community efforts and resources. Elementary and Secondary Education Act, Title IV, Part A, Subpart 1, as amended. 20 U.S.C. 7111-7118.

Rural & Low Income – To account for a federal grant to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. The grant is authorized by the Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

Title III Immigrant – To account for the revenues and expenditures provided for daily tutoring in intensive English Instruction in the area of reading. Funds are received through the New Mexico Department of Education. The fund was created by the authority of federal grant provisions. (PL 103-382).

Reading First -Reading First was established by the No Child Left Behind Act in effort to enable all students to become successful readers. Funds are provided to assist in professional development for teachers, provide screening and assessments, diagnostic tools, and tools for teaching reading to various levels of readers.

Carl Perkins - Secondary – The objective of this grant is to provide secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Department of Education. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

Carl D. Perkins Redistribution – The focus of the redistribution of unused funds is to ensure continued progress in the implementation of Career-Technical Education Programs in New Mexico. Funds are used for professional development that reflects the integration of career-technical education and academics, support of nontraditional participation and completion. Authority for creation of this fund is New Mexico Public Education Department.

**TATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Special Revenue Funds
June 30, 2013**

Carl D. Perkins – High School – To account for funds administered through the state Public Education Office to the deployment of the High Schools That Work framework is intended to improve student achievement, increase graduation rates and provide relevant and rigorous high school instruction.

Title I IASA-Federal Stimulus - To account for a program funded by a federal grant to supplement the regular instructional program for educationally deprived students with additional funding under the American Recovery and Reinvestment Act of 2009. The fund was created by the authority of federal grant provisions.

IDEA B Entitlement-Federal Stimulus- To account for a program funded by an additional federal grant under the American Recovery and Reinvestment Act of 2009 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.

Title VI Comprehensive – To develop school wide programs for limited English proficient students that reform, restructure, and upgrade all relevant and operations within an individual school that has a concentration of limited English proficient students. Elementary and Secondary Education Act of 1965, as amended, Title VII, Part A, Subpart 1.

Education of the Homeless-Federal Stimulus-To account for a program to ensure that all homeless children and youth have equal access to the same free, appropriate education available to other children. The fund was created by the authority of the American Recovery and Reinvestment Act of 2009, Public Law 111-5.

Medicaid – 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 development outcomes for children. The fund was created by the authority of federal grant provisions. (Title XIX Social Security Act).

State Equalization Guarantee-Federal Stimulus- To account for revenues received and related expenses from the American Recovery and Reinvestment Act of 2009 to minimize and avoid reductions in teachers and other staff. The fund was created to comply with provisions in the American Recovery and Reinvestment Act of 2009.

Education Jobs – Federal Stimulus – As a result of state revenue shortfalls and the subsequent passage of the American Recovery and Reinvestment Act of 2009 (ARRA), federal stimulus dollars were available to create education jobs for the 2010-2011 school year. Jobs funded under the program include those that provide educational and related services for early childhood, elementary, and secondary education. The authority for creation of this fund is the American Recovery & Reinvestment Act of 2009.

Local Combined Schools – To account for revenues received from a state grant for additions to native New Mexico plants to study within the science programs. The fund was created by state grant provisions.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Special Revenue Funds
June 30, 2013**

Dual Credit Instructional Materials- To account for revenues to support the purchase of instructional materials for high school students to enroll in college-level courses offered by a postsecondary institution to earn credit toward high school graduation and a postsecondary degree or certificate. The fund is created by the authority of SB 943 (Laws 2007, 227).

Library GO Bond - To account for revenues generated from a state wide General Obligation Bond election which appropriated funds to school libraries to increase their book collection. The fund was created by state grant provisions.

2010 G.O. Bond Student Library - The funding was made available through Senate Bill 1, Laws of 2010, 2nd Special Session, Chapter 3, which appropriated funds for the public school library improvement. The funds are available on a reimbursement basis. Libraries acquired library books, equipment, and library resources for public schools.

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

Incentives for School Improvements – To account for revenues and expenditures from a state grant as part of the Incentives for School Improvement Act: awarded based on the improvement in CTBS 5/Terra Nova or New Mexico High School Competency Examination scores. The fund was created by state grant provisions. (NMSA 22-13A-1)

Truancy CYFD- The purpose of this state grant is to provide funds to improve school attendance rates through truancy prevention. Authority for creation of this fund is authorization of the New Mexico Public Education Department.

Pre Kindergarten Initiative – The program strives to meet the total developmental needs of eligible participating children to include physical, cognitive, social, and emotional needs, including health care, nutrition, safety and multicultural sensitivity, in accordance with the program’s annual professional services agreement between the State of New Mexico Public Education Department and the award recipients. Authority for creation of this fund is authorization of the New Mexico Public Education Department.

Beginning Teacher Mentoring – To account for revenues and expenditures from a state grant provided for tutoring and student enhancement activities in reading, math, and study skills for grades sixth through eighth. The fund was created by state grant provisions.

Adequacy Tech Equity Grant Fund – The capital improvements fund is used to assist the District in developing and implementing a strategic, long-term plan for utilizing education technology in the school system. The fund was created by state grant provisions.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Special Revenue Funds
June 30, 2013**

Library GO Bond 2006 - To account for revenues generated from a state wide General Obligation Bond election which appropriated funds to school libraries to increase their book collection. The fund was created by state grant provisions.

School Library Material Fund-To account for revenues and expenditures related to the purchase of library materials. The fund was created by state grant requirements.

Early Intervention CYFD - To account for revenues and expenditures for grants to provide daycare for high school students with children. The fund was created by state grant provisions.

Gear Up CHE - To account for revenues and expenditures for grants provide services at high poverty middle schools and high schools. The fund was created by state grant provisions.

GRADS Child Care – To account for funds received from New Mexico Department of Health for the Graduation and Dual Skills (GRADS) program for pregnant and parenting skills. The fund was created by state grant provisions.

GRADS Instruction – The purpose of this program is to provide funds to be used for the salary and fringe benefits of a childcare worker for the children of student parents. Authority for creation of this fund is the Social Security Act, Title IV, Part A, as amended; Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193; Balanced Budget Act of 1997, Public Law 105-33.

Value Options DOH –To account for funds received from Value Options to teach substance abuse prevention classes. Authority for creation of this fund is the New Mexico Public Education Department.

**Non-Major Capital Projects Funds
June 30, 2013**

Special Capital Outlay-State – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of upgrading buildings.

Local Grant- To account for donations designated for capital outlay of scoreboard.

**Non-Major Debt Service Fund
June 30, 2013**

Education Technology Debt Service – 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.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2013

	Special Revenue Funds			
	Food Services	Athletics	Title I - IASA	Migrant Children Education
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 488,010	\$ 214,683	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable:				
Taxes	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	110,053	-	251,580	-
Inventory	34,039	-	-	-
<i>Total assets</i>	<u>\$ 632,102</u>	<u>\$ 214,683</u>	<u>\$ 251,580</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ 13,005	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	238,575	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	29,250
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>251,580</u>	<u>29,250</u>
<i>Fund balances:</i>				
Nonspendable	34,039	-	-	-
Restricted	598,063	214,683	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	(29,250)
<i>Total fund balances</i>	<u>632,102</u>	<u>214,683</u>	<u>-</u>	<u>(29,250)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 632,102</u>	<u>\$ 214,683</u>	<u>\$ 251,580</u>	<u>\$ -</u>

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

Special Revenue Funds

IDEA-B Entitlement	IDEA-B Preschool	IDEA-B Risk Pool	Title I 1003g
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
284,572	-	3,228	-
-	-	-	-
<u>\$ 284,572</u>	<u>\$ -</u>	<u>\$ 3,228</u>	<u>\$ -</u>
\$ 797	\$ -	\$ -	\$ -
186	-	-	-
283,589	886	3,228	-
-	-	-	-
-	-	-	-
<u>284,572</u>	<u>886</u>	<u>3,228</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	(886)	-	-
-	(886)	-	-
<u>\$ 284,572</u>	<u>\$ -</u>	<u>\$ 3,228</u>	<u>\$ -</u>

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2013

	Special Revenue Funds			
	English Language Acquisition	Teacher/ Principal Training & Recruiting	Safe and Drug Free Schools	Rural and Low Income Schools
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable:				
Taxes	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	10,803	29,279	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 10,803</u>	<u>\$ 29,279</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ 185	\$ 2,132	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	10,618	25,839	-	-
Unearned revenue	10,803	2,664	-	-
Advances from other funds	71,343	-	-	-
<i>Total liabilities</i>	<u>92,949</u>	<u>30,635</u>	<u>-</u>	<u>-</u>
<i>Fund balances:</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(82,146)	(1,356)	-	-
<i>Total fund balances</i>	<u>(82,146)</u>	<u>(1,356)</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 10,803</u>	<u>\$ 29,279</u>	<u>\$ -</u>	<u>\$ -</u>

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

Special Revenue Funds

Reading First	Carl D Perkins - Secondary	Carl D Perkins Redistribution	Carl D Perkins - High Schools
\$ 275,447	\$ 32,352	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	12,999
-	-	-	-
-	-	-	-
<u>\$ 275,447</u>	<u>\$ 32,352</u>	<u>\$ -</u>	<u>\$ 12,999</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
275,447	12,999	-	-
-	19,353	-	2,939
180,338	-	-	-
<u>455,785</u>	<u>32,352</u>	<u>-</u>	<u>2,939</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(180,338)	-	-	10,060
<u>(180,338)</u>	<u>-</u>	<u>-</u>	<u>10,060</u>
<u>\$ 275,447</u>	<u>\$ 32,352</u>	<u>\$ -</u>	<u>\$ 12,999</u>

