

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

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**Financial Statements**  
With Independent Auditors' Report Thereon  
For the year ended June 30, 2016



**Johnson Miller & Co.**  
*Certified Public Accountants*  
*A Professional Corporation*

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**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

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June 30, 2016**

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**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Official Roster  
June 30, 2016**

**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
Tanya Hutchins	Business Manager
Taunya Campbell	Director of Curriculum and Instruction
Robert DeLaCruz	Director of Human Resources
Roger Hein	Director of Special Programs
Ivan DeAnda	Director of Federal Programs and Bilingual Program

## **FINANCIAL SECTION**



# JOHNSON, MILLER & CO., CPA'S PC

Certified Public Accountants

A Professional Corporation

An Independent Member of BDO Alliance USA

## 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 of Lovington Municipal School District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental funds, 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, 2016, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

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225 East Bender Boulevard  
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Hobbs, New Mexico 88241  
(575) 393-2171

## **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, 2016, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of Lovington Municipal School District as of June 30, 2016, 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**

### *Required Supplementary Information*

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 135 through 137 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 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. 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 1, 2016 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**



Hobbs, New Mexico  
November 1, 2016

# LOVINGTON MUNICIPAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016 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, 2016. 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 2016 are as follows:

- ❖ Total assets and deferred outflows of governmental fund activities decreased by \$2.1 million or 2% from 2015 primarily due to the receipt of bond proceeds in 2015. There were no bond proceeds in 2016.
- ❖ Total liabilities and deferred inflows of governmental fund activities decreased approximately \$738 thousand or 1% primarily due to a new bond for school construction and the net pension liability recorded with the implementation of GASB No. 68 recorded in the prior year 2015 and the payment of bond obligations.
- ❖ The District had \$43.2 million in expenses related to governmental activities: \$5.3 million of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues which consist primarily of State Equalization Guarantee, property taxes, investments and miscellaneous income were \$36.5 million.

### 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, 2016 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 2016?" 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, 2016 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 \$41.6 million and expenditures \$55.8 million. The net change in net position for the year was a decrease of approximately \$14.2 million. This decrease in fund balance was primarily due to capital expenditures for several construction projects.

### 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 2016, 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, 2016. 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	\$ 34,749	\$ 31,821	\$ 2,928
Debt Service Fund	6,473	3,872	2,601
Bond Building	19,550	13,525	6,025
HB-33 Capital Outlay	2,724	1,674	1,050
SB-9 Capital Outlay	2,859	2,129	730

For the General Fund, final budgeted expenditures are greater than actual expenditures by \$2.9 million.

Expenditures were budgeted at \$34.7 million while actual expenditures were \$31.8 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, 2016 UNAUDITED

Actual revenues for the general fund were \$31.2 million and revenues from state sources constitute 99% of the total. Actual expenditures were more than revenues by approximately \$590 thousand. The increase in expenditures over revenue is primarily due to a 1% increase in salaries.

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 2016, the District had \$150 million invested in capitalized assets with associated accumulated depreciation of \$69 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**

At June 30, 2016, the District had outstanding bonds payable of \$47.5 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. Although, Lea County continues to build upon and maintain a balanced economy, it relies heavily on the oil and gas industry. Due to a downturn in the economy, the District anticipates a decline in enrollment for the next term. New Mexico also relies heavily on the oil and gas industry for revenue. The state funding for education along with an anticipated decrease in enrollment is expected to result in a decrease in revenue for the next term and possibly thereafter. However, management maintains a strong commitment to the District's financial security.

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 then distributing state support in an objective manner) and (2) to retain local autonomy in actual use of funds by allowing funds to be used in local districts at the discretion of local policy making bodies. The basis for the formula is in the number of students enrolled. Weighting factors are assigned to students that receive special services, i.e., special education and bilingual education services as well as other factors based on the training and experience of the teaching staff and the district's at-risk population.

# LOVINGTON MUNICIPAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016 UNAUDITED

### Contacting the School District's Financial Management

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

Tanya Hutchins  
[Tanyahutchins@lovingtonschools.net](mailto:Tanyahutchins@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, 2016 UNAUDITED

Condensed Statement of Net Position (in thousands of dollars)

	June 30, 2016	June 30, 2015
	Governmental Activities	Governmental Activities
Current and other assets	\$ 15,917	\$ 30,588
Net capital assets	81,038	70,107
Deferred outflows	4,735	3,155
Total assets and deferred outflows	101,690	103,850
Long-term debt outstanding	86,423	87,028
Other liabilities	7,126	4,401
Deferred inflows	950	3,808
Total liabilities and deferred inflows	94,499	95,237
Net position	\$ 7,191	\$ 8,613
Invested in capital assets net of related debt	\$ 35,415	\$ 36,912
Restricted	5,710	6,575
Unrestricted	(33,934)	(34,874)
Total net position	\$ 7,191	\$ 8,613

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

Revenues:		
Program revenues		
Charges for services	\$ 296	\$ 366
Operating grants	4,766	4,545
Capital grants	210	276
General revenues		
Property taxes/Oil & Gas taxes	7,163	6,432
State aid	29,517	28,264
Other	(163)	(282)
Total revenue	41,789	39,601
Expenses:		
Instruction	21,596	19,218
Support services	14,371	13,747
Transportation	1,153	1,210
Food services	1,521	1,600
Community service	60	49
Debt Service	1,454	1,224
Facilities Acquisition & Construction	3,057	1,750
Total expenses	43,212	38,798
Increase (decrease) in net position	\$ (1,423)	\$ 803

## **BASIC FINANCIAL STATEMENTS**



**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Government-Wide**  
**Statement of Net Position**  
**June 30, 2016**

	<b>Primary Government</b>
	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents (Note 3)	\$ 12,487,175
Investments (Note 3)	1,092,589
Receivables (Note 4)	2,311,174
Inventory	26,462
Capital assets, net (Note 6)	81,038,179
Total assets	96,955,579
<b>DEFERRED OUTFLOWS</b>	
Deferred outflows related to pensions (Note 9)	4,734,689
Total deferred outflows	4,734,689
Total assets and deferred outflows	\$ 101,690,268
<b>LIABILITIES AND NET POSITION</b>	
Accounts payable	\$ 1,556,200
Accrued payroll and related expenses	1,568,057
Accrued interest	430,931
Unearned revenue	141,679
Compensated absences - current portion (Note 7)	309,246
Noncurrent liabilities:	
Bond premium	727,955
Compensated absences - non current portion (Note 7)	21,701
Bonds payable: (Note 7)	
Due within one year	2,370,000
Due in more than one year	45,195,000
Net pension liability (Note 9)	41,227,800
Total liabilities	93,548,569
<b>DEFERRED INFLOWS</b>	
Deferred inflows related to pensions (Note 9)	949,903
Total deferred inflows	949,903
Net invested in capital assets	35,415,135
Restricted for:	
Debt service	3,433,512
Capital projects	2,277,309
Unrestricted	(33,934,160)
Total net position	7,191,796
Total liabilities, deferred inflows and net position	\$ 101,690,268

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, 2016**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
Governmental activities:			
Instruction	\$ 21,595,659	\$ 98,956	\$ 1,726,299
Support services:			
Students	4,038,732	-	323,768
Instruction	485,004	-	125,304
General administration	828,846	-	39,935
School administration	2,474,721	-	166,834
Central services	3,290,945	-	-
Operation & maintenance of plant	3,252,270	-	-
Student transportation	1,153,356	-	1,010,146
Operation of non-instruction services:			
Food services	1,520,783	197,252	1,325,712
Community services	49,755	-	48,484
Other support services	9,818	-	-
Capital outlay	3,057,350	-	-
Interest on long-term debt and other charges	1,454,230	-	-
<b>Total primary government</b>	<b>\$ 43,211,469</b>	<b>\$ 296,208</b>	<b>\$ 4,766,482</b>

