

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Financial Statements
With Independent Auditors' Report Thereon
June 30, 2014**

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

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June 30, 2014**

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**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Official Roster
June 30, 2014**

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 and major special revenue funds of Lovington Municipal School District (the District), as of and for the year ended June 30, 2014, 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, fiduciary 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, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2014, and the respective changes in financial position and the respective budgetary comparison for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of Lovington Municipal School District as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the major capital project funds, debt service fund, and all nonmajor funds for the year then ended in accordance 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 operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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*, and the other schedules required by Section 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 or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures 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 30, 2014 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 30, 2014

LOVINGTON MUNICIPAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2014 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, 2014. 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 2014 are as follows:

- ❖ Total assets of governmental fund activities increased \$18 million or 27% from 2013 primarily due to a receipt of bond proceeds for upcoming construction projects.
- ❖ Total liabilities of governmental fund activities increased approximately \$18.1 million or 84.4% primarily due to the new bond for school construction.
- ❖ The District had \$38 million in expenses related to governmental activities: \$4.8 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 \$33.3 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 2014?" 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, 2014 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, Bond Building Capital Outlay, 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 67 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, 2014 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 \$57.2 million and expenditures \$39.9 million. The net change in net position for the year was an increase of approximately \$17.3 million. This increase in fund balance was primarily due to the issuance of \$19 million in bonds offset by 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 2014, 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, 2014. 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	\$ 31,649	\$ 28,397	\$ 3,252
Bond Building	19,000	1,262	17,737
HB-33 Capital Outlay	3,417	2,372	1,045
SB-9 Capital Outlay	3,678	1,308	2,370
Debt Service Fund	5,123	2,369	2,754
Nonmajor Governmental Funds	5,184	3,543	1,650

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 \$31.7 million while actual expenditures plus financing uses were \$28.4 million. The difference between budget and actual expenditures was due to planned budgetary savings throughout the budget.

Actual revenues for the general fund were \$28.9 million and revenues from state sources constitute 98% of the total. Actual expenditures were less than revenues by approximately \$613 thousand.

The primary increase in general fund revenue over the prior year was due to an increase in State Equalization Guarantee payments of approximately \$1.6 million.

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, 2014 UNAUDITED

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2014, the District had \$116 million invested in capitalized assets with associated accumulated depreciation of \$64 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).

Debt

On March 18, 2014 the District issued the first installment of \$19 million bond for the purpose of erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds as well as purchasing computer software and hardware for student use.

The District is planning to sell the second installment of \$16 million bonds in January 2015.

At June 30, 2014, the District had outstanding bonds payable of \$35.9 million and was bonded within practical capacity to 63.92% of the legal limit of \$53.1 million.

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. SY 2013 increased by 2.9% (3,654 students), SY2012 increased by 4.9 percent (3,568 students), SY2011 increased by 1.4% (3,400 students), SY2010 decreased by .02% (3,352 students), SY2009 increased by 3.4% (3,357 students), to bring total district enrollment to more than 3,798 students as of the 40th day count in October of 2014. 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 71.4% 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, 2014 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, 2014 UNAUDITED

Condensed Statement of Net Position (in thousands of dollars)

	June 30, 2014	June 30, 2013, (as restated)
	Governmental Activities	Governmental Activities
Current and other assets	\$ 31,976	\$ 13,885
Net capital assets	51,835	51,752
Total assets	83,811	65,637
Long-term debt outstanding	36,472	18,795
Other liabilities	3,080	2,644
Total liabilities	39,552	21,439
Net position	\$ 44,259	\$ 44,198
Invested in capital assets net of related debt	\$ 33,637	\$ 32,957
Restricted	6,805	6,798
Unrestricted	3,817	4,443
Total net position	\$ 44,259	\$ 44,198

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

Revenues:		
Program revenues		
Charges for services	\$ 412	\$ 408
Operating grants	4,349	5,002
Capital grants	-	-
General revenues		
Property taxes/Oil & Gas taxes	6,254	5,383
State aid	27,051	25,413
Other	12	8
Transfers in	-	-
Total revenue	38,078	36,214
Expenses:		
Instruction	18,410	18,497
Support services	12,541	11,545
Transportation	1,230	1,139
Food services	1,664	1,341
Community service	37	46
Debt Service	515	613
Facilities Acquisition & Construction	3,619	1,773
Total expenses	38,016	34,954
Increase (decrease) in net position	\$ 62	\$ 1,260

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Government-Wide
Statement of Net Position
June 30, 2014

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents (Note 3)	\$ 28,971,229
Investments (Note 3)	1,088,908
Receivables (Note 4)	1,894,119
Inventory	21,545
Capital assets, net (Note 6)	51,835,508
 Total assets	 \$ 83,811,309
LIABILITIES AND NET POSITION	
Accounts payable	\$ 1,228,961
Accrued payroll and related expenses	1,400,273
Accrued interest	151,056
Unearned revenue	144,342
Compensated absences - current portion (Note 7)	155,522
Noncurrent liabilities:	
Bond premium	349,899
Compensated absences - non current portion (Note 7)	182,312
Bonds payable: (Note 7)	
Due within one year	1,960,000
Due in more than one year	33,980,000
Total liabilities	39,552,365
 Net invested in capital assets	 33,636,858
Restricted for:	
Debt service	2,858,485
Capital projects	3,946,545
Unrestricted	3,817,056
Total net position	44,258,944
 Total liabilities and net position	 \$ 83,811,309

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, 2014

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions
Primary Government:			
Governmental activities:			
Instruction	\$ 18,410,168	\$ 101,557	\$ 1,290,284
Support services:			
Students	3,659,472	-	465,215
Instruction	506,939	-	132,054
General administration	708,798	-	35,569
School administration	2,354,629	-	131,146
Central services	2,420,555	-	-
Operation & maintenance of plant	2,854,599	-	-
Student transportation	1,230,393	-	1,063,524
Operation of non-instruction services:			
Food services	1,663,737	310,043	1,196,576
Community services	37,437	-	34,845
Other support services	34,407	-	-
Capital outlay	3,619,343	-	-
Interest on long-term debt	515,374	-	-
Total primary government	\$ 38,015,851	\$ 411,600	\$ 4,349,213

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

Net position - beginning

Prior period restatement (Note 14)

Net position - beginning, as restated

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	
\$	-	\$	(17,018,327)
	-		(3,194,257)
	-		(374,885)
	-		(673,229)
	-		(2,223,483)
	-		(2,420,555)
	-		(2,854,599)
	-		(166,869)
	-		(157,118)
	-		(2,592)
	-		(34,407)
	-		(3,619,343)
	-		(515,374)
<u>\$</u>	<u>-</u>	<u>\$</u>	<u>(33,255,038)</u>
			27,051,399
			108,843
			733,287
			1,039,417
			307,293
			1,606,120
			2,458,338
			11,929
			-
			<u>33,316,626</u>
			61,588
			44,312,308
			114,952
			<u>44,197,356</u>
<u>\$</u>		<u>\$</u>	<u>44,258,944</u>

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Debt Service Fund	Capital Improvements Bond Building	Capital Improvement HB- 33 Fund
ASSETS				
Cash and cash equivalents	\$ 4,938,927	\$ 2,543,171	\$ 17,741,350	\$ 850,620
Investments	4,232	-	-	560,682
Accounts receivable:				
Taxes	48,165	278,596	-	199,354
Due from other governments	-	-	-	-
Due from other funds	1,011,458	-	-	-
Inventory	-	-	-	-
Advances to other funds	322,929	-	-	-
<i>Total assets</i>	<u>\$ 6,325,711</u>	<u>\$ 2,821,767</u>	<u>\$ 17,741,350</u>	<u>\$ 1,610,656</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Liabilities:</i>				
Accounts payable	\$ 49,747	\$ -	\$ 642,178	\$ 52,488
Accrued liabilities	1,400,273	-	-	-
Accrued interest	-	-	-	-
Due to other funds	249	-	-	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	-
<i>Total liabilities</i>	<u>1,450,269</u>	<u>-</u>	<u>642,178</u>	<u>52,488</u>
 <i>Deferred inflows of resources:</i>				
Unavailable revenue - delinquent property taxes	3,252	22,998	-	16,409
Unavailable revenue - federal or state receivables	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>3,252</u>	<u>22,998</u>	<u>-</u>	<u>16,409</u>
 <i>Fund balances:</i>				
Nonspendable	1,334,387	-	-	-
Restricted	79,369	2,798,769	17,099,172	1,541,759
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	3,458,434	-	-	-
<i>Total fund balances</i>	<u>4,872,190</u>	<u>2,798,769</u>	<u>17,099,172</u>	<u>1,541,759</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 <u>\$ 6,325,711</u>	 <u>\$ 2,821,767</u>	 <u>\$ 17,741,350</u>	 <u>\$ 1,610,656</u>

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

Capital Improvement SB-9 Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,918,937	\$ 978,224	\$ 28,971,229
523,994	-	1,088,908
199,649	-	725,764
-	1,168,355	1,168,355
-	14,930	1,026,388
-	21,545	21,545
-	-	322,929
<u>\$ 2,642,580</u>	<u>\$ 2,183,054</u>	<u>\$ 33,325,118</u>

\$ 221,305	\$ 263,243	\$ 1,228,961
-	-	1,400,273
-	-	-
-	1,026,139	1,026,388
-	144,342	144,342
-	322,929	322,929
<u>221,305</u>	<u>1,756,653</u>	<u>4,122,893</u>

16,564	-	59,223
-	191,570	191,570
<u>16,564</u>	<u>191,570</u>	<u>250,793</u>

-	21,545	1,355,932
2,404,711	611,898	24,535,678
-	-	-
-	-	-
-	(398,612)	3,059,822
<u>2,404,711</u>	<u>234,831</u>	<u>28,951,432</u>

<u>\$ 2,642,580</u>	<u>\$ 2,183,054</u>	<u>\$ 33,325,118</u>
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**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2014**

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

Fund balances - total governmental funds	\$	28,951,432
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.		51,835,508
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred inflows in the funds:		
Accounts receivable		191,570
Property taxes		59,223
Other liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Net of bond premium liability and bond discount		(349,899)
Accrued interest expense		(151,056)
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.		<u>(36,277,834)</u>
Net position of governmental activities in the statement of net position	<u>\$</u>	<u>44,258,944</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 Balances
Governmental Funds
For the Year Ended June 30, 2014

	General Fund	Debt Service	Capital Improvements Bond Building	Capital Improvement HB- 33
REVENUES				
Property taxes	\$ 108,784	\$ 725,351	\$ -	\$ 519,095
Oil and gas taxes	307,292	1,606,120	-	1,229,171
Investment income	6,195	-	3,889	590
Food services	-	-	-	-
District activities	16,275	-	-	-
Revenue from local sources	85,912	-	-	-
Revenue from state sources	28,362,423	-	-	-
Revenue from federal sources	36,347	-	-	-
Total revenues	28,923,228	2,331,471	3,889	1,748,856
EXPENDITURES				
Current:				
Instruction	17,081,886	-	-	-
Support services				
Students	3,212,123	-	-	-
Instruction	336,988	-	-	-
General administration	603,123	7,325	-	5,289
School administration	2,203,611	-	-	-
Central services	835,170	-	-	-
Operation and maintenance of plant	2,840,296	-	-	-
Student transportation	1,063,598	-	-	-
Operation of non instructional services				
Food services operations	-	-	-	-
Community services	-	-	-	-
Other support services	34,407	-	-	-
Capital outlay	98,663	-	1,904,717	2,307,632
Debt service	-	2,362,018	-	-
Total expenditures	28,309,865	2,369,343	1,904,717	2,312,921
Excess (deficiency) of revenues over (under) expenditures	613,363	(37,872)	(1,900,828)	(564,065)
Other financing sources (uses)				
Bond proceeds	-	-	19,000,000	-
Bond premium	-	318,853	-	-
Increase (decrease) in inventory	-	-	-	-
Net changes in fund balances	613,363	280,981	17,099,172	(564,065)
Beginning fund balances,	4,258,827	2,517,788	-	2,105,824
Fund balances--end of the year	\$ 4,872,190	\$ 2,798,769	\$ 17,099,172	\$ 1,541,759

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

Capital Improvements SB-9	Other Governmental Funds	Total Governmental Funds
\$ 514,944	\$ 1	\$ 1,868,175
1,229,168	-	4,371,751
551	705	11,930
-	310,043	310,043
-	84,575	100,850
1,181	770	87,863
-	220,359	28,582,782
-	2,513,560	2,549,907
<u>1,745,844</u>	<u>3,130,013</u>	<u>37,883,301</u>
-	1,005,315	18,087,201
-	531,622	3,743,745
-	156,789	493,777
5,242	35,641	656,620
-	131,417	2,335,028
-	-	835,170
-	-	2,840,296
-	-	1,063,598
-	1,548,185	1,548,185
-	35,038	35,038
-	-	34,407
1,450,195	99,427	5,860,634
-	-	2,362,018
<u>1,455,437</u>	<u>3,543,434</u>	<u>39,895,717</u>
<u>290,407</u>	<u>(413,421)</u>	<u>(2,012,416)</u>
-	-	19,000,000
-	-	318,853
-	(12,494)	(12,494)
<u>290,407</u>	<u>(425,915)</u>	<u>17,293,943</u>
<u>2,114,304</u>	<u>660,746</u>	<u>11,657,489</u>
<u>\$ 2,404,711</u>	<u>\$ 234,831</u>	<u>\$ 28,951,432</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, 2014