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2013

	Special Revenue Funds			
	IDEA B Entitlement- Fed Stimulus	Title VI - Comprehensive	Education of Homeless Fed Stimulus	Medicaid XIX
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable:				
Taxes	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	34,968
Inventory	-	-	-	-
	\$ -	\$ -	\$ -	\$ 34,968
<i>Total assets</i>	\$ -	\$ -	\$ -	\$ 34,968
LIABILITIES AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	14,616
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	-
	-	-	-	14,616
<i>Total liabilities</i>	-	-	-	14,616
<i>Fund balances:</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	20,352
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	-	-	-	20,352
<i>Total fund balances</i>	-	-	-	20,352
<i>Total liabilities and fund balances</i>	\$ -	\$ -	\$ -	\$ 34,968

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

Special Revenue Funds

State Equalization Guarantee Fed Stimulus	Education Jobs Stimulus	Local Combined Grants	Dual Credit Instructional Materials	GO Student Library Fund	2010 GO Student Library Fund
\$ -	\$ -	\$ 3,944	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ 3,944	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	3,323	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	621	-	-	-
-	-	621	-	-	-
\$ -	\$ -	\$ 3,944	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2013

	Special Revenue Funds			
	Formative Assessment	Reads to Lead	Technology for Education	Incentives for School Improvement
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ -	\$ -	\$ 78	\$ -
Investments	-	-	-	-
Accounts receivable:				
Taxes	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	54,116	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 54,116</u>	<u>\$ 78</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	54,116	-	-
Unearned revenue	-	-	78	-
Advances from other funds	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>54,116</u>	<u>78</u>	<u>-</u>
<i>Fund balances:</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ -</u>	<u>\$ 54,116</u>	<u>\$ 78</u>	<u>\$ -</u>

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

Special Revenue Funds

Truancy CYFD	PreK Initiative	Beginning Teacher Mentoring Program	Adequacy Tech Equity Grant	Libraries - SB 301 GO Bonds- Laws of 2006	Science Ins. Mat K-12	School Library Material Fund
\$ -	\$ -	\$ 1,668	\$ 117,326	\$ -	-	\$ 1,536
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	27,744	-	-	-	47,223	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 27,744</u>	<u>\$ 1,668</u>	<u>\$ 117,326</u>	<u>\$ -</u>	<u>\$ 47,223</u>	<u>\$ 1,536</u>
\$ -	-	-	-	-	-	\$ 1,536
-	-	-	-	-	-	-
-	27,744	-	-	-	47,223	-
-	-	1,668	117,326	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>27,744</u>	<u>1,668</u>	<u>117,326</u>	<u>-</u>	<u>47,223</u>	<u>1,536</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 27,744</u>	<u>\$ 1,668</u>	<u>\$ 117,326</u>	<u>\$ -</u>	<u>\$ 47,223</u>	<u>\$ 1,536</u>

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2013

	Special Revenue Funds			
	Early Intervention CYFD	Gear Up CHE	GRADS Child Care	GRADS Instruction
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 49,691	\$ -	\$ 1,983	\$ -
Investments	-	-	-	-
Accounts receivable:				
Taxes	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Inventory	-	-	-	-
	\$ 49,691	\$ -	\$ 1,983	\$ -
<i>Total assets</i>	\$ 49,691	\$ -	\$ 1,983	\$ -
LIABILITIES AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	1,983	-
Advances from other funds	-	-	-	42,278
	-	-	1,983	42,278
<i>Total liabilities</i>	-	-	1,983	42,278
<i>Fund balances:</i>				
Nonspendable	-	-	-	-
Restricted	49,691	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	(42,278)
	49,691	-	-	(42,278)
<i>Total fund balances</i>	49,691	-	-	(42,278)
<i>Total liabilities and fund balances</i>	\$ 49,691	\$ -	\$ 1,983	\$ -

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

Special Revenue Funds		Capital Outlay Funds						
Value Options DOH	Total Nonmajor Special Revenue Funds	Special Capital Outlay - Local	Special Capital Outlay - State	Total Nonmajor Capital Projects Funds	Technology Bonds - Debt Service	Total Nonmajor Governmental Funds		
\$ 9,701	\$ 1,196,419	\$ 75	\$ -	\$ 75	\$ 59,715	\$ 1,256,209		
-	-	-	-	-	-	-		
-	-	-	-	-	-	-		
-	12,999	-	-	-	-	12,999		
-	853,566	-	-	-	-	853,566		
-	34,039	-	-	-	-	34,039		
<u>\$ 9,701</u>	<u>\$ 2,097,023</u>	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 59,715</u>	<u>\$ 2,156,813</u>		
\$ -	\$ 17,655	\$ -	\$ -	\$ -	\$ -	\$ 17,655		
-	186	-	-	-	-	186		
-	998,203	-	-	-	-	998,203		
-	156,814	-	-	-	-	156,814		
-	323,209	-	-	-	-	323,209		
-	1,496,067	-	-	-	-	1,496,067		
-	34,039	-	-	-	-	34,039		
-	882,789	-	-	-	59,715	942,504		
-	-	-	-	-	-	-		
-	-	-	-	-	-	-		
9,701	(315,872)	75	-	75	-	(315,797)		
9,701	600,956	75	-	75	59,715	660,746		
<u>\$ 9,701</u>	<u>\$ 2,097,023</u>	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 59,715</u>	<u>\$ 2,156,813</u>		

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Funds			
	Food Services	Athletics	Title I - IASA	Migrant Children Education
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Investment income	432	165	-	-
Food services	294,905	-	-	-
District activities	-	89,456	-	-
Insurance recoveries	-	-	-	-
Revenue from local sources	-	-	-	-
Revenue from state sources	-	350	-	-
Revenue from federal sources	1,216,832	-	580,624	-
<i>Total revenues</i>	<u>1,512,169</u>	<u>89,971</u>	<u>580,624</u>	<u>-</u>
EXPENDITURES				
Current:				
Instruction	-	69,481	515,719	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	13,923	-
School administration	-	-	50,982	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Operation of non instructional services				
Food services operation	1,324,179	-	-	-
Community services	-	-	-	-
Capital outlay	5,165	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	<u>1,329,344</u>	<u>69,481</u>	<u>580,624</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>182,825</u>	<u>20,490</u>	<u>-</u>	<u>-</u>
<i>Other financing sources(uses):</i>				
Increase (decrease) in inventory	(7,613)	-	-	-
Transfers in (out)	-	-	-	-
<i>Net changes in fund balance</i>	<u>175,212</u>	<u>20,490</u>	<u>-</u>	<u>-</u>
<i>Beginning fund balances</i>	<u>456,890</u>	<u>194,193</u>	<u>-</u>	<u>(29,250)</u>
<i>Fund balances--end of year</i>	<u>\$ 632,102</u>	<u>\$ 214,683</u>	<u>\$ -</u>	<u>\$ (29,250)</u>

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

Special Revenue Funds

IDEA-B Entitlement	IDEA-B Preschool	IDEA B Risk Pool	Title I- 1003 G
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
707,115	25,451	4,140	-
<u>707,115</u>	<u>25,451</u>	<u>4,140</u>	<u>-</u>
419,308	21,885	4,140	-
185,256	-	-	-
-	-	-	-
17,635	-	-	-
41,756	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
43,160	-	-	-
-	3,566	-	-
-	-	-	-
<u>707,115</u>	<u>25,451</u>	<u>4,140</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	7,282
-	-	-	7,282
-	(886)	-	(7,282)
<u>\$ -</u>	<u>\$ (886)</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Funds			
	English Language Acquisition	Teacher/ Principal Training & Recruiting	Safe and Drug Free Schools	Rural and Low Income Schools
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Investment income	-	-	-	-
Food services	-	-	-	-
District activities	-	-	-	-
Insurance recoveries	-	-	-	-
Revenue from local sources	-	-	-	-
Revenue from state sources	-	-	-	-
Revenue from federal sources	21,865	123,819	2,972	13,093
<i>Total revenues</i>	<u>21,865</u>	<u>123,819</u>	<u>2,972</u>	<u>13,093</u>
EXPENDITURES				
Current:				
Instruction	30,118	45,524	-	-
Support services				-
Students	-	54,243	-	-
Instruction	-	87	-	-
General administration	741	-	-	-
School administration	1,809	25,321	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Operation of non instructional services				
Food services operation	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	<u>32,668</u>	<u>125,175</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(10,803)</u>	<u>(1,356)</u>	<u>2,972</u>	<u>13,093</u>
<i>Other financing sources(uses):</i>				
Increase (decreases)in inventory	-	-	-	-
Transfers in (out)	-	-	(2,972)	(13,093)
<i>Net changes in fund balance</i>	<u>(10,803)</u>	<u>(1,356)</u>	<u>-</u>	<u>-</u>
<i>Beginning fund balances</i>	<u>(71,343)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances--end of year</i>	<u>\$ (82,146)</u>	<u>\$ (1,356)</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2013

	IDEA B Entitlement- Fed Stimulus	Title VI - Comprehensive	Education of Homeless Fed Stimulus	Medicaid XIX
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Investment income	-	-	-	-
Food services	-	-	-	-
District activities	-	-	-	-
Insurance recoveries	-	-	-	-
Revenue from local sources	-	-	-	-
Revenue from state sources	-	-	-	-
Revenue from federal sources	-	-	-	234,407
<i>Total revenues</i>	-	-	-	234,407
EXPENDITURES				
Current:				
Instruction	-	-	-	4,444
Support services				
Students	-	-	-	207,498
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Operation of non instructional services				
Food services operation	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	-	-	-	211,942
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	22,465
<i>Other financing sources(uses):</i>				
Increases (decreases) in inventory	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Net changes in fund balance</i>	-	-	-	22,465
<i>Beginning fund balances</i>	-	-	-	(2,113)
<i>Fund balances--end of year</i>	\$ -	\$ -	\$ -	\$ 20,352