**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  
Total general revenues  
Change in net position  
Net position - beginning  
Net position - end of year

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

		Net (Expense) Revenue and Changes in Net Position	
		Primary Government	
Capital Grants and Contributions		Governmental Activities	
\$	-	\$	(19,770,404)
	-		(3,714,964)
	-		(359,700)
	-		(788,911)
	-		(2,307,887)
	-		(3,290,945)
	-		(3,252,270)
	-		(143,210)
	-		2,181
	-		(1,271)
	-		(9,818)
	210,049		(2,847,301)
	-		(1,454,230)
<u>\$</u>	<u>210,049</u>		<u>(37,938,730)</u>
			29,517,545
			150,023
			2,429,211
			1,415,849
			150,841
			1,810,495
			1,206,721
			10,465
			(173,760)
			<u>36,517,390</u>
			(1,421,340)
			8,613,136
			<u>\$</u> <u>7,191,796</u>

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

	General Fund - 11000/13000/14000	Debt Service - 41000	Capital Improvements Bond Building - 31100	Capital Improvement HB- 33 - 31600
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,242,281	\$ 3,136,863	\$ 3,260,500	\$ 778,458
Investments	4,246	-	-	562,578
Accounts receivable:				
Taxes	18,958	286,141	-	84,822
Due from other governments	-	-	-	-
Due from other funds	282,897	3,700	-	2,353
Inventory	-	-	-	-
Advances to other funds	1,688,581	-	-	-
<i>Total assets</i>	<u>\$ 6,236,963</u>	<u>\$ 3,426,704</u>	<u>\$ 3,260,500</u>	<u>\$ 1,428,211</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<i>Liabilities:</i>				
Accounts payable	\$ 21,657	\$ -	\$ 1,318,544	\$ 31,722
Accrued liabilities	1,568,054	-	-	-
Accrued interest	-	-	-	-
Due to other funds	12,162	-	-	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	-
<i>Total liabilities</i>	<u>1,601,873</u>	<u>-</u>	<u>1,318,544</u>	<u>31,722</u>
<i>Deferred inflows of resources:</i>				
Unavailable revenue - delinquent property taxes	2,558	52,908	-	15,611
Unavailable revenue - federal or state receivables	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>2,558</u>	<u>52,908</u>	<u>-</u>	<u>15,611</u>
<i>Fund balances:</i>				
Nonspendable	1,971,478	-	-	-
Restricted	190,019	3,373,796	1,941,956	1,380,878
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	2,471,035	-	-	-
<i>Total fund balances</i>	<u>4,632,532</u>	<u>3,373,796</u>	<u>1,941,956</u>	<u>1,380,878</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 6,236,963</u>	<u>\$ 3,426,704</u>	<u>\$ 3,260,500</u>	<u>\$ 1,428,211</u>

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

Capital Improvments SB-9 - 31700	Other Governmental Funds	Total Governmental Funds
\$ 369,422	\$ 699,651	\$ 12,487,175
525,765	-	1,092,589
86,061	-	475,982
-	1,835,190	1,835,190
82,401	1,514,590	1,885,941
-	26,462	26,462
-	29,250	1,717,831
<u>\$ 1,063,649</u>	<u>\$ 4,105,143</u>	<u>\$ 19,521,170</u>

\$ 78,871	\$ 105,408	\$ 1,556,202
-	-	1,568,054
-	-	-
-	1,873,779	1,885,941
-	141,678	141,678
-	1,717,831	1,717,831
<u>78,871</u>	<u>3,838,696</u>	<u>6,869,706</u>

16,352	-	87,429
-	286,430	286,430
<u>16,352</u>	<u>286,430</u>	<u>373,859</u>

-	26,462	1,997,940
968,426	496,002	8,351,077
-	-	-
-	-	-
-	(542,447)	1,928,588
<u>968,426</u>	<u>(19,983)</u>	<u>12,277,605</u>

<u>\$ 1,063,649</u>	<u>\$ 4,105,143</u>	<u>\$ 19,521,170</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, 2016**

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

Fund balances - total governmental funds	\$	12,277,605
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.		81,038,179
Deferred outflows of resources related to pensions are not financial resources, and therefore, are not reported in funds.		4,734,689
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred inflows in the funds:		
Property taxes		87,429
Accounts receivable		286,430
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		(727,955)
Accrued interest expense		(430,931)
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		(47,565,000)
Compensated absences		(330,947)
Net pension liability		(41,227,800)
Deferred inflows of resources related to pensions are not financial resources, and therefore, are not reported in the fund.		(949,903)
Net position of governmental activities in the statement of net position	\$	7,191,796

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, 2016**

	General Fund - 11000/13000/14000	Debt Service - 41000	Capital Improvements Bond Building - 31100	Capital Improvement HB- 33 - 31600
<b>REVENUES</b>				
Property taxes	\$ 151,389	\$ 2,407,717	\$ -	\$ 699,136
Oil and gas taxes	150,841	1,810,495	-	603,360
Investment income	6,787	-	697	1,327
Food services	-	-	-	-
District activities	24,333	-	-	-
Revenue from local sources	64,170	-	-	-
Revenue from state sources	30,789,114	-	-	-
Revenue from federal sources	39,936	-	-	-
Total revenues	<u>31,226,570</u>	<u>4,218,212</u>	<u>697</u>	<u>1,303,823</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	19,165,917	-	-	-
Support services				
Students	3,637,020	-	-	-
Instruction	373,154	-	-	-
General administration	813,978	20,442	-	4,729
School administration	2,303,533	-	-	-
Central services	974,629	-	-	-
Operation and maintenance of plant	3,236,316	-	-	-
Student transportation	983,931	-	-	-
Operation of non instructional services				
Food services operations	1,200	-	-	-
Community services	1,218	-	-	-
Other support services	9,818	-	-	-
Capital outlay	273,603	-	12,823,402	1,586,277
Debt service	-	3,851,851	-	-
Total expenditures	<u>31,774,317</u>	<u>3,872,293</u>	<u>12,823,402</u>	<u>1,591,006</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(547,747)</u>	<u>345,919</u>	<u>(12,822,705)</u>	<u>(287,183)</u>
Other financing sources (uses)				
Increase (decrease) in inventory	-	-	-	-
Net changes in fund balances	(547,747)	345,919	(12,822,705)	(287,183)
Beginning fund balances,	5,180,279	3,027,877	14,764,661	1,668,061
Fund balances--end of the year	<u>\$ 4,632,532</u>	<u>\$ 3,373,796</u>	<u>\$ 1,941,956</u>	<u>\$ 1,380,878</u>

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

Capital Improvements SB-9 - 31700	Other Governmental Funds	Total Governmental Funds
\$ 714,611	\$ -	\$ 3,972,853
603,362	-	3,168,058
1,240	414	10,465
-	197,252	197,252
-	74,623	98,956
-	8,725	72,895
6,774	230,767	31,026,655
-	3,068,160	3,108,096
<u>1,325,987</u>	<u>3,579,941</u>	<u>41,655,230</u>
-	1,308,118	20,474,035
-	328,924	3,965,944
-	163,311	536,465
5,324	39,935	884,408
-	166,835	2,470,368
-	-	974,629
-	-	3,236,316
-	-	983,931
-	1,524,518	1,525,718
-	48,484	49,702
-	-	9,818
2,171,773	795	16,855,850
-	-	3,851,851
<u>2,177,097</u>	<u>3,580,920</u>	<u>55,819,035</u>
<u>(851,110)</u>	<u>(979)</u>	<u>(14,163,805)</u>
-	8,328	8,328
(851,110)	7,349	(14,155,477)
1,819,536	(27,332)	26,433,082
<u>\$ 968,426</u>	<u>\$ (19,983)</u>	<u>\$ 12,277,605</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, 2016**

