

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Financial Statements
With Independent Auditors' Report Thereon
June 30, 2015**

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

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June 30, 2015**

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**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Official Roster
June 30, 2015**

BOARD OF EDUCATION

Dymorie Maker	President
Greg Maxie	Vice-President
Mara Salcido-Alcantar	Secretary
Zac Zimmerman	Member
Paul Campos	Member

SCHOOL OFFICIALS

LeAnne Gandy	Superintendent
Sheri Belyeu, CPA	Business Manager
Taunya Campbell	Director of Curriculum and Instruction
Robert DeLaCruz	Director of Human Resources

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Tim Keller
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, 2015, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, 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, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that 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, 2015, 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, 2015, 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 and the Schedules of Net Pension Liability and Contributions and the Notes to those Schedules on pages 134 through 136 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015 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 black ink that reads "Johnson, Miller & Co." in a cursive script.

Hobbs, New Mexico
November 20, 2015

LOVINGTON MUNICIPAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015 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, 2015. 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 2015 are as follows:

- ❖ As discussed in the notes to the financial statements, Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions was implemented during the year ended June 30, 2015. This resulted in a prior period adjustment and reduction of beginning net position of \$36.4 million. The financial information discussed in the management discussion and analysis does not reflect restated amounts for the year ended June 30, 2014 due to the limitation of information related to the amounts for the year ended June 30, 2014.
- ❖ Total assets and deferred outflows of governmental fund activities increased \$20 million or 24% from 2014 primarily due to a receipt of bond proceeds for upcoming construction projects.
- ❖ Total liabilities and deferred inflows of governmental fund activities increased approximately \$55.7 million or 141% primarily due to the new bond for school construction and the net pension liability recorded with the implementation of GASB No. 68.
- ❖ The District had \$38.8 million in expenses related to governmental activities: \$5.1 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 \$34.4 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.

LOVINGTON MUNICIPAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015 UNAUDITED

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 2015?" 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.

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.

LOVINGTON MUNICIPAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015 UNAUDITED

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 71 percent of expenses are supported through general state revenues.

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 \$39.7 million and expenditures \$58.7 million. The net change in net position for the year was a decrease of approximately \$19 million. This decrease in fund balance was primarily due to an increase in bonds payable and an increase in deferred inflows related to pensions.

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 2015, 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, 2015. 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	\$ 33,526	\$ 29,813	\$ 3,713
Debt Service Fund	5,598	3,074	2,524
Bond Building	32,490	17,177	15,313
HB-33 Capital Outlay	3,040	1,352	1,688
SB-9 Capital Outlay	4,122	2,396	1,726
Nonmajor Governmental Funds	4,694	3,821	873

For the General Fund, final budgeted expenditures are greater than actual expenditures by \$3.7 million.

Expenditures were budgeted at \$33.5 million while actual expenditures were \$29.8 million. The difference between budget and actual expenditures was due to planned budgetary savings throughout the budget.

LOVINGTON MUNICIPAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015 UNAUDITED

Actual revenues for the general fund were \$30.2 million and revenues from state sources constitute 98% of the total. Actual expenditures were less than revenues by approximately \$351 thousand.

The primary increase in general fund revenue over the prior year was due to an increase in State Equalization Guarantee payments of approximately \$1.2 million.

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

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2015, the District had \$136 million invested in capitalized assets with associated accumulated depreciation of \$66 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 May 19, 2015 the District issued the second installment of \$16 million bonds 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.

At June 30, 2015, the District had outstanding bonds payable of \$50 million and was bonded within practical capacity to 94% of the legal limit of \$53.1 million. It is possible that the district will have a negative bonding capacity available next year due to an expected drop in the District's assessed valuation.

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. Total district enrollment for 2014 is 3,808 students, increasing 154 students over last year. 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 87% 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

LOVINGTON MUNICIPAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015 UNAUDITED

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.

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
sheribelyeu@lovingtonschools.net
Business Manager (575) 739-2200
Lovington Municipal School District
18 W. Washington
Lovington, NM 88260

LOVINGTON MUNICIPAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2015 UNAUDITED

Condensed Statement of Net Position (in thousands of dollars)

	June 30, 2015	June 30, 2014,
	Governmental	Governmental
	Activities	Activities
Current and other assets	\$ 30,588	\$ 31,976
Net capital assets	70,107	51,835
Deferred outflows	3,155	-
Total assets and deferred outflows	103,850	83,811
Long-term debt outstanding	87,028	36,472
Other liabilities	4,401	3,080
Deferred inflows	3,808	-
Total liabilities and deferred inflows	95,237	39,552
Net position	\$ 8,613	\$ 44,259
Invested in capital assets net of related debt	\$ 36,912	\$ 33,637
Restricted	6,575	6,805
Unrestricted	(34,874)	3,817
Total net position	\$ 8,613	\$ 44,259

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

Revenues:		
Program revenues		
Charges for services	\$ 366	\$ 412
Operating grants	4,545	4,349
Capital grants	276	-
General revenues		
Property taxes/Oil & Gas taxes	6,432	6,254
State aid	28,264	27,051
Other	(282)	12
Total revenue	39,601	38,078
Expenses:		
Instruction	19,218	18,410
Support services	13,747	12,541
Transportation	1,210	1,230
Food services	1,600	1,664
Community service	49	37
Debt Service	1,224	515
Facilities Acquisition & Construction	1,750	3,619
Total expenses	38,798	38,016
Increase (decrease) in net position	\$ 803	\$ 62

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Government-Wide
Statement of Net Position
June 30, 2015

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents (Note 3)	\$ 27,925,482
Investments (Note 3)	1,090,013
Receivables (Note 4)	1,554,250
Inventory	18,134
Capital assets, net (Note 6)	70,106,723
Total assets	100,694,602
DEFERRED OUTFLOWS	
Deferred outflows related to pensions (Note 9)	3,155,160
Total deferred outflows	3,155,160
Total assets and deferred outflows	\$ 103,849,762
LIABILITIES AND NET POSITION	
Accounts payable	\$ 2,296,470
Accrued payroll and related expenses	1,477,689
Accrued interest	343,381
Unearned revenue	141,678
Compensated absences - current portion (Note 7)	141,567
Noncurrent liabilities:	
Bond premium	798,126
Compensated absences - non current portion (Note 7)	254,240
Bonds payable: (Note 7)	
Due within one year	2,415,000
Due in more than one year	47,565,000
Net pension liability (Note 9)	35,995,164
Total liabilities	91,428,315
DEFERRED INFLOWS	
Deferred inflows related to pensions (Note 9)	3,808,308
Total deferred inflows	3,808,308
Net invested in capital assets	36,912,072
Restricted for:	
Debt service	3,087,592
Capital projects	3,487,598
Unrestricted	(34,874,123)
Total net position	8,613,139
Total liabilities, deferred inflows and net position	\$ 103,849,762

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, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
Instruction	\$ 19,217,855	\$ 128,201	\$ 1,392,254	\$ -
Support services:				
Students	3,878,991	-	479,561	-
Instruction	477,933	-	119,905	-
General administration	812,304	-	16,512	-
School administration	2,554,990	-	235,083	-
Central services	2,844,927	-	-	-
Operation & maintenance of plant	3,143,251	-	-	-
Student transportation	1,210,349	-	1,007,697	-
Operation of non-instruction services:				
Food services	1,600,150	238,079	1,237,322	-
Community services	49,451	-	48,893	-
Other support services	34,594	-	-	-
Capital outlay	1,749,700	-	7,451	276,133
Interest on long-term debt and other charges	1,223,864	-	-	-
Total primary government	\$ 38,798,359	\$ 366,280	\$ 4,544,678	\$ 276,133

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
Uncollectible revenue
Insurance recoveries
Reversion to PED
Loss on disposal of assets
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.

<u>Net (Expense) Revenue and</u> <u>Changes in Net Position</u> <u>Primary Government</u>	
<u>Governmental Activities</u>	
\$	(17,697,400)
	(3,399,430)
	(358,028)
	(795,792)
	(2,319,907)
	(2,844,927)
	(3,143,251)
	(202,652)
	(124,749)
	(558)
	(34,594)
	(1,466,116)
	(1,223,864)
	<u>(33,611,268)</u>
	28,264,375
	123,472
	1,236,130
	1,158,230
	239,054
	1,763,155
	1,912,417
	22,653
	(191,570)
	451
	(37)
	(113,773)
	<u>34,414,557</u>
	803,289
	44,258,944
	<u>(36,449,094)</u>
	7,809,850
\$	<u><u>8,613,139</u></u>

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2015

	General Fund	Debt Service Fund	Capital Improvements Bond Building	Capital Improvement HB- 33 Fund
ASSETS				
Cash and cash equivalents	\$ 5,315,900	\$ 2,813,223	\$ 16,785,349	\$ 1,118,970
Investments	4,236	-	-	561,251
Accounts receivable:				
Taxes	28,056	246,068	-	118,085
Due from other governments	-	-	-	-
Due from other funds	252,647	-	-	-
Inventory	-	-	-	-
Advances to other funds	1,133,728	-	-	-
<i>Total assets</i>	<u>\$ 6,734,567</u>	<u>\$ 3,059,291</u>	<u>\$ 16,785,349</u>	<u>\$ 1,798,306</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Liabilities:</i>				
Accounts payable	\$ 72,837	\$ -	\$ 2,020,688	\$ 115,258
Accrued liabilities	1,477,689	-	-	-
Accrued interest	-	-	-	-
Due to other funds	468	-	-	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	-
<i>Total liabilities</i>	<u>1,550,994</u>	<u>-</u>	<u>2,020,688</u>	<u>115,258</u>
 <i>Deferred inflows of resources:</i>				
Unavailable revenue - delinquent property taxes	3,294	31,415	-	14,986
Unavailable revenue - federal or state receivables	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>3,294</u>	<u>31,415</u>	<u>-</u>	<u>14,986</u>
 <i>Fund balances:</i>				
Nonspendable	1,386,375	-	-	-
Restricted	159,833	3,027,876	14,764,661	1,668,062
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	3,634,071	-	-	-
<i>Total fund balances</i>	<u>5,180,279</u>	<u>3,027,876</u>	<u>14,764,661</u>	<u>1,668,062</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 <u>\$ 6,734,567</u>	 <u>\$ 3,059,291</u>	 <u>\$ 16,785,349</u>	 <u>\$ 1,798,306</u>

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

Capital Improvement SB-9 Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,143,220	\$ 748,820	\$ 27,925,482
524,526	-	1,090,013
117,716	-	509,925
-	1,044,325	1,044,325
80,000	838,753	1,171,400
-	18,134	18,134
-	29,250	1,162,978
<u>\$ 1,865,462</u>	<u>\$ 2,679,282</u>	<u>\$ 32,922,257</u>

\$ 31,051	\$ 56,631	\$ 2,296,465
-	-	1,477,689
-	-	-
-	1,170,932	1,171,400
-	141,678	141,678
-	1,162,978	1,162,978
<u>31,051</u>	<u>2,532,219</u>	<u>6,250,210</u>

14,875	-	64,570
-	174,394	174,394
<u>14,875</u>	<u>174,394</u>	<u>238,964</u>

-	18,134	1,404,509
1,819,536	504,533	21,944,501
-	-	-
-	-	-
-	(549,998)	3,084,073
<u>1,819,536</u>	<u>(27,331)</u>	<u>26,433,083</u>

<u>\$ 1,865,462</u>	<u>\$ 2,679,282</u>	<u>\$ 32,922,257</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, 2015**

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

Fund balances - total governmental funds	\$	26,433,083
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.		70,106,723
Deferred outflows of resources related to pensions are not financial resources, and therefore, are not reported in funds.		3,155,160
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred inflows in the funds:		
Property taxes		64,570
Accounts receivable		174,394
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		(798,126)
Accrued interest expense		(343,381)
Long-term liabilities, including bonds payable, capital leases payable, compensated absences, and net pension liability are not due and payable in the current period and therefore are not reported in the fund financial statements.		
Bonds payable		(49,980,000)
Compensated absences		(395,812)
Net pension liability		(35,995,164)
Deferred inflows of resources related to pensions are not financial resources, and therefore, are not reported in the fund.		(3,808,308)
Net position of governmental activities in the statement of net position	\$	8,613,139

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, 2015

	General Fund	Debt Service	Capital Improvements Bond Building	Capital Improvement HB- 33
REVENUES				
Property taxes	\$ 123,430	\$ 1,227,715	\$ -	\$ 583,810
Oil and gas taxes	239,052	1,763,155	-	956,209
Investment income	6,580	-	14,409	678
Food services	-	-	-	-
District activities	38,455	-	-	-
Insurance recoveries	451	-	-	-
Revenue from local sources	192,331	-	-	-
Revenue from state sources	29,527,771	-	-	-
Revenue from federal sources	16,512	-	-	-
Total revenues	30,144,582	2,990,870	14,409	1,540,697
EXPENDITURES				
Current:				
Instruction	17,815,029	-	-	-
Support services				
Students	3,539,891	-	-	-
Instruction	306,887	-	-	-
General administration	702,412	12,057	-	5,772
School administration	2,316,176	-	-	-
Central services	915,257	-	-	-
Operation and maintenance of plant	3,128,746	-	-	-
Student transportation	1,018,150	-	-	-
Operation of non instructional services				
Food services operations	-	-	-	-
Community services	-	-	-	-
Other support services	34,383	-	-	109
Capital outlay	59,525	-	18,555,314	1,408,513
Debt service	-	3,061,710	-	-
Total expenditures	29,836,456	3,073,767	18,555,314	1,414,394
Excess (deficiency) of revenues over (under) expenditures	308,126	(82,897)	(18,540,905)	126,303
Other financing sources (uses)				
Bond proceeds	-	-	16,000,000	-
Bond premium	-	312,004	206,394	-
Increase (decrease) in inventory	-	-	-	-
Reversion to PED	(37)	-	-	-
Net changes in fund balances	308,089	229,107	(2,334,511)	126,303
Beginning fund balances,	4,872,190	2,798,769	17,099,172	1,541,759
Fund balances--end of the year	\$ 5,180,279	\$ 3,027,876	\$ 14,764,661	\$ 1,668,062

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

Capital Improvements SB-9	Other Governmental Funds	Total Governmental Funds
\$ 577,533	\$ -	\$ 2,512,488
956,209	-	3,914,625
634	351	22,652
-	238,079	238,079
-	89,746	128,201
-	-	451
-	116,397	308,728
86,133	313,747	29,927,651
-	2,657,901	2,674,413
<u>1,620,509</u>	<u>3,416,221</u>	<u>39,727,288</u>
-	993,939	18,808,968
-	432,995	3,972,886
-	156,991	463,878
5,714	16,512	742,467
-	235,083	2,551,259
-	-	915,257
-	-	3,128,746
-	-	1,018,150
-	1,589,546	1,589,546
-	48,893	48,893
102	-	34,594
2,199,868	201,013	22,424,233
-	-	3,061,710
<u>2,205,684</u>	<u>3,674,972</u>	<u>58,760,587</u>
<u>(585,175)</u>	<u>(258,751)</u>	<u>(19,033,299)</u>
-	-	16,000,000
-	-	518,398
-	(3,411)	(3,411)
-	-	(37)
<u>(585,175)</u>	<u>(262,162)</u>	<u>(2,518,349)</u>
<u>2,404,711</u>	<u>234,831</u>	<u>28,951,432</u>
<u>\$ 1,819,536</u>	<u>\$ (27,331)</u>	<u>\$ 26,433,083</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, 2015**

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

Net change in fund balances - total governmental funds	\$ (2,518,349)
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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	20,603,995
Depreciation expense	(2,219,007)
Loss on disposal of assets	(113,773)

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	5,347
Change in federal and state grants not available for modified accrual basis	(17,176)

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	(16,000,000)
Increase in the reserve for compensated absences	(57,972)
Increase in bond premium liability	(448,226)
Increase in accrued interest payable	(192,325)
Principal payments on bonds	1,960,000

Expense reported in the governmental fund which require the use of current resources, but are recorded as deferred outflows on the Statement of Activities since they will be recognized in a different period.