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

Special Revenue Funds

State Equalization Guarantee-Federal Stimulus	Education Jobs Stimulus	Local Combined Grants	Dual Credit Instructional Materials	GO Student Library Fund	2010 GO Student Library Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	8,676	-	-
-	-	-	-	-	-
-	-	-	8,676	-	-
-	-	-	8,676	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	8,676	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	30,909	-
-	-	-	-	30,909	-
-	-	621	-	(30,909)	-
\$ -	\$ -	\$ 621	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Funds		
	Formative Assessment	Reads to Lead	Technology for Education
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-
Investment income	-	-	-
Food services	-	-	-
District activities	-	-	-
Insurance recoveries	-	-	-
Revenue from local sources	-	-	-
Revenue from state sources	20,908	94,579	12,743
Revenue from federal sources	-	-	-
<i>Total revenues</i>	20,908	94,579	12,743
EXPENDITURES			
Current:			
Instruction	20,908	-	12,438
Support services			
Students	-	-	-
Instruction	-	94,539	-
General administration	-	-	-
School administration	-	-	-
Central services	-	40	305
Operation and maintenance of plant	-	-	-
Operation of non instructional services			
Community services	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
<i>Total expenditures</i>	20,908	94,579	12,743
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-
<i>Other financing sources(uses):</i>			
Increases (decreases) in inventory	-	-	-
Transfers in (out)	-	-	-
<i>Net changes in fund balance</i>	-	-	-
<i>Beginning fund balances</i>	-	-	-
<i>Fund balances--end of year</i>	\$ -	\$ -	\$ -

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

Special Revenue Funds

Incentives for School Improvement	Truancy CYFD	PreK Initiative	Beginning Teacher Mentoring Program	Adequacy Tech Equity Grant	Libraries - SB 301 GO Bonds- Laws of 2006	Science Ins. Mat. K-12
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,021	-	132,878	2,708	-	7,273	47,223
-	-	-	-	-	-	-
<u>6,021</u>	<u>-</u>	<u>132,878</u>	<u>2,708</u>	<u>-</u>	<u>7,273</u>	<u>47,223</u>
-	-	132,648	2,708	-	-	47,223
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	230	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>132,878</u>	<u>2,708</u>	<u>-</u>	<u>-</u>	<u>47,223</u>
<u>6,021</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,273</u>	<u>-</u>
-	-	-	-	-	-	-
<u>(6,021)</u>	<u>6,529</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,273)</u>	<u>-</u>
-	6,529	-	-	-	-	-
-	<u>(6,529)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Funds			
	School Library Material Fund	Early Intervention CYFD	Gear Up- CHE	GRADS Child Care
REVENUES				
Property taxes	\$ -	\$ -	-	\$ -
Oil and gas taxes	-	-	-	-
Investment income	-	-	-	-
Food services	-	-	-	-
District activities	-	-	-	-
Revenue from local sources	-	-	-	-
Revenue from state sources	-	19,725	99	5,752
Revenue from federal sources	-	-	-	-
<i>Total revenues</i>	-	19,725	99	5,752
EXPENDITURES				
Current:				
Instruction	-	4,781	-	-
Support services				
Students	-	-	-	5,752
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation of non instructional services				
Food services operation	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	4,781	-	5,752
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	14,944	99	-
<i>Other financing sources(uses):</i>				
Increases (decreases) in inventory	-	-	-	-
Transfers in (out)	-	-	(99)	-
<i>Net changes in fund balance</i>	-	14,944	-	-
<i>Beginning fund balances</i>	-	34,747	-	-
<i>Fund balances--end of year</i>	\$ -	\$ 49,691	-	\$ -

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

<u>Special Revenue Funds</u>			<u>Capital Outlay Funds</u>			
GRADS Instruction	Value Options DOH	Total Nonmajor Special Revenue Funds	Special Capital Outlay - Local	Total Nonmajor Capital Projects Funds	Technology Bonds - Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 1
-	-	-	-	-	-	-
-	-	597	-	-	-	597
-	-	294,905	-	-	-	294,905
-	-	89,456	-	-	-	89,456
-	-	-	-	-	-	-
55,489	23,201	437,625	-	-	-	437,625
-	-	2,932,211	-	-	-	2,932,211
55,489	23,201	3,754,794	-	-	1	3,754,795
56,943	-	1,398,837	-	-	-	1,398,837
-	-	452,749	-	-	-	452,749
-	-	94,626	-	-	-	94,626
-	-	32,299	-	-	-	32,299
-	-	120,098	-	-	-	120,098
-	-	345	-	-	-	345
-	-	1,324,179	-	-	-	1,324,179
-	-	43,160	-	-	-	43,160
-	-	8,731	107,925	107,925	-	116,656
56,943	-	3,475,024	107,925	107,925	-	3,582,949
(1,454)	23,201	279,770	(107,925)	(107,925)	1	171,846
-	-	(7,613)	-	-	-	(7,613)
-	-	15,262	-	-	-	15,262
(1,454)	23,201	287,419	(107,925)	(107,925)	1	179,495
(40,824)	(13,500)	313,537	108,000	108,000	59,714	481,251
\$ (42,278)	\$ 9,701	\$ 600,956	\$ 75	\$ 75	\$ 59,715	\$ 660,746

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Food Services Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 300	\$ 300	\$ 432	\$ 132
District activities	278,167	278,167	294,905	16,738
Revenues from federal sources	1,210,201	1,210,201	1,106,779	(103,422)
Revenue from state sources	2,440	2,440	-	(2,440)
<i>Total revenues</i>	<u>1,491,108</u>	<u>1,491,108</u>	<u>1,402,116</u>	<u>(88,992)</u>
EXPENDITURES				
Operation of non-instructional services:				
Food services	1,566,402	1,557,402	1,324,179	233,223
Capital outlay	-	9,000	5,165	3,835
<i>Total expenditures</i>	<u>1,566,402</u>	<u>1,566,402</u>	<u>1,329,344</u>	<u>237,058</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(75,294)</u>	<u>(75,294)</u>	<u>72,772</u>	<u>148,066</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>(75,294)</u>	<u>(75,294)</u>	<u>72,772</u>	<u>148,066</u>
<i>Prior year cash balance</i>	<u>415,237</u>	<u>415,237</u>	<u>415,237</u>	<u>415,237</u>
<i>End of year cash balance</i>	<u>\$ 339,943</u>	<u>\$ 339,943</u>	<u>\$ 488,009</u>	<u>\$ 563,303</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			110,053	
Inventory			(7,613)	
Net change in fund balance (GAAP basis)			<u>\$ 175,212</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Athletics Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 165	\$ 165
District activities	70,000	70,000	89,456	19,456
Revenue from state sources	2,440	2,440	350	(2,090)
Revenue from local sources	-	-	-	-
<i>Total revenues</i>	<u>72,440</u>	<u>72,440</u>	<u>89,971</u>	<u>17,531</u>
EXPENDITURES				
Instruction	70,000	70,000	69,481	519
<i>Total expenditures</i>	<u>70,000</u>	<u>70,000</u>	<u>69,481</u>	<u>519</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2,440</u>	<u>2,440</u>	<u>20,490</u>	<u>18,050</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	2,440	2,440	20,490	18,050
<i>Prior year cash balance</i>	194,193	194,193	194,193	194,193
<i>End of year cash balance</i>	<u>\$ 196,633</u>	<u>\$ 196,633</u>	<u>\$ 214,683</u>	<u>\$ 212,243</u>

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Title I - IASA Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenue from federal sources	\$ 564,408	\$ 688,060	\$ 809,684	\$ 121,624
<i>Total revenues</i>	<u>564,408</u>	<u>688,060</u>	<u>809,684</u>	<u>121,624</u>
EXPENDITURES				
Instruction	474,096	597,748	515,719	82,029
Support services:				
Students	271	271	-	271
Instruction	-	-	-	-
General administration	14,271	14,271	13,923	348
School administration	75,770	75,770	50,982	24,788
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>564,408</u>	<u>688,060</u>	<u>580,624</u>	<u>107,436</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>229,060</u>	<u>229,060</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>229,060</u>	<u>229,060</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(467,635)</u>	<u>(467,635)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (238,575)</u>	<u>\$ (238,575)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(216,312)	
Accounts payable			(12,748)	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Title I - Migrant Children Education Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ 20,119	\$ 20,119
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>20,119</u>	<u>20,119</u>
EXPENDITURES				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>20,119</u>	<u>20,119</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>20,119</u>	<u>20,119</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(49,372)</u>	<u>(49,372)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (29,253)</u>	<u>\$ (29,253)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(20,119)	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
IDEA-B Entitlement Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 674,246	\$ 830,316	\$ 557,946	\$ (272,370)
<i>Total revenues</i>	<u>674,246</u>	<u>830,316</u>	<u>557,946</u>	<u>(272,370)</u>
EXPENDITURES				
Instruction	335,922	447,360	419,309	28,051
Support services:				
Students	240,308	255,959	185,256	70,703
General administration	16,650	21,650	17,634	4,016
School administration	32,366	45,366	41,756	3,610
Central services	-	-	-	-
Community services	49,000	59,981	43,160	16,821
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>674,246</u>	<u>830,316</u>	<u>707,115</u>	<u>123,201</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(149,169)</u>	<u>(149,169)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(149,169)</u>	<u>(149,169)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(134,608)</u>	<u>(134,608)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (283,777)</u>	<u>\$ (283,777)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			149,470	
Accounts payable			(301)	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
IDEA - B Preschool Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 31,254	\$ 40,188	\$ 34,714	\$ (5,474)
<i>Total revenues</i>	<u>31,254</u>	<u>40,188</u>	<u>34,714</u>	<u>(5,474)</u>
EXPENDITURES				
Instruction	28,000	33,869	21,885	11,984
Support services:				
Students	754	754	-	754
General administration	-	-	-	-
Community services	-	-	-	-
Capital outlay	2,500	5,565	3,566	1,999
<i>Total expenditures</i>	<u>31,254</u>	<u>40,188</u>	<u>25,451</u>	<u>14,737</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>9,263</u>	<u>9,263</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>9,263</u>	<u>9,263</u>
<i>Prior year cash balance</i>	<u>166</u>	<u>166</u>	<u>(10,149)</u>	<u>(10,149)</u>
<i>End of year cash balance</i>	<u>\$ 166</u>	<u>\$ 166</u>	<u>\$ (886)</u>	<u>\$ (886)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(9,263)	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
IDEA - B Risk Pool Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 4,300	\$ 2,415	\$ (1,885)
<i>Total revenues</i>	<u>-</u>	<u>4,300</u>	<u>2,415</u>	<u>(1,885)</u>
EXPENDITURES				
Instruction	-	4,300	4,140	160
<i>Total expenditures</i>	<u>-</u>	<u>4,300</u>	<u>4,140</u>	<u>160</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,725)</u>	<u>(1,725)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,725)</u>	<u>(1,725)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(1,503)</u>	<u>(1,503)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,228)</u>	<u>\$ (3,228)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			<u>1,725</u>	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Title I - 1003 G Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
Instruction	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Transfers in	-	-	7,282	(7,282)
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	7,282	(7,282)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	7,282	(7,282)
<i>Prior year cash balance</i>	-	-	(7,282)	(7,282)
<i>End of year cash balance</i>	\$ -	\$ -	\$ -	\$ (14,564)