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

Net change in fund balances - total governmental funds \$ (14,155,477)

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	13,609,486
Depreciation expense	(2,678,030)

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	22,859
Change in federal and state grants not available for modified accrual basis	112,036

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:

Decrease in the reserve for compensated absences	64,860
Decrease in bond premium liability	70,171
Increase in accrued interest payable	(87,550)
Principal payments on bonds	2,415,000

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. (794,695)

Change in net position of governmental activities \$ (1,421,340)

**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 - (11000, 13000, 14000)**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 418,348	\$ 418,348	\$ 310,593	\$ (107,755)
Investment income	5,000	5,000	6,787	1,787
District activities	-	-	24,333	24,333
Revenue from local sources	-	-	60,637	60,637
Revenue from state sources	30,431,764	30,710,368	30,789,114	78,746
Revenue from federal sources	-	-	39,936	39,936
<i>Total revenues</i>	30,855,112	31,133,716	31,231,400	97,684
<b>EXPENDITURES</b>				
Instruction:				
Personnel services - compensation	14,562,784	14,203,179	13,023,503	1,179,676
Personnel services - employee benefits	5,186,209	5,217,609	4,863,047	354,562
Purchased services	38,386	64,286	59,296	4,990
Travel & training	420,536	500,336	410,257	90,079
Supplies	895,597	951,594	834,233	117,361
Total instruction	21,103,512	20,937,004	19,190,336	1,746,668
Support services - student:				
Personnel services - compensation	1,609,598	1,449,033	1,418,718	30,315
Personnel services - employee benefits	590,766	598,416	571,685	26,731
Purchase prof. & tech. services	565,714	625,904	531,920	93,984
Purchased services	1,034,609	1,110,309	1,044,371	65,938
Travel & training	844	844	397	447
Supplies	161,129	89,208	69,563	19,645
Total support services - student	3,962,660	3,873,714	3,636,654	237,060
Support services - instruction:				
Personnel services - compensation	176,267	171,267	170,375	892
Personnel services - employee benefits	89,191	84,251	78,897	5,354
Purchase prof. & tech. services	-	-	-	-
Purchased services	263	64,988	63,000	1,988
Travel & training	3,791	3,791	1,436	2,355
Supplies	49,410	65,728	59,934	5,794
Total support services - instruction	318,922	390,025	373,642	16,383

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 - (11000, 13000, 14000)**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><i>EXPENDITURES (continued)</i></b>				
Support services - general administration:				
Personnel services - compensation	247,152	430,303	428,160	2,143
Personnel services - employee benefits	125,845	161,825	160,845	980
Purchased professional & technical services	121,341	234,780	126,859	107,921
Purchased services	1,827	1,827	1,091	736
Travel & training	42,190	21,056	12,493	8,563
Supplies	34,647	99,145	84,830	14,315
Total support services - general admin.	573,002	948,936	814,278	134,658
Support services - school administration:				
Personnel services - compensation	1,855,808	1,638,626	1,629,374	9,252
Personnel services - employee benefits	607,591	588,538	567,960	20,578
Purchase prof. & tech. services	9,022	12,782	12,168	614
Purchased services	-	-	-	-
Travel & training	44,873	43,813	36,425	7,388
Supplies	61,454	116,989	57,606	59,383
Total support services - school admin.	2,578,748	2,400,748	2,303,533	97,215
Support services - central services:				
Personnel services - compensation	682,812	710,653	698,633	12,020
Personnel services - employee benefits	242,787	234,470	233,314	1,156
Purchased professional & technical services	11,622	11,422	5,832	5,590
Purchased services	-	2,515	2,091	424
Travel & training	2,904	22,162	18,957	3,205
Supplies	6,011	59,429	13,818	45,611
Total support services - central serv.	946,136	1,040,651	972,645	68,006
Support services - operation and maintenance of plant:				
Personnel services - compensation	1,129,150	1,155,074	1,144,313	10,761
Personnel services - employee benefits	597,003	544,957	542,734	2,223
Purchased professional & technical services	15,569	16,830	16,130	700
Purchased services	1,062,391	1,072,265	873,282	198,983
Travel & training	639,048	651,438	633,974	17,464
Supplies	41,747	146,343	64,743	81,600
Total support services - operation and maintenance of plant	3,484,908	3,586,907	3,275,176	311,731

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 - (11000, 13000, 14000)**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i><b>EXPENDITURES</b> (continued)</i>				
Operation of non instructional services - community services:				
Personnel services - compensation	-	11,447	926	10,521
Personnel services - employee benefits	-	493	292	201
Total operation of non instructional services - community services	-	11,940	1,218	10,722
Support services - student transportation:				
Personnel services - compensation	34,625	33,681	14,097	19,584
Personnel services - employee benefits	7,845	7,781	5,417	2,364
Purchased services	80,276	81,476	81,476	-
Purchased professional & technical services	400	400	395	5
Travel & training	932,811	888,008	883,746	4,262
Total support services - student transportation	1,055,957	1,011,346	985,131	26,215
Support services - other support				
Debt service and miscellaneous	44,445	44,445	9,818	34,627
Total support services - other support	44,445	44,445	9,818	34,627
Capital outlay	402,382	503,560	259,546	244,014
<i>Total expenditures</i>	34,470,672	34,749,276	31,821,977	2,927,299
<i>Excess (deficiency) of revenues over expenditures</i>	(3,615,560)	(3,615,560)	(590,577)	3,024,983

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 - (11000, 13000, 14000)**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Other financing sources (uses):</i>				
Designated cash balance	3,615,560	3,615,560	-	(3,615,560)
Reversion to PED	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,615,560</u>	<u>3,615,560</u>	<u>-</u>	<u>(3,615,560)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(590,577)	(590,577)
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>5,245,582</u>	<u>5,245,582</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,655,005</u>	<u>\$ 4,655,005</u>

**RECONCILIATION TO GAAP**

Adjustments:

Deferred inflows	736
Accounts payable	51,180
Accounts receivable	(9,086)
Net change in fund balance (GAAP basis)	<u>\$ (547,747)</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, 2016**

	<b>Agency Funds</b>
<b>ASSETS</b>	
<i>Current assets</i>	
Cash	\$ 355,803
<b>Total Assets</b>	\$ 355,803
 <b>LIABILITIES</b>	
<i>Current liabilities</i>	
Accounts payable	\$ 7,380
Deposits held in trust for others	348,423
<b>Total Liabilities</b>	\$ 355,803

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2016**

**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, 2016**

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, 2016**

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.

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, 2016**

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 or property located in the District as of the preceding January 1<sup>st</sup>. The assessed valuation for the 2016 fiscal year was \$350,277,238. 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 10<sup>th</sup> and April 10<sup>th</sup> 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, 2016**

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, 2017.

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, 2016**

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, 2016 was \$330,947.

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, 2016**

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 \$29,517,545 in state equalization guarantee distributions during the year ended June 30, 2016.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2016**

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 \$1,010,146 in transportation distributions during the year ended June 30, 2016.