(199,225)

Change in net position of governmental activities	<u><u>\$ 803,289</u></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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 415,874	\$ 415,874	\$ 382,633	\$ (33,241)
Investment income	4,000	4,000	6,580	2,580
District activities	6,000	6,000	38,455	32,455
Insurance recoveries	-	-	451	451
Revenue from local sources	-	-	192,331	192,331
Revenue from state sources	29,000,114	29,508,749	29,527,771	19,022
Revenue from federal sources	-	-	16,512	16,512
<i>Total revenues</i>	29,425,988	29,934,623	30,164,733	230,110
EXPENDITURES				
Instruction:				
Personnel services - compensation	13,562,986	12,655,486	12,219,056	436,430
Personnel services - employee benefits	5,461,284	5,387,404	4,518,115	869,289
Purchased services	25,352	53,997	48,037	5,960
Travel & training	372,218	381,818	302,728	79,090
Supplies	925,384	1,097,290	739,193	358,097
Total instruction	20,347,224	19,575,995	17,827,129	1,748,866
Support services - student:				
Personnel services - compensation	1,512,281	1,450,881	1,449,206	1,675
Personnel services - employee benefits	571,639	538,889	538,310	579
Purchase prof. & tech. services	441,000	806,500	464,363	342,137
Purchased services	938,372	1,315,502	930,130	385,372
Travel & training	989	1,439	926	513
Supplies	31,434	457,504	156,956	300,548
Total support services - student	3,495,715	4,570,715	3,539,891	1,030,824
Support services - instruction:				
Personnel services - compensation	193,818	192,018	173,304	18,714
Personnel services - employee benefits	109,583	109,533	85,495	24,038
Purchase prof. & tech. services	-	-	-	-
Purchased services	70,000	300	250	50
Travel & training	3,780	4,630	3,559	1,071
Supplies	47,140	61,963	44,421	17,542
Total support services - instruction	424,321	368,444	307,029	61,415

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2015

	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	330,834	342,184	339,777	2,407
Personnel services - employee benefits	141,546	123,186	121,639	1,547
Purchased professional & technical services	124,551	119,211	112,880	6,331
Purchased services	89	3,240	3,095	145
Travel & training	35,361	108,415	90,064	18,351
Supplies	31,878	38,023	37,302	721
Total support services - general admin.	664,259	734,259	704,757	29,502
Support services - school administration:				
Personnel services - compensation	1,832,121	1,794,386	1,678,488	115,898
Personnel services - employee benefits	638,521	602,641	566,093	36,548
Purchase prof. & tech. services	7,239	11,974	11,393	581
Purchased services	-	-	-	-
Travel & training	42,333	43,833	39,554	4,279
Supplies	25,840	43,220	20,648	22,572
Total support services - school admin.	2,546,054	2,496,054	2,316,176	179,878
Support services - central services:				
Personnel services - compensation	665,685	674,065	664,087	9,978
Personnel services - employee benefits	237,522	238,292	232,741	5,551
Purchased professional & technical services	7,886	12,756	11,972	784
Purchased services	335	335	-	335
Travel & training	2,920	2,920	1,085	1,835
Supplies	18,108	34,088	5,855	28,233
Total support services - central serv.	932,456	962,456	915,740	46,716
Support services - operation and maintenance of plant:				
Personnel services - compensation	1,036,206	1,049,356	1,023,825	25,531
Personnel services - employee benefits	561,500	530,215	496,529	33,686
Purchased professional & technical services	18,912	23,512	23,057	455
Purchased services	1,010,621	1,075,656	878,422	197,234
Travel & training	585,842	591,842	578,767	13,075
Supplies	105,500	97,700	89,985	7,715
Total support services - operation and maintenance of plant	3,318,581	3,368,281	3,090,585	277,696

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>EXPENDITURES (continued)</i>				
Support services - student transportation:				
Personnel services - compensation	39,092	31,017	31,017	-
Personnel services - employee benefits	10,034	11,422	11,422	-
Purchased services	80,276	90,776	90,692	84
Purchased professional & technical services	400	395	395	-
Travel & training	772,444	884,624	884,624	-
Total support services - student transportation	902,246	1,018,234	1,018,150	84
Support services - other support				
Debt service and miscellaneous	60,700	70,700	34,383	36,317
Total support services - other support	60,700	70,700	34,383	36,317
Capital outlay	326,122	361,212	59,525	301,687
<i>Total expenditures</i>	33,017,678	33,526,350	29,813,365	3,712,985
<i>Excess (deficiency) of revenues over expenditures</i>	(3,591,690)	(3,591,727)	351,368	3,943,095

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Other financing sources (uses):</i>				
Designated cash balance	3,591,690	3,591,727	-	(3,591,727)
Transfers in (out)	-	-	(37)	(37)
<i>Total other financing sources (uses)</i>	<u>3,591,690</u>	<u>3,591,727</u>	<u>(37)</u>	<u>(3,591,764)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	351,331	351,331
<i>Cash or fund balances - beginning of year</i>	-	-	4,572,330	4,572,330
<i>Restatement (Note 14)</i>	-	-	321,921	321,921
<i>Cash or fund balances - beginning of year - restated</i>	<u>-</u>	<u>-</u>	<u>4,894,251</u>	<u>4,894,251</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,245,582</u>	<u>\$ 5,245,582</u>

RECONCILIATION TO GAAP

Adjustments:	
Deferred inflows	(42)
Accounts payable	(23,092)
Accounts receivable	(20,108)
Net change in fund balance (GAAP basis)	<u>\$ 308,089</u>

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2015

	<u>Agency Funds</u>
ASSETS	
<i>Current assets</i>	
Cash	\$ 383,350
	<u><u> </u></u>
LIABILITIES	
<i>Current liabilities</i>	
Deposits held in trust for others	\$ 383,350
	<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, 2015**

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 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, 2015**

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, 2015**

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, 2015**

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 2015 fiscal year was \$292,607,325. 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, 2015**

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 has one item that qualifies for reporting in this category on the government-wide statement of net position. It is the District's contributions subsequent to the measurement date of the collective net pension liability and before the end of the employer's reporting period. This will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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 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. Two other items, net difference between projected and actual investment earnings on pension plan investments and the change of assumptions related to the pension plan are also deferred inflows. These amounts will be amortized and recognized in future years.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2015**

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, 2015 was \$395,807.

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, 2015**

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 \$28,264,375 in state equalization guarantee distributions during the year ended June 30, 2015.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2015**

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 \$1,007,697 in transportation distributions during the year ended June 30, 2015.

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 \$6,432,458 in tax revenues during the year ended June 30, 2015. 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.

F. Pensions

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

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2015**

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

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2015 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, 2015**

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, 2015.

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, 2015, 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, 2015**

NOTE 3: DEPOSITS AND INVESTMENTS (continued)

As of June 30, 2015, \$28,774,544 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	25,266,566
Uninsured and uncollateralized	2,507,978
Balance exposed to custodial credit risk	\$ 28,774,544
Total bank balances	\$ 28,774,544
 Carrying Amount	 \$ 28,308,832

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, 2015, the New MexiGROW Local Government Investment Pool was rated at AAAM and had a 54.6 day WAM(R) and 77.7 day WAM(F). The District had \$1,090,013 invested in the New MexiGROW Local Government Investment Pool at June 30, 2015.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2015**

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	\$ 4,875,104	\$ 487,108	\$ 23,412,332	\$ 28,774,544
FDIC coverage	250,000	250,000	500,000	1,000,000
Total uninsured public funds	<u>\$ 4,625,104</u>	<u>\$ 237,108</u>	<u>\$ 22,912,332</u>	<u>\$ 27,774,544</u>
Collateral requirement (50% of uninsured public funds)	2,312,552	118,554	3,179,777	5,610,883
Collateral requirement (102% of uninsured public funds)	-	-	16,883,834	16,883,834
Pledged securities	<u>3,649,846</u>	<u>734,840</u>	<u>20,881,880</u>	<u>25,266,566</u>
Over (under) collateralization	<u>\$ 1,337,294</u>	<u>\$ 616,286</u>	<u>\$ 818,269</u>	<u>\$ 2,771,849</u>

The collateral pledged is listed on Page 126-128 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	<u>\$ 27,925,482</u>
Amounts included in agency funds	383,350
Total	<u>\$ 28,308,832</u>
Included in the following balance sheet captions:	
Cash and cash equivalents	<u>\$ 28,308,832</u>

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2015**

NOTE 3: DEPOSITS AND INVESTMENTS (continued)

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, 2015 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.

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, 2015 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	\$ 6,975	\$ 67,148	\$ 70,507	\$ -	\$ 144,630
Oil and gas taxes	21,081	168,653	175,561	-	365,295
Due from other govts	-	-	-	1,044,325	1,044,325
	<u>\$ 28,056</u>	<u>\$ 235,801</u>	<u>\$ 246,068</u>	<u>\$ 1,044,325</u>	<u>\$ 1,554,250</u>

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2015**

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, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
Reading First	Title I - IASA	\$ 398,523
Reading First	Migrant Children Education*	29,250
Reading First	IDEA-B Entitlement	136,488
Reading First	IDEA-B Preschool	886
Reading First	IDEA-B CEIS	78,852
Reading First	IDEA-B Risk Pool	544
Reading First	English Language Acquisition	80,790
Reading First	Teacher/Principal Training & Recruiting	613
Reading First	Rural and Low Income Schools	44,235
General Fund	Reading First*	1,133,728
Carl D Perkins - High Schools	Carl D Perkins - Secondary	12,999
Reading First	Medicaid XIX	27,780
General Fund	Local Combined Grants	3,323
General Fund	Dual Credit Instructional Materials	1,252
General Fund	GO Student Library Fund	19,494
General Fund	GO Bonds 2012	33,216
General Fund	Reads to Lead	80,660
Food Services	Breakfast for Elementary Students	56,576
General Fund	K-3 Plus	61,495
General Fund	Stem Initiative	11,023
General Fund	GRADS Instruction	42,183
Capital Improvement SB-9	Special Capital Outlay - State	80,000
IDEA-B CEIS	General Fund	320
Reading First	General Fund	148
		<u>\$ 2,334,378</u>

*Considered long-term advances

During the year ended June 30, 2015, \$37 was reverted back to the State of New Mexico.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2015**

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	June 30, 2014	Increases	Decreases	June 30, 2015
Governmental Activities				
Capital assets, not being depreciated:				
Land and improvements	\$ 73,609	\$ 140,952	\$ -	\$ 214,561
CIP	912,223	12,360,713	103,081	13,169,855
Capital assets, being depreciated:				
Buildings and improvements	107,183,344	6,717,360	-	113,900,704
Equipment	5,474,209	1,325,119	-	6,799,328
Vehicles	2,054,582	-	-	2,054,582
Intangibles	286,959	162,932	156,790	293,101
Total at historical cost	<u>115,984,926</u>	<u>20,707,076</u>	<u>259,871</u>	<u>136,432,131</u>
Less Accumulated Depreciation:				
Buildings and improvements	(59,438,468)	(1,919,655)	-	(61,358,123)
Equipment	(3,221,826)	(131,067)	-	(3,352,893)
Vehicles	(1,328,988)	(162,615)	-	(1,491,603)
Intangibles	(160,136)	(5,670)	(43,017)	(122,789)
Total accumulated depreciation	<u>(64,149,418)</u>	<u>(2,219,007)</u>	<u>(43,017)</u>	<u>(66,325,408)</u>
Governmental activities capital assets, net	<u>\$ 51,835,508</u>	<u>\$ 18,488,069</u>	<u>\$ 216,854</u>	<u>\$ 70,106,723</u>

Depreciation expense for the year ended June 30, 2015 was charged to the following functions:

	District
Instruction	\$ 84,584
Support services:	
Students	10,385
Instruction	12,154
School administration	3,134
General administration	8,128
Central services	1,919,654
Operation and maintenance of plant	14,164
Student transportation	162,615
Food services	3,631
Community services	558
Total depreciation expense	<u>\$ 2,219,007</u>

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2015**

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, 2015 are comprised of the following:

	Original Amount	Interest Rates	Balance June 30, 2015
Series 2007 General Obligation Bond	\$ 8,500,000	3.85 - 4.50%	\$ 5,400,000
Series 2008 General Obligation Bond	8,000,000	3.00 - 3.45%	5,900,000
Series 2011 General Obligation Refund Bond	6,040,000	2.00 - 2.50%	3,680,000
Series 2014 General Obligation Bond	19,000,000	2.00 - 4.00%	19,000,000
Series 2015 General Obligation Bond	<u>16,000,000</u>	2.00 - 4.00%	<u>16,000,000</u>
 Total General Obligation Bonds	 <u>\$ 57,540,000</u>		 <u>\$ 49,980,000</u>

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

Year Ending June 30	Principal	Interest	Total Requirements
2016	\$ 2,415,000	\$ 1,435,592	\$ 3,850,592
2017	2,370,000	1,423,700	3,793,700
2018	2,650,000	1,351,225	4,001,225
2019	2,895,000	1,270,088	4,165,088
2020	3,200,000	1,177,425	4,377,425
2021-2025	19,050,000	4,283,875	23,333,875
2026-2030	<u>17,400,000</u>	<u>1,336,375</u>	<u>18,736,375</u>
 Total	 <u>\$ 49,980,000</u>	 <u>\$ 12,278,280</u>	 <u>\$ 62,258,280</u>

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2015**

NOTE 7: LONG – TERM DEBT (continued)

Changes in long-term liabilities – During the year ended June 30, 2015, the following changes occurred in liabilities reported in the general obligation bonds and compensated absences.

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Due Within One Year
2007 Series	\$ 6,000,000	\$ -	\$ (600,000)	\$ 5,400,000	\$ 600,000
2008 Series	6,325,000	-	(425,000)	5,900,000	500,000
2011 Series	4,615,000	-	(935,000)	3,680,000	1,015,000
2014 Series	19,000,000	-	-	19,000,000	300,000
2015 Series	-	16,000,000	-	16,000,000	-
Compensated Absences	337,834	199,540	(141,567)	395,807	141,567
Total Long-Term Liabilities	\$ 36,277,834	\$ 16,199,540	\$ (2,101,567)	\$ 50,375,807	\$ 2,556,567

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, 2015 was \$1,292,925.

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, 2015, there have been no claims that have exceeded insurance coverage.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2015**

NOTE 9: PENSION PLAN-EDUCATIONAL RETIREMENT BOARD

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

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at www.nmerb.org.