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
English Language Acquisition Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 36,237	\$ 51,036	\$ 40,506	\$ (10,530)
<i>Total revenues</i>	<u>36,237</u>	<u>51,036</u>	<u>40,506</u>	<u>(10,530)</u>
EXPENDITURES				
Instruction	28,514	43,288	30,119	13,169
Support services				
Students	-	-	-	-
General administration	723	748	741	7
School administration	7,000	7,000	1,809	5,191
Central services	-	-	-	-
<i>Total expenditures</i>	<u>36,237</u>	<u>51,036</u>	<u>32,669</u>	<u>18,367</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>7,837</u>	<u>7,837</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>7,837</u>	<u>7,837</u>
<i>Prior year cash balance (as restated)</i>	<u>-</u>	<u>-</u>	<u>(18,641)</u>	<u>(18,641)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,804)</u>	<u>\$ (10,804)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(7,837)	
Unearned revenue			(10,803)	
Net change in fund balance (GAAP basis)			<u>\$ (10,803)</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Teacher/Principal Training and Recruiting Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 145,437	\$ 325,121	\$ 121,147	\$ (203,974)
Revenue from local sources	-	-	-	-
<i>Total revenues</i>	145,437	325,121	121,147	(203,974)
EXPENDITURES				
Instruction	47,320	227,004	44,168	182,836
Support services:				
Students	53,288	54,288	54,243	45
Instruction	-	100	87	13
General administration	3,663	3,663	-	3,663
School administration	41,166	40,066	25,321	14,745
Central services	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	145,437	325,121	123,819	201,302
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(2,672)	(2,672)
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(2,672)	(2,672)
<i>Prior year cash balance</i>	-	-	(23,167)	(23,167)
<i>End of year cash balance</i>	\$ -	\$ -	\$ (25,839)	\$ (25,839)
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			2,672	
Accounts payable			(1,356)	
Net change in fund balance (GAAP basis)			\$ (1,356)	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Safe and Drug Free Schools Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
Instruction	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Transfers out	-	-	(2,972)	(2,972)
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	2,972	2,972
<i>End of year cash balance</i>	\$ -	\$ -	\$ 2,972	\$ 2,972

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Rural and Low Income Schools Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Instruction	-	-	-	-
Support services:				
General administration	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Transfers in (out)	-	-	(13,093)	13,093
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(13,093)</u>	<u>13,093</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(13,093)</u>	<u>13,093</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>13,093</u>	<u>13,093</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,186</u>

RECONCILIATION TO GAAP

Adjustments:

Unearned revenue	12,993
Accounts payable	100
Net change in fund balance (GAAP basis)	<u>\$ -</u>

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Reading First Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
General administration	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	(180,338)	(180,338)
<i>End of year cash balance</i>	\$ -	\$ -	\$ (180,338)	\$ (180,338)

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Carl D Perkins Secondary Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 21,038	\$ 23,375	\$ 14,995	\$ (8,380)
Revenue from local sources	-	-	-	-
<i>Total revenues</i>	<u>21,038</u>	<u>23,375</u>	<u>14,995</u>	<u>(8,380)</u>
EXPENDITURES				
Instruction	21,038	23,375	1,893	21,482
Support services:				
School administration	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>21,038</u>	<u>23,375</u>	<u>1,893</u>	<u>21,482</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>13,102</u>	<u>13,102</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>13,102</u>	<u>13,102</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>6,252</u>	<u>6,252</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,354</u>	<u>\$ 19,354</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			<u>(13,102)</u>	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Carl D Perkins Redistribution Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>REVENUES</i>				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
Revenue from local sources	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>EXPENDITURES</i>				
Instruction	-	-	-	-
Support services:				
School administration	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	-	-
<i>End of year cash balance</i>	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Carl D Perkins - High Schools Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
Instruction	-	-	-	-
Support services:				
Instruction	-	-	-	-
School administration	-	-	-	-
Capital Outlay	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Transfers in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	12,999	12,999
<i>End of year cash balance</i>	\$ -	\$ -	\$ 12,999	\$ 12,999

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Special Education Entitlement Federal Stimulus Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Transfers in (out)	-	-	(289)	289
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(289)</u>	<u>289</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(289)</u>	<u>289</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>289</u>	<u>289</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 578</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts payable			289	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Title VI - Comprehensive Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
Support services:				
Instruction	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Transfers in (out)	-	-	(499)	499
<i>Total other financing sources (uses)</i>	-	-	(499)	499
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(499)	499
<i>Prior year cash balance</i>	-	-	499	499
<i>End of year cash balance</i>	\$ -	\$ -	\$ -	\$ 998

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Education of Homeless Federal Stimulus Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	-	-
<i>End of year cash balance</i>	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Medicaid XIX Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 174,566	\$ 220,539	\$ 224,653	\$ 4,114
Revenue from local sources	-	-	-	-
<i>Total revenues</i>	174,566	220,539	224,653	4,114
EXPENDITURES				
Instruction	1,500	4,700	4,444	256
Support services:				
Students	173,102	215,875	207,497	8,378
<i>Total expenditures</i>	174,602	220,575	211,941	8,634
<i>Excess (deficiency) of revenues over expenditures</i>	(36)	(36)	12,712	12,748
<i>Other financing sources (uses):</i>				
Designated cash balance	36	36	-	-
<i>Total other financing sources (uses)</i>	36	36	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	12,712	12,748
<i>Prior year cash balance</i>	-	-	(27,327)	(27,327)
<i>End of year cash balance</i>	\$ -	\$ -	\$ (14,615)	\$ (14,579)
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			9,753	
Net change in fund balance (GAAP basis)			\$ 22,465	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
State Equalization Guarantee Federal Stimulus Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	-	-
<i>End of year cash balance</i>	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Education Jobs Federal Stimulus Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
Instruction	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	-	-
<i>End of year cash balance</i>	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Local Combined Grant Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from local sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Instruction	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>621</u>	<u>621</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 621</u>	<u>\$ 621</u>

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Dual Credit Instructional Materials Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 8,682	\$ 16,979	\$ 8,297
<i>Total revenues</i>	<u>-</u>	<u>8,682</u>	<u>16,979</u>	<u>8,297</u>
EXPENDITURES				
Support services				
Instruction	-	8,682	8,676	6
<i>Total expenditures</i>	<u>-</u>	<u>8,682</u>	<u>8,676</u>	<u>6</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>8,303</u>	<u>8,303</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>8,303</u>	<u>8,303</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(8,303)</u>	<u>(8,303)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RECONCILIATION TO GAAP

Adjustments:

Accounts receivable

(8,303)

Net change in fund balance (GAAP basis)

\$ -

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
GO Student Library Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ 26,067	\$ 26,067
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>26,067</u>	<u>26,067</u>
EXPENDITURES				
Support services				
Instruction	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>26,067</u>	<u>26,067</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Transfers in (out)	-	-	30,909	(30,909)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>30,909</u>	<u>(30,909)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>56,976</u>	<u>(4,842)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(56,976)</u>	<u>(56,976)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (61,818)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(26,067)	
Net change in fund balance (GAAP basis)			<u>\$ 30,909</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
2010 G.O. Bond Student Library Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenue from state sources	\$ 22,831	\$ 22,831	\$ -	\$ (22,831)
<i>Total revenues</i>	<u>22,831</u>	<u>22,831</u>	<u>-</u>	<u>(22,831)</u>
EXPENDITURES				
Support Services				
Instruction	22,831	22,831	-	22,831
<i>Total expenditures</i>	<u>22,831</u>	<u>22,831</u>	<u>-</u>	<u>22,831</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Formative Assessment TB Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 23,155	\$ 20,908	\$ (2,247)
<i>Total revenues</i>	<u>-</u>	<u>23,155</u>	<u>20,908</u>	<u>(2,247)</u>
EXPENDITURES				
Support services				
Software	-	23,155	20,908	2,247
<i>Total expenditures</i>	<u>-</u>	<u>23,155</u>	<u>20,908</u>	<u>2,247</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Reads to Lead TB Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 95,000	\$ 40,463	\$ (54,537)
<i>Total revenues</i>	<u>-</u>	<u>95,000</u>	<u>40,463</u>	<u>(54,537)</u>
EXPENDITURES				
Support services				
Instruction	-	95,000	94,579	421
<i>Total expenditures</i>	<u>-</u>	<u>95,000</u>	<u>94,579</u>	<u>421</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(54,116)</u>	<u>(54,116)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(54,116)</u>	<u>(54,116)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (54,116)</u>	<u>\$ (54,116)</u>