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 \$7,163,141 in tax revenues during the year ended June 30, 2016. 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, 2016**

**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, 2016 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, 2016**

**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, 2016.

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, 2016, 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, 2016**

NOTE 3: DEPOSITS AND INVESTMENTS (continued)

As of June 30, 2016, \$13,363,603 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	11,644,383
Uninsured and uncollateralized	837,080
Balance exposed to custodial credit risk	\$ 13,481,463
Total bank balances	\$ 13,481,463
Carrying Amount	\$ 12,842,978

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, 2016, the New MexiGROW Local Government Investment Pool was rated at AAAM and had a 44 day WAM(R) and 77 day WAM(F). The District had \$1,092,589 invested in the New MexiGROW Local Government Investment Pool at June 30, 2016.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2016**

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	\$ 3,783,462	\$ 448,601	\$ 9,249,400	\$ 13,481,463
FDIC coverage	250,000	250,000	500,000	1,000,000
Total uninsured public funds	<u>\$ 3,533,462</u>	<u>\$ 198,601</u>	<u>\$ 8,749,400</u>	<u>\$ 12,481,463</u>
Collateral requirement (50% of uninsured public funds)	1,766,731	99,301	3,383,499	5,249,531
Collateral requirement (102% of uninsured public funds)	-	-	2,022,050	2,022,050
Pledged securities	<u>4,184,660</u>	<u>876,631</u>	<u>6,583,092</u>	<u>11,644,383</u>
Over (under) collateralization	<u>\$ 2,417,929</u>	<u>\$ 777,330</u>	<u>\$ 1,177,543</u>	<u>\$ 4,372,802</u>

The collateral pledged is listed on page 129 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 shown above are included in the District's balance sheet as follows:

	<u>District</u>
Carrying amount - deposits	\$ 12,487,175
Amounts included in agency funds	355,803
Total	<u>\$ 12,842,978</u>
Included in the following balance sheet captions:	
Cash and cash equivalents	<u>\$ 12,842,978</u>

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2016**

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, 2016 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, 2016 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	\$ 4,087	\$ 51,918	\$ 85,559	\$ -	\$ 141,564
Oil and gas taxes	14,871	118,964	200,582	-	334,417
Due from other govts	-	-	-	1,835,193	1,835,193
	<u>\$ 18,958</u>	<u>\$ 170,882</u>	<u>\$ 286,141</u>	<u>\$ 1,835,193</u>	<u>\$ 2,311,174</u>

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2016**

**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, 2016 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund - 11000	Food Service - 21000	\$ 50,000
Reading First - 24167	Title I - IASA - 24101	589,040
Reading First - 24167	Migrant Children Education - 24103	29,250
Reading First - 24167	IDEA-B Entitlement - 24106	761,793
Reading First - 24167	IDEA-B Preschool - 24109	6,827
Reading First - 24167	IDEA-B Risk Pool - 24120	682
Reading First - 24167	English Language Acquisition - 24153	82,242
Reading First - 24167	Teacher/Principal Training & Recruiting - 24154	96,623
Reading First - 24167	Title I School Improvement - 24162	21,466
General Fund - 11000	Reading First - 24167*	1,688,581
General Fund - 11000	Medicaid XIX - 25153	27,765
General Fund - 11000	Local Combined Grants - 25502	3,323
General Fund - 11000	Dual Credit Instructional Materials - 27103	5,480
General Fund - 11000	GO Student Library Fund - 27106	19,494
General Fund - 11000	GO Bonds 2012 - 27107	38,007
General Fund - 11000	Reads to Lead - 27114	47,943
General Fund - 11000	GRADS Instruction - 28190	43,094
Special Capital Outlay - State - 31400	Capital Improvement SB-9 - 31700	80,000
Reading First - 24167	General Fund - 11000	12,162
		<u>\$ 3,603,772</u>

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2016**

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	June 30, 2015	Increases / Transfers In	Decreases / Transfers Out	June 30, 2016
Governmental Activities				
Capital assets, not being depreciated:				
Land and improvements	\$ 214,561	\$ -	\$ -	\$ 214,561
CIP	13,169,855	12,763,294	5,763,559	20,169,590
Capital assets, being depreciated:				
Buildings and improvements	113,900,704	5,775,360	-	119,676,064
Equipment	6,799,328	806,791	-	7,606,119
Vehicles	2,054,582	-	-	2,054,582
Intangibles	293,101	27,600	-	320,701
Total at historical cost	<u>136,432,131</u>	<u>19,373,045</u>	<u>5,763,559</u>	<u>150,041,617</u>
Less Accumulated Depreciation:				
Buildings and improvements	(61,358,123)	(2,315,015)	-	(63,673,138)
Equipment	(3,352,893)	(121,933)	-	(3,474,826)
Vehicles	(1,491,603)	(137,649)	-	(1,629,252)
Intangibles	(122,789)	(103,433)	-	(226,222)
Total accumulated depreciation	<u>(66,325,408)</u>	<u>(2,678,030)</u>	<u>-</u>	<u>(69,003,438)</u>
Governmental activities capital assets, net	<u>\$ 70,106,723</u>	<u>\$ 16,695,015</u>	<u>\$ 5,763,559</u>	<u>\$ 81,038,179</u>

Depreciation expense for the year ended June 30, 2016 was charged to the following functions:

	District
Instruction	\$ 177,836
Support services:	
Students	9,788
Instruction	11,539
School administration	3,408
General administration	5,939
Central services	2,315,016
Operation and maintenance of plant	13,409
Student transportation	137,649
Food services	3,393
Community services	53
Total depreciation expense	<u>\$ 2,678,030</u>

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2016**

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, 2016 are comprised of the following:

	Original Amount	Interest Rates	Balance June 30, 2016
Series 2007 General Obligation Bond	\$ 8,500,000	3.85 - 4.50%	\$ 4,800,000
Series 2008 General Obligation Bond	8,000,000	3.00 - 3.45%	5,400,000
Series 2011 General Obligation Refund Bond	6,040,000	2.00 - 2.50%	2,665,000
Series 2014 General Obligation Bond	19,000,000	2.00 - 4.00%	18,700,000
Series 2015 General Obligation Bond	16,000,000	2.00 - 4.00%	16,000,000
<b>Total General Obligation Bonds</b>	<b>\$ 57,540,000</b>		<b>\$ 47,565,000</b>

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

Year Ending June 30	Principal	Interest	Total Requirements
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	3,550,000	1,072,875	4,622,875
2022-2026	19,500,000	3,714,750	23,214,750
2027-2030	13,400,000	832,625	14,232,625
<b>Total</b>	<b>\$ 47,565,000</b>	<b>\$ 10,842,688</b>	<b>\$ 58,407,688</b>

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2016**

NOTE 7: LONG – TERM DEBT (continued)

Changes in long-term liabilities – During the year ended June 30, 2016, the following changes occurred in liabilities reported in the general obligation bonds and compensated absences.

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
2007 Series	\$ 5,400,000	\$ -	\$ (600,000)	\$ 4,800,000	\$ 600,000
2008 Series	5,900,000	-	(500,000)	5,400,000	700,000
2011 Series	3,680,000	-	(1,015,000)	2,665,000	1,045,000
2014 Series	19,000,000	-	(300,000)	18,700,000	25,000
2015 Series	16,000,000	-	-	16,000,000	-
Compensated Absences	395,807	244,386	(309,246)	330,947	309,246
<b>Total Long-Term Liabilities</b>	<b>\$ 50,375,807</b>	<b>\$ 244,386</b>	<b>\$ (2,724,246)</b>	<b>\$ 47,895,947</b>	<b>\$ 2,679,246</b>

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, 2016 was \$1,523,142.

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 property damage coverage at a maximum of \$101,133,600 for 2016-2017 as stated in the annual budget notice. The maximum deductible is \$15,000 with a maximum out of pocket of \$60,000 which when reached will then default to \$750 for the remainder of the policy period. 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 \$1,000,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, Money Orders and 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, 2016, there have been no claims that have exceeded insurance coverage.