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

Net change in fund balances - total governmental funds	\$ 17,293,943
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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	2,320,128
Depreciation expense	(2,236,895)

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	13,371
Change in federal and state grants not available for modified accrual basis	180,767

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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Issuance of bonds	(19,000,000)
Increase in the reserve for compensated absences	(37,516)
Increase in bond premium liability	(285,710)
Decrease in accrued interest payable	13,500
Principal payments on bonds	1,800,000

Change in net position of governmental activities	\$ <u>61,588</u>
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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, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 434,997	\$ 434,997	\$ 415,730	\$ (19,267)
Investment income	3,000	3,000	6,195	3,195
District activities	4,000	4,000	16,275	12,275
Revenue from local sources	-	-	85,912	85,912
Revenue from state sources	27,959,533	28,280,688	28,362,423	81,735
Revenue from federal sources	20,000	20,000	36,347	16,347
<i>Total revenues</i>	<u>28,421,530</u>	<u>28,742,685</u>	<u>28,922,882</u>	<u>180,197</u>
EXPENDITURES				
Instruction:				
Personnel services - compensation	12,392,293	12,161,720	11,632,258	529,462
Personnel services - employee benefits	4,529,390	4,523,690	4,260,470	263,220
Other purchased services	394,509	444,784	341,551	103,233
Supplies	1,077,971	1,070,121	769,209	300,912
Property	28,988	37,013	35,124	1,889
Total instruction	<u>18,423,151</u>	<u>18,237,328</u>	<u>17,038,612</u>	<u>1,198,716</u>
Support services - student:				
Personnel services - compensation	1,462,262	1,472,792	1,470,939	1,853
Personnel services - employee benefits	521,648	533,625	531,864	1,761
Purchased professional & technical services	378,000	489,000	384,006	104,994
Purchased property services	921,245	920,145	729,620	190,525
Other purchased services	1,245	1,605	1,246	359
Supplies	123,132	112,765	94,449	18,316
Property	-	-	-	-
Total support services - student	<u>3,407,532</u>	<u>3,529,932</u>	<u>3,212,124</u>	<u>317,808</u>
Support services - instruction:				
Personnel services - compensation	185,608	195,428	182,820	12,608
Personnel services - employee benefits	132,165	119,145	103,790	15,355
Purchased professional & technical services	-	-	-	-
Purchased property services	-	70,000	-	70,000
Other purchased services	4,657	4,657	3,031	1,626
Supplies	46,692	89,615	44,853	44,762
Property	-	-	-	-
Total support services - instruction	<u>369,122</u>	<u>478,845</u>	<u>334,494</u>	<u>144,351</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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>EXPENDITURES (continued)</i>				
Support services - general administration:				
Personnel services - compensation	304,577	311,302	311,053	249
Personnel services - employee benefits	133,791	114,496	113,036	1,460
Purchased professional & technical services	78,178	121,398	108,953	12,445
Other purchased services	29,868	40,068	35,476	4,592
Supplies	32,074	34,074	31,447	2,627
Property	-	1,100	364	736
Total support services - general admin.	<u>578,488</u>	<u>622,438</u>	<u>600,329</u>	<u>22,109</u>
Support services - school administration:				
Personnel services - compensation	1,756,164	1,593,239	1,588,182	5,057
Personnel services - employee benefits	592,546	571,591	543,789	27,802
Purchased property services	-	-	-	-
Purchased professional & technical services	3,765	8,585	8,324	261
Other purchased services	9,095	44,095	38,867	5,228
Supplies	19,382	44,842	24,448	20,394
Property	-	-	-	-
Total support services - school admin.	<u>2,380,952</u>	<u>2,262,352</u>	<u>2,203,610</u>	<u>58,742</u>
Support services - central services:				
Personnel services - compensation	579,572	600,057	595,858	4,199
Personnel services - employee benefits	206,821	211,616	210,281	1,335
Purchased professional & technical services	15,470	14,670	7,910	6,760
Purchased property services	258	323	318	5
Other purchased services	8,041	9,166	2,781	6,385
Supplies	53,909	58,614	17,539	41,075
Property	-	-	-	-
Total support services - central serv.	<u>864,071</u>	<u>894,446</u>	<u>834,687</u>	<u>59,759</u>
Support services - operation and maintenance of plant:				
Personnel services - compensation	1,008,011	1,038,611	956,094	82,517
Personnel services - employee benefits	462,955	460,040	430,907	29,133
Purchased property services	1,120,689	1,101,619	797,410	304,209

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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>EXPENDITURES (continued)</i>				
Other purchased services	534,419	546,369	537,286	9,083
Supplies	91,100	105,300	99,908	5,392
Purchased professional & technical services	24,754	24,754	17,992	6,762
Total support services - operation and maintenance of plant	3,241,928	3,276,693	2,839,597	437,096
Operation of non instructional services - community services:				
Personnel services - compensation	-	-	-	-
Personnel services - employee benefits	-	-	-	-
Other purchased services	-	-	-	-
Total operation of non instructional services - community services	-	-	-	-
Support services - student transportation:				
Personnel services - compensation	39,082	34,568	34,568	-
Personnel services - employee benefits	7,856	9,621	9,621	-
Purchased professional & technical services	400	450	450	-
Purchased property services	103,064	103,064	103,064	-
Other purchased services	891,290	915,896	915,896	-
Supplies	835	835	-	835
Total support services - student transportation	1,042,527	1,064,434	1,063,599	835
Support services - other support				
Debt service and miscellaneous	20,884	488,040	34,407	453,633
Total support services - other support	20,884	488,040	34,407	453,633
Capital outlay	813,326	794,786	235,273	559,513
<i>Total expenditures</i>	31,141,981	31,649,294	28,396,732	3,252,562
<i>Excess (deficiency) of revenues over expenditures</i>	(2,720,451)	(2,906,609)	526,150	3,432,759

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, 2014

	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)	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	(2,720,451)	(2,906,609)	526,150	3,432,759
<i>Prior year cash balance</i>	4,032,946	4,033,094	4,046,179	13,085
<i>End of year cash balance</i>	<u>\$ 1,312,495</u>	<u>\$ 1,126,485</u>	<u>\$ 4,572,329</u>	<u>\$ 3,445,844</u>

RECONCILIATION TO GAAP

Adjustments:

Unearned revenue	(59)
Accounts payable	86,866
Receivables	406
Net change in fund balance (GAAP basis)	<u>\$ 613,363</u>

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

	<u>Agency Funds</u>
ASSETS	
<i>Current assets</i>	
Cash	\$ 340,253
	<u><u> </u></u>
LIABILITIES	
<i>Current liabilities</i>	
Deposits held in trust for others	\$ 340,253
	<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, 2014**

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 position 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, 2014**

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 District reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The District reports, if any, deferred inflows of resources in the government wide financial statements for inflows received, but not recognized as revenue until future years subject to time restrictions. In the governmental funds, the District recognizes deferred inflows of resources for property taxes and federal and state reimbursements that are not considered available.

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.

Bond Building Capital Projects – The capital projects fund is used to account for the erecting, remodeling, adding, and furnishing of school buildings.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Deposits and Investments (continued)

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.

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 of property located in the District as of the preceding January 1st. The assessed valuation for the 2014 fiscal year was \$258,066,984. 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

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

4. Capital Assets (continued)

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 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. Deferred Outflows of Resources

The District reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The District did not have deferred outflows of resources to report in its government-wide or governmental funds financial statements in the current year.

6. Deferred Inflows of Resources

The District's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). The District will not recognize the related revenues until a future event occurs. The District has only one type of item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, deferred property taxes and other unavailable state and federal revenues are reported in the governmental funds balance sheet. The District did not have deferred inflows of resources to report in its government-wide financial statements for the current year.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. 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.

8. 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, 2014 was \$337,834.

9. 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. 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.

10. 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.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. Fund Balance and Net Position (continued)

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 issued 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.

11. 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.

12. 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 \$27,051,399 in state equalization guarantee distributions during the year ended June 30, 2014.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Revenues (continued)

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 \$1,063,524 in transportation distributions during the year ended June 30, 2014.

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 \$6,253,298 in tax revenues during the year ended June 30, 2014. 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.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2014**

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.

A. Budgetary Information (continued)

1. 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.
2. 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, 2014 was properly amended by the Board throughout the year. New Mexico state law prohibits a school district to exceed a function line item.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2014**

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, 2014.

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, 2014, 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 interest-bearing and noninterest-bearing 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, 2014**

NOTE 3: DEPOSITS AND INVESTMENTS (continued)

As of June 30, 2014, \$29,704,891 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	22,052,299
Uninsured and uncollateralized	6,652,592
Balance exposed to custodial credit risk	\$ 29,704,891
Total bank balances	\$ 29,704,891
Carrying Amount	\$ 29,311,482

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, 2014, the New MexiGROW Local Government Investment Pool was rated at AAAM and had a 48.6 day WAM(R) and 116.20 day WAM(F). The District had \$1,088,908 invested in the New MexiGROW Local Government Investment Pool at June 30, 2014.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2014**

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	\$4,765,388	\$449,552	\$24,489,951	\$29,704,891
FDIC coverage	250,000	250,000	500,000	1,000,000
Total uninsured public funds	<u>\$4,515,388</u>	<u>\$199,552</u>	<u>\$23,989,951</u>	<u>\$28,704,891</u>
Collateral requirement (50% of uninsured public funds)	\$2,257,694	\$99,776	\$7,239,665	\$9,597,135
Collateral requirement (102% of uninsured public funds)	-	-	9,700,893	9,700,893
Pledged securities	<u>4,399,192</u>	<u>700,000</u>	<u>16,953,107</u>	<u>22,052,299</u>
Over (under) collateralization	<u>\$2,141,498</u>	<u>\$600,224</u>	<u>\$12,549</u>	<u>\$2,754,271</u>

The collateral pledged is listed on Page 125-126 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	\$28,971,229
Amounts included in agency funds	340,253
Total	<u>\$29,311,482</u>
Included in the following balance sheet captions:	
Cash and cash equivalents	<u>\$29,311,482</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, 2014 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, 2014**

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, 2014 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	\$ 5,480	\$ 57,520	\$ 40,047	\$ -	\$ 103,047
Oil & gas taxes	42,685	341,483	238,549	-	622,717
Due from other govts	-	-	-	1,168,355	1,168,355
	<u>\$ 48,165</u>	<u>\$ 399,003</u>	<u>\$ 278,596</u>	<u>\$ 1,168,355</u>	<u>\$1,894,119</u>

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2014**

NOTE 5: INTERFUND RECEIVABLES AND TRANSFERS

Interfund balances represent advances to funds that receive grants on a reimbursement basis and balances for payment of expenses by the receiving fund. The composition of interfund balances during the year ended June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Reading First*	178,755
General Fund	Special Capital Outlay	99
General Fund	Migrant Children Education*	29,250
General Fund	English Language Acquisition	19,793
General Fund	IDEA-B Preschool	36,636
General Fund	English Language Acquisition*	71,158
General Fund	Title I-IASA	299,473
General Fund	Teacher/Principal Training	53,408
General Fund	IDEA-B	342,045
General Fund	Medicaid XIX	33,689
General Fund	GRADS Instruction*	42,183
General Fund	Reads to Lead	85,633
General Fund	IDEA B CEIS	106,924
General Fund	Rural & Low Income	12,599
General Fund	Special Capital Outlay	24
General Fund	2010 Go Bond Student Lib	19,494
General Fund	Local Combined Grants	3,323
IDEA - B	General Fund	249
Carl Perkins High Schools That Work	Carl D Perkins Secondary	12,999
Carl Perkins Secondary	Reading First*	1,583
		<u>\$ 1,349,317</u>

*Considered long-term advances

During the year ended June 30, 2014, \$1,668 was reverted back to the State of New Mexico.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2014**

NOTE 6: CAPITAL ASSETS

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

	Ending Balance 06/30/13	Increases	Deletions	Ending Balance 06/30/14
Governmental Activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 73,609	\$ -	\$ -	\$ 73,609
Capital assets, being depreciated:				
Buildings and improvements	106,844,902	338,442	-	107,183,344
Equipment	4,605,076	869,133	-	5,474,209
Vehicles	2,019,139	35,443	-	2,054,582
CIP	-	912,223	-	912,223
Intangibles	431,531	164,888	309,460	286,959
Total at historical cost	<u>113,974,257</u>	<u>2,320,129</u>	<u>309,460</u>	<u>115,884,926</u>
Less Accumulated Depreciation:				
Buildings and improvements	(57,856,959)	(1,581,509)	-	(59,438,468)
Equipment	(3,058,425)	(163,401)	-	(3,221,826)
Vehicles	(1,162,193)	(166,795)	-	(1,328,988)
Intangibles	(144,406)	(325,190)	(309,460)	(160,136)
Total accumulated depreciation	<u>(62,221,983)</u>	<u>(2,236,895)</u>	<u>(309,460)</u>	<u>(64,149,418)</u>
Governmental activities capital assets, net	<u>\$ 51,752,274</u>	<u>\$ 88,234</u>	<u>\$ -</u>	<u>\$ 51,835,508</u>

Depreciation expense for the year ended June 30, 2014 was charged to the following functions:

	District
Instruction	\$424,394
Support services:	
Students	10,385
Instruction	12,419
School administration	11,671
General administration	9,454
Central services	1,581,509
Operation and maintenance of plant	14,237
Student transportation	166,795
Food services	3,631
Community services	2,400
Total depreciation expense	<u>\$2,236,895</u>

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2014**

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, 2014 are comprised of the following:

	Original Amount	Interest Rates	Balance 06/30/14
Series 2007 General Obligation Bond	\$ 8,500,000	3.85 - 4.50%	\$ 6,000,000
Series 2008 General Obligation Bond	8,000,000	3.00 - 3.45%	6,325,000
Series 2011 General Obligation Refund Bond	6,040,000	2.00 - 2.50%	4,615,000
Series 2014 General Obligation Bond	19,000,000	2.00 - 4.00%	19,000,000
Total General Obligation Bonds	\$ 41,540,000		\$ 35,940,000

The annual requirements to amortize the general obligation bonds as of June 30, 2014, including interest payments are as follows:

Year Ending June 30	Principal	Interest	Total Requirements
2015	1,960,000	508,050	2,468,050
2016	2,415,000	1,069,425	3,484,425
2017	2,370,000	1,001,200	3,371,200
2018	2,625,000	928,975	3,553,975
2019	2,670,000	850,338	3,520,338
2020-2024	11,500,000	2,960,300	14,460,300
2025-2029	10,200,000	1,198,000	11,398,000
2030	2,200,000	37,125	2,237,125
Total	\$ 35,940,000	\$ 8,553,413	\$ 44,493,413

Changes in long-term liabilities – During the year ended June 30, 2014, the following changes occurred in liabilities reported in the general obligation bonds and compensated absences.