RECONCILIATION TO GAAP

Adjustments:

Accounts receivable

54,116

Net change in fund balance (GAAP basis)

\$ -

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Technology for Education Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
Instruction	-	12,516	12,438	78
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
Central services	-	305	305	-
<i>Total expenditures</i>	-	12,821	12,743	78
<i>Excess (deficiency) of revenues over expenditures</i>	-	(12,821)	(12,743)	78
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	(12,821)	(12,743)	78
<i>Prior year cash balance</i>	-	12,821	12,821	12,821
<i>End of year cash balance</i>	\$ -	\$ -	\$ 78	\$ 12,899
RECONCILIATION TO GAAP				
Adjustments:				
Unearned revenue			12,743	
Net change in fund balance (GAAP basis)			\$ -	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Incentives for School Improvement Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Instruction	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Transfers in (out)	-	-	(6,021)	(6,021)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(6,021)</u>	<u>(6,021)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(6,021)</u>	<u>(6,021)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>6,021</u>	<u>6,021</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RECONCILIATION TO GAAP

Adjustments:

Unearned revenue

6,021

Net change in fund balance (GAAP basis)

\$ -

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Truancy CYFD Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
Support services:				
Operation & maintenance of plant	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Transfers in (out)	-	-	6,529	6,529
<i>Total other financing sources (uses)</i>	-	-	6,529	6,529
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	6,529	6,529
<i>Prior year cash balance</i>	-	-	(6,529)	(6,529)
<i>End of year cash balance</i>	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
PreK Initiative Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ 144,900	\$ 144,900	\$ 157,271	\$ 12,371
<i>Total revenues</i>	<u>144,900</u>	<u>144,900</u>	<u>157,271</u>	<u>12,371</u>
EXPENDITURES				
Support services:				
Food service	144,900	144,900	132,878	12,022
<i>Total expenditures</i>	<u>144,900</u>	<u>144,900</u>	<u>132,878</u>	<u>12,022</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>24,393</u>	<u>24,393</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>24,393</u>	<u>24,393</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(52,137)</u>	<u>(52,137)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,744)</u>	<u>\$ (27,744)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(24,393)	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Beginning Teacher Mentoring Program Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
Instruction	-	4,375	2,708	1,667
<i>Total expenditures</i>	-	4,375	2,708	1,667
<i>Excess (deficiency) of revenues over expenditures</i>	-	(4,375)	(2,708)	1,667
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	(4,375)	(2,708)	1,667
<i>Prior year cash balance</i>		4,375	4,376	4,376
<i>End of year cash balance</i>	\$ -	\$ -	\$ 1,668	\$ 6,043
RECONCILIATION TO GAAP				
Adjustments:				
Deferred revenue			2,708	
Net change in fund balance (GAAP basis)			\$ -	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Adequacy Tech Equity Grant Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Instruction	-	-	-	-
Student services:				
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	<u>-</u>	<u>117,327</u>	<u>117,327</u>	<u>117,327</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ 117,327</u>	<u>\$ 117,327</u>	<u>\$ 117,327</u>

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Libraries - SB 301 GO Bonds-Laws of 2006 Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Support services				
Instruction	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	7,273	7,273
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,273</u>	<u>\$ 7,273</u>

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Science Instructional Materials K-12 Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 49,997	\$ -	\$ (49,997)
<i>Total revenues</i>	<u>-</u>	<u>49,997</u>	<u>-</u>	<u>(49,997)</u>
EXPENDITURES				
Instruction	-	49,997	47,223	2,774
Student services:				
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>49,997</u>	<u>47,223</u>	<u>2,774</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(47,223)</u>	<u>(47,223)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(47,223)</u>	<u>(47,223)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (47,223)</u>	<u>\$ (47,223)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts Receivable			47,223	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
School Library Material Fund Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
Support services:				
Instruction	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Prior year cash balance</i>	-	-	1,536	1,536
<i>End of year cash balance</i>	\$ -	\$ -	\$ 1,536	\$ 1,536

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Early Intervention CYFD Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ 22,229	\$ 22,229
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>22,229</u>	<u>22,229</u>
EXPENDITURES				
Instruction	-	32,243	4,781	27,462
<i>Total expenditures</i>	<u>-</u>	<u>32,243</u>	<u>4,781</u>	<u>27,462</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(32,243)</u>	<u>17,448</u>	<u>49,691</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>(32,243)</u>	<u>17,448</u>	<u>49,691</u>
<i>Prior year cash balance</i>	<u>32,243</u>	<u>32,243</u>	<u>32,243</u>	<u>32,243</u>
<i>End of year cash balance</i>	<u>\$ 32,243</u>	<u>\$ -</u>	<u>\$ 49,691</u>	<u>\$ 81,934</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(2,504)	
Net change in fund balance (GAAP basis)			<u>\$ 14,944</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Gear Up CHE Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ 48,816	\$ 48,816
<i>Total revenues</i>	-	-	48,816	48,816
EXPENDITURES				
Instruction	-	-	-	-
School admin	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	48,816	48,816
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Transfers in (out)	-	-	(99)	(99)
<i>Total other financing sources (uses)</i>	-	-	(99)	(99)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	48,717	48,717
<i>Prior year cash balance (as restated)</i>	-	-	(48,717)	(48,717)
<i>End of year cash balance</i>	\$ -	\$ -	\$ -	\$ -
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(48,816)	
Accounts payable			99	
Net change in fund balance (GAAP basis)			\$ -	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
GRADS Child Care Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ 6,000	\$ 6,000	\$ 2,250	\$ (3,750)
<i>Total revenues</i>	<u>6,000</u>	<u>6,000</u>	<u>2,250</u>	<u>(3,750)</u>
EXPENDITURES				
Instruction	6,000	6,000	5,752	248
<i>Total expenditures</i>	<u>6,000</u>	<u>6,000</u>	<u>5,752</u>	<u>248</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(3,502)</u>	<u>(3,502)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(3,502)</u>	<u>(3,502)</u>
<i>Prior year cash balance</i>	-	-	5,485	5,485
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,983</u>	<u>\$ 1,983</u>
RECONCILIATION TO GAAP				
Adjustments:				
Deferred revenue			3,502	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
GRADS Instruction Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ 22,000	\$ 39,000	\$ 25,660	\$ (13,340)
<i>Total revenues</i>	<u>22,000</u>	<u>39,000</u>	<u>25,660</u>	<u>(13,340)</u>
EXPENDITURES				
Instruction	39,993	56,993	56,943	50
Support services:				
Students	-	-	-	-
<i>Total expenditures</i>	<u>39,993</u>	<u>56,993</u>	<u>56,943</u>	<u>50</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(17,993)</u>	<u>(17,993)</u>	<u>(31,283)</u>	<u>(13,290)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	(17,993)	(17,993)	(31,283)	(13,290)
<i>Prior year cash balance</i>	-	-	(10,997)	(10,997)
<i>End of year cash balance</i>	<u>\$ (17,993)</u>	<u>\$ (17,993)</u>	<u>\$ (42,280)</u>	<u>\$ (24,287)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Unearned revenue			29,829	
Net change in fund balance (GAAP basis)			<u>\$ (1,454)</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Value Options DOH Special Revenue Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 26,388	\$ 42,000	\$ 15,612
<i>Total revenues</i>	<u>-</u>	<u>26,388</u>	<u>42,000</u>	<u>15,612</u>
EXPENDITURES				
Instruction	-	26,388	-	26,388
<i>Total expenditures</i>	<u>-</u>	<u>26,388</u>	<u>-</u>	<u>26,388</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>42,000</u>	<u>42,000</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>42,000</u>	<u>42,000</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(32,301)</u>	<u>(32,301)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,699</u>	<u>\$ 9,699</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(18,799)	
Net change in fund balance (GAAP basis)			<u>\$ 23,201</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Special Capital Outlay Local Capital Project Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	0	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Capital outlay	-	108,000	107,925	75
<i>Total expenditures</i>	<u>-</u>	<u>108,000</u>	<u>107,925</u>	<u>75</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(108,000)</u>	<u>(107,925)</u>	<u>75</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>(108,000)</u>	<u>(107,925)</u>	<u>75</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>108,000</u>	<u>108,000</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ (108,000)</u>	<u>\$ 75</u>	<u>\$ 108,075</u>
RECONCILIATION TO GAAP				
Accounts receivable			-	
Net change in fund balance (GAAP basis)			<u>(107,925)</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Technology Bonds Debt Service Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2	\$ 2	\$ 1	\$ (1)
<i>Total revenues</i>	<u>2</u>	<u>2</u>	<u>1</u>	<u>(1)</u>
EXPENDITURES				
Support services:				
Instruction	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>2</u>	<u>2</u>	<u>1</u>	<u>(1)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	2	2	1	(1)
<i>Prior year cash balance</i>	59,714	59,714	59,714	59,714
<i>End of year cash balance</i>	<u>\$ 59,716</u>	<u>\$ 59,716</u>	<u>\$ 59,715</u>	<u>\$ 59,713</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			-	
Net change in fund balance (GAAP basis)			<u>1</u>	

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

FIDUCIARY SECTION

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Fiduciary Funds
June 30, 2013**

Agency funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Lovington Municipal School District has two separate funds classified as Agency Funds as follows:

Student Activity - To account for Elementary, Junior High, and Senior High assets held by the District until distributed to various organizations and clubs at the schools.