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

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

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

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

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2015**

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

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

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

Contributions. The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014, employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015, employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$2,515,007 for the year ended June 30, 2015.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2015**

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the District reported a liability of \$35,995,164 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the District proportion was 0.63086 percent, which was an increase of 0.01374 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$2,714,247. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 536,199
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	3,272,109
Changes in proportion and differences between the District's contributions and proportionate share of contributions	640,153	-
The District's contributions subsequent to the measurement date	2,515,007	-
Total	\$ 3,155,160	\$ 3,808,308

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2015**

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

\$2,515,007 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ (781,938)
2017	(781,938)
2018	(786,269)
2019	(818,010)
2020	-
Thereafter	-

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

1. All members with an annual salary of more than \$20,000 will contribute 10.10% during the fiscal year ending June 30, 2014 and 10.7% thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on April 26, 2013 in conjunction with the six-year experience study period ending June 30, 2012.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2015**

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

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

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

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

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2015**

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

Asset Class	2014 Long-Term Expected Real Rate of Return	2013 Long-Term Expected Real Rate of Return
Cash	1.50%	0.75%
Treasuries	2.00%	1.00%
IG Corp Credit	3.50%	3.00%
MBS	2.25%	2.50%
Core Bonds	2.53%	2.04%
TIPS	2.50%	1.50%
High Yield Bonds	4.50%	5.00%
Bank Loans	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	0.75%
Global Bonds (Hedged)	1.38%	0.93%
EMD External	5.00%	4.00%
EMD Local Currency	5.75%	5.00%
Large Cap Equities	6.25%	6.75%
Small/Mid Cap	6.25%	7.00%
International Equities (Unhedged)	7.25%	7.75%
International Equities (Hedged)	7.50%	8.00%
Emerging International Equities	9.50%	9.75%
Private Equity	8.75%	9.00%
Private Debt	8.00%	8.50%
Private Real Assets	7.75%	8.00%
Real Estate	6.25%	6.00%
Commodities	5.00%	5.00%
Hedge Funds Low Vol	5.50%	4.75%
Hedge Funds Mod Vol	5.50%	6.50%

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2015**

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

	1% Decrease (6.75)	Current Discount Rate (7.75)	1% Increase (8.75)
The District's proportionate share of the net pension liability	\$ 48,975,575	\$ 35,995,164	\$ 25,152,864

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

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, 2015**

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 members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2015, 2014, and 2013 were \$361,872, \$344,036, and \$343,107, in employer contributions, which equals the required contributions for each year.

NOTE 11: COMMITMENTS AND CONTINGENT LIABILITIES

At June 30, 2015, the District was committed to approximately \$16,000,000 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, 2015**

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.

Title I - IASA	\$	17,438
Migrant Children Education		29,250
IDEA-B Entitlement		3,372
IDEA-B Preschool		886
English Language Acquisition		80,976
Teacher/Principal Training & Recruiting		8,667
Rural and Low Income Schools		44,235
Reading First		180,338
GO Student Library Fund		19,494
GO Bond 2012		33,216
Reads to Lead		9,943
GRADS Instruction		42,183
Special Capital Outlay - State		80,000
Total	\$	549,998

B. Excess of expenditures over appropriations.

For the fiscal year ended June 30, 2015, expenditures exceed appropriations in the following funds:

None.

C. Designated cash appropriations in excess of available balances:

None.

NOTE 13: MEMORANDUM OF UNDERSTANDING

The District entered into a memorandum of understanding (MOU) with the City of Lovington. The City will provide a School Resource Officer (SRO) to the District. The SRO program aims to create and maintain safe, secure, and orderly learning environments for students, teachers and staff. The MOU shall begin on November 1, 2014 and end on October 31, 2019 unless terminated earlier by either party, with or without cause, upon thirty days written notice to the other party. The District agrees to pay the City the following upon the completion of services for the listed year: FY 2014-2015: \$30,173; FY 2015-2016 through FY 2018-2019: \$41,908 per year.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2015**

NOTE 13: MEMORANDUM OF UNDERSTANDING (continued)

The District entered into a MOU with the University of the Southwest (USW). The purpose of the MOU is to decrease the teacher shortage and improve instruction and student achievement in the local schools by allowing experienced teacher aides to take the next step to becoming New Experienced Teachers (NExT) by providing these District employees learning opportunities to receive their undergraduate degree in preparation for teach licensure. The District and USW will also work together to improve the curriculum of the preparation program, learning opportunities, evaluation process for certification decisions, and ongoing support of new teacher candidates. The District shall award personnel participating in the (NExT) program \$100 per credit hour up to \$900 per year paid to USW toward the students' financial obligation. The MOU will be renewed annually by August 1st and may be terminated or altered at any time upon mutual agreement of both parties.

NOTE 14: RESTATEMENT OF FUND BALANCE

During the year, the District implemented GASB Statement No. 68, Accounting Financial Reporting for Pensions (GASBS No. 68). As a result of the implementation, a net pension liability, deferred outflows and deferred inflows related to the District's share of the ERB Fund's defined benefit plan was recorded.

	As Previously Reported	Restatement	As Restated
<u>Governmental Activities</u>			
Total net position	\$ 44,258,944	\$ (36,449,094)	\$ 7,809,850

In addition to the District's implementation of GASB Statement No. 68, the District corrected errors to the following beginning cash and fund balances to include other assets available on a budget basis:

	As Previously Reported	Restatement	As Restated
<u>Governmental Fund Balances</u>			
Operational	\$ 4,492,961	\$ 321,921	\$ 4,814,882
Capital Improvement HB-33	\$ 851,210	\$ 560,092	\$ 1,411,302
Capital Improvements SB-9	\$ 1,919,490	\$ 523,442	\$ 2,442,932
English Language Acquisition	\$ (19,795)	\$ (71,156)	\$ (90,951)

NOTE 15: SPECIAL APPROPRIATIONS

The District received appropriations for the construction of a playground during the year ended June 30, 2015. At June 30, 2015, the District had expended \$80,000 towards the project and no additional appropriations were available at June 30, 2015.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements
June 30, 2015**

NOTE 16: SUBSEQUENT PRONOUNCEMENTS

In March 2015, GASB issued Government Accounting Standards Board Statement No. 72, Fair Value Measurement and Application, to address accounting and financial reporting issues related to fair value measurements. The provisions of the statement are effective for financial statements for periods beginning after June 15, 2015. The standard is expected to have no effect on the District in upcoming years.

NOTE 17: SUBSEQUENT EVENTS

Management review

The date to which events occurring after June 30, 2015, the date of the most recent Statement of Net Position, have been evaluated for possible adjustment to the financial statements and disclosures is November 20, 2015 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, 2015

	Operational	Transportation	Instructional Materials	Total General Fund
ASSETS				
Cash and cash equivalents	\$ 5,156,067	\$ -	\$ 159,833	\$ 5,315,900
Investments	4,236	-	-	4,236
Receivables:				
Taxes	28,056	-	-	28,056
Due from other funds	252,647	-	-	252,647
Advances to other funds	1,133,728	-	-	1,133,728
Total assets	\$ 6,574,734	\$ -	\$ 159,833	\$ 6,734,567
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 72,837	\$ -	\$ -	\$ 72,837
Accrued payroll	1,477,689	-	-	1,477,689
Due to other funds	468	-	-	468
Total liabilities	1,550,994	-	-	1,550,994
<i>Deferred inflows of resources:</i>				
Unavailable revenue - delinquent property taxes	3,294	-	-	3,294
	3,294	-	-	3,294
<i>Fund balances:</i>				
Nonspendable	1,386,375	-	-	1,386,375
Restricted	-	-	159,833	159,833
Committed	-	-	-	-
Unassigned	3,634,071	-	-	3,634,071
Total fund balances	5,020,446	-	159,833	5,180,279
Total liabilities and fund balances	\$ 6,574,734	\$ -	\$ 159,833	\$ 6,734,567

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, 2015

	Operational	Transportation	Instructional Materials	Total General Fund
REVENUES				
Property taxes	\$ 123,430	\$ -	\$ -	\$ 123,430
Oil and gas taxes	239,052	-	-	239,052
Investment income	6,580	-	-	6,580
District activities	38,455	-	-	38,455
Insurance recoveries	451	-	-	451
Revenue from local sources	192,331	-	-	192,331
Revenue from state sources	28,264,375	1,007,697	255,699	29,527,771
Revenue from federal sources	16,512	-	-	16,512
Total revenues	<u>28,881,186</u>	<u>1,007,697</u>	<u>255,699</u>	<u>30,144,582</u>
EXPENDITURES				
Current:				
Instruction	17,639,868	-	175,161	17,815,029
Support services:				
Students	3,539,891	-	-	3,539,891
Instruction	306,887	-	-	306,887
General administration	702,412	-	-	702,412
School administration	2,316,176	-	-	2,316,176
Central services	915,257	-	-	915,257
Operation and maintenance of plant	3,128,746	-	-	3,128,746
Student transportation	10,416	1,007,734	-	1,018,150
Operation of non instructional services:				
Other support services	34,383	-	-	34,383
Capital outlay	59,525	-	-	59,525
Total expenditures	<u>28,653,561</u>	<u>1,007,734</u>	<u>175,161</u>	<u>29,836,456</u>
Excess (deficiency) of revenues over expenditures	<u>227,625</u>	<u>(37)</u>	<u>80,538</u>	<u>308,126</u>
Other financing sources (uses)				
Transfers in (out)	<u>-</u>	<u>(37)</u>	<u>-</u>	<u>(37)</u>
Net changes in fund balances	227,625	(74)	80,538	308,089
Fund balances - beginning of year	<u>4,792,821</u>	<u>74</u>	<u>79,295</u>	<u>4,872,190</u>
Fund balances - end of year	<u>\$ 5,020,446</u>	<u>\$ -</u>	<u>\$ 159,833</u>	<u>\$ 5,180,279</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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 415,874	\$ 415,874	\$ 382,633	\$ (33,241)
Investment income	4,000	4,000	6,580	2,580
District activities	6,000	6,000	38,455	32,455
Insurance recoveries	-	-	451	451
Revenue from local sources	-	-	192,331	192,331
Revenue from state sources	27,916,231	28,245,354	28,264,375	19,021
Revenue from federal sources	-	-	16,512	16,512
<i>Total revenues</i>	28,342,105	28,671,228	28,901,337	230,109
EXPENDITURES				
Instruction:				
Personnel services - compensation	13,562,986	12,655,486	12,219,056	436,430
Personnel services - employee benefits	5,461,284	5,387,404	4,518,115	869,289
Purchased services	25,352	53,997	48,037	5,960
Travel & training	372,218	381,818	302,728	79,090
Supplies	743,747	841,592	564,032	277,560
Total instruction	20,165,587	19,320,297	17,651,968	1,668,329
Support services - student:				
Personnel services - compensation	1,512,281	1,450,881	1,449,206	1,675
Personnel services - employee benefits	571,639	538,889	538,310	579
Purchase prof. & tech. services	441,000	806,500	464,363	342,137
Purchased services	938,372	1,315,502	930,130	385,372
Travel & training	989	1,439	926	513
Supplies	31,434	457,504	156,956	300,548
Total support services - student	3,495,715	4,570,715	3,539,891	1,030,824
Support services - instruction:				
Personnel services - compensation	193,818	192,018	173,304	18,714
Personnel services - employee benefits	109,583	109,533	85,495	24,038
Purchase prof. & tech. services	-	-	-	-
Purchased services	70,000	300	250	50
Travel & training	3,780	4,630	3,559	1,071
Supplies	47,140	61,963	44,421	17,542
Total support services - instruction	424,321	368,444	307,029	61,415

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, 2015

	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	330,834	342,184	339,777	2,407
Personnel services - employee benefits	141,546	123,186	121,639	1,547
Purchased professional & technical services	124,551	119,211	112,880	6,331
Purchased services	89	3,240	3,095	145
Travel & training	35,361	108,415	90,064	18,351
Supplies	31,878	38,023	37,302	721
Total support services - general admin	664,259	734,259	704,757	29,502
Support services - school administration:				
Personnel services - compensation	1,832,121	1,794,386	1,678,488	115,898
Personnel services - employee benefits	638,521	602,641	566,093	36,548
Purchase prof. & tech. services	7,239	11,974	11,393	581
Purchased services	-	-	-	-
Travel & training	42,333	43,833	39,554	4,279
Supplies	25,840	43,220	20,648	22,572
Total support services - school admin.	2,546,054	2,496,054	2,316,176	179,878
Support services - central services:				
Personnel services - compensation	665,685	674,065	664,087	9,978
Personnel services - employee benefits	237,522	238,292	232,741	5,551
Purchased professional & technical services	7,886	12,756	11,972	784
Purchased services	335	335	-	335
Travel & training	2,920	2,920	1,085	1,835
Supplies	18,108	34,088	5,855	28,233
Total support services - central serv.	932,456	962,456	915,740	46,716

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, 2015

	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	1,036,206	1,049,356	1,023,825	25,531
Personnel services - employee benefits	561,500	530,215	496,529	33,686
Purchased professional & technical services	18,912	23,512	23,057	455
Purchased services	1,010,621	1,075,656	878,422	197,234
Travel & training	585,842	591,842	578,767	13,075
Supplies	105,500	97,700	89,985	7,715
Total support services - operation and maintenance of plant	<u>3,318,581</u>	<u>3,368,281</u>	<u>3,090,585</u>	<u>277,696</u>
Support services - student transportation:				
Purchased services	-	10,500	10,416	84
Total support services - student transportation	<u>-</u>	<u>10,500</u>	<u>10,416</u>	<u>84</u>
Support services - other support:				
Miscellaneous	60,700	70,700	34,383	36,317
Total support services - other support	<u>60,700</u>	<u>70,700</u>	<u>34,383</u>	<u>36,317</u>
Capital outlay	<u>326,122</u>	<u>361,212</u>	<u>59,525</u>	<u>301,687</u>
<i>Total expenditures</i>	<u>31,933,795</u>	<u>32,262,918</u>	<u>28,630,470</u>	<u>3,632,448</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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Excess (deficiency) of revenues over expenditures</i>	(3,591,690)	(3,591,690)	270,867	3,862,557
<i>Other financing sources (uses):</i>				
Designated cash balance	3,591,690	3,591,690	-	(3,591,690)
Transfer in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	3,591,690	3,591,690	-	(3,591,690)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	270,867	270,867
<i>Cash or fund balances - beginning of year</i>	-	-	4,492,961	4,492,961
<i>Restatement (Note 14)</i>	-	-	321,921	321,921
<i>Cash or fund balances - beginning of year - restated</i>	-	-	4,814,882	4,814,882
<i>Cash or fund balances - end of year</i>	\$ -	\$ -	\$ 5,085,749	\$ 5,085,749

RECONCILIATION TO GAAP

Adjustments:

Deferred inflows	(42)
Accounts payable	(23,092)
Accounts receivable	(20,108)
Net change in fund balance (GAAP basis)	<u>\$ 227,625</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
Transportation
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenues from state sources	\$ 902,246	\$ 1,007,697	\$ 1,007,697	\$ -
<i>Total revenues</i>	<u>902,246</u>	<u>1,007,697</u>	<u>1,007,697</u>	<u>-</u>
EXPENDITURES				
Support services - student transportation:				
Personnel services - compensation	39,092	31,017	31,017	-
Personnel services - employee benefits	10,034	11,422	11,422	-
Purchased services	80,276	80,276	80,276	-
Purchased professional & technical services	400	395	395	-
Travel & training	772,444	884,624	884,624	-
<i>Total expenditures</i>	<u>902,246</u>	<u>1,007,734</u>	<u>1,007,734</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(37)</u>	<u>(37)</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	37	-	(37)
Transfers in (out)	-	-	(37)	(37)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>37</u>	<u>(37)</u>	<u>(74)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(74)</u>	<u>(74)</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>74</u>	<u>74</u>
<i>Cash or fund balances - end of year</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
Instructional Materials
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenues from state sources	\$ 181,637	\$ 255,698	\$ 255,699	\$ 1
<i>Total revenues</i>	<u>181,637</u>	<u>255,698</u>	<u>255,699</u>	<u>1</u>
EXPENDITURES				
Instruction:				
Supplies	181,637	255,698	175,161	80,537
<i>Total expenditures</i>	<u>181,637</u>	<u>255,698</u>	<u>175,161</u>	<u>80,537</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>80,538</u>	<u>80,538</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>80,538</u>	<u>80,538</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>79,295</u>	<u>79,295</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,833</u>	<u>\$ 159,833</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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,060,440	\$ 3,060,440	\$ 3,031,815	\$ (28,625)
<i>Total revenues</i>	<u>3,060,440</u>	<u>3,060,440</u>	<u>3,031,815</u>	<u>(28,625)</u>
EXPENDITURES				
Support services:				
General administration	10,000	12,100	12,057	43
Debt service	5,276,463	5,586,367	3,061,710	2,524,657
<i>Total expenditures</i>	<u>5,286,463</u>	<u>5,598,467</u>	<u>3,073,767</u>	<u>2,524,700</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,226,023)</u>	<u>(2,538,027)</u>	<u>(41,952)</u>	<u>2,496,075</u>
<i>Other financing sources (uses):</i>				
Bond premium	-	312,004	312,004	-
Designated cash balance	2,226,023	2,226,023	-	(2,226,023)
<i>Total other financing sources (uses)</i>	<u>2,226,023</u>	<u>2,538,027</u>	<u>312,004</u>	<u>(2,226,023)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	270,052	270,052
<i>Cash or fund balances - beginning of year</i>	-	-	2,543,169	2,543,169
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,813,221</u>	<u>\$ 2,813,221</u>
RECONCILIATION TO GAAP				
Adjustments:				
Deferred revenue			(8,416)	
Accounts receivable			(32,529)	
Net change in fund balance (GAAP basis)			<u>\$ 229,107</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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Bond proceeds	-	16,000,000	16,206,394	206,394
Investment income	-	-	14,409	14,409
<i>Total revenues</i>	<u>-</u>	<u>16,000,000</u>	<u>16,220,803</u>	<u>220,803</u>
EXPENDITURES				
Support services:				
Capital outlay	16,489,590	32,489,590	17,176,804	15,312,786
<i>Total expenditures</i>	<u>16,489,590</u>	<u>32,489,590</u>	<u>17,176,804</u>	<u>15,312,786</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(16,489,590)</u>	<u>(16,489,590)</u>	<u>(956,001)</u>	<u>15,533,589</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	16,489,590	16,489,590	-	(16,489,590)
<i>Total other financing sources (uses)</i>	<u>16,489,590</u>	<u>16,489,590</u>	<u>-</u>	<u>(16,489,590)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(956,001)	(956,001)
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>17,741,350</u>	<u>17,741,350</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,785,349</u>	<u>\$ 16,785,349</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts payable			(1,378,510)	
Net change in fund balance (GAAP basis)			<u>\$ (2,334,511)</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Capital Improvement HB-33 Capital Project Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,749,273	\$ 1,749,273	\$ 1,619,864	\$ (129,409)
Revenue from state sources	-	-	-	-
Investment income	-	-	678	678
<i>Total revenues</i>	<u>1,749,273</u>	<u>1,749,273</u>	<u>1,620,542</u>	<u>(128,731)</u>
EXPENDITURES				
Support services:				
General administration	5,161	6,551	5,772	779
Other support services	-	110	109	1
Capital outlay	3,034,738	3,033,238	1,345,738	1,687,500
<i>Total expenditures</i>	<u>3,039,899</u>	<u>3,039,899</u>	<u>1,351,619</u>	<u>1,688,280</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,290,626)</u>	<u>(1,290,626)</u>	<u>268,923</u>	<u>1,559,549</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	1,290,626	1,290,626	-	(1,290,626)
<i>Total other financing sources (uses)</i>	<u>1,290,626</u>	<u>1,290,626</u>	<u>-</u>	<u>(1,290,626)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	268,923	268,923
<i>Cash or fund balances - beginning of year</i>	-	-	851,210	851,210
<i>Restatement (Note 14)</i>	-	-	560,092	560,092
<i>Cash or fund balances - beginning of year - restated</i>	<u>-</u>	<u>-</u>	<u>1,411,302</u>	<u>1,411,302</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,680,225</u>	<u>\$ 1,680,225</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts payable			(62,774)	
Deferred inflows			1,423	
Accounts receivable			(81,269)	
Net change in fund balance (GAAP basis)			<u>\$ 126,303</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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,743,400	\$ 1,743,400	\$ 1,613,985	\$ (129,415)
Revenue from state sources	-	90,949	-	(90,949)
Revenue from local sources	-	-	86,133	86,133
Investment income	-	-	634	634
<i>Total revenues</i>	1,743,400	1,834,349	1,700,752	(133,597)
EXPENDITURES				
Support services:				
General administration	5,103	6,498	5,714	784
Central services	-	-	-	-
Other support services	-	105	102	3
Capital outlay	4,025,871	4,115,320	2,390,123	1,725,197
<i>Total expenditures</i>	4,030,974	4,121,923	2,395,939	1,725,984
<i>Excess (deficiency) of revenues over expenditures</i>	(2,287,574)	(2,287,574)	(695,187)	1,592,387
<i>Other financing sources (uses):</i>				
Designated cash balance	2,287,574	2,287,574	-	(2,287,574)
<i>Total other financing sources (uses)</i>	2,287,574	2,287,574	-	(2,287,574)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(695,187)	(695,187)
<i>Cash or fund balances - beginning of year</i>	-	-	1,919,490	1,919,490
<i>Restatement (Note 14)</i>	-	-	523,442	523,442
<i>Cash or fund balances - beginning of year - restated</i>	-	-	2,442,932	2,442,932
<i>Cash or fund balances - end of year</i>	\$ -	\$ -	\$ 1,747,745	\$ 1,747,745
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(81,932)	
Accounts payable			190,255	
Deferred inflows			1,689	
Net change in fund balance (GAAP basis)			\$ (585,175)	

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, 2015**

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, 2015**

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, 2015**

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).

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.

K-3 Plus - The purpose of this program is to allow New Mexico public schools and districts to develop a six year pilot project that extends the school year for kindergarten through third grade by up to two months for participating students and measures the effect of additional time on literacy, numeracy and social development. Authority for creation of this fund is the authority of the New Mexico Public Education Department.

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.

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.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Special Revenue Funds
June 30, 2015**

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, 2015**

Special Capital Outlay-Local - To account for donations designated for capital outlay of scoreboard. Authority for creation of this fund is the authority of the New Mexico Public Education Department.

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.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Debt Service Fund
June 30, 2015**

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, 2015

	Special Revenue Funds			
	Food Services	Athletics	Title I - IASA	Migrant Children Education
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 91,209	\$ 217,653	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable:				
Taxes	-	-	-	-
Due from other governments	-	-	411,935	-
Due from other funds	56,576	-	-	-
Inventory	18,134	-	-	-
Advances to other funds	-	-	-	-
<i>Total assets</i>	<u>\$ 165,919</u>	<u>\$ 217,653</u>	<u>\$ 411,935</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ 30,850	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	398,523	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	29,250
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>429,373</u>	<u>29,250</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	18,134	-	-	-
Restricted	147,785	217,653	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(17,438)	(29,250)
<i>Total fund balances</i>	<u>165,919</u>	<u>217,653</u>	<u>(17,438)</u>	<u>(29,250)</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 165,919</u>	<u>\$ 217,653</u>	<u>\$ 411,935</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	English Language Acquisition	Teacher/ Principal Training & Recruiting
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
137,162	-	78,532	544	9,632	7,311
-	-	320	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 137,162</u>	<u>\$ -</u>	<u>\$ 78,852</u>	<u>\$ 544</u>	<u>\$ 9,632</u>	<u>\$ 7,311</u>
\$ 4,046	\$ -	\$ -	\$ -	\$ 186	\$ 8,054
-	-	-	-	-	-
136,488	886	78,852	544	80,790	613
-	-	-	-	-	-
-	-	-	-	-	-
<u>140,534</u>	<u>886</u>	<u>78,852</u>	<u>544</u>	<u>80,976</u>	<u>8,667</u>
-	-	-	-	9,632	7,311
-	-	-	-	9,632	7,311
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(3,372)	(886)	-	-	(80,976)	(8,667)
<u>(3,372)</u>	<u>(886)</u>	<u>-</u>	<u>-</u>	<u>(80,976)</u>	<u>(8,667)</u>
<u>\$ 137,162</u>	<u>\$ -</u>	<u>\$ 78,852</u>	<u>\$ 544</u>	<u>\$ 9,632</u>	<u>\$ 7,311</u>

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2015

	Special Revenue Funds			
	Rural and Low Income Schools	Reading First	Carl D Perkins - Secondary	Carl D Perkins - High Schools
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ -	\$ 155,282	\$ 32,352	\$ -
Investments	-	-	-	-
Accounts receivable:				
Taxes	-	-	-	-
Due from other governments	44,235	-	-	-
Due from other funds	-	768,858	-	12,999
Inventory	-	-	-	-
Advances to other funds	-	29,250	-	-
<i>Total assets</i>	<u>\$ 44,235</u>	<u>\$ 953,390</u>	<u>\$ 32,352</u>	<u>\$ 12,999</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	44,235	-	12,999	-
Unearned revenue	-	-	19,353	2,939
Advances from other funds	-	1,133,728	-	-
<i>Total liabilities</i>	<u>44,235</u>	<u>1,133,728</u>	<u>32,352</u>	<u>2,939</u>
<i>Deferred inflows of resources:</i>				
Unavailable revenue - federal or state receivables	44,235	-	-	-
<i>Total deferred inflows of resources</i>	<u>44,235</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances:</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	10,060
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(44,235)	(180,338)	-	-
<i>Total fund balances</i>	<u>(44,235)</u>	<u>(180,338)</u>	<u>-</u>	<u>10,060</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 44,235</u>	<u>\$ 953,390</u>	<u>\$ 32,352</u>	<u>\$ 12,999</u>

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

Special Revenue Funds

Medicaid XIX	Local Combined Grants	Dual Credit Instructional Materials	2010 GO Bond Student Library	GO Bonds 2012	Reads to Lead
\$ -	\$ 3,944	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
30,752	-	1,252	-	33,216	80,660
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 30,752</u>	<u>\$ 3,944</u>	<u>\$ 1,252</u>	<u>\$ -</u>	<u>\$ 33,216</u>	<u>\$ 80,660</u>
\$ 1,464	\$ -	\$ -	\$ -	\$ -	\$ 9,943
-	-	-	-	-	-
27,780	3,323	1,252	19,494	33,216	80,660
-	-	-	-	-	-
-	-	-	-	-	-
<u>29,244</u>	<u>3,323</u>	<u>1,252</u>	<u>19,494</u>	<u>33,216</u>	<u>90,603</u>
-	-	-	-	33,216	-
-	-	-	-	33,216	-
-	-	-	-	-	-
1,508	621	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(19,494)	(33,216)	(9,943)
<u>1,508</u>	<u>621</u>	<u>-</u>	<u>(19,494)</u>	<u>(33,216)</u>	<u>(9,943)</u>
<u>\$ 30,752</u>	<u>\$ 3,944</u>	<u>\$ 1,252</u>	<u>\$ -</u>	<u>\$ 33,216</u>	<u>\$ 80,660</u>

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2015

	Special Revenue Funds			
	Technology for Education	Breakfast for Elem Students	Adequacy Tech Equity Grant	K-3 Plus
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 78	\$ -	\$ 117,326	\$ -
Investments	-	-	-	-
Accounts receivable:				
Taxes	-	-	-	-
Due from other governments	-	56,576	-	61,495
Due from other funds	-	-	-	-
Inventory	-	-	-	-
Advances to other funds	-	-	-	-
	<u>\$ 78</u>	<u>\$ 56,576</u>	<u>\$ 117,326</u>	<u>\$ 61,495</u>
<i>Total assets</i>	<u>\$ 78</u>	<u>\$ 56,576</u>	<u>\$ 117,326</u>	<u>\$ 61,495</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Current liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	56,576	-	61,495
Unearned revenue	78	-	117,326	-
Advances from other funds	-	-	-	-
	<u>78</u>	<u>56,576</u>	<u>117,326</u>	<u>61,495</u>
<i>Total liabilities</i>	<u>78</u>	<u>56,576</u>	<u>117,326</u>	<u>61,495</u>
<i>Deferred inflows of resources:</i>				
Unavailable revenue - federal or state receivables	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances:</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 78</u>	<u>\$ 56,576</u>	<u>\$ 117,326</u>	<u>\$ 61,495</u>

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

Special Revenue Funds

Stem Initiative	School Library Material Fund	Early Intervention CYFD	GRADS Child Care	GRADS Instruction	GRADS Plus
\$ -	\$ 1,536	\$ 66,796	\$ 2,534	\$ -	\$ 7
-	-	-	-	-	-
-	-	-	-	-	-
11,023	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 11,023</u>	<u>\$ 1,536</u>	<u>\$ 66,796</u>	<u>\$ 2,534</u>	<u>\$ -</u>	<u>\$ 7</u>
\$ -	\$ 1,536	\$ -	\$ 552	\$ -	\$ -
-	-	-	-	-	-
11,023	-	-	-	42,183	-
-	-	-	1,982	-	-
-	-	-	-	-	-
<u>11,023</u>	<u>1,536</u>	<u>-</u>	<u>2,534</u>	<u>42,183</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	66,796	-	-	7
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(42,183)	-
-	-	66,796	-	(42,183)	7
<u>\$ 11,023</u>	<u>\$ 1,536</u>	<u>\$ 66,796</u>	<u>\$ 2,534</u>	<u>\$ -</u>	<u>\$ 7</u>

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2015

	Special Revenue Funds	
	Value Options DOH	Total Nonmajor Special Revenue Funds
ASSETS		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 312	\$ 689,029
Investments	-	-
Accounts receivable:		
Taxes	-	-
Due from other governments	-	964,325
Due from other funds	-	838,753
Inventory	-	18,134
Advances to other funds	-	29,250
	<u>\$ 312</u>	<u>\$ 2,539,491</u>
<i>Total assets</i>		
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
<i>Current liabilities:</i>		
Accounts payable	\$ -	\$ 56,631
Accrued liabilities	-	-
Due to other funds	-	1,090,932
Unearned revenue	-	141,678
Advances from other funds	-	1,162,978
	<u>-</u>	<u>2,452,219</u>
<i>Total liabilities</i>		
<i>Deferred inflows of resources:</i>		
Unavailable revenue - federal or state receivables	-	94,394
	<u>-</u>	<u>94,394</u>
<i>Total deferred inflows of resources</i>		
<i>Fund balances:</i>		
Nonspendable	-	18,134
Restricted	312	444,742
Committed	-	-
Assigned	-	-
Unassigned	-	(469,998)
	<u>312</u>	<u>(7,122)</u>
<i>Total fund balances</i>		
<i>Total liabilities, deferred inflows of resources, and fund balances</i>		
	<u>\$ 312</u>	<u>\$ 2,539,491</u>

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

Capital Outlay Funds

Special Capital Outlay - Local	Special Capital Outlay - State	Total Nonmajor Capital Projects Funds	Technology Bonds - Debt Service	Total Nonmajor Governmental Funds
\$ 75	\$ -	\$ 75	\$ 59,716	\$ 748,820
-	-	-	-	-
-	-	-	-	-
-	80,000	80,000	-	1,044,325
-	-	-	-	838,753
-	-	-	-	18,134
-	-	-	-	29,250
<u>\$ 75</u>	<u>\$ 80,000</u>	<u>\$ 80,075</u>	<u>\$ 59,716</u>	<u>\$ 2,679,282</u>
\$ -	\$ -	\$ -	\$ -	\$ 56,631
-	-	-	-	-
-	80,000	80,000	-	1,170,932
-	-	-	-	141,678
-	-	-	-	1,162,978
<u>-</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>2,532,219</u>
<u>-</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>174,394</u>
<u>-</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>174,394</u>
-	-	-	-	18,134
75	-	75	59,716	504,533
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>(80,000)</u>	<u>(80,000)</u>	<u>-</u>	<u>(549,998)</u>
<u>75</u>	<u>(80,000)</u>	<u>(79,925)</u>	<u>59,716</u>	<u>(27,331)</u>
<u>\$ 75</u>	<u>\$ 80,000</u>	<u>\$ 80,075</u>	<u>\$ 59,716</u>	<u>\$ 2,679,282</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, 2015