**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2016**

**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](http://www.nmerb.org).

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

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

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

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

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2016**

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 fiscal year ended June 30, 2016, employers contributed 13.90%, and employees earning \$20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$2,647,933 for the year ended June 30, 2016.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2016**

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, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015. At June 30, 2016, the District reported a liability of \$41,227,800 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2015. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2015, the District proportion was 0.63650 percent, which was an increase of 0.00564 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$3,442,628. At June 30, 2016, 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	\$ -	\$ 764,325
Changes of assumptions	1,418,044	-
Net difference between projected and actual earnings on pension plan investments	-	185,578
Changes in proportion and differences between the District's contributions and proportionate share of contributions	668,712	-
The District's contributions subsequent to the measurement date	2,647,933	-
Total	\$ 4,734,689	\$ 949,903

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2016**

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

\$2,647,933 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ 212,412
2018	208,280
2019	143,525
2020	572,615
Thereafter	-

*Actuarial assumptions.* As described above, the total ERB pension liability, net pension liability and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2015. The liabilities reflect the impact of Senate Bill 115, signed into law on March 29, 2013 and new assumptions adopted by the Board of Trustees on June 12, 2015. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and 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 June 12, 2015 in conjunction with the six-year experience study period ending June 30, 2014.
5. For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2016**

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

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 2015 and 2016 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, 2016**

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

Asset Class	2015 Long-Term Expected Real Rate of Return	2016 Long-Term Expected Real Rate of Return
Cash	3.25%	3.00%
Treasuries	3.50%	3.25%
IG Corp Credit	4.75%	5.00%
MBS	3.75%	3.50%
Core Bonds	3.98%	3.89%
TIPS	4.00%	4.00%
High Yield Bonds	5.75%	5.75%
Bank Loans	6.00%	6.00%
Global Bonds (Unhedged)	2.25%	2.75%
Global Bonds (Hedged)	2.41%	2.87%
EMD External	6.00%	6.00%
EMD Local Currency	6.75%	6.50%
Large Cap Equities	7.50%	7.50%
Small/Mid Cap	7.75%	7.75%
International Equities (Unhedged)	8.00%	8.00%
International Equities (Hedged)	8.47%	8.93%
Emerging International Equities	9.25%	9.50%
Private Equity	9.50%	9.50%
Private Debt	8.00%	8.00%
Private Real Assets	7.75%	7.75%
Real Estate	6.50%	6.50%
Commodities	5.75%	5.50%
Hedge Funds	6.75%	6.50%

*Discount rate:* A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2015. This 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, 2016**

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

	<b>1% Decrease (6.75)</b>	<b>Current Discount Rate (7.75)</b>	<b>1% Increase (8.75)</b>
The District's proportionate share of the net pension liability	\$ 55,474,759	\$ 41,227,800	\$ 29,258,871

*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 the year ended June 30, 2015 which is publicly available at [www.nmerb.org](http://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](http://www.nmrhca.state.nm.us).



**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2016**

**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, 2016, 2015, and 2014 were \$381,034, \$361,872, and \$344,036, in employer contributions, which equals the required contributions for each year.

**NOTE 11: COMMITMENTS AND CONTINGENT LIABILITIES**

The construction contract of \$16,000,000 at June 30, 2015 is nearly completed with approximately \$1,700,000 in commitments remaining at June 30, 2016.

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, 2016**

**NOTE 12: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

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

A. Deficit fund balance of individual funds.

Migrant Children Education - 24103	29,250
IDEA-B Entitlement - 24106	10,278
IDEA-B Preschool - 24109	886
IDEA-B Risk Pool - 24120	544
English Language Acquisition - 24153	71,528
Teacher/Principal Training & Recruiting - 24154	2,131
Reading First	180,338
Medicaid XIX - 25153	3,648
Dual Credit Instructional Materials - 27103	5,480
2010 GO Bond Student Library - 27106	19,494
GO Bonds 2012 - 27107	38,007
Reads to Lead - 27114	57,885
GRADS Instruction	42,183
Special Capital Outlay - State - 31400	80,000
Capital Improvement SB-9 Local - 31701	<u>795</u>
Total	<u>\$ 542,447</u>

B. Excess of expenditures over appropriations.

For the fiscal year ended June 30, 2016, 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 Lovington Community Wellness and Fitness Center. The Lovington Community Wellness and Fitness Center will provide a natatorium allowing students to compete athletically in swimming and diving sports. The District endorses the plan presented by Nor-Lea Hospital District and will commit to sharing operating costs for up to five years in an amount not to exceed \$9,375 per month less \$833 monthly for in-kind support in the form of a swim coach to oversee swimming programs for Lovington Municipal Schools and the Community of Lovington. Payments are pending to start upon completion of the natatorium, tentatively September 2017.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Notes to the Financial Statements  
June 30, 2016**

**NOTE 15: SUBSEQUENT PRONOUNCEMENTS**

In April 2015, GASB issued Government Accounting Standards Board Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, to address an issue relating to the availability of data relating to multiple-employer defined benefit plans that arose during the implementation of GASB Statement No. 68. The provisions of the statement are effective for financial statement periods beginning after December 15, 2015. The pronouncement is expected to have no effect on the District in upcoming years.

In March 2016, GASB issued Government Accounting Standards Board Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, 68, and No. 73. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The District is evaluating the effects on the financial statement of this pronouncement.

**NOTE 16: SUBSEQUENT EVENTS**

Management review

The date to which events occurring after June 30, 2016, the date of the most recent Statement of Net Position, have been evaluated for possible adjustment to the financial statements and disclosures is November 1, 2016 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, 2016**

	Operational - 11000	Transportation - 13000	Instructional Materials - 14000	Total General Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,052,262	\$ 26,215	\$ 163,804	\$ 4,242,281
Investments	4,246	-	-	4,246
Receivables:				
Taxes	18,958	-	-	18,958
Due from other funds	282,897	-	-	282,897
Advances to other funds	1,688,581	-	-	1,688,581
	<u>6,046,944</u>	<u>26,215</u>	<u>163,804</u>	<u>6,236,963</u>
Total assets	<u>\$ 6,046,944</u>	<u>\$ 26,215</u>	<u>\$ 163,804</u>	<u>\$ 6,236,963</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 21,657	\$ -	\$ -	\$ 21,657
Accrued payroll	1,568,054	-	-	1,568,054
Due to other funds	12,162	-	-	12,162
Total liabilities	<u>1,601,873</u>	<u>-</u>	<u>-</u>	<u>1,601,873</u>
<i>Deferred inflows of resources:</i>				
Unavailable revenue - delinquent property taxes	2,558	-	-	2,558
	<u>2,558</u>	<u>-</u>	<u>-</u>	<u>2,558</u>
<i>Fund balances:</i>				
Nonspendable	1,971,478	-	-	1,971,478
Restricted	-	26,215	163,804	190,019
Committed	-	-	-	-
Unassigned	2,471,035	-	-	2,471,035
<i>Total fund balances</i>	<u>4,442,513</u>	<u>26,215</u>	<u>163,804</u>	<u>4,632,532</u>
Total liabilities and fund balances	<u>\$ 6,046,944</u>	<u>\$ 26,215</u>	<u>\$ 163,804</u>	<u>\$ 6,236,963</u>

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOLS DISTRICT**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**General Fund**  
**For the Year Ended June 30, 2016**