	Balance 06/30/13	Additions	Retirements	Balance 06/30/14	Due Within One Year
2007 Series	6,500,000	-	(500,000)	6,000,000	600,000
2008 Series	6,725,000	-	(400,000)	6,325,000	425,000
2011 Series	5,515,000	-	(900,000)	4,615,000	935,000
2014 Series	-	19,000,000	-	19,000,000	-
Compensated Absences	300,318	193,038	(155,522)	337,834	155,522
Total Long-Term Liabilities	\$ 19,040,318	\$19,193,038	\$ (1,955,522)	\$36,277,834	\$ 2,115,522

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2014**

NOTE 7: LONG – TERM DEBT (continued)

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, 2014 was \$ 515,374.

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, 2014, 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 an educational 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 some state agency employees) 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 annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the plan: 10.10% of their gross salary in fiscal year 2014; 10.7% of their gross salary in fiscal year 2015 and thereafter.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2014**

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

Employer Contributions

Lovington Municipal School District contributed 13.15% of gross covered salary in fiscal year 2014. In fiscal year 2015 Lovington Municipal School District will contribute 13.9% of gross covered salary.

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, 2014, 2013, 2012, and, were: \$2,283,207, \$1,849,342, and \$1,550,222, 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, 2014**

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, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2014, 2013, and 2012 were \$344,036, \$343,107, and \$301,516, in employer contributions, which equals the required contributions for each year.

NOTE 11: COMMITMENTS AND CONTINGENT LIABILITIES

At June 30, 2014, the District was committed to approximately \$1,700,000 of construction contracts.

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, 2014**

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 Entitlement		3,372
IDEA-B Preschool		886
English Language Acquisition		71,344
Teacher/Principal Training & Recruiting		1,356
Medicaid XIX		45,058
Reading First		180,338
GO Student Library Fund		19,494
Reads to Lead		5,331
GRADS - Instruction		<u>42,183</u>
Total	\$	<u><u>398,612</u></u>

B. Excess of expenditures over appropriations.

For the fiscal year ended June 30, 2014, expenditures exceed appropriations in the following funds:

None.

C. Designated cash appropriations in excess of available balances:

None.

NOTE 13: SUBSEQUENT PRONOUNCEMENTS

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 will be implemented for the year ending June 30, 2015 and is expected to include a material liability for pension participation.

In January 2013, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 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, 2014**

NOTE 14: RESTATEMENT OF FUND BALANCE

The District implemented GASB Statement No. 65 *Assets Previously Reported as Assets and Liabilities* during the year ended June 30, 2014. As a result of the implementation, beginning net position on the Statement of Activities decreased \$114,952 from \$44,312,308 as previously reported to \$44,197,356.

<u>Governmental Activities:</u>	<u>As Previously Reported</u>	<u>Restatement</u>	<u>As Restated</u>
Bond Costs	\$ 114,952	\$(114,952)	\$ -
Total Net Position	\$ 44,312,308	\$(114,952)	\$44,197,356

NOTE 15: SUBSEQUENT EVENTS

Management review

The date to which events occurring after June 30, 2014, the date of the most recent Statement of Net Position, have been evaluated for possible adjustment to the financial statements and disclosures is October 30, 2014 which is the date on which the financial statements were available for release.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS DISTRICT
Combining Balance Sheet
General Fund
June 30, 2014

	Operational	Transportation	Instructional Materials	Total General Fund
ASSETS				
Cash and cash equivalents	\$ 4,859,558	\$ 74	\$ 79,295	\$ 4,938,927
Investments	4,232	-	-	4,232
Receivables:				
Taxes	48,165	-	-	48,165
Due from other funds	1,011,458	-	-	1,011,458
Advances to other funds	322,929	-	-	322,929
 Total assets	 \$ 6,246,342	 \$ 74	 \$ 79,295	 \$ 6,325,711
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 49,747	\$ -	\$ -	\$ 49,747
Accrued payroll	1,400,273	-	-	1,400,273
Due to other funds	249	-	-	249
Total liabilities	1,450,269	-	-	1,450,269
 <i>Deferred inflows of resources:</i>				
Unavailable revenue - delinquent property taxes	3,252	-	-	3,252
	3,252	-	-	3,252
 <i>Fund balances:</i>				
Nonspendable	1,334,387	-	-	1,334,387
Restricted	-	74	79,295	79,369
Committed	-	-	-	-
Unassigned	3,458,434	-	-	3,458,434
<i>Total fund balances</i>	4,792,821	74	79,295	4,872,190
 Total liabilities and fund balances	 \$ 6,246,342	 \$ 74	 \$ 79,295	 \$ 6,325,711

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, 2014

	Operational	Transportation	Instructional Materials	Total General Fund
REVENUES				
Property taxes	\$ 108,784	\$ -	\$ -	\$ 108,784
Oil and gas taxes	307,292	-	-	307,292
District activities	16,275	-	-	16,275
Investment income	6,195	-	-	6,195
Revenue from local sources	85,912	-	-	85,912
Revenue from state sources	27,051,399	1,063,524	247,500	28,362,423
Revenue from federal sources	36,347	-	-	36,347
Sale of real property	-	-	-	-
Total revenues	<u>27,612,204</u>	<u>1,063,524</u>	<u>247,500</u>	<u>28,923,228</u>
EXPENDITURES				
Current:				
Instruction	16,900,596	-	181,290	17,081,886
Support services:				
Students	3,212,123	-	-	3,212,123
Instruction	336,988	-	-	336,988
General administration	603,123	-	-	603,123
School administration	2,203,611	-	-	2,203,611
Central services	835,170	-	-	835,170
Operation and maintenance of plant	2,840,296	-	-	2,840,296
Student transportation	-	1,063,598	-	1,063,598
Operation of non instructional services:				
Other support services	34,407	-	-	34,407
Capital outlay	98,663	-	-	98,663
Total expenditures	<u>27,064,977</u>	<u>1,063,598</u>	<u>181,290</u>	<u>28,309,865</u>
Excess (deficiency) of revenues over expenditures	<u>547,227</u>	<u>(74)</u>	<u>66,210</u>	<u>613,363</u>
Other financing sources (uses)				
Transfers (in) out	-	-	-	-
Net changes in fund balances	547,227	(74)	66,210	613,363
Fund balances - beginning of year	<u>4,245,594</u>	<u>148</u>	<u>13,085</u>	<u>4,258,827</u>
Fund balances - end of year	<u>\$ 4,792,821</u>	<u>\$ 74</u>	<u>\$ 79,295</u>	<u>\$ 4,872,190</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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 434,997	\$ 434,997	\$ 415,730	\$ (19,267)
Investment income	3,000	3,000	6,195	3,195
District activities	4,000	4,000	16,275	12,275
Revenue from local sources	-	-	85,912	85,912
Revenue from state sources	26,736,151	27,035,474	27,051,399	15,925
Revenue from federal sources	20,000	20,000	36,347	16,347
Sale of real property	-	-	-	-
<i>Total revenues</i>	<u>27,198,148</u>	<u>27,497,471</u>	<u>27,611,858</u>	<u>114,387</u>
EXPENDITURES				
Instruction:				
Personnel services - compensation	12,392,293	12,161,720	11,632,258	529,462
Personnel services - employee benefits	4,529,390	4,523,690	4,260,470	263,220
Purchased services	28,988	37,013	35,124	1,889
Travel & training	394,509	444,784	341,551	103,233
Supplies	896,281	888,431	587,919	300,512
Total instruction	<u>18,241,461</u>	<u>18,055,638</u>	<u>16,857,322</u>	<u>1,198,316</u>
Support services - student:				
Personnel services - compensation	1,462,262	1,472,792	1,470,939	1,853
Personnel services - employee benefits	521,648	533,625	531,864	1,761
Purchase prof. & tech. services	378,000	489,000	384,006	104,994
Purchased services	921,245	920,145	729,620	190,525
Travel & training	1,245	1,605	1,246	359
Supplies	123,132	112,765	94,449	18,316
Total support services - student	<u>3,407,532</u>	<u>3,529,932</u>	<u>3,212,124</u>	<u>317,808</u>
Support services - instruction:				
Personnel services - compensation	185,608	195,428	182,820	12,608
Personnel services - employee benefits	132,165	119,145	103,790	15,355
Purchase prof. & tech. services	-	-	-	-
Purchased services	-	70,000	-	70,000
Travel & training	4,657	4,657	3,031	1,626
Supplies	46,692	89,615	44,853	44,762
Total support services - instruction	<u>369,122</u>	<u>478,845</u>	<u>334,494</u>	<u>144,351</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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>EXPENDITURES (continued)</i>				
Support services - general administration:				
Personnel services - compensation	304,577	311,302	311,053	249
Personnel services - employee benefits	133,791	114,496	113,036	1,460
Purchased professional & technical services	78,178	121,398	108,953	12,445
Purchased services	-	1,100	364	736
Travel & training	29,868	40,068	35,476	4,592
Supplies	32,074	34,074	31,447	2,627
Total support services - general admin	578,488	622,438	600,329	22,109
Support services - school administration:				
Personnel services - compensation	1,756,164	1,593,239	1,588,182	5,057
Personnel services - employee benefits	592,546	571,591	543,789	27,802
Purchase prof. & tech. services	3,765	8,585	8,324	261
Purchased services	-	-	-	-
Travel & training	9,095	44,095	38,867	5,228
Supplies	19,382	44,842	24,448	20,394
Total support services - school admin.	2,380,952	2,262,352	2,203,610	58,742
Support services - central services:				
Personnel services - compensation	579,572	600,057	595,858	4,199
Personnel services - employee benefits	206,821	211,616	210,281	1,335
Purchased professional & technical services	15,470	14,670	7,910	6,760
Purchased services	258	323	318	5
Travel & training	8,041	9,166	2,781	6,385
Supplies	53,909	58,614	17,539	41,075
Total support services - central serv.	864,071	894,446	834,687	59,759

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, 2014

	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	1,008,011	1,038,611	956,094	82,517
Personnel services - employee benefits	462,955	460,040	430,907	29,133
Purchased professional & technical services	24,754	24,754	17,992	6,762
Purchased services	1,120,689	1,101,619	797,410	304,209
Travel & training	534,419	546,369	537,286	9,083
Supplies	91,100	105,300	99,908	5,392
Total support services - operation and maintenance of plant	<u>3,241,928</u>	<u>3,276,693</u>	<u>2,839,597</u>	<u>437,096</u>
Support services - community services:				
Personnel services - compensation	-	-	-	-
Personnel services - employee benefits	-	-	-	-
Travel and training	-	-	-	-
maintenance of plant	-	-	-	-
Support services - other support:				
Miscellaneous	20,884	488,040	34,407	453,633
Total support services - other support	<u>20,884</u>	<u>488,040</u>	<u>34,407</u>	<u>453,633</u>
Operation of non instructional services:				
Other purchased services-transportation	835	835	-	835
Other purchased services-food service	-	-	-	-
Total transportation services	<u>835</u>	<u>835</u>	<u>-</u>	<u>835</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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (continued)				
Capital outlay	813,326	794,786	235,273	559,513
Non-operating	-	-	-	-
<i>Total expenditures</i>	<u>29,918,599</u>	<u>30,404,005</u>	<u>27,151,843</u>	<u>3,252,162</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,720,451)</u>	<u>(2,906,534)</u>	<u>460,015</u>	<u>3,366,549</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Transfer in (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>(2,720,451)</u>	<u>(2,906,534)</u>	<u>460,015</u>	<u>3,366,549</u>
<i>Prior year cash balance</i>	<u>4,032,946</u>	<u>4,032,946</u>	<u>4,032,946</u>	<u>-</u>
<i>End of year cash balance</i>	<u>\$ 1,312,495</u>	<u>\$ 1,126,412</u>	<u>\$ 4,492,961</u>	<u>\$ 3,366,549</u>
RECONCILIATION TO GAAP				
Adjustments:				
Deferred inflows			(59)	
Accounts payable			86,865	
Accounts receivable			406	
Net change in fund balance (GAAP basis)			<u>\$ 547,227</u>	