	Special Revenue Funds			
	Food Services	Athletics	Title I - IASA	Migrant Children Education
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Investment income	235	116	-	-
Food services	238,079	-	-	-
District activities	-	89,746	-	-
Insurance recoveries	-	-	-	-
Revenue from local sources	-	-	-	-
Revenue from state sources	-	-	-	-
Revenue from federal sources	1,180,746	-	497,569	-
<i>Total revenues</i>	1,419,060	89,862	497,569	-
EXPENDITURES				
Current:				
Instruction	-	88,994	439,430	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	12,497	-
School administration	-	-	63,080	-
Operation of non instructional services				
Food services operation	1,532,970	-	-	-
Community services	-	-	-	-
Capital outlay	3,562	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	1,536,532	88,994	515,007	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(117,472)	868	(17,438)	-
<i>Other financing sources(uses):</i>				
Increase (decrease) in inventory	(3,411)	-	-	-
<i>Net changes in fund balance</i>	(120,883)	868	(17,438)	-
<i>Beginning fund balances</i>	286,802	216,785	-	(29,250)
<i>Fund balances--end of year</i>	\$ 165,919	\$ 217,653	\$ (17,438)	\$ (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	English Language Acquisition	Teacher/ Principal Training & Recruiting
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	4,927
-	-	-	-	-	-
617,486	22,287	107,740	544	7,464	22,195
<u>617,486</u>	<u>22,287</u>	<u>107,740</u>	<u>544</u>	<u>7,464</u>	<u>27,122</u>
247,860	14,836	-	544	14,330	13,433
171,405	-	104,816	-	-	-
-	-	-	-	-	-
-	-	2,924	-	106	985
149,328	-	-	-	2,660	20,015
-	-	-	-	-	-
48,893	-	-	-	-	-
-	7,451	-	-	-	-
-	-	-	-	-	-
<u>617,486</u>	<u>22,287</u>	<u>107,740</u>	<u>544</u>	<u>17,096</u>	<u>34,433</u>
-	-	-	-	(9,632)	(7,311)
-	-	-	-	-	-
-	-	-	-	(9,632)	(7,311)
(3,372)	(886)	-	-	(71,344)	(1,356)
<u>\$ (3,372)</u>	<u>\$ (886)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (80,976)</u>	<u>\$ (8,667)</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, 2015

	Special Revenue Funds			
	Rural and Low		Carl D Perkins	Carl D
	Income Schools	Reading First	- Secondary	Perkins - High Schools
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Food services	-	-	-	-
District activities	-	-	-	-
Insurance recoveries	-	-	-	-
Revenue from local sources	-	-	-	-
Revenue from state sources	-	-	-	-
Revenue from federal sources	-	-	-	-
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
Current:				
Instruction	44,235	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Operation of non instructional services				
Food services operation	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	44,235	-	-	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(44,235)	-	-	-
<i>Other financing sources(uses):</i>				
Increase (decrease) in inventory	-	-	-	-
<i>Net changes in fund balance</i>	(44,235)	-	-	-
<i>Beginning fund balances</i>	-	(180,338)	-	10,060
<i>Fund balances--end of year</i>	\$ (44,235)	\$ (180,338)	\$ -	\$ 10,060

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

Special Revenue Funds

Medicaid XIX	Local Combined Grants	Dual Credit Instructional Materials	2010 GO Bond Student Library	GO Bonds 2012	Reads to Lead
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,470	-	-	-	-	-
-	-	16,088	-	-	119,905
201,870	-	-	-	-	-
<u>203,340</u>	<u>-</u>	<u>16,088</u>	<u>-</u>	<u>-</u>	<u>119,905</u>
-	-	16,088	-	-	742
156,774	-	-	-	-	-
-	-	-	-	33,216	123,775
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>156,774</u>	<u>-</u>	<u>16,088</u>	<u>-</u>	<u>33,216</u>	<u>124,517</u>
<u>46,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,216)</u>	<u>(4,612)</u>
-	-	-	-	-	-
46,566	-	-	-	(33,216)	(4,612)
(45,058)	621	-	(19,494)	-	(5,331)
<u>\$ 1,508</u>	<u>\$ 621</u>	<u>\$ -</u>	<u>\$ (19,494)</u>	<u>\$ (33,216)</u>	<u>\$ (9,943)</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, 2015

	Special Revenue Funds			
	Technology for Education	Breakfast for Elementary Students	Adequacy Tech Equity Grant	K-3 Plus
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Food services	-	-	-	-
District activities	-	-	-	-
Insurance recoveries	-	-	-	-
Revenue from local sources	-	-	-	-
Revenue from state sources	-	56,576	-	61,495
Revenue from federal sources	-	-	-	-
<i>Total revenues</i>	-	56,576	-	61,495
EXPENDITURES				
Current:				
Instruction	-	-	-	61,495
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Operation of non instructional services				
Food services operation	-	56,576	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	-	56,576	-	61,495
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	-	-	-
<i>Other financing sources(uses):</i>				
Increase (decrease) 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

Stem Initiative	School Library Material Fund	Early Intervention CYFD	GRADS Child Care	GRADS Instruction	GRADS Plus
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
29,091	-	17,009	1,856	4,007	7,720
-	-	-	-	-	-
<u>29,091</u>	<u>-</u>	<u>17,009</u>	<u>1,856</u>	<u>4,007</u>	<u>7,720</u>
29,091	-	9,278	1,856	4,007	7,720
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>29,091</u>	<u>-</u>	<u>9,278</u>	<u>1,856</u>	<u>4,007</u>	<u>7,720</u>
-	-	7,731	-	-	-
-	-	-	-	-	-
-	-	7,731	-	-	-
-	-	59,065	-	(42,183)	7
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,796</u>	<u>\$ -</u>	<u>\$ (42,183)</u>	<u>\$ 7</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, 2015

	Special Revenue Funds	
	Value Options DOH	Total Nonmajor Special Revenue Funds
REVENUES		
Property taxes	\$ -	\$ -
Investment income	-	351
Food services	-	238,079
District activities	-	89,746
Insurance recoveries	-	-
Revenue from local sources	-	6,397
Revenue from state sources	-	313,747
Revenue from federal sources	-	2,657,901
<i>Total revenues</i>	-	3,306,221
EXPENDITURES		
Current:		
Instruction	-	993,939
Support services		
Students	-	432,995
Instruction	-	156,991
General administration	-	16,512
School administration	-	235,083
Operation of non instructional services		
Food services operation	-	1,589,546
Community services	-	48,893
Capital outlay	-	11,013
Debt service	-	-
<i>Total expenditures</i>	-	3,484,972
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	(178,751)
<i>Other financing sources(uses):</i>		
Increase (decrease) in inventory	-	(3,411)
<i>Net changes in fund balance</i>	-	(182,162)
<i>Beginning fund balances</i>	312	175,040
<i>Fund balances--end of year</i>	\$ 312	\$ (7,122)

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

Capital Outlay Funds				
Special Capital Outlay - Local	Special Capital Outlay - State	Total Nonmajor Capital Projects Funds	Technology Bonds - Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	351
-	-	-	-	238,079
-	-	-	-	89,746
-	-	-	-	-
110,000	-	110,000	-	116,397
-	-	-	-	313,747
-	-	-	-	2,657,901
<u>110,000</u>	<u>-</u>	<u>110,000</u>	<u>-</u>	<u>3,416,221</u>
-	-	-	-	993,939
-	-	-	-	432,995
-	-	-	-	156,991
-	-	-	-	16,512
-	-	-	-	235,083
-	-	-	-	1,589,546
-	-	-	-	48,893
110,000	80,000	190,000	-	201,013
-	-	-	-	-
<u>110,000</u>	<u>80,000</u>	<u>190,000</u>	<u>-</u>	<u>3,674,972</u>
-	(80,000)	(80,000)	-	(258,751)
-	-	-	-	(3,411)
-	(80,000)	(80,000)	-	(262,162)
75	-	75	59,716	234,831
<u>\$ 75</u>	<u>\$ (80,000)</u>	<u>\$ (79,925)</u>	<u>\$ 59,716</u>	<u>\$ (27,331)</u>

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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ 600	\$ 600	\$ 235	\$ (365)
District activities	320,706	320,706	238,079	(82,627)
Revenues from federal sources	1,177,369	1,177,369	1,106,822	(70,547)
Revenue from state sources	-	-	-	-
<i>Total revenues</i>	<u>1,498,675</u>	<u>1,498,675</u>	<u>1,345,136</u>	<u>(153,539)</u>
EXPENDITURES				
Operation of non-instructional services:				
Food services	1,523,667	1,693,190	1,680,393	12,797
Capital outlay	255,889	86,366	3,562	82,804
<i>Total expenditures</i>	<u>1,779,556</u>	<u>1,779,556</u>	<u>1,683,955</u>	<u>95,601</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(280,881)</u>	<u>(280,881)</u>	<u>(338,819)</u>	<u>(57,938)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	280,881	280,881	-	280,881
<i>Total other financing sources (uses)</i>	<u>280,881</u>	<u>280,881</u>	<u>-</u>	<u>280,881</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(338,819)	(338,819)
<i>Cash or fund balances - beginning of year</i>	-	-	486,605	486,605
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,786</u>	<u>\$ 147,786</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(191,571)	
Inventory			(3,411)	
Accounts Payable			221,348	
Deferred Inflows			191,570	
Net change in fund balance (GAAP basis)			<u>\$ (120,883)</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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment income	\$ -	\$ -	\$ 116	\$ 116
District activities	75,122	75,122	89,746	14,624
Revenue from state sources	-	-	-	-
<i>Total revenues</i>	<u>75,122</u>	<u>75,122</u>	<u>89,862</u>	<u>14,740</u>
EXPENDITURES				
Instruction	306,140	306,140	88,994	217,146
<i>Total expenditures</i>	<u>306,140</u>	<u>306,140</u>	<u>88,994</u>	<u>217,146</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(231,018)</u>	<u>(231,018)</u>	<u>868</u>	<u>231,886</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	231,018	231,018	-	(231,018)
<i>Total other financing sources (uses)</i>	<u>231,018</u>	<u>231,018</u>	<u>-</u>	<u>(231,018)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	868	868
<i>Cash or fund balances - beginning of year</i>	-	-	216,785	216,785
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,653</u>	<u>\$ 217,653</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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 541,613	\$ 624,538	\$ 398,519	\$ (226,019)
<i>Total revenues</i>	<u>541,613</u>	<u>624,538</u>	<u>398,519</u>	<u>(226,019)</u>
EXPENDITURES				
Instruction	458,162	538,162	421,992	116,170
Support services:				
General administration	15,328	15,328	12,497	2,831
School administration	68,123	71,048	63,080	7,968
<i>Total expenditures</i>	<u>541,613</u>	<u>624,538</u>	<u>497,569</u>	<u>126,969</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(99,050)</u>	<u>(99,050)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(99,050)	(99,050)
<i>Cash or fund balances - beginning of year</i>	-	-	(299,473)	(299,473)
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (398,523)</u>	<u>\$ (398,523)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			99,050	
Accounts payable			(17,438)	
Net change in fund balance (GAAP basis)			<u>\$ (17,438)</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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
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>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(29,253)</u>	<u>(29,253)</u>
<i>Cash or fund balances - end of year</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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ 802,291	\$ 826,807	\$ 24,516
<i>Total revenues</i>	-	802,291	826,807	24,516
EXPENDITURES				
Instruction	-	326,715	251,872	74,843
Support services:				
Students	-	259,480	171,405	88,075
General administration	-	-	-	-
School administration	-	164,096	149,328	14,768
Community services	-	52,000	48,893	3,107
<i>Total expenditures</i>	-	802,291	621,498	180,793
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	205,309	205,309
<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>	-	-	205,309	205,309
<i>Cash or fund balances - beginning of year</i>	-	-	(341,798)	(341,798)
<i>Cash or fund balances - end of year</i>	\$ -	\$ -	\$ (136,489)	\$ (136,489)
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(205,489)	
Accounts payable			180	
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 Preschool Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ 34,450	\$ 58,036	\$ 23,586
<i>Total revenues</i>	<u>-</u>	<u>34,450</u>	<u>58,036</u>	<u>23,586</u>
EXPENDITURES				
Instruction	-	16,969	14,836	2,133
Support services:				
Capital outlay	-	17,481	7,451	10,030
<i>Total expenditures</i>	<u>-</u>	<u>34,450</u>	<u>22,287</u>	<u>12,163</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>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(36,635)</u>	<u>(36,635)</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (886)</u>	<u>\$ (886)</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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ 108,279	\$ 136,132	\$ 27,853
Interfund Transfer	-	-	-	-
<i>Total revenues</i>	-	108,279	136,132	27,853
EXPENDITURES				
Salaries	-	105,355	104,816	539
Support services:				
General administration	-	2,924	2,924	-
<i>Total expenditures</i>	-	108,279	107,740	539
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	28,392	28,392
<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>	-	-	28,392	28,392
<i>Cash or fund balances - beginning of year</i>	-	-	(106,924)	(106,924)
<i>Cash or fund balances - end of year</i>	\$ -	\$ -	\$ (78,532)	\$ (78,532)
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(28,392)	
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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 745	\$ -	\$ (745)
<i>Total revenues</i>	<u>-</u>	<u>745</u>	<u>-</u>	<u>(745)</u>
EXPENDITURES				
Instruction	-	745	544	201
<i>Total expenditures</i>	<u>-</u>	<u>745</u>	<u>544</u>	<u>201</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(544)</u>	<u>(544)</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>(544)</u>	<u>(544)</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (544)</u>	<u>\$ (544)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			544	
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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 56,145	\$ 67,840	\$ 27,257	\$ (40,583)
<i>Total revenues</i>	<u>56,145</u>	<u>67,840</u>	<u>27,257</u>	<u>(40,583)</u>
EXPENDITURES				
Instruction	47,970	59,665	14,330	45,335
Support services				
General administration	1,123	1,123	106	1,017
School administration	7,052	7,052	2,660	4,392
<i>Total expenditures</i>	<u>56,145</u>	<u>67,840</u>	<u>17,096</u>	<u>50,744</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>10,161</u>	<u>10,161</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>10,161</u>	<u>10,161</u>
<i>Cash or fund balances - beginning of year Restatement (Note 14)</i>	<u>-</u>	<u>-</u>	<u>(19,795)</u>	<u>(19,795)</u>
<i>Cash or fund balances - beginning of year - restated</i>	<u>-</u>	<u>-</u>	<u>(90,951)</u>	<u>(90,951)</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (80,790)</u>	<u>\$ (80,790)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(10,161)	
Unearned revenue			-	
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
Teacher/Principal Training and Recruiting Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 107,188	\$ 107,188	\$ 86,845	\$ (20,343)
Revenue from local sources	-	-	1,739	1,739
<i>Total revenues</i>	<u>107,188</u>	<u>107,188</u>	<u>88,584</u>	<u>(18,604)</u>
EXPENDITURES				
Instruction	46,654	81,654	14,789	66,865
Support services:				
Students	35,000	-	-	-
Instruction	-	-	-	-
General administration	3,034	3,034	985	2,049
School administration	22,500	22,500	20,015	2,485
<i>Total expenditures</i>	<u>107,188</u>	<u>107,188</u>	<u>35,789</u>	<u>71,399</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>52,795</u>	<u>52,795</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>52,795</u>	<u>52,795</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(53,408)</u>	<u>(53,408)</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (613)</u>	<u>\$ (613)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(52,725)	
Accounts payable			(2,734)	
Deferred revenue			-	
Net change in fund balance (GAAP basis)			<u>\$ (2,664)</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
Rural and Low Income Schools Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ -	\$ 50,225	\$ 12,599	\$ (37,626)
<i>Total revenues</i>	<u>-</u>	<u>50,225</u>	<u>12,599</u>	<u>(37,626)</u>
EXPENDITURES				
Instruction	-	50,225	44,235	5,990
<i>Total expenditures</i>	<u>-</u>	<u>50,225</u>	<u>44,235</u>	<u>5,990</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(31,636)</u>	<u>(31,636)</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>(31,636)</u>	<u>(31,636)</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(12,599)</u>	<u>(12,599)</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (44,235)</u>	<u>\$ (44,235)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			31,636	
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, 2015