Other Funds - To account for assets held by the District until distributed to the other organizations.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Schedule of Changes in Assets and Liabilities
Activity Trust Fund
For the Year Ended June 30, 2013

	Balance 06/30/12	Transfers	Additions	Deductions	Balance 06/30/13
High School Yearbook	8,788		9,240	7,445	\$ 10,583
6th Grade Energy Club	154		-	-	154
Business Professional of America	3,040		-	-	3,040
7th Grade Choir	138		-	-	138
Key Club	1,835		164	150	1,849
AP Consumable Lab/Cavine	286		-	-	286
Cheerleaders-High School	320		300	-	620
Cheerleaders-Jr. High	2,054		6,264	4,864	3,454
Communication/Drama	360		316	-	676
Consumable Workbooks	108		-	-	108
Llano Activity Fund	1,477		8,044	3,802	5,719
FFA	29,171		42,853	39,057	32,967
LHS FCCLA	9,391		2,830	6,464	5,757
FHA-Jr. High	27	(27)	-	-	-
Scholarship Activity	5,749		500	1,000	5,249
High School Computer Lab-NMJC	5,035	(5,035)	2,903	2,453	450
HS Student ID	987		-	-	987
TMS Technology	147	(147)	-	-	-
Administration Coke Fund	250		33	-	283
Judy Davis Memorial	398		-	-	398
TMS Activity Account	4,862	1,023	4,130	5,098	4,917
6th Grade Activity Account	2,474		22,693	19,755	5,412
Junior Class	6,895	(2,114)	6,146	4,128	6,799
Library Fines	2,100		3,242	-	5,342
Miscellaneous	14,070		3,602	13,516	4,156
NOW/Account/Interest Earned	2,623		115	-	2,738
Senior Class	244	2,896	15	3,152	3
Sophomore Class	1,281	190	-	120	1,351
Choir Activity	5,286		2,514	434	7,366
Special Education Fund	2,975		18,256	20,471	760
TMS Honor Society	646		-	0	646
Student Council-High School	9,626		15,622	11,490	13,758
Student Council-Jr. High	293		631	-	924
6th Grade Honor Society	4,925		-	2,143	2,782
Summer School	15,967		4,560	-	20,527
Volleyball - High School	489	975	-	-	1,464
Freshman Academy Home Economics	447		-	80	367
A.K. Head Scholarship	3,548		12	-	3,560

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Schedule of Changes in Assets and Liabilities
Activity Trust Fund
For the Year Ended June 30, 2013

	Balance 06/30/12	Transfers	Additions	Deductions	Balance 06/30/13
ACTIVITY ASSETS (continued)					
H. Clardy Scholarship	5,048		18	500	4,566
Crouse Memorial Scholarship	7,370		280	1,500	6,150
Volleyball - Junior High	323		-	323	-
Wal-Mart Teacher of the Year	33		-	-	33
9th Media Class	371		-	-	371
Ben Alexander Activity	2,787		16,889	13,165	6,511
Task Force for Substance	1,250		-	-	1,250
Project Planned Success	2,198		678	-	2,876
National Honor Society	1,093		5,139	5,244	988
TMS Library/M. Gutierrez	1,849		844	-	2,693
Jr. High Library	369		2,968	2,811	526
Jefferson Activity Fund	17,885		14,714	17,701	14,898
District 4AAA Activity Fund	2,218		5,491	4,704	3,005
LJHS Media Class	153	(153)	-	-	-
After Grads	20,528		19,515	18,026	22,017
High School Library	4,442		883	751	4,574
Junior High Home Economics	695	(695)	392	-	392
Jr. High National Honor Society	211		-	-	211
Culinary Arts Lab Fee	3,184		3,775	2,369	4,590
High School Principals Coke Acct.	431	4,060	470	413	4,548
LJHS Dance	1,150		6,207	2,603	4,754
High School Math-Ancell	1,794		-	-	1,794
High School Parking Sticker-A.K.	389		-	-	389
Yarbro Library	2,179		12,496	12,182	2,493
Jefferson Library	11,786		7,824	5,911	13,699
Ben A. Library	2,257		6,789	6,813	2,233
Lea Library	1,446		8,080	6,279	3,247
Llano Library	2,584		3,493	3,515	2,562
Bob Jameson Memorial	325		-	-	325
Freshman Academy Volleyball	63		-	-	63
Elementary Fine Arts - Belinda	10,165		2,420	-	12,585
High School Art Club	295		-	-	295
9th Grade Student Council	1,473	(973)	3,585	490	3,595
Brian Urlacher Scholarship	3,125		-	-	3,125
David Templeman Memorial	7,010		100	1,000	6,110
Wildcat Tale	1,319		-	-	1,319
FCA/AK	202				202

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Schedule of Changes in Assets and Liabilities
Activity Trust Fund
For the Year Ended June 30, 2013

	Balance 06/30/12	Transfers	Additions	Deductions	Balance 06/30/13
ACTIVITY ASSETS (continued)					
Bilingual	2,699		6,842	7,331	2,210
LEA Activity Fund	7,150		20,073	18,311	8,912
High School Tech Lab	800		233	-	1,033
Yarbro Activity Account	7,200		29,676	27,175	9,701
9th Grade FHA	27		2,837	1,951	913
Character Counts-Becky Davis	5		-	-	5
Science Activity Fund	4,531		6,787	5,581	5,737
Department of Public Safety	1,283		3,700	4,191	792
Jr. High Lounge Cokes	1,094		398	-	1,492
HS - PSAT Testing	326		762	350	738
9th Dance Fund	649		-	105	544
NHHS Activity	91		1,560	1,476	175
9th Grade Cheerleader Fund	241		-	-	241
Aaron Austin Scholarship	335		-	-	335
J.D. Fry Scholarship	300		-	-	300
High School Band	59		3,694	3,553	200
Caprock Pipe Supply Scholarship	802		-	800	2
PNM Grants	6		-	-	6
Urlacher Royalties	3,119		-	3,118	1
Total Activity Funds	\$ 299,183	\$ -	\$ 354,597	\$ 325,864	\$ 327,916
Total Due to Other School Organizations	\$ 299,183	\$ -	\$ 354,597	\$ 325,864	\$ 327,916

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Schedule of Collateral Pledged by Depository
June 30, 2013

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2013	Name and Location of Safekeeper
Western Commerce Bank	FHLMC #390234 Due 4/01/30	\$ 30,629	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FHLMC #420041 Due 09/18/18	17,739	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FHLMC #420175B Due 03/01/19	15,621	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8076 Due 11/20/22	27,008	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 21564 Due 11/1/25	7,766	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 62667 Due 2/1/18	7,502	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 64731 Due 12/1/27	19,991	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA # 80362 Due 01/20/30	46,899	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA # 8302 Due 10/20/23	18,425	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80364 Due 01/20/30	20,074	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80470 Due 11/20/30	19,144	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80170 Due 2/20/28	50,344	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 254914 Due 9/1/2013	1,687	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 254989 Due 11/1/13	5,539	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA # 859285 Due 2/20/27	30,329	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80478 Due 12/20/30	35,525	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8146 02/20/23	58,779	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8204 Due 03/20/17	35,922	Federal Home Loan Bank Dallas, TX

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Schedule of Collateral Pledged by Depository
June 30, 2013

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2013	Name and Location of Safekeeper
Western Commerce Bank	FNMA # 654159 Due 10/1/32	262,474	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FHLMC # A84288 Due 1/1/39	213,871	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA # 714730 06/15/39	942,908	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # MA0602 12/01/30	1,034,672	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA #AJ4035 10/01/41	<u>1,251,452</u>	Federal Home Loan Bank Dallas, TX
		<u>4,154,298</u>	
Lea County State Bank	Univ NM Gallup 5% Due 06/01/15	500,000	Lea County State Bank Hobbs, NM
Lea County State Bank	Dexter NM ISD 5% Due 08/01/21	<u>200,000</u>	Lea County State Bank Hobbs, NM
		<u>700,000</u>	
Wells Fargo Bank	FN #AH8825 03/01/41	93,668	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AJ0784 09/01/41	130,399	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AJ4758 11/01/26	98,766	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AQ9991 02/01/43	125,486	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AR1196 01/01/43	4,812	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AR7400 06/01/43	107,855	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AR9199 03/01/43	291,581	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AT5895 06/01/43	34,329	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #953927 12/01/37	1,481,456	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AB7819 02/01/43	289,800	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #MA1003 02/01/42	362,890	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AE0215 12/01/39	<u>138,082</u>	Bank of New York Mellon New York, NY
		<u>3,159,123</u>	
		<u>\$ 8,013,421</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Schedule of Cash and Temporary Investments by Depository
June 30, 2013

Deposit or Investment Account Type	Western Commerce Bank	Lea County State Bank	Wells Fargo Bank	Total
Checking	3,693,894 *	429,581 *	1,228,741 *	5,352,216
Checking	319,355		2,963,705	3,283,060
Checking	392,097 *	-	2,381,668	2,773,765
Checking	488,010 *	-	-	488,010
CD	19,458 *	-	-	19,458
CD	82,937 *	-	-	82,937
CD	8,864 *	-	-	8,864
CD	5,588 *	-	-	5,588
Fannie Mae Discount Note	-	-	-	-
Total on deposit	5,010,203	429,581	6,574,114	12,013,898
Reconciling items	(418,347)	(3,795)	(3,298)	(425,440)
Reconciled balance at June 30, 2013	<u>4,591,856</u>	<u>425,786</u>	<u>6,570,816</u>	<u>11,588,458</u>

* Indicates interest bearing accounts.