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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenues from state sources	\$ 1,041,692	\$ 1,063,524	\$ 1,063,524	\$ -
<i>Total revenues</i>	<u>1,041,692</u>	<u>1,063,524</u>	<u>1,063,524</u>	<u>-</u>
EXPENDITURES				
Support services:				
Student transportation	1,041,692	1,063,598	1,063,598	-
<i>Total expenditures</i>	<u>1,041,692</u>	<u>1,063,598</u>	<u>1,063,598</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(74)</u>	<u>(74)</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>(74)</u>	<u>(74)</u>	<u>-</u>
<i>Prior year cash balance</i>	-	148	148	-
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ 74</u>	<u>\$ 74</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
Instructional Materials
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from local sources	\$ -	\$ -	\$ -	\$ -
Revenues from state sources	181,690	181,690	247,500	65,810
<i>Total revenues</i>	<u>181,690</u>	<u>181,690</u>	<u>247,500</u>	<u>65,810</u>
EXPENDITURES				
Instruction	181,690	181,690	181,290	400
Support services:				
Instruction	-	-	-	-
<i>Total expenditures</i>	<u>181,690</u>	<u>181,690</u>	<u>181,290</u>	<u>400</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>66,210</u>	<u>66,210</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>66,210</u>	<u>66,210</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>13,085</u>	<u>13,085</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,295</u>	<u>\$ 79,295</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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,360,775	\$ 2,360,775	\$ 2,271,706	\$ (89,069)
<i>Total revenues</i>	<u>2,360,775</u>	<u>2,360,775</u>	<u>2,271,706</u>	<u>(89,069)</u>
EXPENDITURES				
Support services:				
General administration	5,608	7,608	7,325	283
Debt service	4,799,103	5,115,956	2,362,018	2,753,938
<i>Total expenditures</i>	<u>4,804,711</u>	<u>5,123,564</u>	<u>2,369,343</u>	<u>2,754,221</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,443,936)</u>	<u>(2,762,789)</u>	<u>(97,637)</u>	<u>2,665,152</u>
<i>Other financing sources (uses):</i>				
Bond premium	-	318,853	318,853	-
Designated cash balance	2,443,936	2,443,936	-	(2,443,936)
<i>Total other financing sources (uses)</i>	<u>2,443,936</u>	<u>2,762,789</u>	<u>318,853</u>	<u>(2,443,936)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	221,216	221,216
<i>Prior year cash balance</i>	-	-	2,321,953	2,321,953
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,543,169</u>	<u>\$ 2,543,169</u>
RECONCILIATION TO GAAP				
Adjustments:				
Deferred revenue			(7,936)	
Accounts receivable			67,701	
Net change in fund balance (GAAP basis)			<u>\$ 280,981</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 Improvements Bond Building Capital Project Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Bond proceeds	-	19,000,000	19,000,000	-
Investment income	-	-	3,889	3,889
<i>Total revenues</i>	-	19,000,000	19,003,889	3,889
EXPENDITURES				
Support services:				
Capital outlay	-	19,000,000	1,262,539	17,737,461
<i>Total expenditures</i>	-	19,000,000	1,262,539	17,737,461
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	17,741,350	17,741,350
<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>	-	-	17,741,350	17,741,350
<i>Prior year cash balance</i>	-	-	-	-
<i>End of year cash balance</i>	\$ -	\$ -	\$ 17,741,350	\$ 17,741,350
RECONCILIATION TO GAAP				
Adjustments:				
Accounts payable			(642,178)	
Net change in fund balance (GAAP basis)			\$ 17,099,172	

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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,806,269	\$ 1,806,269	\$ 1,746,938	\$ (59,331)
Revenue from state sources	-	-	-	-
Investment income	-	-	590	590
<i>Total revenues</i>	<u>1,806,269</u>	<u>1,806,269</u>	<u>1,747,528</u>	<u>(58,741)</u>
EXPENDITURES				
Support services:				
General administration	4,240	5,740	5,289	451
Other support services	-	-	-	-
Capital outlay	3,413,754	3,412,254	2,367,429	1,044,825
<i>Total expenditures</i>	<u>3,417,994</u>	<u>3,417,994</u>	<u>2,372,718</u>	<u>1,045,276</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,611,725)</u>	<u>(1,611,725)</u>	<u>(625,190)</u>	<u>986,535</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	1,611,725	1,611,725	-	(1,611,725)
<i>Total other financing sources (uses)</i>	<u>1,611,725</u>	<u>1,611,725</u>	<u>-</u>	<u>(1,611,725)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(625,190)	(625,190)
<i>Prior year cash balance</i>	-	-	1,476,400	1,476,400
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 851,210</u>	<u>\$ 851,210</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts payable			59,796	
Deferred inflows			(2,545)	
Accounts receivable			3,874	
Net change in fund balance (GAAP basis)			<u>\$ (564,065)</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 Improvements SB-9 Capital Project Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,815,516	\$ 1,815,516	\$ 1,742,252	\$ (73,264)
Revenue from state sources	240,067	240,067	-	(240,067)
Revenue from local sources	-	-	1,181	1,181
Investment income	-	-	551	551
<i>Total revenues</i>	2,055,583	2,055,583	1,743,984	(311,599)
EXPENDITURES				
Support services:				
General administration	4,333	5,333	5,242	91
Central services	-	-	-	-
Other support services	-	-	-	-
Capital outlay	3,674,247	3,673,247	1,303,184	2,370,063
<i>Total expenditures</i>	3,678,580	3,678,580	1,308,426	2,370,154
<i>Excess (deficiency) of revenues over expenditures</i>	(1,622,997)	(1,622,997)	435,558	2,058,555
<i>Other financing sources (uses):</i>				
Designated cash balance	1,622,997	1,622,997	-	(1,622,997)
<i>Total other financing sources (uses)</i>	1,622,997	1,622,997	-	(1,622,997)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	435,558	435,558
<i>Prior year cash balance</i>	-	-	1,483,932	1,483,932
<i>End of year cash balance</i>	\$ -	\$ -	\$ 1,919,490	\$ 1,919,490
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			4,692	
Accounts payable			(147,010)	
Deferred inflows			(2,833)	
Net change in fund balance (GAAP basis)			\$ 290,407	

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, 2014**

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 Early Intervention Services - To account for a program funded by a Federal grant to assist the District to make improvements in elementary education. Funding authorized by Elementary and Secondary Education Act of 1965, as amended, Title I, Chapter 2, Part A; Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvements of 1988, Public Law 100-297, 20 U.S.C. 2911-2952, 2971-2976.

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.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Special Revenue Funds
June 30, 2014**

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).

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.

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 – 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.

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).

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.

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).

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Special Revenue Funds
June 30, 2014**

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.

2012 GO Bond Public School Library – The purpose of this fund is to provide funds for schools to acquire library books and library resources for public school libraries statewide. Authority for creation of this fund is the authority of the New Mexico Public Education Department.

Reads to Lead – The purpose of this fund is to purchase core reading program materials for K-5 in alignment with Common Core State Standards. Authority for creation of this fund is New Mexico Public Education Department.

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).

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.

Breakfast for Elementary Students – The purpose of this program is to provide funding to make up the difference in reimbursement that schools stand to lose from serving paid and reduced students free breakfasts. The program is based upon an understanding of the crucial role that nutrition, and in particular breakfast, plays in academic performance. The General Appropriations Acts of 2005 and 2006 for the State of New Mexico provided funding for this program. Authority for creation of this fund is authorization of the New Mexico Public Education Department.

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, 2014**

Science Instructional Materials – For the purchase of science instructional material supplies (kits, kit refills, or supplies needed for inquiry or project-based science instruction). Supplies purchased with this award are to be utilized during regular instructional hours for grades 6-8 and are not intended for after school programs. This fund was created by state grant provisions.

Stem Initiative – Funding to provide stipends for science and math teachers in hard to staff districts. Authority for creation of the fund is the New Mexico Public Education Department.

Next Generation Assessments – The purpose of this fund is to remediate deficiencies in computer devices compliant with the Partnership for Assessment of Readiness for College and Careers (PARCC) assessment requirements. Authority for creation of this fund is the authority of the New Mexico Public Education Department.

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.

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.

GRADS Plus – The purpose of this fund is to ensure that all expectant and parenting teens receive support through NM GRADS classes, case management, fatherhood support services, School Based Health Center health support through the GRADS Plus grant and are enrolled as GRADS students. Authority for creation of this fund is the authority of the New Mexico Public Education Department.

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.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Capital Projects Funds
June 30, 2014**

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.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Debt Service Fund
June 30, 2014**

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, 2014

	Special Revenue Funds			
	Food Services	Athletics	Title I - IASA	Migrant Children Education
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 486,605	\$ 216,884	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable:				
Taxes	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	191,570	-	312,885	-
Inventory	21,545	-	-	-
<i>Total assets</i>	<u>\$ 699,720</u>	<u>\$ 216,884</u>	<u>\$ 312,885</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ 221,348	\$ -	\$ 13,412	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	99	299,473	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	29,250
<i>Total liabilities</i>	<u>221,348</u>	<u>99</u>	<u>312,885</u>	<u>29,250</u>
<i>Deferred inflows of resources:</i>				
Unavailable revenue - federal or state receivables	191,570			
<i>Total deferred inflows of resources</i>	<u>191,570</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances:</i>				
Nonspendable	21,545	-	-	-
Restricted	265,257	216,785	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	(29,250)
<i>Total fund balances</i>	<u>286,802</u>	<u>216,785</u>	<u>-</u>	<u>(29,250)</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 699,720</u>	<u>\$ 216,884</u>	<u>\$ 312,885</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 CEIS	IDEA-B Risk Pool
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
249	-	-	-
342,651	35,750	106,924	-
-	-	-	-
<u>\$ 342,900</u>	<u>\$ 35,750</u>	<u>\$ 106,924</u>	<u>\$ -</u>
\$ 4,227	\$ -	\$ -	\$ -
-	-	-	-
342,045	36,636	106,924	-
-	-	-	-
-	-	-	-
<u>346,272</u>	<u>36,636</u>	<u>106,924</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(3,372)	(886)	-	-
<u>(3,372)</u>	<u>(886)</u>	<u>-</u>	<u>-</u>
<u>\$ 342,900</u>	<u>\$ 35,750</u>	<u>\$ 106,924</u>	<u>\$ -</u>

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2014

	Special Revenue Funds			
	English Language Acquisition	Teacher/ Principal Training & Recruiting	Rural and Low Income Schools	Reading First
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable:				
Taxes	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	19,791	60,034	12,599	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 19,791</u>	<u>\$ 60,034</u>	<u>\$ 12,599</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ 184	\$ 5,318	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	19,793	53,408	12,599	-
Unearned revenue	-	2,664	-	-
Advances from other funds	71,158	-	-	180,338
<i>Total liabilities</i>	<u>91,135</u>	<u>61,390</u>	<u>12,599</u>	<u>180,338</u>
<i>Deferred inflows of resources:</i>				
Unavailable revenue - federal or state receivables	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances:</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(71,344)	(1,356)	-	(180,338)
<i>Total fund balances</i>	<u>(71,344)</u>	<u>(1,356)</u>	<u>-</u>	<u>(180,338)</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 19,791</u>	<u>\$ 60,034</u>	<u>\$ 12,599</u>	<u>\$ -</u>

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

Special Revenue Funds

Carl D Perkins - Secondary	Carl D Perkins - High Schools	Medicaid XIX	Local Combined Grants
\$ 30,769	\$ -	\$ -	\$ 3,944
-	-	-	-
-	-	-	-
1,583	12,999	-	-
-	-	518	-
-	-	-	-
<u>\$ 32,352</u>	<u>\$ 12,999</u>	<u>\$ 518</u>	<u>\$ 3,944</u>
\$ -	\$ -	\$ 11,887	\$ -
-	-	-	-
12,999	-	33,689	3,323
19,353	2,939	-	-
-	-	-	-
<u>32,352</u>	<u>2,939</u>	<u>45,576</u>	<u>3,323</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	10,060	-	621
-	-	-	-
-	-	-	-
-	-	(45,058)	-
<u>-</u>	<u>10,060</u>	<u>(45,058)</u>	<u>621</u>
<u>\$ 32,352</u>	<u>\$ 12,999</u>	<u>\$ 518</u>	<u>\$ 3,944</u>

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2014

	Special Revenue Funds			
	Dual Credit Instructional Materials	GO Student Library Fund	GO Bonds 2012	Reads to Lead
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable:				
Taxes	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	85,633
Inventory	-	-	-	-
<i>Total assets</i>	\$ -	\$ -	\$ -	\$ 85,633
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ 5,331
Accrued liabilities	-	-	-	-
Due to other funds	-	19,494	-	85,633
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	-
<i>Total liabilities</i>	-	19,494	-	90,964
<i>Deferred inflows of resources:</i>				
Unavailable revenue - federal or state receivables	-	-	-	-
<i>Total deferred inflows of resources</i>	-	-	-	-
<i>Fund balances:</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	(19,494)	-	(5,331)
<i>Total fund balances</i>	-	(19,494)	-	(5,331)
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ -	\$ -	\$ -	\$ 85,633