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

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Carl D Perkins Secondary Special Revenue Fund
For the Year Ended June 30, 2015

	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>Cash or fund balances - beginning of year</i>	-	-	19,354	19,354
<i>Cash or fund balances - end of year</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, 2015

	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>Cash or fund balances - beginning of year</i>	-	-	12,999	12,999
<i>Cash or fund balances - end of year</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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from federal sources	\$ 200,000	\$ 200,000	\$ 171,636	\$ (28,364)
Revenue from local sources	-	-	1,470	1,470
<i>Total revenues</i>	<u>200,000</u>	<u>200,000</u>	<u>173,106</u>	<u>(26,894)</u>
EXPENDITURES				
Support services:				
Students	200,000	200,000	167,197	32,803
<i>Total expenditures</i>	<u>200,000</u>	<u>200,000</u>	<u>167,197</u>	<u>32,803</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>5,909</u>	<u>5,909</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>5,909</u>	<u>5,909</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(33,689)</u>	<u>(33,689)</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,780)</u>	<u>\$ (27,780)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			30,234	
Accounts payable			10,423	
Net change in fund balance (GAAP basis)			<u>\$ 46,566</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, 2015

	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>Cash or fund balances - beginning of year</i>	-	-	621	621
<i>Cash or fund balances - end of year</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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 17,454	\$ 14,836	\$ (2,618)
<i>Total revenues</i>	<u>-</u>	<u>17,454</u>	<u>14,836</u>	<u>(2,618)</u>
EXPENDITURES				
Support services				
Instruction	-	17,454	16,088	1,366
<i>Total expenditures</i>	<u>-</u>	<u>17,454</u>	<u>16,088</u>	<u>1,366</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,252)</u>	<u>(1,252)</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>(1,252)</u>	<u>(1,252)</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,252)</u>	<u>\$ (1,252)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			1,252	
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
2010 G.O. Bond Student Library Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Support Services				
Instruction	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(19,494)</u>	<u>(19,494)</u>
<i>Cash or fund balances - end of year</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, 2015

	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	34,056	34,056	33,216	840
<i>Total expenditures</i>	34,056	34,056	33,216	840
<i>Excess (deficiency) of revenues over expenditures</i>	(34,056)	(34,056)	(33,216)	840
<i>Other financing sources (uses):</i>				
Designated cash balance	34,056	34,056	-	(34,056)
<i>Total other financing sources (uses)</i>	34,056	34,056	-	(34,056)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(33,216)	(33,216)
<i>Cash or fund balances - beginning of year</i>	-	-	-	-
<i>Cash or fund balances - end of year</i>	\$ -	\$ -	\$ (33,216)	\$ (33,216)

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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ 130,000	\$ 130,000	\$ 130,207	\$ 207
<i>Total revenues</i>	<u>130,000</u>	<u>130,000</u>	<u>130,207</u>	<u>207</u>
EXPENDITURES				
Support services				
Instruction	130,000	130,000	125,235	4,765
<i>Total expenditures</i>	<u>130,000</u>	<u>130,000</u>	<u>125,235</u>	<u>4,765</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>4,972</u>	<u>4,972</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>4,972</u>	<u>4,972</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(85,633)</u>	<u>(85,633)</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (80,661)</u>	<u>\$ (80,661)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			(4,972)	
Accounts payable			(4,612)	
Net change in fund balance (GAAP basis)			<u>\$ (4,612)</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, 2015

	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>Cash or fund balances - beginning of year</i>	-	-	78	78
<i>Cash or fund balances - end of year</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
Breakfast for Elementary Students Program Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 56,576	\$ -	\$ (56,576)
<i>Total revenues</i>	<u>-</u>	<u>56,576</u>	<u>-</u>	<u>(56,576)</u>
EXPENDITURES				
Other contract services	-	56,576	56,576	-
<i>Total expenditures</i>	<u>-</u>	<u>56,576</u>	<u>56,576</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(56,576)</u>	<u>(56,576)</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>(56,576)</u>	<u>(56,576)</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (56,576)</u>	<u>\$ (56,576)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			56,576	
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
Adequacy Tech Equity Grant Special Revenue Fund
For the Year Ended June 30, 2015

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

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
K-3 Plus Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ 82,150	\$ 61,540	\$ -	\$ (61,540)
<i>Total revenues</i>	<u>82,150</u>	<u>61,540</u>	<u>-</u>	<u>(61,540)</u>
EXPENDITURES				
Instruction	82,150	61,540	61,495	45
<i>Total expenditures</i>	<u>82,150</u>	<u>61,540</u>	<u>61,495</u>	<u>45</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(61,495)</u>	<u>(61,495)</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>(61,495)</u>	<u>(61,495)</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (61,495)</u>	<u>\$ (61,495)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts receivable			61,495	
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
Stem Initiative Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 36,450	\$ 18,068	\$ (18,382)
<i>Total revenues</i>	<u>-</u>	<u>36,450</u>	<u>18,068</u>	<u>(18,382)</u>
EXPENDITURES				
Instruction	-	36,450	29,092	7,358
<i>Total expenditures</i>	<u>-</u>	<u>36,450</u>	<u>29,092</u>	<u>7,358</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(11,024)</u>	<u>(11,024)</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>(11,024)</u>	<u>(11,024)</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,024)</u>	<u>\$ (11,024)</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts Receivable			<u>11,024</u>	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
School Library Material Fund Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Support services:				
Instruction	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,536</u>	<u>1,536</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,536</u>	<u>\$ 1,536</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
Early Intervention CYFD Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ -	\$ 17,009	\$ 17,009
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>17,009</u>	<u>17,009</u>
EXPENDITURES				
Instruction	-	59,064	9,278	49,786
<i>Total expenditures</i>	<u>-</u>	<u>59,064</u>	<u>9,278</u>	<u>49,786</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(59,064)</u>	<u>7,731</u>	<u>66,795</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	59,064	-	(59,064)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>59,064</u>	<u>-</u>	<u>(59,064)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>7,731</u>	<u>7,731</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>59,064</u>	<u>59,064</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,795</u>	<u>\$ 66,795</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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 3,000	\$ 2,408	\$ (592)
<i>Total revenues</i>	<u>-</u>	<u>3,000</u>	<u>2,408</u>	<u>(592)</u>
EXPENDITURES				
Instruction	-	4,982	1,856	3,126
<i>Total expenditures</i>	<u>-</u>	<u>4,982</u>	<u>1,856</u>	<u>3,126</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(1,982)</u>	<u>552</u>	<u>2,534</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	1,982	-	(1,982)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>1,982</u>	<u>-</u>	<u>(1,982)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>552</u>	<u>552</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,983</u>	<u>1,983</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,535</u>	<u>\$ 2,535</u>
RECONCILIATION TO GAAP				
Adjustments:				
Accounts payable			(552)	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
GRADS Instruction Special Revenue Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 6,500	\$ 4,007	\$ (2,493)
<i>Total revenues</i>	-	6,500	4,007	(2,493)
EXPENDITURES				
Instruction	-	6,500	4,007	2,493
Support services:				
Students	-	-	-	-
<i>Total expenditures</i>	-	6,500	4,007	2,493
<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>Cash or fund balances - beginning of year</i>	-	-	(42,185)	(42,185)
<i>Cash or fund balances - end of year</i>	\$ -	\$ -	\$ (42,185)	\$ (42,185)

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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ -	\$ 16,000	\$ 7,720	\$ (8,280)
<i>Total revenues</i>	<u>-</u>	<u>16,000</u>	<u>7,720</u>	<u>(8,280)</u>
EXPENDITURES				
Instruction	-	16,000	7,720	8,280
Support services:				
Students	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>16,000</u>	<u>7,720</u>	<u>8,280</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>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7</u>	<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, 2015

	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	-	-	-	-
<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>Cash or fund balances - beginning of year</i>	-	-	311	311
<i>Cash or fund balances - end of year</i>	\$ -	\$ -	\$ 311	\$ 311

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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from local sources	\$ -	\$ 110,000	\$ 110,000	\$ -
<i>Total revenues</i>	<u>-</u>	<u>110,000</u>	<u>110,000</u>	<u>-</u>
EXPENDITURES				
Capital outlay	-	110,000	110,000	-
<i>Total expenditures</i>	<u>-</u>	<u>110,000</u>	<u>110,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>75</u>	<u>75</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 75</u>

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Special Capital Outlay State Capital Project Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from state sources	\$ 80,000	\$ 80,000	\$ -	\$ (80,000)
<i>Total revenues</i>	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>(80,000)</u>
EXPENDITURES				
Capital outlay	80,000	80,000	80,000	-
<i>Total expenditures</i>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(80,000)</u>	<u>(80,000)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(80,000)</u>	<u>(80,000)</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (80,000)</u>	<u>\$ (80,000)</u>

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Technology Bonds Debt Service Fund
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
EXPENDITURES				
Support services:				
Instruction	-	-	-	-
Debt service	-	-	-	-
<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>Cash or fund balances - beginning of year</i>	-	-	59,716	59,716
<i>Cash or fund balances - end of year</i>	\$ -	\$ -	\$ 59,716	\$ 59,716

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

FIDUCIARY SECTION

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Fiduciary Funds
June 30, 2015**

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, 2015

	Balance			Balance
	June 30, 2014	Additions	Deductions	June 30, 2015
High School Yearbook	\$ 6,581	4,880	6,057	\$ 5,404
6th Grade Energy Club	154	486	-	640
Business Professional of America	3,040	-	-	3,040
7th Grade Choir	863	5,219	3,155	2,927
Key Club	1,849	-	-	1,849
AP Consumable Lab/Cavine	286	-	-	286
Cheerleaders-High School	620	-	616	4
Cheerleaders-Jr. High	2,569	1,444	2,063	1,950
Geo Group Scholarship	-	4,000	-	4,000
Communication/Drama	218	-	-	218
Consumable Workbooks	108	-	-	108
Llano Activity Fund	9,259	18,524	15,943	11,840
FFA	29,567	45,320	46,778	28,109
LHS FCCLA	1,657	6,617	3,249	5,025
FHA-Jr. High	-	-	-	-
Scholarship Activity	5,249	-	500	4,749
High School Computer Lab-NMJC	374	-	-	374
HS Student ID	987	-	-	987
TMS Technology	-	-	-	-
Administration Coke Fund	283	-	-	283
Judy Davis Memorial	398	-	-	398
TMS Activity Account	5,288	2,269	5,659	1,898
6th Grade Activity Account	1,869	15,107	15,344	1,632
Junior Class	6,560	5,602	3,503	8,659
Library Fines	6,890	1,263	-	8,153
Miscellaneous	4,198	4,958	8,894	262
NOW/Account/Interest Earned	2,634	102	-	2,736
Senior Class	1,191	-	296	895
Sophomore Class	3,289	-	563	2,726
Choir Activity	9,448	6,140	4,505	11,083
Special Education Fund	13,417	19,856	8,961	24,312
TMS Honor Society	646	188	39	795
Student Council-High School	15,896	17,306	12,115	21,087
Student Council-Jr. High	924	600	606	918
6th Grade Honor Society	3,828	9,445	6,848	6,425
Summer School	24,077	-	-	24,077

See accompanying independent auditors' report.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Schedule of Changes in Assets and Liabilities
Activity Trust Fund
For the Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
ACTIVITY ASSETS (continued)				
Volleyball - High School	1,464	-	-	1,464
Freshman Academy Home Economics	219	-	-	219
A.K. Head Scholarship	2,566	6	500	2,072
H. Clardy Scholarship	4,076	12	500	3,588
Crouse Memorial Scholarship	5,503	1,028	-	6,531
Volleyball - Junior High	-	-	-	-
Wal-Mart Teacher of the Year	33	-	-	33
9th Media Class	1,371	-	-	1,371
Ben Alexander Activity	5,572	14,195	10,885	8,882
Task Force for Substance	1,250	-	-	1,250
Project Planned Success	2,576	-	-	2,576
National Honor Society	1,705	2,387	1,428	2,664
TMS Library/M. Gutierrez	2,744	-	-	2,744
Jr. High Library	577	2,583	2,425	735
Jefferson Activity Fund	14,151	12,825	16,124	10,852
District 4AAA Activity Fund	-	-	-	-
LJHS Media Class	-	-	-	-
After Grads	29,582	12,875	16,871	25,586
High School Library	5,414	1,197	961	5,650
Junior High Home Economics	1,377	-	-	1,377
Jr. High National Honor Society	211	-	-	211
Culinary Arts Lab Fee	1,962	1,146	2,190	918
High School Principals Coke Acct.	4,031	3,526	1,030	6,527
LJHS Dance	5,942	5,522	919	10,545
High School Math-Ancell	1,794	375	-	2,169
High School Parking Sticker-A.K.	389	-	-	389
Yarbro Library	2,844	12,996	11,820	4,020
Jefferson Library	16,017	8,793	3,071	21,739
Ben A. Library	3,388	6,919	6,771	3,536
Lea Library	4,214	10,542	8,222	6,534
Llano Library	2,541	7,724	7,874	2,391
Bob Jameson Memorial	325	-	-	325
Freshman Academy Volleyball	63	-	-	63
Elementary Fine Arts - Belinda	13,934	1,770	-	15,704
High School Art Club	295	-	-	295

See accompanying independent auditors' report.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Schedule of Changes in Assets and Liabilities
Activity Trust Fund
For the Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
ACTIVITY ASSETS (continued)				
9th Grade Student Council	2,671	-	-	2,671
Brian Urlacher Scholarship	3,125	-	-	3,125
David Templeman Memorial	5,110	4,070	3,000	6,180
Wildcat Tale	1,319	-	-	1,319
FCA/AK	202	315	-	517
Bilingual	71	7,197	4,694	2,574
LEA Activity Fund	8,768	20,218	15,132	13,854
High School Tech Lab	1,033	-	-	1,033
Yarbro Activity Account	6,386	20,267	24,663	1,990
9th Grade FHA	913	-	-	913
Character Counts-Becky Davis	5	-	-	5
Science Activity Fund	3,694	6,745	7,045	3,394
Department of Public Safety	362	-	88	274
Jr. High Lounge Cokes	1,492	-	115	1,377
HS - PSAT Testing	738	448	588	598
9th Dance Fund	544	-	-	544
NHHS Activity	388	742	694	436
9th Grade Cheerleader Fund	241	-	-	241
Aaron Austin Scholarship	335	-	-	335
J.D. Fry Scholarship	300	-	-	300
High School Band	200	2,856	2,204	852
Caprock Pipe Supply Scholarship	2	-	-	2
PNM Grants	6	-	-	6
Urlacher Royalties	1	-	-	1
Total Activity Funds	<u>\$ 340,253</u>	<u>\$ 338,605</u>	<u>\$ 295,508</u>	<u>\$ 383,350</u>
 Total Due to Other School Organizations	 <u>\$ 340,253</u>	 <u>\$ 338,605</u>	 <u>\$ 295,508</u>	 <u>\$ 383,350</u>