	Operational - 11000	Transportation - 13000	Instructional Materials - 14000	Total General Fund
<b>REVENUES</b>				
Property taxes	\$ 151,389	\$ -	\$ -	\$ 151,389
Oil and gas taxes	150,841	-	-	150,841
Investment income	6,787	-	-	6,787
District activities	24,333	-	-	24,333
Insurance recoveries	-	-	-	-
Revenue from local sources	64,170	-	-	64,170
Revenue from state sources	29,517,545	1,010,146	261,423	30,789,114
Revenue from federal sources	39,936	-	-	39,936
Total revenues	<u>29,955,001</u>	<u>1,010,146</u>	<u>261,423</u>	<u>31,226,570</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	18,908,465	-	257,452	19,165,917
Support services:				
Students	3,637,020	-	-	3,637,020
Instruction	373,154	-	-	373,154
General administration	813,978	-	-	813,978
School administration	2,303,533	-	-	2,303,533
Central services	974,629	-	-	974,629
Operation and maintenance of plant	3,236,316	-	-	3,236,316
Student transportation	-	983,931	-	983,931
Operation of non instructional services:				
Food services operations	1,200	-	-	1,200
Community services	1,218	-	-	1,218
Other support services	9,818	-	-	9,818
Capital outlay	273,603	-	-	273,603
Total expenditures	<u>30,532,934</u>	<u>983,931</u>	<u>257,452</u>	<u>31,774,317</u>
Excess (deficiency) of revenues over expenditures	<u>(577,933)</u>	<u>26,215</u>	<u>3,971</u>	<u>(547,747)</u>
Other financing sources (uses)				
Transfers in (out)	-	-	-	-
Net changes in fund balances	<u>(577,933)</u>	<u>26,215</u>	<u>3,971</u>	<u>(547,747)</u>
Fund balances - beginning of year	<u>5,020,446</u>	<u>-</u>	<u>159,833</u>	<u>5,180,279</u>
Fund balances - end of year	<u>\$ 4,442,513</u>	<u>\$ 26,215</u>	<u>\$ 163,804</u>	<u>\$ 4,632,532</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 - 11000**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 418,348	\$ 418,348	\$ 310,593	\$ (107,755)
Investment income	5,000	5,000	6,787	1,787
District activities	-	-	24,333	24,333
Insurance recoveries	-	-	-	-
Revenue from local sources	-	-	60,637	60,637
Revenue from state sources	29,176,481	29,438,799	29,517,545	78,746
Revenue from federal sources	-	-	39,936	39,936
<i>Total revenues</i>	29,599,829	29,862,147	29,959,831	97,684
<b>EXPENDITURES</b>				
Instruction:				
Personnel services - compensation	14,562,784	14,203,179	13,023,503	1,179,676
Personnel services - employee benefits	5,186,209	5,217,609	4,863,047	354,562
Purchased services	38,386	64,286	59,296	4,990
Travel & training	420,536	500,336	410,257	90,079
Supplies	696,271	690,171	576,781	113,390
Total instruction	20,904,186	20,675,581	18,932,884	1,742,697
Support services - student:				
Personnel services - compensation	1,609,598	1,449,033	1,418,718	30,315
Personnel services - employee benefits	590,766	598,416	571,685	26,731
Purchase prof. & tech. services	565,714	625,904	531,920	93,984
Purchased services	1,034,609	1,110,309	1,044,371	65,938
Travel & training	844	844	397	447
Supplies	161,129	89,208	69,563	19,645
Total support services - student	3,962,660	3,873,714	3,636,654	237,060
Support services - instruction:				
Personnel services - compensation	176,267	171,267	170,375	892
Personnel services - employee benefits	89,191	84,251	78,897	5,354
Purchased services	263	64,988	63,000	1,988
Travel & training	3,791	3,791	1,436	2,355
Supplies	49,410	65,728	59,934	5,794
Total support services - instruction	318,922	390,025	373,642	16,383

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 - 11000**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES (continued)</b>				
Support services - general administration:				
Personnel services - compensation	247,152	430,303	428,160	2,143
Personnel services - employee benefits	125,845	161,825	160,845	980
Purchased professional & technical services	121,341	234,780	126,859	107,921
Purchased services	1,827	1,827	1,091	736
Travel & training	42,190	21,056	12,493	8,563
Supplies	34,647	99,145	84,830	14,315
Total support services - general admin	573,002	948,936	814,278	134,658
Support services - school administration:				
Personnel services - compensation	1,855,808	1,638,626	1,629,374	9,252
Personnel services - employee benefits	607,591	588,538	567,960	20,578
Purchase prof. & tech. services	9,022	12,782	12,168	614
Purchased services	-	-	-	-
Travel & training	44,873	43,813	36,425	7,388
Supplies	61,454	116,989	57,606	59,383
Total support services - school admin.	2,578,748	2,400,748	2,303,533	97,215
Support services - central services:				
Personnel services - compensation	682,812	710,653	698,633	12,020
Personnel services - employee benefits	242,787	234,470	233,314	1,156
Purchased professional & technical services	11,622	11,422	5,832	5,590
Purchased services	-	2,515	2,091	424
Travel & training	2,904	22,162	18,957	3,205
Supplies	6,011	59,429	13,818	45,611
Total support services - central serv.	946,136	1,040,651	972,645	68,006

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 - 11000**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i><b>EXPENDITURES (continued)</b></i>				
Support services - operation and maintenance of plant:				
Personnel services - compensation	1,129,150	1,155,074	1,144,313	10,761
Personnel services - employee benefits	597,003	544,957	542,734	2,223
Purchased professional & technical services	15,569	16,830	16,130	700
Purchased services	1,062,391	1,072,265	873,282	198,983
Travel & training	639,048	651,438	633,974	17,464
Supplies	41,747	146,343	64,743	81,600
Total support services - operation and maintenance of plant	3,484,908	3,586,907	3,275,176	311,731
Support services - community services:				
Personnel services - compensation	-	11,447	926	10,521
Personnel services - employee benefits	-	493	292	201
Total support services - operation and maintenance of plant	-	11,940	1,218	10,722
Support services - food service operations:				
Travel & training	-	1,200	1,200	-
Total support services - student transportation	-	1,200	1,200	-
Support services - other support:				
Miscellaneous	44,445	44,445	9,818	34,627
Total support services - other support	44,445	44,445	9,818	34,627
Capital outlay	402,382	503,560	259,546	244,014
<i>Total expenditures</i>	33,215,389	33,477,707	30,580,594	2,897,113

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 - 11000**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Excess (deficiency) of revenues over expenditures</i>	(3,615,560)	(3,615,560)	(620,763)	2,994,797
<i>Other financing sources (uses):</i>				
Designated cash balance	3,615,560	3,615,560	-	(3,615,560)
Transfer in (out)	-	-	-	-
<i>Total other financing sources (uses)</i>	3,615,560	3,615,560	-	(3,615,560)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(620,763)	(620,763)
<i>Cash or fund balances - beginning of year</i>	-	-	5,085,749	5,085,749
<i>Cash or fund balances - end of year</i>	\$ -	\$ -	\$ 4,464,986	\$ 4,464,986