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

Special Revenue Funds

Technology for Education	PreK Initiative	Beginning Teacher Mentoring Program	Breakfast for Elem Students
\$ 78	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
\$ 78	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
\$ 78	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2014

	Special Revenue Funds			
	Adequacy Tech Equity Grant	Science Ins. Mat K-12	Stem Initiative	Next Gen Assessments
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 117,326	\$ -	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable:				
Taxes	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	\$ 117,326	\$ -	\$ -	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	117,326	-	-	-
Advances from other funds	-	-	-	-
<i>Total liabilities</i>	117,326	-	-	-
<i>Deferred inflows of resources:</i>				
Unavailable revenue - federal or state receivables				
<i>Total deferred inflows of resources</i>	-	-	-	-
<i>Fund balances:</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	-	-	-	-
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 117,326	\$ -	\$ -	\$ -

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

Special Revenue Funds

School Library Material Fund	Early Intervention CYFD	GRADS Child Care	GRADS Instruction
\$ 1,536	\$ 59,065	\$ 1,982	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 1,536</u>	<u>\$ 59,065</u>	<u>\$ 1,982</u>	<u>\$ -</u>
\$ 1,536	\$ -	\$ -	-
-	-	-	-
-	-	-	-
-	-	1,982	-
-	-	-	42,183
<u>1,536</u>	<u>-</u>	<u>1,982</u>	<u>42,183</u>
-	-	-	-
-	-	-	-
-	59,065	-	-
-	-	-	-
-	-	-	-
-	-	-	(42,183)
<u>-</u>	<u>59,065</u>	<u>-</u>	<u>(42,183)</u>
<u>\$ 1,536</u>	<u>\$ 59,065</u>	<u>\$ 1,982</u>	<u>\$ -</u>

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2014

	Special Revenue Funds		
	GRADS Plus	Value Options DOH	Total Nonmajor Special Revenue Funds
ASSETS			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 7	\$ 312	\$ 918,508
Investments	-	-	-
Accounts receivable:			
Taxes	-	-	-
Due from other funds	-	-	14,831
Due from other governments	-	-	1,168,355
Inventory	-	-	21,545
	-	-	21,545
<i>Total assets</i>	\$ 7	\$ 312	\$ 2,123,239
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
<i>Current liabilities:</i>			
Accounts payable	\$ -	\$ -	\$ 263,243
Accrued liabilities	-	-	-
Due to other funds	-	-	1,026,115
Unearned revenue	-	-	144,342
Advances from other funds	-	-	322,929
	-	-	322,929
<i>Total liabilities</i>	-	-	1,756,629
<i>Deferred inflows of resources:</i>			
Unavailable revenue - federal or state receivables			191,570
	-	-	191,570
<i>Total deferred inflows of resources</i>	-	-	191,570
<i>Fund balances:</i>			
Nonspendable	-	-	21,545
Restricted	7	312	552,107
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	(398,612)
	7	312	(398,612)
<i>Total fund balances</i>	7	312	175,040
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 7	\$ 312	\$ 2,123,239

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

Capital Outlay Funds

Special Capital Outlay - Local	Total Nonmajor Capital Projects Funds	Technology Bonds - Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 59,716	\$ 978,224
-	-	-	-
-	-	-	-
99	99	-	14,930
-	-	-	1,168,355
-	-	-	21,545
<u>\$ 99</u>	<u>\$ 99</u>	<u>\$ 59,716</u>	<u>\$ 2,183,054</u>
\$ -	\$ -	\$ -	\$ 263,243
-	-	-	-
24	24	-	1,026,139
-	-	-	144,342
-	-	-	322,929
<u>24</u>	<u>24</u>	<u>-</u>	<u>1,756,653</u>
			191,570
-	-	-	191,570
-	-	-	21,545
75	75	59,716	611,898
-	-	-	-
-	-	-	-
-	-	-	(398,612)
<u>75</u>	<u>75</u>	<u>59,716</u>	<u>234,831</u>
<u>\$ 99</u>	<u>\$ 99</u>	<u>\$ 59,716</u>	<u>\$ 2,183,054</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, 2014

	Special Revenue Funds			
	Food Services	Athletics	Title I - IASA	Migrant Children Education
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Investment income	605	100	-	-
Food services	310,043	-	-	-
District activities	-	84,575	-	-
Insurance recoveries	-	-	-	-
Revenue from local sources	-	-	-	-
Revenue from state sources	-	848	-	-
Revenue from federal sources	983,716	-	479,731	-
<i>Total revenues</i>	1,294,364	85,523	479,731	-
EXPENDITURES				
Current:				
Instruction	-	83,421	409,409	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	9,922	-
School administration	-	-	60,400	-
Operation of non instructional services				
Food services operation	1,527,743	-	-	-
Community services	-	-	-	-
Capital outlay	99,427	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	1,627,170	83,421	479,731	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(332,806)	2,102	-	-
<i>Other financing sources(uses):</i>				
Increase (decrease) in inventory	(12,494)	-	-	-
<i>Net changes in fund balance</i>	(345,300)	2,102	-	-
<i>Beginning fund balances</i>	632,102	214,683	-	(29,250)
<i>Fund balances--end of year</i>	\$ 286,802	\$ 216,785	\$ -	\$ (29,250)

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

Special Revenue Funds

IDEA-B Entitlement	IDEA-B Preschool	IDEA-B CEIS	IDEA-B Risk Pool
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
609,803	40,883	106,924	2,790
<u>609,803</u>	<u>40,883</u>	<u>106,924</u>	<u>2,790</u>
337,591	40,883	-	2,790
181,348	-	94,659	-
-	-	-	-
13,084	-	12,265	-
46,114	-	-	-
-	-	-	-
35,038	-	-	-
-	-	-	-
-	-	-	-
<u>613,175</u>	<u>40,883</u>	<u>106,924</u>	<u>2,790</u>
<u>(3,372)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
<u>(3,372)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	(886)	-	-
<u>\$ (3,372)</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, 2014

	Special Revenue Funds			
	English Language Acquisition	Teacher/ Principal Training & Recruiting	Rural and Low Income Schools	Reading First
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	31,561	113,093	12,599	-
<i>Total revenues</i>	<u>31,561</u>	<u>113,093</u>	<u>12,599</u>	<u>-</u>
EXPENDITURES				
Current:				
Instruction	18,125	33,779	12,599	-
Support services				
Students	-	56,975	-	-
Instruction	-	-	-	-
General administration	370	-	-	-
School administration	2,264	22,339	-	-
Operation of non instructional services				
Food services operation	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	<u>20,759</u>	<u>113,093</u>	<u>12,599</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>10,802</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources(uses):</i>				
Increase (decreases)in inventory	-	-	-	-
<i>Net changes in fund balance</i>	10,802	-	-	-
<i>Beginning fund balances</i>	(82,146)	(1,356)	-	(180,338)
<i>Fund balances--end of year</i>	<u>\$ (71,344)</u>	<u>\$ (1,356)</u>	<u>\$ -</u>	<u>\$ (180,338)</u>

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

Special Revenue Funds

Carl D Perkins - Secondary	Carl D Perkins - High Schools	Medicaid XIX	Local Combined Grants
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	770	-
-	-	-	-
-	-	132,460	-
-	-	133,230	-
-	-	-	-
-	-	198,640	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	198,640	-
-	-	-	-
-	-	(65,410)	-
-	-	-	-
-	-	(65,410)	-
-	10,060	20,352	621
\$ -	\$ 10,060	\$ (45,058)	\$ 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, 2014

	Special Revenue Funds			
	Dual Credit Instructional Materials	GO Student Library Fund	GO Bonds 2012	Reads to Lead
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
Investment income	-	-	-	-
Food services	-	-	-	-
District activities	-	-	-	-
Insurance recoveries	-	-	-	-
Revenue from local sources	-	-	-	-
Revenue from state sources	11,113	-	-	85,633
Revenue from federal sources	-	-	-	-
<i>Total revenues</i>	11,113	-	-	85,633
EXPENDITURES				
Current:				
Instruction	11,113	-	-	1,243
Support services				
Students	-	-	-	-
Instruction	-	19,494	-	89,421
General administration	-	-	-	-
School administration	-	-	-	300
Operation of non instructional services				
Food services operation	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	11,113	19,494	-	90,964
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	(19,494)	-	(5,331)
<i>Other financing sources(uses):</i>				
Increases (decreases) in inventory	-	-	-	-
<i>Net changes in fund balance</i>	-	(19,494)	-	(5,331)
<i>Beginning fund balances</i>	-	-	-	-
<i>Fund balances--end of year</i>	\$ -	\$ (19,494)	\$ -	\$ (5,331)

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

Special Revenue Funds

Technology for Education	PreK Initiative	Beginning Teacher Mentoring Program	Breakfast for Elementary Students
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	20,442
-	-	-	-
-	-	-	20,442
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	20,442
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	20,442
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

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, 2014

	Special Revenue Funds			
	Adequacy Tech Equity Grant	Science Ins. Mat. K-12	Stem Initiative	Next Gen Assessments
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Food services	-	-	-	-
District activities	-	-	-	-
Insurance recoveries	-	-	-	-
Revenue from local sources	-	-	-	-
Revenue from state sources	-	-	29,998	47,874
Revenue from federal sources	-	-	-	-
<i>Total revenues</i>	-	-	29,998	47,874
EXPENDITURES				
Current:				
Instruction	-	-	29,998	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	47,874
General administration	-	-	-	-
School administration	-	-	-	-
Operation of non instructional services				
Food services operation	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	-	-	29,998	47,874
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	-
<i>Other financing sources(uses):</i>				
Increases (decreases) in inventory	-	-	-	-
<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

School Library Material Fund	Early Intervention CYFD	GRADS Child Care	GRADS Instruction
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	12,585	2,913	6,453
-	-	-	-
-	12,585	2,913	6,453
-	3,212	2,913	6,358
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	3,212	2,913	6,358
-	9,373	-	95
-	-	-	-
-	9,373	-	95
-	49,692	-	(42,278)
\$ -	\$ 59,065	\$ -	(42,183)

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, 2014

	Special Revenue Funds		
	GRADS Plus	Value Options DOH	Total Nonmajor Special Revenue Funds
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Investment income	-	-	705
Food services	-	-	310,043
District activities	-	-	84,575
Revenue from local sources	-	-	770
Revenue from state sources	2,500	-	220,359
Revenue from federal sources	-	-	2,513,560
<i>Total revenues</i>	2,500	-	3,130,012
EXPENDITURES			
Current:			
Instruction	2,493	9,388	1,005,315
Support services			
Students	-	-	531,622
Instruction	-	-	156,789
General administration	-	-	35,641
School administration	-	-	131,417
Operation of non instructional services			
Food services operation	-	-	1,548,185
Community services	-	-	35,038
Capital outlay	-	-	99,427
<i>Total expenditures</i>	2,493	9,388	3,543,434
<i>Excess (deficiency) of revenues over (under) expenditures</i>	7	(9,388)	(413,422)
<i>Other financing sources(uses):</i>			
Increases (decreases) in inventory	-	-	(12,494)
<i>Net changes in fund balance</i>	7	(9,388)	(425,916)
<i>Beginning fund balances</i>	-	9,700	600,956
<i>Fund balances--end of year</i>	\$ 7	\$ 312	\$ 175,040

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

Capital Outlay Funds

Special Capital Outlay - Local	Total Nonmajor Capital Projects Funds	Technology Bonds - Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 1	\$ 1
-	-	-	705
-	-	-	310,043
-	-	-	84,575
-	-	-	770
-	-	-	220,359
-	-	-	2,513,560
-	-	1	3,130,013
-	-	-	1,005,315
-	-	-	531,622
-	-	-	156,789
-	-	-	35,641
-	-	-	131,417
-	-	-	1,548,185
-	-	-	35,038
-	-	-	99,427
-	-	-	3,543,434
-	-	1	(413,421)
-	-	-	(12,494)
-	-	1	(425,915)
75	75	59,715	660,746
\$ 75	\$ 75	\$ 59,716	\$ 234,831