See accompanying independent auditors' report.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Schedule of Collateral Pledged by Depository
June 30, 2015

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2015	Name and Location of Safekeeper
Western Commerce Bank	FHLMC #390234 Due 4/01/30	\$ 21,462	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FHLMC #420041 Due 09/18/18	9,020	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FHLMC #420175B Due 03/01/19	7,926	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8076 Due 11/20/22	17,782	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 21564 Due 11/1/25	2,185	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 62667 Due 2/1/18	3,502	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 64731 Due 12/1/27	13,601	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA # 80362 Due 01/20/30	37,696	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA # 8302 Due 10/20/23	13,352	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80364 Due 01/20/30	14,584	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80470 Due 11/20/30	16,211	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80170 Due 2/20/28	38,625	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA # 859285 Due 2/20/27	19,541	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80478 Due 12/20/30	30,995	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8146 2/20/2023	41,296	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8204 Due 03/20/17	11,607	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 654159 Due 10/1/32	59,515	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FHLMC # A84288 Due 1/1/39	78,349	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA # 714730 6/15/39	505,695	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # MA0602 12/1/2030	702,423	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA #AJ4035 10/1/2041	931,955	Federal Home Loan Bank Dallas, TX

See accompanying independent auditors' report.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Schedule of Collateral Pledged by Depository
June 30, 2015

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2015	Name and Location of Safekeeper
Western Commerce Bank	FNMA #704407 5/1/33	161,516	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FHLMC #G08534 6/1/43	<u>911,008</u>	Federal Home Loan Bank Dallas, TX
		<u>3,649,846</u>	
Lea County State Bank	Los Alamos NM 2% Due 08/01/19	518,020	Lea County State Bank Hobbs, NM
Lea County State Bank	Dexter NM ISD 5% Due 08/01/21	<u>216,820</u>	Lea County State Bank Hobbs, NM
		<u>734,840</u>	
Wells Fargo Bank	FN #AV2608 11/1/2043	4,997,676	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AR1605 12/1/2042	11,886,158	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AU0881 9/1/2043	74,025	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AJ9544 1/1/2042	16,258	Bank of New York Mellon New York, NY
Wells Fargo Bank	FG #Q07153 4/1/2042	807,682	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AJ9198 1/1/2042	284,892	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AS0025 7/1/2043	143,806	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AP7948 9/1/2042	157,004	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AK8066 3/1/2042	467,200	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AB5735 7/1/2043	256,076	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AE2539 9/1/2040	16,201	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AO2970 5/1/2042	267,184	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AP9609 10/1/2042	222,131	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AH7996 11/1/2026	350,272	Bank of New York Mellon New York, NY
Wells Fargo Bank	FG #A93766 9/1/2040	2,224	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AR9206 3/1/2043	429,184	Bank of New York Mellon New York, NY

See accompanying independent auditors' report.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Schedule of Collateral Pledged by Depository
June 30, 2015

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2015	Name and Location of Safekeeper
Wells Fargo Bank	FN #AH6309 9/1/2042	11,259	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AH0291 12/1/2040	173,032	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AH0946 12/1/2040	261,580	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN #AU4293 9/1/2043	58,036	Bank of New York Mellon New York, NY
		<u>20,881,880</u>	
		<u>\$ 25,266,566</u>	

See accompanying independent auditors' report.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Schedule of Cash and Temporary Investments by Depository
June 30, 2015

Deposit or Investment Account Type	Western Commerce Bank	Lea County State Bank	Wells Fargo Bank	Total
Checking	4,075,217 *	487,108 *	1,486,616 *	6,048,941
Checking	215,709	-	19,052,778	19,268,487
Checking	375,565 *	-	2,872,938	3,248,503
Checking	91,209 *	-	-	91,209
CD	19,718 *	-	-	19,718
CD	8,891 *	-	-	8,891
CD	83,190 *	-	-	83,190
CD	5,605 *	-	-	5,605
Total on deposit	4,875,104	487,108	23,412,332	28,774,544
Reconciling items	(420,696)	(3,420)	(41,596)	(465,712)
Reconciled balance at June 30, 2015	4,454,408	483,688	23,370,736	28,308,832

* Indicates interest bearing accounts.

Cash and cash equivalents:

Government-wide balance sheet	\$ 27,925,482
Fiduciary balance sheet	\$ 383,350
	<u>\$ 28,308,832</u>

See accompanying independent auditors' report.

STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Cash Reconciliation
 June 30, 2015

	Operational Account	Payroll Clearing	ERA Clearing/ NMPSIA	Transportation Account
Cash and investments, June 30, 2014	\$ 3,457,171	\$ 33,709	\$ 1,372,909	\$ 75
Add:				
2014-15 revenues	28,901,338	-	-	1,007,697
Prior year void warrants	-	-	-	-
Adjustment	-	-	-	(37)
Loans from other funds	-	-	-	-
Total cash available	32,358,509	33,709	1,372,909	1,007,735
Less:				
2014-15 expenditures	(28,630,467)	-	-	(1,007,735)
Refunds	-	-	-	-
Prior year outstanding loans	-	-	-	-
Change in clearing accounts	-	361	77,272	-
Cash transfers	-	-	-	-
Receivable/payable change	99	-	-	-
Current year loans (to) from other funds	49,899	-	-	-
Audit adjustments	(101,990)	-	-	-
Cash and investments, June 30, 2015	<u>\$ 3,676,050</u>	<u>\$ 34,070</u>	<u>\$ 1,450,181</u>	<u>\$ -</u>

See accompanying independent auditors' report.

Instructional Materials Account	Food Services Account	Athletics Account	Federal Flowthrough Account	Federal Projects Account	Activities
\$ 79,295	\$ 486,604	\$ 216,885	\$ 30,771	\$ 3,943	\$ 340,253
255,699	1,345,136	89,862	1,547,933	173,106	338,604
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
334,994	1,831,740	306,747	1,578,704	177,049	678,857
(175,162)	(1,683,955)	(88,995)	(1,346,758)	(167,197)	(295,507)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(99)	-	-	-
-	(56,576)	-	(50,219)	-	-
-	-	-	5,909	(5,908)	-
<u>\$ 159,832</u>	<u>\$ 91,209</u>	<u>\$ 217,653</u>	<u>\$ 187,636</u>	<u>\$ 3,944</u>	<u>\$ 383,350</u>

See accompanying independent auditors' report.

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Cash Reconciliation
June 30, 2015

	<u>State Flowthrough</u>	<u>State Direct</u>	<u>Local or State</u>	<u>Bond Building</u>
Cash and investments, June 30, 2014	\$ 118,940	\$ 61,054	\$ 312	\$ 17,741,350
Add:				
2014-15 revenues	163,111	31,144	-	16,014,409
Prior year void warrants	-	-	-	-
Adjustment	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	282,051	92,198	312	33,755,759
Less:				
2014-15 expenditures	(321,701)	(22,861)	-	(16,970,410)
Refunds	-	-	-	-
Prior year outstanding loans	-	-	-	-
Change in clearing accounts	-	-	-	-
Cash transfers	-	-	-	-
Receivable/payable change	-	-	-	-
Current year loans (to) from other funds	56,576	-	-	-
Audit adjustments	102,014	-	-	-
Cash and investments, June 30, 2015	<u>\$ 118,940</u>	<u>\$ 69,337</u>	<u>\$ 312</u>	<u>\$ 16,785,349</u>

See accompanying independent auditors' report.

<u>Spec. Cap. Outlay- Local</u>	<u>Spec. Cap. Outlay- State</u>	<u>Cap. Improv. HB- 33</u>	<u>Cap. Improve - SB-9</u>	<u>Debt Service</u>	<u>Educational Technology Debt Service</u>	<u>Total</u>
\$ -	\$ -	\$ 1,411,301	\$ 2,442,932	\$ 2,543,171	\$ 59,715	\$ 30,400,390
110,000	-	1,620,542	1,700,752	3,343,819	-	56,643,152
-	-	-	-	-	-	-
-	-	-	-	-	-	(37)
-	-	-	-	-	-	-
110,000	-	3,031,843	4,143,684	5,886,990	59,715	87,043,505
(110,000)	(80,000)	(1,351,619)	(2,395,939)	(3,073,767)	-	(57,722,073)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	77,633
-	-	-	-	-	-	-
75	-	-	-	-	-	75
-	-	-	-	-	-	(320)
-	80,000	-	(80,000)	-	-	25
<u>\$ 75</u>	<u>\$ -</u>	<u>\$ 1,680,224</u>	<u>\$ 1,667,745</u>	<u>\$ 2,813,223</u>	<u>\$ 59,715</u>	<u>\$ 29,398,845</u>
					Agency cash	<u>(383,350)</u>
					Reconciled cash and investments	<u>\$ 29,015,495</u>
					Cash	27,925,482
					Investments	<u>1,090,013</u>
						<u>\$ 29,015,495</u>

See accompanying independent auditors' report.

**STATE OF NEW MEXICO
 LOVINGTON MUNICIPAL SCHOOL DISTRICT
 Schedules of Required Supplementary Information
 June 30, 2015**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
 LIABILITY
 Educational Retirement Board (ERB) Plan
 Last 10 Fiscal Years***

	2015
The District's proportion of the net pension liability (asset)	0.63086%
The District's proportionate share of the net pension liability (asset)	\$ 35,995,164
The District's covered-employee payroll	\$ 18,093,578
The District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	198.94%
Plan fiduciary net position as a percentage of the total pension liability	66.54%

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Schedules of Required Supplementary Information
June 30, 2015

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

Contractually required contribution	\$ 2,515,007
Contributions in relation to the contractually required contribution	<u>\$ 2,515,007</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
The District's covered-employee payroll	\$ 18,093,578
Contributions as a percentage of covered-employee payroll	13.90%

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

STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOL DISTRICT
Notes to Required Supplementary Information
June 30, 2015

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

Changes of assumptions.

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

1. Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 4.75% to 4.25%
 - b. Lower payroll growth from 3.75% to 3.50%
 - c. Minor changes to demographic assumptions
 - d. Population growth per year from 0.75% to 0.50%
2. Assumptions that were not changed:
 - a. Investment return will remain at 7.75%
 - b. Inflation will remain at 3.00%

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

Lovington Municipal School District
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
 For the Year Ended June 30, 2015

Prepared by : Stacey Crawford Title: Chief Procurement Officer Date November 6, 2015

RFP#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds	Brief Description of the Scope of Work
RFP 001-15	MAINT. SERV.	Honeywell	\$182,000.00		Honeywell; 3509 Durazno; El Paso, TX 79405	NA	N	No other respondees this will be maintenance on all security devices
Bid # 685	Ancillary Serv.				ATOT Health Solutions; 5830 Coral Ridge Dr., ste. 120; Coral Springs, FL 33076			Psychology
Bid # 685	Ancillary Serv.	Soliant	\$79.50/hr		Soliant Health, Inc.; 1979 Lakeside Pkwy, ste. 800; Tucker, GA 30084	NA	N	Psychology
Bid # 685	Ancillary Serv.	Therapy Solutions	\$85/hr		Therapy Solutions, Inc.; 855 CR 226; Denver City, TX 79323	NA	N	Occupational Therapy
Bid # 685	Ancillary Serv.	Therapy Solutions	\$85/hr		"	NA	N	Occupational Therapy Eval.
Bid # 685	Ancillary Serv.	Therapy Solutions	\$55/hr		"	NA	N	Occupational Therapy COTA
Bid # 685	Ancillary Serv.	Mona Granger	\$65/hr		Mona Granger; 2910 Standpipe Rd.; Carlsbad, NM 88220	NA	N	Occupational Therapy COTA

See accompanying independent auditors' report.

Lovington Municipal School District
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
 For the Year Ended June 30, 2015
 Prepared by : Stacey Crawford Title: Chief Procurement Officer Date November 6, 2015

Bid # 685	Ancillary Serv.	Barraza OT Serv.	\$85/hr			Barraza OT Serv.; 1018 E. Highland Dr.; Hobbs, NM 88240	NA	N	Occupational Therapy
Bid # 685	Ancillary Serv.	Barraza OT Serv.	\$85/hr			"	NA	N	Occupational Therapy COTA
Bid # 685	Ancillary Serv.	Healthy Therapy	\$55/hr			Healthy Therapy; 603 S. Holiday; Plainview, TX 79072	NA	N	O. T. COTA
Bid # 685	Ancillary Serv.	Soliant	\$85/hr			Soliant Health, Inc.; 1979 Lakeside Pkwy, ste. 800; Tucker, GA 30084	NA	N	O.T.
Bid # 685	Ancillary Serv.	Soliant	\$85/hr			"	NA	N	OT Eval.
Bid # 685	Ancillary Serv.	Soliant	\$75/hr			"	NA	N	OT Cota
Bid # 685	Ancillary Serv.	Gonzales OT Serv				Gonzales OT Serv; 2006 Highland Dr.; Hobbs, NM 88240	NA	N	OT Cota
Bid # 685	Ancillary Serv.	Ardor Health				Ardor Health Solutions; 5830 Coral Ridge Dr., ste. 120; Coral Sprints, FL 33076	NA	N	OT; OT Eval.; OT Cota
Bid # 685	Ancillary Serv.	Soliant	\$85/hr			Soliant Health, Inc.; 1979 Lakeside Pkwy, ste. 800; Tucker, GA 30084	NA	N	Speech Language Pathologist
Bid # 685	Ancillary Serv.	Soliant	\$85/hr			Soliant Health, Inc.; 1979 Lakeside Pkwy, ste. 800; Tucker, GA 30084	NA	N	Speech Language Pathologist Eval.
Bid # 685	Ancillary Serv.	Soliant	\$85/hr			Soliant Health, Inc.; 1979 Lakeside Pkwy, ste. 800; Tucker, GA 30084	NA	N	Speech Language Pathologist Bilingual

See accompanying independent auditors' report.

Lovington Municipal School District
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
 For the Year Ended June 30, 2015
 Prepared by : Stacey Crawford Title: Chief Procurement Officer Date November 6, 2015

Bid # 685	Ancillary Serv.	Soliant	\$72/hr				Soliant Health, Inc.; 1979 Lakeside Pkwy, ste. 800; Tucker, GA 30084	NA	N	Assistant Speech Language Path & Clinical Fellowship Year
Bid # 685	Ancillary Serv.	Therapy Solutions	\$65/hr				Therapy Solutions, Inc.; 855 CR 226; Denver City, TX 79323	NA	N	Assistant Speech Language Path & Clinical Fellowship Year
Bid # 685	Ancillary Serv.	Speech Lang. Diag.	\$85/hr				Speech Lang. Diag. Serv, LLC; 2909 North Flamingo Drive; Hobbs, NM 88240	NA	N	SLP
Bid # 685	Ancillary Serv.	Speech Lang. Diag.	\$85/hr				Speech Lang. Diag. Serv, LLC; 2909 North Flamingo Drive; Hobbs, NM 88240	NA	N	SLP EVAL
Bid # 685	Ancillary Serv.	Speech Lang. Diag.	\$65-\$75/HR				Speech Lang. Diag. Serv, LLC; 2909 North Flamingo Drive; Hobbs, NM 88240	NA	N	Assistant Speech Language Path & Clinical Fellowship Year
Bid # 685	Ancillary Serv.	MBR Speech Therapy Serv.	\$85/hr				MBR Speech Therapy Serv.; 1915 We. Jefferson; Lovington, NM 88260	NA	N	Speech Language Pathologist
Bid # 685	Ancillary Serv.	All About Therapy	\$85/hr				All About Therapy; P.O. Box 504; Bushland, TX 79012	NA	N	SLP
Bid # 685	Ancillary Serv.	All About Therapy	\$85/hr				All About Therapy; P.O. Box 504; Bushland, TX 79012	NA	N	SLP EVAL

See accompanying independent auditors' report.