**RECONCILIATION TO GAAP**

Adjustments:	
Deferred inflows	736
Accounts payable	51,180
Accounts receivable	(9,086)
Net change in fund balance (GAAP basis)	<u>\$ (577,933)</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 - 13000**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues from state sources	\$ 1,055,957	\$ 1,010,146	\$ 1,010,146	\$ -
<i>Total revenues</i>	<u>1,055,957</u>	<u>1,010,146</u>	<u>1,010,146</u>	<u>-</u>
<b>EXPENDITURES</b>				
Support services - student transportation:				
Personnel services - compensation	34,625	33,681	14,097	19,584
Personnel services - employee benefits	7,845	7,781	5,417	2,364
Purchased services	80,276	80,276	80,276	-
Purchased professional & technical services	400	400	395	5
Travel & training	932,811	888,008	883,746	4,262
<i>Total expenditures</i>	<u>1,055,957</u>	<u>1,010,146</u>	<u>983,931</u>	<u>26,215</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>26,215</u>	<u>26,215</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Reversion to PED	-	-	-	-
<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>26,215</u>	<u>26,215</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>\$ 26,215</u>	<u>\$ 26,215</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 - 14000**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenues from state sources	\$ 199,326	\$ 261,423	\$ 261,423	\$ -
<i>Total revenues</i>	<u>199,326</u>	<u>261,423</u>	<u>261,423</u>	<u>-</u>
<b>EXPENDITURES</b>				
Instruction:				
Supplies	199,326	261,423	257,452	3,971
<i>Total expenditures</i>	<u>199,326</u>	<u>261,423</u>	<u>257,452</u>	<u>3,971</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>3,971</u>	<u>3,971</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>3,971</u>	<u>3,971</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>159,833</u>	<u>159,833</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,804</u>	<u>\$ 163,804</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 -41000**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 3,850,592	\$ 3,850,592	\$ 4,199,633	\$ 349,041
<i>Total revenues</i>	<u>3,850,592</u>	<u>3,850,592</u>	<u>4,199,633</u>	<u>349,041</u>
<b>EXPENDITURES</b>				
Support services:				
General administration	10,453	20,453	20,442	11
Debt service	6,462,511	6,452,511	3,851,851	2,600,660
<i>Total expenditures</i>	<u>6,472,964</u>	<u>6,472,964</u>	<u>3,872,293</u>	<u>2,600,671</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(2,622,372)</u>	<u>(2,622,372)</u>	<u>327,340</u>	<u>2,949,712</u>
<i>Other financing sources (uses):</i>				
Bond premium	-	-	-	-
Designated cash balance	2,622,372	2,622,372	-	(2,622,372)
<i>Total other financing sources (uses)</i>	<u>2,622,372</u>	<u>2,622,372</u>	<u>-</u>	<u>(2,622,372)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	327,340	327,340
<i>Cash or fund balances - beginning of year</i>	-	-	2,813,221	2,813,221
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,140,561</u>	<u>\$ 3,140,561</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Deferred revenue			(21,494)	
Accounts receivable			40,073	
Net change in fund balance (GAAP basis)			<u>\$ 345,919</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 - 31100**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Bond proceeds	-	-	-	-
Investment income	14,151	14,151	697	(13,454)
<i>Total revenues</i>	<u>14,151</u>	<u>14,151</u>	<u>697</u>	<u>(13,454)</u>
<b>EXPENDITURES</b>				
Support services:				
Capital outlay	19,550,297	19,550,297	13,525,546	6,024,751
<i>Total expenditures</i>	<u>19,550,297</u>	<u>19,550,297</u>	<u>13,525,546</u>	<u>6,024,751</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(19,536,146)</u>	<u>(19,536,146)</u>	<u>(13,524,849)</u>	<u>6,011,297</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	19,536,146	19,536,146	-	(19,536,146)
<i>Total other financing sources (uses)</i>	<u>19,536,146</u>	<u>19,536,146</u>	<u>-</u>	<u>(19,536,146)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(13,524,849)	(13,524,849)
<i>Cash or fund balances - beginning of year</i>	-	-	16,785,349	16,785,349
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,260,500</u>	<u>\$ 3,260,500</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts payable			702,144	
Net change in fund balance (GAAP basis)			<u>\$ (12,822,705)</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 - 31600**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,763,242	\$ 1,763,242	\$ 1,336,384	\$ (426,858)
Revenue from state sources	-	-	-	-
Investment income	-	-	1,327	1,327
<i>Total revenues</i>	<u>1,763,242</u>	<u>1,763,242</u>	<u>1,337,711</u>	<u>(425,531)</u>
<b>EXPENDITURES</b>				
Support services:				
General administration	5,765	5,765	4,729	1,036
Other support services	-	-	-	-
Capital outlay	2,718,642	2,718,642	1,669,818	1,048,824
<i>Total expenditures</i>	<u>2,724,407</u>	<u>2,724,407</u>	<u>1,674,547</u>	<u>1,049,860</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(961,165)</u>	<u>(961,165)</u>	<u>(336,836)</u>	<u>624,329</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	961,165	961,165	-	(961,165)
<i>Total other financing sources (uses)</i>	<u>961,165</u>	<u>961,165</u>	<u>-</u>	<u>(961,165)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(336,836)</u>	<u>(336,836)</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,680,225</u>	<u>1,680,225</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,343,389</u>	<u>\$ 1,343,389</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts payable			83,541	
Deferred inflows			(625)	
Accounts receivable			(33,263)	
Net change in fund balance (GAAP basis)			<u>\$ (287,183)</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 - 31700**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,757,083	\$ 1,757,083	\$ 1,351,105	\$ (405,978)
Revenue from state sources	418,258	513,002	-	(513,002)
Revenue from local sources	-	-	6,774	6,774
Investment income	-	-	1,240	1,240
<i>Total revenues</i>	<u>2,175,341</u>	<u>2,270,085</u>	<u>1,359,119</u>	<u>(910,966)</u>
<b>EXPENDITURES</b>				
Support services:				
General administration	5,704	5,704	5,324	380
Central services	-	-	-	-
Other support services	-	-	-	-
Capital outlay	2,759,282	2,854,026	2,123,952	730,074
<i>Total expenditures</i>	<u>2,764,986</u>	<u>2,859,730</u>	<u>2,129,276</u>	<u>730,454</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(589,645)</u>	<u>(589,645)</u>	<u>(770,157)</u>	<u>(180,512)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	589,645	589,645	-	(589,645)
<i>Total other financing sources (uses)</i>	<u>589,645</u>	<u>589,645</u>	<u>-</u>	<u>(589,645)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(770,157)	(770,157)
<i>Cash or fund balances - beginning of year</i>	-	-	1,747,745	1,747,745
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 977,588</u>	<u>\$ 977,588</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			(31,656)	
Accounts payable			(47,820)	
Deferred inflows			(1,477)	
Net change in fund balance (GAAP basis)			<u>\$ (851,110)</u>	

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, 2016**

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

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

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

*Title I Migrant Children Education (24103)* – 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 (24106)* – 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 (24109)* – To account for a program funded by a federal grant to assist the District in providing a free appropriate public education to preschool disabled children aged three through five years. Funding authorized by the Individuals with Disabilities Education Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, 101-476, and 102-119. The fund was created by the authority of federal grant provisions.

*IDEA-B Early Intervention Services (24112)* - 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 (24120)* - 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.

*English Language Acquisition (24153)* – 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.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Special Revenue Funds  
June 30, 2016**

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

*Rural & Low Income (24160)* – To account for a federal grant to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. The grant is authorized by the Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

*Title I School Improvement (24162)* – To account for School Improvement Grants (SIGs) provided to state educational agencies (SEAs) that SEAs use to make competitive subgrants to local education agencies that demonstrate the greatest need for the funds and the strongest commitment to use the funds to provide adequate resources in order to substantially raise the achievement of students. The grant is authorized under section 1003(g) of Title I of the Elementary and Secondary Education Act of 1965 (ESEA).

*Reading First (24167)* - 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 (24174)* – 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 (24180)* – 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 (25153)* – To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and development outcomes for children. The fund was created by the authority of federal grant provisions. (Title XIX Social Security Act).

*Local Combined Schools (25502)* – 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 (27103)* - 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, 2016**

*2010 G.O. Bond Student Library (27106)* - The funding was made available through Senate Bill 1, Laws of 2010, 2<sup>nd</sup> 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 (27107)* – 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 (27114)* – 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 (27117)* – To account for funds received from the Technology for Education Grant created by the 1994 State Legislation to establish funding of any costs associated with educational technology. Funding provided by the State of New Mexico. (NMSA 22-15A-1-10).

*Breakfast for Elementary Students (27155)* – 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 (27162)* – 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 (27166)* - 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 (27181)* – 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 (27549)* - To account for revenues and expenditures related to the purchase of library materials. The fund was created by state grant requirements.

*Early Intervention CYFD (28108)* - 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 (28189)* – 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, 2016**

*GRADS Instruction (28190)* – 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 (28203)* – 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 (29131)* – 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, 2016**

*Special Capital Outlay-Local (31300)* - 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 (31400)* – 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.