Cash and cash equivalents:

Government-wide balance sheet	\$ 11,260,542
Fiduciary balance sheet	\$ 327,916
	<u>\$ 11,588,458</u>

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Cash Reconciliation
June 30, 2013

	<u>Operational Account</u>	<u>Payroll Clearing</u>	<u>ERA Clearing/ NMPSIA</u>	<u>Transportation Account</u>
Cash and investments, June 30, 2012	\$ 3,036,423	\$ 29,877	\$ 1,221,025	\$ 149
Add:				
2012-13 revenues	26,193,563	-	-	1,041,719
Prior year void warrants	-	-	-	-
Adjustment	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	29,229,986	29,877	1,221,025	1,041,868
Less:				
2012-13 expenditures	(26,238,858)	-	-	(1,041,719)
Refunds	-	-	-	-
Prior year outstanding loans	1,150,000	-	-	-
Change in clearing accounts	-	3,719	7,716	-
Cash transfers	-	-	-	-
Receivable/payable change	417,427	-	-	-
Current year loans (to) from other funds	(1,150,000)	-	-	-
Audit adjustments	42,151	-	-	-
Cash and investments, June 30, 2013	<u>\$ 3,450,706</u>	<u>\$ 33,596</u>	<u>\$ 1,228,741</u>	<u>\$ 149</u>

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

Instructional Materials Account	Food Services Account	Athletics Account	Federal Flowthrough Account	Federal Projects Account	Activities
\$ 1,068	\$ 415,237	\$ 194,193	\$ 183,690	\$ 3,944	\$ 299,183
220,032	1,402,116	89,647	1,601,528	224,653	354,354
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
221,100	1,817,353	283,840	1,785,218	228,597	653,537
(208,015)	(1,329,344)	(69,481)	(1,475,710)	(211,941)	(325,546)
-	-	-	-	-	-
-	-	-	(1,150,000)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(14,606)	-	-
-	-	-	1,150,000	-	-
-	-	324	12,898	(12,712)	(75)
\$ 13,085	\$ 488,009	\$ 214,683	\$ 307,800	\$ 3,944	\$ 327,916

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Cash Reconciliation
June 30, 2013

	<u>State Flowthrough</u>	<u>State Direct</u>	<u>Local or State</u>	<u>Spec. Cap. Outlay-Local</u>
Cash and investments, June 30, 2012	\$ 274,089	\$ 37,728	\$ -	\$ 108,000
Add:				
2012-13 revenues	261,688	98,955	42,000	-
Prior year void warrants	-	-	-	-
Adjustment	-	-	-	-
Loans from other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total cash available	535,777	136,683	42,000	108,000
Less:				
2012-13 expenditures	(319,715)	(67,474)	-	(107,925)
Refunds	-	-	-	-
Prior year outstanding loans	-	-	-	-
Change in clearing accounts	-	-	-	-
Cash transfers	-	-	-	-
Receivable/payable change	(100,592)	(100)	-	-
Current year loans (to) from other funds	-	-	-	-
Audit adjustments	5,138	(17,435)	(32,300)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Cash and investments, June 30, 2013	<u>\$ 120,608</u>	<u>\$ 51,674</u>	<u>\$ 9,700</u>	<u>\$ 75</u>

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

Cap. Improv. HB-33	Cap. Improve - SB-9	Debt Service	Educational Technology Debt Service	Total
\$ 2,355,814	\$ 2,115,881	\$ 2,791,535	\$ 59,714	\$ 13,127,550
1,634,706	1,643,598	1,924,572	1	36,733,132
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,990,520	3,759,479	4,716,107	59,715	49,860,682
(2,078,764)	(1,752,105)	(2,394,153)	-	(37,620,750)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	11,435
-	-	-	-	-
-	-	-	-	302,129
-	-	-	-	-
124,736	-	-	-	122,725
<u>\$ 2,036,492</u>	<u>\$ 2,007,374</u>	<u>\$ 2,321,954</u>	<u>\$ 59,715</u>	\$ 12,676,221
			Agency cash	<u>(327,916)</u>
			Reconciled cash and investments	<u>\$ 12,348,305</u>
			Cash	11,260,542
			Investments	<u>1,087,763</u>
				<u>\$ 12,348,305</u>

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

COMPLIANCE SECTION

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

INDEPENDENT AUDITORS' REPORT

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Board of Education
Lovington Municipal School District
Lovington, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund of the Lovington Municipal School District (the District) as of and for the year ended June 30, 2013, 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 comparison of the District, presented as supplemental information, and have issued our report thereon dated October 29, 2013.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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. However, material weaknesses may exist that have not been identified.

We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and question costs, that we consider to be significant deficiencies, as items 2013-02 and 2013-03.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 2012-04, 2012-05, and 2013-01.

The District's Response to Findings

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

Purpose of this Report

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



Johnson, Miller & Co., CPA's

Hobbs, New Mexico
October 29, 2013

FEDERAL FINANCIAL ASSISTANCE



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE: AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Board of Education
Lovington Municipal School District
Lovington, New Mexico

Report on Compliance for Each Major Federal Program

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the 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, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-04, 2013-05, and 2012-07. Our opinion on each major federal program is not modified with respect to these matters.

The District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-07 that we consider to be a significant deficiency.

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, the New Mexico Public Education Department, the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

Johnson, Miller & Co.

Johnson, Miller & Co., CPA's

Hobbs, New Mexico
October 29, 2013

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

<u>Federal Agency/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State ID Number</u>	<u>Total Federal Awards Expended</u>
<u>U.S. Department of Agriculture</u>			
Pass-Through State Department of Education			
USDA National School Lunch Program	10.555	21000 \$	712,594 (1)
USDA National School Breakfast Program	10.555	21000	502,189 (1)
Total Child Nutrition Cluster			<u>1,214,783</u>
Pass-Through State Department of Human Services			
USDA Commodities Program	10.555	21000	95,905 (1)
Total Commodities Program			<u>95,905</u>
Total U.S. Department of Agriculture			1,310,688
<u>U.S. Department of Education</u>			
Pass-Through State Department of Education			
Special Education Cluster:			
IDEA, Part B, Entitlement	84.027	24106	707,115 (1)
IDEA, Preschool	84.173	24109	25,451 (1)
IDEA-B "Risk Pool"	84.173	24120	4,140 (1)
Total Special Education Cluster			<u>736,706</u>
Title I Cluster			
ESEA Title I Basic	84.010	24101	580,624
Total Title I Cluster			<u>580,624</u>

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

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

<u>Federal Agency/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State ID Number</u>	<u>Total Federal Awards Expended</u>
<u>U.S. Department of Education (continued)</u>			
Pass-Through State Department of Education			
Other:			
Title III - English Language Acquisition	84.365	24153	32,668
Title II A	84.367	24154	123,818
Carl D. Perkins Secondary-Current	84.048	24174	1,893
Total Other Grants			<u>158,379</u>
Total U.S. Department of Education			1,475,709
Total Federal Assistance			<u>\$ 2,786,397</u>

(1)-Denotes programs audited as major.

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the budgetary basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in, or used in the presentation of the governmental fund financial statements may not be consistent with the amounts used in the Schedule of Expenditures of Federal Awards.

The District receives USDA Commodities for use in sponsorship of the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2013 was \$95,905 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA number 10.555.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2013**

A. Summary of Audit Results

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes x No

Significant deficiency(ies) identified that are not considered to be material weakness(es): x Yes _____ No

Noncompliance material to financial statements noted? _____ Yes x No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes x No

Significant deficiency(ies) identified that are not considered to be material weakness(es): x Yes _____ No

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.555	Child Nutrition Cluster
84.027, 84.173	IDEA-B Cluster

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

Auditee qualified as low-risk auditee? x Yes _____ No

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2013**

B. Findings – Financial Statement Audit

2012-04 PED CASH REPORT-OTHER

Condition

Cash balances on the cash report submitted to the New Mexico Public Education Department at June 30, 2013 do not match the cash recorded in the general ledger account for the following items:

	General Ledger	PED Cash Report	Difference
Operational	3,622,067	3,627,287	(5,220)
Athletic	214,683	214,360	323
Activity	327,916	328,239	(323)

Criteria

New Mexico Administrative Code (NMAC) 6.20.2.13 D. states that the cash basis of accounting should be used for budgeting and reporting.

Cause

Operational and state funds are pooled in the operational bank account. Transfers are made to the payroll clearing account from the respective accounts for each funds' portion of payroll costs. The amount is calculated based on a listing by fund from the payroll module. The first state fund on the listing was inadvertently included in the federal total. The difference should been included as a liability.

The athletic and activity difference was due to a transfer of an activity account to the athletic department.

Effect

The cash reported to PED was overstated by \$5,220.

Recommendation

Due to and due from accounts should be utilized when changes are made to payroll totals before posting or inadvertent errors in transfer amounts occur.

Transfers of cash should be recorded on the cash report.

Agency Response

The District will record all cash transfers on the cash report. The Business Manager will review all payroll transfers.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2013**

B. Findings – Financial Statement Audit (continued)

2012-05 EMPLOYMENT ELIGIBILITY DOCUMENTATION-OTHER

Condition

The required form for employment eligibility documentation, the IRS I-9, was not signed by a District employee for two of the 73 employees tested. In addition, one employee (career training student) of 73 tested did not have an IRS I-9 in her personnel file.

Criteria

NMAC states “School districts shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations.”

Cause

Employees hired may not bring all the required I-9 documentation at the time of hiring. These files are set aside to note that these are waiting on documentation. The necessary documentation was obtained, but the form was not signed.

Effect

The District risks fines of \$110-\$1,100 related to each I-9 form missing or not properly completed.