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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 305	\$ 305	\$ 605	\$ 300
District activities	331,077	331,077	310,043	(21,034)
Revenues from federal sources	1,539,532	1,539,532	1,093,769	(445,763)
Revenue from state sources	-	-	-	-
<i>Total revenues</i>	<u>1,870,914</u>	<u>1,870,914</u>	<u>1,404,417</u>	<u>(466,497)</u>
EXPENDITURES				
Operation of non-instructional services:				
Food services	2,275,075	2,134,850	1,306,394	828,456
Capital outlay	9,230	149,455	99,427	50,028
<i>Total expenditures</i>	<u>2,284,305</u>	<u>2,284,305</u>	<u>1,405,821</u>	<u>878,484</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(413,391)</u>	<u>(413,391)</u>	<u>(1,404)</u>	<u>411,987</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	413,391	413,391	-	413,391
<i>Total other financing sources (uses)</i>	<u>413,391</u>	<u>413,391</u>	<u>-</u>	<u>413,391</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(1,404)	825,378
<i>Prior year cash balance</i>	-	-	488,009	488,009
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 486,605</u>	<u>\$ 1,313,387</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			81,516	
Inventory			(12,494)	
Accounts Payable			(221,348)	
Deferred Inflows			(191,570)	
Net change in fund balance (GAAP basis)			<u>\$ (345,300)</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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 100	\$ 100
District activities	80,000	80,000	84,575	4,575
Revenue from state sources	-	-	848	848
<i>Total revenues</i>	<u>80,000</u>	<u>80,000</u>	<u>85,523</u>	<u>5,523</u>
EXPENDITURES				
Instruction	297,612	297,612	83,421	214,191
<i>Total expenditures</i>	<u>297,612</u>	<u>297,612</u>	<u>83,421</u>	<u>214,191</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(217,612)</u>	<u>(217,612)</u>	<u>2,102</u>	<u>219,714</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	217,612	217,612	-	(217,612)
<i>Total other financing sources (uses)</i>	<u>217,612</u>	<u>217,612</u>	<u>-</u>	<u>(217,612)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	2,102	2,102
<i>Prior year cash balance</i>	-	-	214,683	214,683
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,785</u>	<u>\$ 216,785</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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 537,816	\$ 660,605	\$ 418,832	\$ (241,773)
<i>Total revenues</i>	<u>537,816</u>	<u>660,605</u>	<u>418,832</u>	<u>(241,773)</u>
EXPENDITURES				
Instruction	481,064	572,414	409,409	163,005
Support services:				
General administration	14,000	15,259	9,921	5,338
School administration	42,752	72,932	60,400	12,532
<i>Total expenditures</i>	<u>537,816</u>	<u>660,605</u>	<u>479,730</u>	<u>180,875</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(60,898)</u>	<u>(60,898)</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>	-	-	(60,898)	(60,898)
<i>Prior year cash balance</i>	-	-	(238,575)	(238,575)
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (299,473)</u>	<u>\$ (299,473)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			61,305	
Accounts payable			(407)	
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, 2014

	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	-	-	-	-
<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>	-	-	(29,253)	(29,253)
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (29,253)</u>	<u>\$ (29,253)</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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 579,372	\$ 749,442	\$ 551,142	\$ (198,300)
<i>Total revenues</i>	<u>579,372</u>	<u>749,442</u>	<u>551,142</u>	<u>(198,300)</u>
EXPENDITURES				
Instruction	282,039	394,574	333,579	60,995
Support services:				
Students	204,261	236,796	181,348	55,448
General administration	14,152	14,152	13,084	1,068
School administration	37,270	62,270	46,114	16,156
Community services	41,650	41,650	35,038	6,612
<i>Total expenditures</i>	<u>579,372</u>	<u>749,442</u>	<u>609,163</u>	<u>140,279</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(58,021)</u>	<u>(58,021)</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>(58,021)</u>	<u>(58,021)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(283,777)</u>	<u>(283,777)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (341,798)</u>	<u>\$ (341,798)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			58,079	
Accounts payable			(3,430)	
Net change in fund balance (GAAP basis)			<u>\$ (3,372)</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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 26,534	\$ 42,694	\$ 5,134	\$ (37,560)
<i>Total revenues</i>	<u>26,534</u>	<u>42,694</u>	<u>5,134</u>	<u>(37,560)</u>
EXPENDITURES				
Instruction	25,609	41,769	40,883	886
Support services:				
Capital outlay	925	925	-	925
<i>Total expenditures</i>	<u>26,534</u>	<u>42,694</u>	<u>40,883</u>	<u>1,811</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(35,749)</u>	<u>(35,749)</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>(35,749)</u>	<u>(35,749)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(886)</u>	<u>(886)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36,635)</u>	<u>\$ (36,635)</u>

RECONCILIATION TO GAAP

Adjustments:

Accounts receivable	35,749
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 CEIS Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ 106,924	\$ -	\$ (106,924)
Interfund Transfer	-	-	-	-
<i>Total revenues</i>	-	106,924	-	(106,924)
EXPENDITURES				
Support services:				
Students	-	94,659	94,659	-
General administration	-	12,265	12,265	-
<i>Total expenditures</i>	-	106,924	106,924	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(106,924)	(106,924)
<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>	-	-	(106,924)	(106,924)
<i>Prior year cash balance</i>	-	-	-	-
<i>End of year cash balance</i>	\$ -	\$ -	\$ (106,924)	\$ (106,924)
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			106,924	
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
IDEA - B Risk Pool Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 6,878	\$ 6,017	\$ (861)
<i>Total revenues</i>	<u>-</u>	<u>6,878</u>	<u>6,017</u>	<u>(861)</u>
EXPENDITURES				
Instruction	-	6,878	2,789	4,089
<i>Total expenditures</i>	<u>-</u>	<u>6,878</u>	<u>2,789</u>	<u>4,089</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>3,228</u>	<u>3,228</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>3,228</u>	<u>3,228</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(3,228)</u>	<u>(3,228)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(3,228)	
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
English Language Acquisition Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 37,236	\$ 58,439	\$ 11,768	\$ (46,671)
<i>Total revenues</i>	37,236	58,439	11,768	(46,671)
EXPENDITURES				
Instruction	29,439	43,642	18,125	25,517
Support services				
General administration	745	745	370	375
School administration	7,052	14,052	2,264	11,788
<i>Total expenditures</i>	37,236	58,439	20,759	37,680
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(8,991)	(8,991)
<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>	-	-	(8,991)	(8,991)
<i>Prior year cash balance</i>	-	-	(10,804)	(10,804)
<i>End of year cash balance</i>	\$ -	\$ -	\$ (19,795)	\$ (19,795)

RECONCILIATION TO GAAP

Adjustments:

Accounts receivable	8,990
Unearned revenue	10,803
Net change in fund balance (GAAP basis)	\$ 10,802

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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 143,081	\$ 327,002	\$ 82,335	\$ (244,667)
Revenue from local sources	-	-	\$ 3,188	3,188
<i>Total revenues</i>	143,081	327,002	\$ 85,523	(241,479)
EXPENDITURES				
Instruction	56,164	240,085	\$ 33,778	206,307
Support services:				
Students	58,818	58,818	\$ 56,975	1,843
Instruction	100	100	\$ -	100
General administration	4,178	4,178	\$ -	4,178
School administration	23,821	23,821	\$ 22,339	1,482
<i>Total expenditures</i>	143,081	327,002	\$ 113,092	213,910
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	\$ (27,569)	(27,569)
<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>	-	-	\$ (27,569)	(27,569)
<i>Prior year cash balance</i>	-	-	\$ (25,839)	(25,839)
<i>End of year cash balance</i>	\$ -	\$ -	\$ (53,408)	\$ (53,408)
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			30,757	
Accounts payable			(3,188)	
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
Rural and Low Income Schools Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ 62,824	\$ -	\$ (62,824)
<i>Total revenues</i>	<u>-</u>	<u>62,824</u>	<u>-</u>	<u>(62,824)</u>
EXPENDITURES				
Instruction	-	62,824	12,599	50,225
<i>Total expenditures</i>	<u>-</u>	<u>62,824</u>	<u>12,599</u>	<u>50,225</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(12,599)</u>	<u>(12,599)</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>(12,599)</u>	<u>(12,599)</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>\$ (12,599)</u>	<u>\$ (12,599)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			12,599	
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, 2014

	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	-	-	-	-
General administration	-	-	-	-
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>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(180,338)</u>	<u>(180,338)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (180,338)</u>	<u>\$ (180,338)</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 Secondary Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
Revenue from local sources	-	-	-	-
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
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>	-	-	19,354	19,354
<i>End of year cash balance</i>	\$ -	\$ -	\$ 19,354	\$ 19,354

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, 2014

	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
Medicaid XIX Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 200,000	\$ 200,000	\$ 166,911	\$ (33,089)
Revenue from local sources	-	-	770	770
<i>Total revenues</i>	<u>200,000</u>	<u>200,000</u>	<u>167,681</u>	<u>(32,319)</u>
EXPENDITURES				
Support services:				
Students	200,000	200,000	186,755	13,245
<i>Total expenditures</i>	<u>200,000</u>	<u>200,000</u>	<u>186,755</u>	<u>13,245</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(19,074)</u>	<u>(19,074)</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>(19,074)</u>	<u>(19,074)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(14,615)</u>	<u>(14,615)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,689)</u>	<u>\$ (33,689)</u>

RECONCILIATION TO GAAP

Adjustments:

Accounts receivable	(34,450)
Accounts payable	(11,886)
Net change in fund balance (GAAP basis)	<u>\$ (65,410)</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
Local Combined Grant Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from local 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>	-	-	621	621
<i>End of year cash balance</i>	\$ -	\$ -	\$ 621	\$ 621

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, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenue from state sources	\$ -	\$ 13,099	\$ 11,113	\$ (1,986)
<i>Total revenues</i>	<u>-</u>	<u>13,099</u>	<u>11,113</u>	<u>(1,986)</u>
EXPENDITURES				
Support services				
Instruction	-	13,099	11,113	1,986
<i>Total expenditures</i>	<u>-</u>	<u>13,099</u>	<u>11,113</u>	<u>1,986</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
2010 G.O. Bond Student Library Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenue from state sources	\$ 22,832	\$ 22,832	\$ -	\$ (22,832)
<i>Total revenues</i>	<u>22,832</u>	<u>22,832</u>	<u>-</u>	<u>(22,832)</u>
EXPENDITURES				
Support Services				
Instruction	22,832	22,832	19,494	3,338
<i>Total expenditures</i>	<u>22,832</u>	<u>22,832</u>	<u>19,494</u>	<u>3,338</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(19,494)</u>	<u>(19,494)</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>(19,494)</u>	<u>(19,494)</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>\$ (19,494)</u>	<u>\$ (19,494)</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
G.O. Bonds 2012 Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ 34,055	\$ 34,055	\$ -	\$ (34,055)
<i>Total revenues</i>	<u>34,055</u>	<u>34,055</u>	<u>-</u>	<u>(34,055)</u>
EXPENDITURES				
Support Services				
Instruction	34,055	34,055	-	34,055
<i>Total expenditures</i>	<u>34,055</u>	<u>34,055</u>	<u>-</u>	<u>34,055</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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 91,181	\$ 54,116	\$ (37,065)
<i>Total revenues</i>	<u>-</u>	<u>91,181</u>	<u>54,116</u>	<u>(37,065)</u>
EXPENDITURES				
Support services				
Instruction	-	91,181	85,633	5,548
<i>Total expenditures</i>	<u>-</u>	<u>91,181</u>	<u>85,633</u>	<u>5,548</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(31,517)</u>	<u>(31,517)</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>(31,517)</u>	<u>(31,517)</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(54,116)</u>	<u>(54,116)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (85,633)</u>	<u>\$ (85,633)</u>

RECONCILIATION TO GAAP

Adjustments:

Accounts receivable	31,517
Accounts payable	(5,331)
Net change in fund balance (GAAP basis)	<u>\$ (5,331)</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 for Education Special Revenue Fund
For the Year Ended June 30, 2014

	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	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
Central services	-	-	-	-
<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>	-	78	78	-
<i>End of year cash balance</i>	\$ -	\$ 78	\$ 78	\$ -

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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ 27,744	\$ 27,744
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>27,744</u>	<u>27,744</u>
EXPENDITURES				
Support services:				
Food service	-	-	-	-
<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>27,744</u>	<u>27,744</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>27,744</u>	<u>27,744</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(27,744)</u>	<u>(27,744)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(27,744)	
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, 2014

	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	-	-	-	-
Operating Transfer out	-	-	1,668	(1,668)
<i>Total expenditures</i>	-	-	1,668	(1,668)
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(1,668)	(1,668)
<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>	-	-	(1,668)	(1,668)
<i>Prior year cash balance</i>		-	1,668	1,668
<i>End of year cash balance</i>	\$ -	\$ -	\$ -	\$ -
RECONCILIATION TO GAAP				
Adjustments:				
Deferred revenue			1,668	
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
Breakfast for Elementary Students Program Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 20,442	\$ 20,442	\$ -
<i>Total revenues</i>	-	20,442	20,442	-
EXPENDITURES				
Other contract services	-	20,442	20,442	-
<i>Total expenditures</i>	-	20,442	20,442	-
<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
Adequacy Tech Equity Grant Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
Instruction	-	-	-	-
Student 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>	-	117,327	117,327	-
<i>End of year cash balance</i>	\$ -	\$ 117,327	\$ 117,327	\$ -

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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ 47,223	\$ 47,223
<i>Total revenues</i>	-	-	47,223	47,223
EXPENDITURES				
Instruction	-	-	-	-
Student services:				
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	47,223	47,223
<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>	-	-	47,223	47,223
<i>Prior year cash balance</i>	-	-	(47,223)	(47,223)
<i>End of year cash balance</i>	\$ -	\$ -	\$ -	\$ -
RECONCILIATION TO GAAP				
Adjustments:				
Accounts Receivable			(47,223)	
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
Stem Initiative Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 30,000	\$ 29,998	\$ (2)
<i>Total revenues</i>	<u>-</u>	<u>30,000</u>	<u>29,998</u>	<u>(2)</u>
EXPENDITURES				
Instruction	-	30,000	29,998	2
<i>Total expenditures</i>	<u>-</u>	<u>30,000</u>	<u>29,998</u>	<u>2</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>-</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
Next Gen Assessments Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 95,750	\$ 47,874	\$ (47,876)
<i>Total revenues</i>	-	95,750	47,874	(47,876)
EXPENDITURES				
Instruction	-	95,750	47,874	47,876
Student services:				
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	95,750	47,874	47,876
<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
School Library Material Fund Special Revenue Fund
For the Year Ended June 30, 2014