Lovington Municipal School District
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
 For the Year Ended June 30, 2015

Prepared by : Stacey Crawford Title: Chief Procurement Officer Date November 6, 2015

Bid # 685	Ancillary Serv.	Ardor Health					Ardor Health Solutions; 5830 Coral Ridge Dr., ste. 120; Coral Sprints, FL 33076	NA	N	SLP
Bid # 685	Ancillary Serv.	Ardor Health					Ardor Health Solutions; 5830 Coral Ridge Dr., ste. 120; Coral Sprints, FL 33076	NA	N	SLP EVAL
Bid # 685	Ancillary Serv.	Ardor Health					Ardor Health Solutions; 5830 Coral Ridge Dr., ste. 120; Coral Sprints, FL 33076	NA	N	SLP Eval Bilingual
Bid # 685	Ancillary Serv.	Ciro Speech					Ciro Speech; 2500 Bent Tree Rd.; Roswell, NM 88201	NA	N	SLP
Bid # 685	Ancillary Serv.	Ciro Speech					Ciro Speech; 2500 Bent Tree Rd.; Roswell, NM 88201	NA	N	SLP Eval
Bid # 685	Ancillary Serv.	Ciro Speech					Ciro Speech; 2500 Bent Tree Rd.; Roswell, NM 88201	NA	N	Assistant Speech Language Path & Clinical Fellowship Year
Bid # 685	Ancillary Serv.	Therapy Options					Therapy Options; 9 Charing Cross Ct.; Roswell, NM 88201	NA	N	SLP
Bid # 685	Ancillary Serv.	Therapy Options					Therapy Options; 9 Charing Cross Ct.; Roswell, NM 88201	NA	N	SLP Eval
Bid # 685	Ancillary Serv.	Therapy Options					Therapy Options; 9 Charing Cross Ct.; Roswell, NM 88201	NA	N	Assistant Speech Language Path & Clinical Fellowship Year
Bid # 685	Ancillary Serv.	Prestige Speech Therapy Serv.					Prestige Speech Therapy Serv.; 1209 W Cochiti; Hobbs, NM 88240	NA	N	SLP

See accompanying independent auditors' report.

Lovington Municipal School District
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
 For the Year Ended June 30, 2015
 Prepared by : Stacey Crawford Title: Chief Procurement Officer Date November 6, 2015

Bid # 685	Ancillary Serv.	Prestige Speech Therapy Serv.	\$85/hr			Prestige Speech Therapy Serv.; 1209 W Cochiti; Hobbs, NM 88240	NA	N	SLP Eval
Bid # 685	Ancillary Serv.	Prestige Speech Therapy Serv.	\$90/hr			Prestige Speech Therapy Serv.; 1209 W Cochiti; Hobbs, NM 88240	NA	N	SLP Eval Bilingual
Bid # 685	Ancillary Serv.	Alexander Therapy Serv.	\$85/hr			Alexander Therapy Serv.; 609 E Taos; Hobbs, NM 88240	NA	N	SLP
Bid # 685	Ancillary Serv.	Alexander Therapy Serv.	\$85/hr			Alexander Therapy Serv.; 609 E Taos; Hobbs, NM 88240	NA	N	SLP Eval

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

Tim Keller
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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparison of the District, presented as supplemental information, and have issued our report thereon dated November 20, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 items 2015-004 and 2015-005.

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, 2015-001, 2015-002, 2015-003, and 2015-006.

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.

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

Johnson, Miller & Co., CPA's

Hobbs, New Mexico
November 20, 2015

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**

Tim Keller
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 effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to 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, 2015.

Other Matters

The results of our auditing procedures did not disclose any instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133. 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. We considered finding 2013-005 to be a significant deficiency.

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
November 20, 2015

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

<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 \$	708,149 (1)
USDA National School Breakfast Program	10.555	21000	395,447 (1)
Total Child Nutrition Cluster			<u>1,103,596</u>
Pass-Through State Department of Human Services			
USDA Commodities Program	10.555	21000	73,925 (1)
Total Commodities Program			<u>73,925</u>
Total U.S. Department of Agriculture			1,177,521
<u>U.S. Department of Education</u>			
Pass-Through State Department of Education			
Special Education Cluster:			
IDEA, Part B, Entitlement	84.027	24106	621,498 (1)
IDEA, Preschool	84.173	24109	22,286 (1)
IDEA - CEIS	84.173	24112	107,740 (1)
IDEA-B "Risk Pool"	84.173	24120	544 (1)
Total Special Education Cluster			<u>752,068</u>
Title I Cluster			
ESEA Title I Basic	84.010	24101	497,569
Total Title I Cluster			<u>497,569</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, 2015

<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	17,095
Title II A	84.367	24154	35,789
Title IV-A	84.358	24160	<u>44,235</u>
Total Other Grants			97,119
 Total U.S. Department of Education			 1,346,756
 Total Federal Assistance		\$	 <u><u>2,524,277</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, 2015 was \$73,925 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, 2015**

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): x Yes _____ No

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

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

Identification of major programs:

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

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

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

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2015**

B. Findings – Financial Statement Audit

2014-001 LATE DEPOSIT-OTHER MATTER (REVISED/REPEATED)

Condition

Three (3) deposits out of forty (40) tested, in the amount of \$1980, were deposited into the bank account within one week, but was not deposited within the required 24-hour time period. In response to the prior year finding, the Business Manager has notified all employees of this requirement during the annual back-to-school employee assembly as well as sent notifications to each schools' principal in order to alleviate the finding.

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

The Business Office Receptionist was aware that cash was required to be deposited into the bank within 24-hours, but did not understand that the rule also applied to checks received.

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

Although we understand that the receptionist had been made aware of the issue during the year, the District, on a regular basis, should continue to 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 has established written cash controls and will continue to insure that cash controls are maintained to protect and account for district assets. Written cash control will be sent out to every school at the beginning of the year. If new principals or secretaries are hired during the year they will get a copy of the District's written cash controls.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2015**

B. Findings – Financial Statement Audit (continued)

2014-002 ACCOUNT MISCODING-OTHER MATTER (REVISED/REPEATED)

Condition

One (1) invoice of fifty-six (56) tested, in the amount of \$319.93 for supplies and materials, was miscoded to the incorrect object code. In the current year, the Business Manager continues to stress the importance of reviewing financial codings to the bookkeepers, procurement officer and accounts payable personnel in order to avoid similar occurrences in response to the prior year finding.

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 requisition order had the correct account number for supplies and materials but when the bookkeeper entered the account number into Visions the account number for professional development was chosen and was not caught upon review of the purchase order.

Effect

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

Recommendation

We recommend that the District educate employees to double check entries and encourage employees to report discrepancies or unusual items in a timely manner.

Agency Response

The Business Manager will immediately check account codes twice; one on approval, then again after the requisition has been entered into the accounting system. Purchasing and Accounts Payable will report any coding errors to the Business Manager and correct coding.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2015**

B. Findings – Financial Statement Audit (continued)

2014-003 OLD OUSTANDING CHECKS-OTHER MATTER (REVISED/REPEATED)

Condition

Four (4) outstanding checks, in the amount of \$264.38, and included on the June 30, 2015 bank reconciliation were over one year old. The Business Manager has reported prior year voided checks to the State as recommended in the prior year.

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

Outstanding checks over one year are reviewed and voided in May of each year. Checks are June 2014 checks.

Effect

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

Recommendation

In addition to reviewing checks on a yearly basis in May, the District should also review the reconciliations and outstanding checks at the end of June to determine if additional checks needed to be voided as of year-end.

Agency Response

In May and at the end of the year the Business Manager will review and void outstanding checks over a year old. This is standard procedure that did not get done this year.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2015**

B. Findings – Financial Statement Audit (continued)

2015-001 ERB AND RHC-OTHER MATTER

Condition

The payroll reported to the Employee Retirement Board in the monthly reports and the calculated payroll was understated by \$862.

Criteria

NMAC 2.82.3.8 and 2.81.5.7 require that districts make ERB and RHC contributions based on the employee's total salary for the year before any cafeteria plan deductions.

Cause

Total payroll amounts were not reconciled to amounts submitted to ERB and RHC in total.

Effect

The RHC and ERB use these amounts to calculate total pension liability. An employee may also not have received the proper contribution by the District which could affect the calculation of future benefits.

Recommendation

General ledger salary amounts should be reconciled and reviewed on a monthly basis to the amount submitted on the ERB and RHC reports.

Agency Response

Payroll will start in December balancing the salary amounts on ERB & RHC reports to the Payroll Distribution report produced by the accounting system on a monthly basis.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2015**

B. Findings – Financial Statement Audit (continued)

2015-002 TRAVEL ADVANCE-OTHER MATTER

Condition

In one case of 130 expenditures tested, 100% of travel expenses were paid in advance. In one additional case of the 130 expenditures tested, 100% of per diem meals were paid in advance.

Criteria

NMAC 2.42.2.10 states “Upon written request accompanied by a travel voucher, agency heads and governing boards of local public bodies or their authorized designees may approve a public officer’s or employee’s request to be advanced up to 80 percent of per diem rates and mileage cost or for the actual cost of lodging and meals pursuant to 2.42.2.8 NMAC and 2.42.2.9 NMAC and for other travel expenses that may be reimbursed under 2.42.2.12 NMAC.”

Cause

School policy was that full amount of per diem was being paid in advance.

Effect

Expenses may be disallowed by grantors or may not be received back for inappropriate expenses.

Recommendation

We recommended that the District continue to enforce the policy enacted in the Spring of 2015 that only allows employee travel costs to be paid on a reimbursement basis.

Agency Response

This finding had been corrected before the audit. Accounts Payable does not allow employee travel costs to be paid up front. All employees must turn in itemized receipts to be reimbursed for travel costs.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2015**

B. Findings – Financial Statement Audit (continued)

2015-003 NO W-4-OTHER MATTER

Condition

In one (1) of forty (40) employees tested, the District was unable to locate the employee's W-4 form.

Criteria

IRS regulations require that for employees who do not provide a W-4 form, the employer must withhold taxes as if the employee was single and claiming no withholding allowances.

Cause

The form is usually kept in the payroll office as well as in the employee file. The form was not located in either location.

Effect

Withholding amounts could be subject to change and employee protest and IRS mandates having a W-4 for each employee.

Recommendation

The employee should sign a new W-4 form. The District should consider requiring new W-4s on a yearly basis.

Agency Response

The Human Resources Technician will ask the employee to sign a new W-4 form within the week.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2015**

B. Findings – Financial Statement Audit (continued)

2015-004 PO APPROVAL-SIGNIFICANT DEFICIENCY

Condition

During our testing of accounts payable, we noted that the District had received services totaling \$34,874.23 related to plant and maintenance that were invoiced before a purchase order was prepared.

Criteria

NMAC 6.20.2.17 states that, “Each school district shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq., NMSA 1978. Purchasing policies and procedures for grant funding shall comply with requirements established within the grant and the Procurement Code. An internal control structure over purchasing shall be established and maintained to assure compliance with school district policy, and state and federal regulations.”

Cause

The services related to electrical and air conditioning repairs in which the cost is not always known before the services are performed, so a purchase order was not prepared.

Effect

Without an active purchase order, the District could inadvertently commit to overspend the budget.

Recommendation

The District should prepare a blanket purchase order with approved vendors and require bids for services that exceed any purchasing limits. The blanket purchase order would allow the maintenance director the flexibility for services to be performed when needed as well as comply with purchasing code regulations.

Agency Response

Starting now the Procurement Officer will prepare blanket POs with approved vendors and require bids for services that exceed any purchasing limits.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2015**

B. Findings – Financial Statement Audit (continued)

2015-005 ACCOUNTS PAYABLE-SIGNIFICANT DEFICIENCY

Condition

In our testing of accounts payable, we noted that the District did not record \$32,513 in invoices for accounts payable and over recorded \$353,232 of invoices in accounts payable. After adjustment, the invoices are properly reflected in the financial statements.

Criteria

NMAC 6.20.2.11 states “Every school district shall 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.”

Cause

The District uses the purchase order number to determine if expenditures paid in July or August relate to costs of the prior year. Invoices dated after June 30, 2015 were attached to purchase orders originating in the 2014-15 school year.

Effect

The District was unable to produce an accurate listing of accounts payable to be recorded for the audited financial statements on a modified accrual basis.

Recommendation

The District should review the procedures with the accounts payable personnel to ensure that the procedure is followed. Alternate methods could be devised with accounts payable personnel such as recording the invoices related to the prior period in an Excel spreadsheet while processing the invoices if the current method is unfeasible.

Agency Response

Accounts Payable will check invoices that are to be paid in July to insure that no invoices are dated after June 30th.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2015**

B. Findings – Financial Statement Audit (continued)

2015-006 LATE AUDIT REPORT-OTHER MATTER

Condition

The District was unable to submit the audit for the year ending June 30, 2015 to the New Mexico State Auditor's Office by the November 16, 2015 deadline.

Criteria

NMAC 2.2.2.9 requires that school district audit reports be submitted to the State Auditor by November 15th of the same year.

Cause

The District was unable to provide a schedule of capital assets to auditors until November 6th, 2015 due to sickness and staff shortages in the business office. The schedule provided contained errors requiring correction and was not received in time to file a timely report.

Effect

The District is not in compliance with the State Audit Rule and a late report could affect bond ratings.

Recommendation

The District personnel should enter the capital assets on a monthly basis so that only reconciliations will need to be performed at year-end. The District could also consider hiring part-time staff to assist with the input if they foresee that they will not be able to produce the necessary schedules in a timely manner.

Agency Response

The Procurement Officer will start now entering capital assets on a monthly basis.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2015**

C. Federal Award Findings and Questioned Costs

2013-005 (2013-05) –TIME AND EFFORT DOCUMENTATION-SIGNIFICANT DEFICIENCY
(REVISED/REPEATED)

Condition

During our audit of Special Education, IDEA-B; CFDA No. 84.027A (Federal Award Numbers: H027A120078, H027A130078, and H027A140078) , (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 nine (9) of the thirty-one (31) employees tested. The District has not made progress on this prior year finding. The District had only one (1) missing time and effort form in the prior year, but nine (9) in the current year.

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 former program director was aware of the requirement but failed to complete and have several other employees complete the form. The new program director was not aware of the requirement.

Effect

The District is not in compliance with federal time and effort reporting.

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. In addition, the District should develop procedures and written documentation for procedures and required due dates for crucial functions and reports so that positions that frequently incur turnover will still be able to maintain reporting deadlines.

Agency Response

The Business Manager immediately provided the Program Manager with a listing of employees paid out of federal funds. The Program Manager has developed monthly procedures to maintain the required documentation.

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs
June 30, 2015**

D. Findings – Prior Year Audit

2013-005 [2013-05] Time and Effort Documentation	Revised and Repeated
2014-001 Late Deposit	Revised and Repeated
2014-002 Account Miscoding	Revised and Repeated
2014-003 Old Outstanding Check	Revised and Repeated
2014-004 Asset Disposition	Resolved and Not Repeated
2014-005 Failure to Submit Reimbursement Requests in a Timely Manner	Resolved and Not Repeated

**STATE OF NEW MEXICO
LOVINGTON MUNICIPAL SCHOOLS**

**Exit Conference
June 30, 2015**

The contents of this report were discussed at an exit conference held November 20, 2015. 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, 2015 by Johnson, Miller & Co., Certified Public Accountants, a Professional Corporation.