Recommendation

We recommend that the District review any items noted as waiting for documentation and obtain corrected forms for any that were not properly filled out. New human resource employees should be trained on correct form documentation.

Agency Response

The District has a new employee in human resources. This employee will be trained on correct form documentation. All I-9 forms will be reviewed by newly hired support staff.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2013**

B. Findings – Financial Statement Audit (continued)

2013-01 ACTIVITY FUND DEPOSIT DOCUMENTATION-OTHER

Condition

One deposit of 40 tested for of \$666 was made into the activity fund bank account within the required 24-hour time period in June 2013, but the supporting documentation noting the activity fund was not received in the business office until late July 2013.

Criteria

NMAC 6.20.2.11 requires that every school district establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly.

Cause

The school employee designated to deposit cash receipts did not turn in the supporting documentation until the summer break was over. The business office was unable to contact school officials during the summer break.

Effect

Although a correcting entry was made to classify the deposit to the correct account, when documentation is not received in a timely manner the activity fund balance will not reflect an accurate balance.

Recommendation

The District should reinforce to all employees responsible for making deposits that information should be sent to the business office at the time the deposit is made.

Agency Response

In August 2013 the Business Manager went over cash controls, procedures for making deposits and turning in supporting documentation in a timely manner with all employees responsible for making deposits.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2013**

B. Findings – Financial Statement Audit (continued)

2013-02 MISCALCULATION OF PAYROLL-SIGNIFICANT DEFICIENCY

Condition

One employee of 73 tested was under paid from operational funds by \$1,917.

Criteria

NMAC 6.20.2.18 requires that every school district establish payroll policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP.

Cause

The employee moved positions during the school year. A separate position was created in the Visions software and the former position was closed. The closed position had a remaining payout balance due based on the number of days worked. The remaining portion was not moved as an adjusting field in the new position.

Effect

The employee was underpaid for the 2012-2013 school year.

Recommendation

A review for under or over payment should be made for all employees changing positions during the school year. New contracts should be printed and signed by employees. The District should consider assigning duties that the current payroll employee has not had time to do to newly hired staff. The District should reimburse the employee for the shortage of her contract.

Agency Response

The employee was reimbursed for this shortage on October 18, 2013. A new contract was printed and signed by the employee. The District has hired new support staff for the payroll department.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2013**

B. Findings – Financial Statement Audit (continued)

2013-03 ACTIVITY FUND CASH-SIGNIFICANT DEFICIENCY

Condition

Until February 27, 2013, currency collected from tuition payments in the Pre-K activity fund were not deposited into the bank but used for petty cash purchases.

Criteria

NMAC 2.2.2.10 If the pledged collateral for deposits in banks, savings and loan associations, or credit unions, in an aggregate amount is not equal to one half of the amount of public money in each account (Section 6-10-17 NMSA 1978), there should be a finding in the audit report.

Cause

Cash receipts from tuition payments were not reconciled to the amount of cash deposited into the bank account for the Pre-K activity fund.

Effect

The District was not in compliance with the 24-hour rule and approval of purchases and cash was susceptible to misappropriation.

Recommendation

The District should not accept cash for payment of tuition. District receipts should be reconciled to the cash deposited for the activity fund.

Agency Response

As of March 2013 the District no longer accepted cash for payment of tuition in the Pre-K activity fund. Checks and money orders are accepted. No cash is kept for petty cash purchases.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2013**

C. Federal Award Findings and Questioned Costs

2013-04 –MONITORING OF FOOD SERVICE MANAGEMENT CONTRACT-OTHER

Condition

During our audit of the Child Nutrition Cluster; CFDA No. 10.555 (US Department of Agriculture funds passed through the New Mexico Department of Public Education), we noted that the District did not periodically review the source documentation for costs invoiced to the District on the cost-reimbursable contract.

Questioned Costs

\$0

Criteria

According to 7 CFR, a school food authority (SFA) should periodically review cost records, including source documentation supporting charges for contractually approved costs for cost-based contracts.

Cause

The food services director prints an invoice from the corporate software system, but does not print in enough detail to review source documentation.

Effect

Although the District food service costs are significantly less than the revenue, the food service management company could be billing the District for costs that are not reimbursable.

Recommendation

The District should request a detailed listing of items comprising invoice balances and trace the information to source documentation on a periodic basis. The results of these procedures should be documented and available for review. Unusual variances between months should be noted and investigated.

Agency Response

The District will trace charges for approved cost including time and attendance on a quarterly basis. The District will maintain documentation of its monitoring for review.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2013**

C. Federal Award Findings and Questioned Costs (continued)

2013-05 –TIME AND EFFORT DOCUMENTATION-OTHER

Condition

During our audit of Special Education, IDEA-B; CFDA No. 84.027 (Department of Education funds passed through the New Mexico Department of Public Education), we noted that the District did not document time and effort or have a semi-annual certification on file for 14 of the 35 employees tested.

Questioned Costs

\$0

Criteria

According to OMB A-87, Attachment B, paragraph 8.h.(3), an employee who works solely on a single cost objective must furnish a semi-annual certification that he/she has been engaged solely in activities supported by the applicable source. According to OMB A-87, Attachment B, paragraph 8.h.(4), (5), and (6), an employee who works on multiple activities or cost objectives must maintain time and effort distribution records.

Cause

The new program director was not aware of the semi-annual certification requirement.

Effect

Although the employees tested were in positions in the special education program and dedicated to one cost objective, the District is not in compliance with OMB-133 documentation standards and risks falsely expending payroll for employees that are not working in federal programs.

Recommendation

We recommend that the District provide a listing from the general ledger payroll system of all the employees paid partially or fully out of federal funds. Program managers should verify records of semi-annual certifications and time and effort records against these listings.

Agency Response

The District will provide program managers a listing of all employees paid partially or fully out of federal funds. Program Managers will complete semi-annual certifications and turn them in to the Business Manager. A copy of the certifications will be forwarded to ASD.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2013**

C. Federal Award Findings and Questioned Costs (continued)

2012-07 - ERB WITHHOLDING VIOLATION-OTHER

Condition

During our audit of Special Education, IDEA-B; CFDA No. 84.027 (Department of Education funds passed through the New Mexico Department of Public Education), we noted that of the 35 employees tested the District withheld one employee's ERB at the less than \$20,000 rate when the employee's salary was over \$20,000.

Questioned Costs

\$40

Criteria

According to the New Mexico Education Retirement Board, withholding and contribution rates are set for salary amounts over and under \$20,000.

Cause

The employee changed positions which resulted in a change of classifications.

Effect

The District is not in compliance with ERB withholding rates and paid contributions to ERB at a 12.1% employee rate versus a correct contribution rate of 10.6%.

Recommendation

District review personnel should review all employees paid under \$25,000 and those that changed positions during the year to ensure that the correct ERB rates are entered into the payroll module. Newly hired support staff should be utilized to perform these functions that fall outside of the normal payroll cycle.

Agency Response

The district reviews all employees that change positions during the year to ensure that the correct ERB rates are applied. This one violation happened before we knew about the violation in our 2011-12 audit.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2013**

C. Federal Award Findings and Questioned Costs (continued)

2013-07 MISCALCULATION OF PAYROLL-SIGNIFICANT DEFICIENCY

Condition

During our audit of Special Education, IDEA-B; CFDA No. 84.027 (Department of Education funds passed through the New Mexico Department of Public Education), we noted that the District over paid one employee of 35 tested in the amount of \$967.

Questioned Costs

\$1,145

Criteria

NMAC 6.20.2.18 requires that every school district establish payroll policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP.

Cause

The employee moved positions during the school year. A separate position was created in the Visions software and the former position was closed. The closed position had a remaining negative payout balance due based on the number of days worked. The portion due was not moved as an adjusting field in the new position.

Effect

The employee was overpaid for the 2012-2013 school year and the District received reimbursement of \$1,145 that was for an unallowable cost.

Recommendation

A review for under or over payment should be made for all employees changing positions during the school year. New contracts should be printed and signed by employees. The District should consider assigning duties that the current payroll employee has not had time to do to newly hired staff. The District should return the reimbursed funds to PED or include the funds as a credit to the prior year carryover portion of the grant expenditures.

Agency Response

The District will include the funds as a credit to the prior year carryover portion of the grant expenditures. The District has hired new support staff for the payroll department.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2013**

D. Findings – Prior Year Audit

2012-01	Failure to Submit Reimbursement Requests in a Timely Manner	Resolved and Not Repeated
2012-2	Late Deposit	Resolved and Not Repeated
2012-3	Activity Deposit Verification	Resolved and Not Repeated
2012-4	PED Cash Report	Revised and Repeated
2012-05	Employment Eligibility Documentation	Revised and Repeated
2012-06	Minimum Wage Violation	Resolved and Not Repeated
2012-07	ERB Withholding Violation	Revised and Repeated
2012-08	Capital Outlay Authorization	Resolved and Not Repeated

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Exit Conference
June 30, 2013**

The contents of this report were discussed at an exit conference held October 22, 2013. Mary Hinds, CPA Director; and Shellie Davidson, CPA On-Site Manager, represented Johnson, Miller & Co, CPA; Pam Lackey, CPA, Audit Committee Member; Ryan Burkett, Audit Committee Member (Community Member); Greg Maxie, Board Member; Robert Cox, Board Member; Darin Manes, Superintendent; LeAnne Gandy, Assistant Superintendent; Sheri Belyeu, CPA, Business Manager; and Phil Halum, Director of Special Programs represented Lovington Municipal Schools.

FINANCIAL STATEMENT PRESENTATION

The financial statements were prepared from the original books and records of Lovington Municipal Schools as of June 30, 2013 by Johnson, Miller & Co., Certified Public Accountants, a Professional Corporation.