	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, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ 12,587	\$ 12,587
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>12,587</u>	<u>12,587</u>
EXPENDITURES				
Instruction	-	49,691	3,214	46,477
<i>Total expenditures</i>	<u>-</u>	<u>49,691</u>	<u>3,214</u>	<u>46,477</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(49,691)</u>	<u>9,373</u>	<u>59,064</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>(49,691)</u>	<u>9,373</u>	<u>59,064</u>
<i>Prior year cash balance</i>	<u>49,691</u>	<u>49,691</u>	<u>49,691</u>	<u>49,691</u>
<i>End of year cash balance</i>	<u>\$ 49,691</u>	<u>\$ -</u>	<u>\$ 59,064</u>	<u>\$ 108,755</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			-	
Net change in fund balance (GAAP basis)			<u>\$ 9,373</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 Child Care Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 3,000	\$ 2,913	\$ (87)
<i>Total revenues</i>	<u>-</u>	<u>3,000</u>	<u>2,913</u>	<u>(87)</u>
EXPENDITURES				
Instruction	-	3,000	2,913	87
<i>Total expenditures</i>	<u>-</u>	<u>3,000</u>	<u>2,913</u>	<u>87</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>	-	-	1,983	1,983
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,983</u>	<u>\$ 1,983</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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 6,500	\$ 6,453	\$ (47)
<i>Total revenues</i>	<u>-</u>	<u>6,500</u>	<u>6,453</u>	<u>(47)</u>
EXPENDITURES				
Instruction	-	6,500	6,358	142
Support services:				
Students	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>6,500</u>	<u>6,358</u>	<u>142</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>95</u>	<u>95</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>95</u>	<u>95</u>
<i>Prior year cash balance</i>	<u>-</u>	<u>-</u>	<u>(42,280)</u>	<u>(42,280)</u>
<i>End of year cash balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (42,185)</u>	<u>\$ (42,185)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Unearned revenue			<u>-</u>	
Net change in fund balance (GAAP basis)			<u>\$ 95</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 Plus Special Revenue Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 8,500	\$ 2,500	\$ (6,000)
<i>Total revenues</i>	<u>-</u>	<u>8,500</u>	<u>2,500</u>	<u>(6,000)</u>
EXPENDITURES				
Instruction	-	8,500	2,493	6,007
Support services:				
Students	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>8,500</u>	<u>2,493</u>	<u>6,007</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</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</u>	<u>7</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>\$ 7</u>	<u>\$ 7</u>
RECONCILIATION TO GAAP				
Adjustments:				
Net change in fund balance (GAAP basis)			<u>\$ 7</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, 2014

	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	-	9,699	9,388	311
<i>Total expenditures</i>	-	9,699	9,388	311
<i>Excess (deficiency) of revenues over expenditures</i>	-	(9,699)	(9,388)	311
<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>	-	(9,699)	(9,388)	311
<i>Prior year cash balance</i>	-	-	9,699	9,699
<i>End of year cash balance</i>	\$ -	\$ (9,699)	\$ 311	\$ 10,010
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			-	
Net change in fund balance (GAAP basis)			\$ (9,388)	

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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	-	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Transfers 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>	-	-	75	75
<i>End of year cash balance</i>	\$ -	\$ -	\$ 75	\$ 75

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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ 1	\$ 1
<i>Total revenues</i>	<u>-</u>	<u>-</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>-</u>	<u>-</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>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
<i>Prior year cash balance</i>	59,715	59,715	59,715	-
<i>End of year cash balance</i>	<u>\$ 59,715</u>	<u>\$ 59,715</u>	<u>\$ 59,716</u>	<u>\$ 1</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			<u>-</u>	
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, 2014**

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, 2014

	Balance 06/30/13	Transfers	Additions	Deductions	Balance 06/30/14
High School Yearbook	\$ 10,583	\$ -	5,725	9,727	\$ 6,581
6th Grade Energy Club	154	-	-	-	154
Business Professional of America	3,040	-	-	-	3,040
7th Grade Choir	138	-	6,326	5,601	863
Key Club	1,849	-	114	114	1,849
AP Consumable Lab/Cavine	286	-	-	-	286
Cheerleaders-High School	620	-	-	-	620
Cheerleaders-Jr. High	3,454	-	1,372	2,257	2,569
Communication/Drama	676	-	200	658	218
Consumable Workbooks	108	-	-	-	108
Llano Activity Fund	5,719	-	15,685	12,145	9,259
FFA	32,967	-	39,483	42,883	29,567
LHS FCCLA	5,757	-	5,139	9,239	1,657
FHA-Jr. High	-	-	-	-	-
Scholarship Activity	5,249	-	-	-	5,249
High School Computer Lab-NMJC	450	-	83	159	374
HS Student ID	987	-	-	-	987
TMS Technology	-	-	-	-	-
Administration Coke Fund	283	-	-	-	283
Judy Davis Memorial	398	-	-	-	398
TMS Activity Account	4,917	-	4,159	3,788	5,288
6th Grade Activity Account	5,412	-	21,655	25,198	1,869
Junior Class	6,799	(1,948)	5,043	3,334	6,560
Library Fines	5,342	-	1,548	-	6,890
Miscellaneous	4,156	-	14,414	14,372	4,198
NOW/Account/Interest Earned	2,738	-	96	200	2,634
Senior Class	3	2,798	-	1,610	1,191
Sophomore Class	1,351	2,244	-	306	3,289
Choir Activity	7,366	-	11,680	9,598	9,448
Special Education Fund	760	-	25,730	13,073	13,417
TMS Honor Society	646	-	-	-	646
Student Council-High School	13,758	-	16,172	14,034	15,896
Student Council-Jr. High	924	-	-	-	924
6th Grade Honor Society	2,782	-	3,591	2,545	3,828
Summer School	20,527	-	3,550	-	24,077
Volleyball - High School	1,464	-	-	-	1,464
Freshman Academy Home Economics	367	-	-	148	219
A.K. Head Scholarship	3,560	-	6	1,000	2,566

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, 2014

	Balance 06/30/13	Transfers	Additions	Deductions	Balance 06/30/14
ACTIVITY ASSETS (continued)					
H. Clardy Scholarship	4,566	-	10	500	4,076
Crouse Memorial Scholarship	6,150	-	853	1,500	5,503
Volleyball - Junior High	-	-	-	-	-
Wal-Mart Teacher of the Year	33	-	-	-	33
9th Media Class	371	-	1,000	-	1,371
Ben Alexander Activity	6,511	-	6,918	7,857	5,572
Task Force for Substance	1,250	-	-	-	1,250
Project Planned Success	2,876	-	-	300	2,576
National Honor Society	988	-	5,979	5,262	1,705
TMS Library/M. Gutierrez	2,693	-	51	-	2,744
Jr. High Library	526	-	3,494	3,443	577
Jefferson Activity Fund	14,898	-	15,703	16,450	14,151
District 4AAA Activity Fund	3,005	-	2,374	5,379	-
LJHS Media Class	-	-	-	-	-
After Grads	22,017	-	20,825	13,260	29,582
High School Library	4,574	-	1,098	258	5,414
Junior High Home Economics	392	-	985	-	1,377
Jr. High National Honor Society	211	-	-	-	211
Culinary Arts Lab Fee	4,590	-	1,600	4,228	1,962
High School Principals Coke Acct.	4,548	-	495	1,012	4,031
LJHS Dance	4,754	-	3,600	2,412	5,942
High School Math-Ancell	1,794	-	-	-	1,794
High School Parking Sticker-A.K.	389	-	-	-	389
Yarbro Library	2,493	-	11,998	11,647	2,844
Jefferson Library	13,699	-	8,863	6,545	16,017
Ben A. Library	2,233	-	8,361	7,206	3,388
Lea Library	3,247	-	7,613	6,646	4,214
Llano Library	2,562	-	3,386	3,407	2,541
Bob Jameson Memorial	325	-	-	-	325
Freshman Academy Volleyball	63	-	-	-	63
Elementary Fine Arts - Belinda	12,585	-	3,340	1,991	13,934
High School Art Club	295	-	-	-	295
9th Grade Student Council	3,595	(3,094)	2,370	200	2,671
Brian Urlacher Scholarship	3,125	-	-	-	3,125
David Templeman Memorial	6,110	-	-	1,000	5,110
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, 2014

	Balance 06/30/13	Transfers	Additions	Deductions	Balance 06/30/14
ACTIVITY ASSETS (continued)					
Bilingual	2,210	-	4,109	6,248	71
LEA Activity Fund	8,912	-	17,723	17,867	8,768
High School Tech Lab	1,033	-	-	-	1,033
Yarbrow Activity Account	9,701	-	22,440	25,755	6,386
9th Grade FHA	913	-	-	-	913
Character Counts-Becky Davis	5	-	-	-	5
Science Activity Fund	5,737	-	4,750	6,793	3,694
Department of Public Safety	792	-	2,309	2,739	362
Jr. High Lounge Cokes	1,492	-	-	-	1,492
HS - PSAT Testing	738	-	182	182	738
9th Dance Fund	544	-	-	-	544
NHHS Activity	175	-	960	747	388
9th Grade Cheerleader Fund	241	-	-	-	241
Aaron Austin Scholarship	335	-	-	-	335
J.D. Fry Scholarship	300	-	-	-	300
High School Band	200	-	-	-	200
Caprock Pipe Supply Scholarship	2	-	-	-	2
PNM Grants	6	-	-	-	6
Urlacher Royalties	1	-	-	-	1
Total Activity Funds	\$ 327,916	\$ -	\$ 345,160	\$ 332,823	\$ 340,253
Total Due to Other School Organizations	\$ 327,916	\$ -	\$ 345,160	\$ 332,823	\$ 340,253

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, 2014

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2014	Name and Location of Safekeeper
Western Commerce Bank	FHLMC #390234 Due 4/01/30	\$ 26,263	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FHLMC #420041 Due 09/18/18	14,584	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FHLMC #420175B Due 03/01/19	11,370	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8076 Due 11/20/22	21,282	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 21564 Due 11/1/25	4,482	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 62667 Due 2/1/18	5,454	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 64731 Due 12/1/27	16,706	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA # 80362 Due 01/20/30	40,760	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA # 8302 Due 10/20/23	15,636	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80364 Due 01/20/30	16,578	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80470 Due 11/20/30	17,797	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80170 Due 2/20/28	43,963	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 254914 Due 9/1/2013	20,886	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 254989 Due 11/1/13	33,219	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA # 859285 Due 2/20/27	48,601	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80478 Due 12/20/30	19,439	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8146 2/20/2023	62,341	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8204 Due 03/20/17	146,106	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, 2014

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2014	Name and Location of Safekeeper
Western Commerce Bank	FNMA # 654159 Due 10/1/32	726,392	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FHLMC # A84288 Due 1/1/39	876,455	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA # 714730 6/15/1939	1,090,507	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # MA0602 12/1/2030	169,059	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA #AJ4035 10/1/2041	<u>971,312</u>	Federal Home Loan Bank Dallas, TX
		<u>4,399,192</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 #AH0946 12/1/2040	106,048	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AU4293 9/1/2043	6,641,808	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AB7507 1/1/2043	504,418	Bank of New York Mellon New York, NY
Wells Fargo Bank	FHG-3 #Q22010 9/1/2043	<u>9,700,833</u>	Bank of New York Mellon New York, NY
		<u>16,953,107</u>	
		<u>\$ 22,052,299</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, 2014

Deposit or Investment Account Type	Western Commerce Bank	Lea County State Bank	Wells Fargo Bank	Total
Checking	3,770,662 *	449,552 *	1,372,909 *	5,593,123
Checking	13,035		2,500,000	2,513,035
Checking	377,892 *	-	2,602,886	2,980,778
Checking	486,605 *	-	-	486,605
Money Market	-	-	8,503,536 *	8,503,536
Sweep	-	-	9,510,620	9,510,620
CD	19,683 *	-	-	19,683
CD	8,875 *	-	-	8,875
CD	83,041 *	-	-	83,041
CD	5,595 *	-	-	5,595
Total on deposit	4,765,388	449,552	24,489,951	29,704,891
Reconciling items	(380,570)	(9,568)	(3,271)	(393,409)
Reconciled balance at June 30, 2014	4,384,818	439,984	24,486,680	29,311,482

* Indicates interest bearing accounts.

Cash and cash equivalents:

Government-wide balance sheet	\$ 28,971,229
Fiduciary balance sheet	\$ 340,253
	<u>\$ 29,311,482</u>

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Cash Reconciliation
June 30, 2014

	Operational Account	Payroll Clearing	ERA Clearing/ NMPSIA	Transportation Account
Cash and investments, June 30, 2013	\$ 3,450,706	\$ 33,596	\$ 1,228,741	\$ 149
Add:				
2013-14 revenues	27,611,858	-	-	1,063,524
Prior year void warrants	-	-	-	-
Adjustment	(427,577)	-	-	-
Loans from other funds	-	-	-	-
Total cash available	30,634,987	33,596	1,228,741	1,063,673
Less:				
2013-14 expenditures	(27,151,842)	-	-	(1,063,598)
Refunds	-	-	-	-
Prior year outstanding loans	-	-	-	-
Change in clearing accounts	-	113	144,168	-
Cash transfers	-	-	-	-
Receivable/payable change	-	-	-	-
Current year loans (to) from other funds	(50,000)	-	-	-
Audit adjustments	24,026	-	-	-
Cash and investments, June 30, 2014	<u>\$ 3,457,171</u>	<u>\$ 33,709</u>	<u>\$ 1,372,909</u>	<u>\$ 75</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
\$ 13,085	\$ 488,009	\$ 214,683	\$ 307,800	\$ 3,944	\$ 327,915
247,500	1,404,417	85,083	1,078,417	167,681	345,163
-	-	-	-	-	-
-	-	441	(434)	-	(1,322)
-	-	-	-	-	-
260,585	1,892,426	300,207	1,385,783	171,625	671,756
(181,290)	(1,405,822)	(83,421)	(1,385,939)	(186,755)	(331,503)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	99	50,000	-	-
-	-	-	(19,073)	19,073	-
\$ 79,295	\$ 486,604	\$ 216,885	\$ 30,771	\$ 3,943	\$ 340,253

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Cash Reconciliation
June 30, 2014

	<u>State Flowthrough</u>	<u>State Direct</u>	<u>Local or State</u>	<u>Bond Building</u>
Cash and investments, June 30, 2013	\$ 120,608	\$ 51,674	\$ 9,700	\$ -
Add:				
2013-14 revenues	238,509	24,452	-	19,003,889
Prior year void warrants	-	-	-	-
Adjustment	-	-	-	-
Loans from other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total cash available	359,117	76,126	9,700	19,003,889
Less:				
2013-14 expenditures	(214,554)	(14,977)	(9,388)	(1,262,539)
Refunds	-	-	-	-
Prior year outstanding loans	-	-	-	-
Change in clearing accounts	-	-	-	-
Cash transfers	(1,668)	-	-	-
Receivable/payable change	-	-	-	-
Current year loans (to) from other funds	-	-	-	-
Audit adjustments	(23,955)	(95)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Cash and investments, June 30, 2014	<u>\$ 118,940</u>	<u>\$ 61,054</u>	<u>\$ 312</u>	<u>\$ 17,741,350</u>

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

Spec. Cap. Outlay- Local	Cap. Improv. HB- 33	Cap. Improve - SB-9	Debt Service	Educational Technology Debt Service	Total
\$ 75	\$ 2,036,492	\$ 2,007,374	\$ 2,321,954	\$ 59,714	\$ 12,676,219
-	1,747,527	1,743,984	2,590,559	1	57,352,564
-	-	-	-	-	-
-	-	-	-	-	(428,892)
-	-	-	-	-	-
75	3,784,019	3,751,358	4,912,513	59,715	69,599,891
-	(2,372,718)	(1,308,426)	(2,369,342)	-	(39,342,114)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	144,281
-	-	-	-	-	(1,668)
-	-	-	-	-	-
(99)	-	-	-	-	-
24	-	-	-	-	-
\$ -	\$ 1,411,301	\$ 2,442,932	\$ 2,543,171	\$ 59,715	\$ 30,400,390
				Agency cash	(340,253)
				Reconciled cash and investments	\$ 30,060,137
				Cash	28,971,229
				Investments	1,088,908
					\$ 30,060,137

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

COMPLIANCE SECTION



INDEPENDENT AUDITORS' 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

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, 2014, 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 30, 2014.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies, as item 2014-005.

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 2014-001, 2014-002, 2014-003, and 2014-004.

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 30, 2014

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, 2014. 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, 2014.

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 item 2013-005. 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.

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 30, 2014

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

<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 \$	710,535
USDA National School Breakfast Program	10.555	21000	464,751
Total Child Nutrition Cluster			<u>1,175,286</u>
Pass-Through State Department of Human Services			
USDA Commodities Program	10.555	21000	66,113
Total Commodities Program			<u>66,113</u>
Total U.S. Department of Agriculture			1,241,399
<u>U.S. Department of Education</u>			
Pass-Through State Department of Education			
Special Education Cluster:			
IDEA, Part B, Entitlement	84.027	24106	609,162 (1)
IDEA, Preschool	84.173	24109	40,883 (1)
IDEA - CEIS	84.173	24112	106,924 (1)
IDEA-B "Risk Pool"	84.173	24120	2,790 (1)
Total Special Education Cluster			<u>759,759</u>
Title I Cluster			
ESEA Title I Basic	84.010	24101	479,730 (1)
Total Title I Cluster			<u>479,730</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, 2014

<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	20,758
Title II A	84.367	24154	113,092
Title IV-A	84.358	24160	12,599
Total Other Grants			<u>146,450</u>
Total U.S. Department of Education			1,385,939
Total Federal Assistance		\$	<u><u>2,627,338</u></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, 2014 was \$66,113 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, 2014**

A. Summary of Audit Results

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

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): _____ Yes x 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
84.010	Title I
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, 2014**

B. Findings – Financial Statement Audit

2014-001 LATE DEPOSIT-OTHER

Condition

One deposit of 40 tested, in the amount of \$900, was deposited into the bank account within 48 hours, but was not deposited within the required 24-hour time period.

Criteria

NMAC 6.20.2.14 C states “Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day. If the distance to the bank is considerable, or the cash collection is limited to small amounts and/or low volume and it is impractical to meet the twenty-four hour/one banking day requirement, the local board may request approval from the department for an alternative plan. The bank deposit slip shall have the numbers from applicable receipts entered on it or attached as a reference.”

Cause

Although District personnel have been reminded of this requirement, the personnel did not submit the deposit in a timely manner.

Effect

The District is not in compliance with NMAC standards. Money not deposited within the twenty-four hours also has a greater chance of misappropriation.

Recommendation

The District should reinforce to all employees responsible for making deposits that all cash and checks collected should be deposited into the bank within 24 hours.

Agency Response

The Business Manager will reinforce to all employees responsible for making deposits that all cash and checks should be deposited into the bank within 24 hours.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2014**

B. Findings – Financial Statement Audit (continued)

2014-002 ACCOUNT MISCODING-OTHER

Condition

One invoice of 80 tested, in the amount of \$130 for per diem, was miscoded to the incorrect object code.

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, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP, and that state and federal programs are managed in compliance with applicable laws and regulations.

Cause

The correct object number was transposed to the coded object number and review of the accounts and the check did not detect the error.

Effect

The total function amount was correct, but the line item amount was incorrect.

Recommendation

Employees reviewing invoices and inputting account numbers should review posting of those account numbers. As an additional measure for per diem requests, the District should consider adding the Business Manager's approval to the request to review for correct coding to provide a review in addition to the supervisor approval. Employees should submit the requests far enough in advance to allow for the necessary review.

Agency Response

This finding was on a travel expense. A new line has been added to this form for the Business Manager to review the coding.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2014**

B. Findings – Financial Statement Audit (continued)

2014-003 OLD OUSTANDING CHECK-OTHER

Condition

One outstanding check, in the amount of \$1,050, and included on the June 30, 2014 bank reconciliation was over one year old. Although this check was not yet required to be escheated to the State, in our discussions with management we noted that a listing of checks and the escheatment of funds has not occurred. Checks in prior years were cancelled, but have not been sent in as unclaimed property.

Criteria

NMAC 6.20.2.14 I (1) requires that “whenever any warrant or check is unpaid for one year, the fiscal officer shall cancel it in accordance with Section 6-10-57(A), NMSA 1978. The fiscal officer shall keep a register of all canceled warrants/checks. The register shall show the number, date and amount, name of payee, fund out of which it was payable, and date of cancellation. The face amount shall revert and be credited to the fund against which the warrant/check was drawn.

The Uniform Unclaimed Property Act, (Sections 7-8A-1 through 7-8A-31 NMSA 1978), also requires any entity in possession of property that has been unclaimed or abandoned to report the property to the State of New Mexico. Under the Act, Section 7-8A-2. Presumptions of abandonment, states that "property is presumed abandoned if it is unclaimed by the apparent owner during the time set forth below for the particular property:"

Section 7-8A-2(6) - "money or credits owed to a customer as a result of a retail business transaction, three years after the obligation occurred;"

Section 7-8A-2(12) - "wages or other compensation for personal services, one year after the compensation becomes payable."

Cause

The check was written on June 26, 2013. Voided checks were reviewed as of May 31, 2014 and the check was not over one year at that time. Management was unaware of the requirement to escheat the funds to the state after the indicated time period had elapsed.

Effect

The District was not in compliance with NMAC standards and New Mexico Statutes.

Recommendation

The review for outstanding checks over one year should be completed on a monthly basis and items meeting the criteria of abandoned funds should be sent to New Mexico’s unclaimed property division.

Agency Response

Outstanding checks over one year are reviewed monthly. The District will keep a listing of voided checks and escheat the funds to the State.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2014**

B. Findings – Financial Statement Audit (continued)

2014-004 ASSET DISPOSITION-OTHER

Condition

One inventory asset disposed in the prior year was removed from the asset listing during the year ended June 30, 2014 and was not included on the listing of disposed assets sent to the State Auditor for approval.

Criteria

Section 13-6-1 NMSA requires that the District “give notification at least thirty days prior to its action making the deletion by sending a copy of its official finding and the proposed disposition of the property to the state auditor and the appropriate approval authority designated in Section 13-6-2 NMSA 1978, duly sworn and subscribed under oath by each member of the authority approving the action.”

Cause

The disposed inventory item with a value less than \$5,000 was inadvertently skipped on the listing sent to the State Auditor and reviewed by the school board.

Effect

The District was not in compliance with NMAC standards.

Recommendation

When sending the listing of inventory items for disposal approval, the District should reconcile the total number of assets disposed to the number of assets on the listing.

Agency Response

Before sending the list of disposed assets to the State Auditor the district will reconcile the total number of assets disposed to the number of assets listed.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2014**

B. Findings – Financial Statement Audit (continued)

2014-005 FAILURE TO SUBMIT REIMBURSEMENT REQUESTS IN A TIMELY MANNER
SIGNIFICANT DEFICIENCY

Condition

The District did not submit reimbursement request for the 2010 G.O. Student Library Fund by the deadline required by PED and \$19,494 of expenditures may not be reimbursed.

Criteria

According to the New Mexico Public Education Department, reimbursement requests for the fiscal year must be submitted by July 7st following the end of the year even if the grant period covers two fiscal years.

Cause

The request for reimbursement does not occur on a monthly basis, so it was inadvertently skipped.

Effect

The District has not received \$19,494 in state funds and the fund cash deficit will need to be covered with an operational transfer.

Recommendation

The District should keep a listing of all funds and the corresponding due dates of reimbursement requests. Especially at year end, the listing should be reviewed to ensure that all reimbursement requests have been sent.

Agency Response

The Reimbursement Summary in OBMS is reviewed on a monthly basis and at year end to make sure all reimbursement requests have been submitted. The Business Manager will compare expenditure reports from the accounting system to the Reimbursement Summary to ensure all reimbursement requests have been submitted.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2014**

C. Federal Award Findings and Questioned Costs

2013-005 (2013-05) –TIME AND EFFORT DOCUMENTATION-OTHER

Condition

During our audit of Special Education, IDEA-B; CFDA No. 84.027 (Federal Award Numbers: H027A110078-11A, H027A120078-12A, H027A120078-12B, and H027A130153-13A representing carryover of 2012-13 funds and 2013-14 allocations), (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 1 of the 29 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 employee was initially a substitute with the District until February 2014 when she became a full-time teacher. The employee's name was not included on the listing of funded employees kept by the department.

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 does provide a listing of all employees paid partially or fully out of federal funds. In this instance the employee changed positions after reports were processed. The District will provide a listing at the end of the year in an effort to include employees that have changed positions later in the year and are paid partially or fully out of federal funds.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2014**

D. Findings – Prior Year Audit

2012-004 [2012-04] PED Cash Report	Resolved and Not Repeated
2012-005 [2012-05] Employment Eligibility Documentation	Resolved and Not Repeated
2013-001 [2013-01] Activity Fund Deposit Documentation	Resolved and Not Repeated
2013-002 [2013-02] Miscalculation of Payroll	Resolved and Not Repeated
2013-003 [2013-03] Activity Fund Cash	Resolved and Not Repeated
2013-004 [2013-04] Monitoring of Food Service Management Contract	Resolved and Not Repeated
2013-005 [2013-05] Time and Effort Documentation	Revised and Repeated
2012-007 [2012-07] ERB Withholding Violation	Resolved and Not Repeated
2013-007 [2013-07] Miscalculation of Payroll	Resolved and Not Repeated

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Exit Conference
June 30, 2014**

The contents of this report were discussed at an exit conference held October 30, 2014. Mary Hinds, CPA Director; and Shellie Davidson, CPA On-Site Manager, represented Johnson, Miller & Co, CPA; Greg Maxie, Board Member; Lynda McGinnes, current Board Vice-President; Darin Manes, Superintendent; and Sheri Belyeu, CPA, Business Manager; 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, 2014 by Johnson, Miller & Co., Certified Public Accountants, a Professional Corporation.