*Capital Improvements SB-9 Local (31701)* – To separate school district/charter schools SB-9 state match and local ad-valorem taxes. Authority for creation of this fund is the authority of the New Mexico Public Education Department.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Non-Major Debt Service Fund  
June 30, 2016**

*Education Technology Debt Service (43000)* – 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, 2016**

	Special Revenue Funds			
	Food Services - 21000	Athletics - 22000	Title I - IASA - 24101	Migrant Children Education - 24103
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 235,278	\$ 196,247	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable:				
Taxes	-	-	-	-
Due from other governments	-	-	602,449	-
Due from other funds	-	-	-	-
Inventory	26,462	-	-	-
Advances to other funds	-	-	-	-
	<u>\$ 261,740</u>	<u>\$ 196,247</u>	<u>\$ 602,449</u>	<u>\$ -</u>
<i>Total assets</i>	<u>\$ 261,740</u>	<u>\$ 196,247</u>	<u>\$ 602,449</u>	<u>\$ -</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<i>Current liabilities:</i>				
Accounts payable	\$ 39,326	\$ -	\$ 13,409	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	50,000	-	589,040	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	29,250
	<u>89,326</u>	<u>-</u>	<u>602,449</u>	<u>29,250</u>
<i>Total liabilities</i>	<u>89,326</u>	<u>-</u>	<u>602,449</u>	<u>29,250</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	26,462	-	-	-
Restricted	145,952	196,247	-	-
Unassigned	-	-	-	(29,250)
	<u>172,414</u>	<u>196,247</u>	<u>-</u>	<u>(29,250)</u>
<i>Total fund balances</i>	<u>172,414</u>	<u>196,247</u>	<u>-</u>	<u>(29,250)</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 261,740</u>	<u>\$ 196,247</u>	<u>\$ 602,449</u>	<u>\$ -</u>

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

Special Revenue Funds

IDEA-B Entitlement - 24106	IDEA-B Preschool - 24109	IDEA-B CEIS - 24112	IDEA-B Risk Pool -24120	English Language Acquisition - 24153	Teacher/ Principal Training & Recruiting - 24154
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
759,224	5,941	-	682	10,898	111,199
3,244	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 762,468</u>	<u>\$ 5,941</u>	<u>\$ -</u>	<u>\$ 682</u>	<u>\$ 10,898</u>	<u>\$ 111,199</u>
\$ 10,953	\$ -	\$ -	\$ 544	\$ 184	\$ 16,707
-	-	-	-	-	-
761,793	6,827	-	682	82,242	96,623
-	-	-	-	-	-
-	-	-	-	-	-
<u>772,746</u>	<u>6,827</u>	<u>-</u>	<u>1,226</u>	<u>82,426</u>	<u>113,330</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(10,278)	(886)	-	(544)	(71,528)	(2,131)
<u>(10,278)</u>	<u>(886)</u>	<u>-</u>	<u>(544)</u>	<u>(71,528)</u>	<u>(2,131)</u>
<u>\$ 762,468</u>	<u>\$ 5,941</u>	<u>\$ -</u>	<u>\$ 682</u>	<u>\$ 10,898</u>	<u>\$ 111,199</u>

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**June 30, 2016**

	Special Revenue Funds			
	Rural and Low Income Schools - 24160	Title I School Improvement - 24162	Reading First - 24167	Carl D Perkins - Secondary - 24174
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Accounts receivable:				
Taxes	-	-	-	-
Due from other governments	-	21,466	-	-
Due from other funds	-	-	1,478,993	19,354
Inventory	-	-	-	-
Advances to other funds	-	-	29,250	-
	<u>\$ -</u>	<u>\$ 21,466</u>	<u>\$ 1,508,243</u>	<u>\$ 19,354</u>
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 21,466</u>	<u>\$ 1,508,243</u>	<u>\$ 19,354</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<i>Current liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	21,466	-	-
Unearned revenue	-	-	-	19,354
Advances from other funds	-	-	1,688,581	-
	<u>-</u>	<u>21,466</u>	<u>1,688,581</u>	<u>19,354</u>
<i>Total liabilities</i>	<u>-</u>	<u>21,466</u>	<u>1,688,581</u>	<u>19,354</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	-	-	-	-
Unassigned	-	-	(180,338)	-
	<u>-</u>	<u>-</u>	<u>(180,338)</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>(180,338)</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>\$ 21,466</u>	<u>\$ 1,508,243</u>	<u>\$ 19,354</u>

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

Special Revenue Funds

Carl D Perkins - High Schools - 24180	Medicaid XIX - 25153	Local Combined Grants - 25502	Dual Credit Instructional Materials - 27103	2010 GO Bond Student Library - 27106	GO Bonds 2012 - 27107	Reads to Lead - 27114
\$ -	\$ -	\$ 3,944	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	35,990	-	5,480	-	38,007	47,943
12,999	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 12,999</u>	<u>\$ 35,990</u>	<u>\$ 3,944</u>	<u>\$ 5,480</u>	<u>\$ -</u>	<u>\$ 38,007</u>	<u>\$ 47,943</u>
\$ -	\$ 11,873	\$ -	\$ -	\$ -	\$ -	\$ 9,942
-	-	-	-	-	-	-
-	27,765	3,323	5,480	19,494	38,007	47,943
2,939	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,939</u>	<u>39,638</u>	<u>3,323</u>	<u>5,480</u>	<u>19,494</u>	<u>38,007</u>	<u>57,885</u>
-	-	-	5,480	-	38,007	47,943
-	-	-	5,480	-	38,007	47,943
-	-	-	-	-	-	-
10,060	-	621	-	-	-	-
-	(3,648)	-	(5,480)	(19,494)	(38,007)	(57,885)
<u>10,060</u>	<u>(3,648)</u>	<u>621</u>	<u>(5,480)</u>	<u>(19,494)</u>	<u>(38,007)</u>	<u>(57,885)</u>
<u>\$ 12,999</u>	<u>\$ 35,990</u>	<u>\$ 3,944</u>	<u>\$ 5,480</u>	<u>\$ -</u>	<u>\$ 38,007</u>	<u>\$ 47,943</u>



**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**June 30, 2016**

	Special Revenue Funds			
	Technology for Education - 27117	Breakfast for Elem Students - 27155	Adequacy Tech Equity Grant - 27162	K-3 Plus - 27166
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 78	\$ -	\$ 117,326	\$ -
Investments	-	-	-	-
Accounts receivable:				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
Advances to other funds	-	-	-	-
	<u>\$ 78</u>	<u>\$ -</u>	<u>\$ 117,326</u>	<u>\$ -</u>
<i>Total assets</i>	<u>\$ 78</u>	<u>\$ -</u>	<u>\$ 117,326</u>	<u>\$ -</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<i>Current liabilities:</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	78	-	117,326	-
Advances from other funds	-	-	-	-
	<u>78</u>	<u>-</u>	<u>117,326</u>	<u>-</u>
<i>Total liabilities</i>	<u>78</u>	<u>-</u>	<u>117,326</u>	<u>-</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	-	-	-	-
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>\$ -</u>	<u>\$ 117,326</u>	<u>\$ -</u>

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

Special Revenue Funds

Stem Initiative - 27181	School Library Material Fund - 27549	Early Intervention CYFD - 28108	GRADS Child Care - 28189	GRADS Instruction - 28190	GRADS Plus - 28203
\$ -	\$ 1,536	\$ 74,288	\$ 2,120	\$ -	\$ 7
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	911	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,536</u>	<u>\$ 74,288</u>	<u>\$ 2,120</u>	<u>\$ 911</u>	<u>\$ 7</u>
\$ -	\$ 1,536	\$ -	\$ 139	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	43,094	-
-	-	-	1,981	-	-
-	-	-	-	-	-
<u>-</u>	<u>1,536</u>	<u>-</u>	<u>2,120</u>	<u>43,094</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	74,288	-	-	7
-	-	-	-	(42,183)	-
<u>-</u>	<u>-</u>	<u>74,288</u>	<u>-</u>	<u>(42,183)</u>	<u>7</u>
<u>\$ -</u>	<u>\$ 1,536</u>	<u>\$ 74,288</u>	<u>\$ 2,120</u>	<u>\$ 911</u>	<u>\$ 7</u>

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOL DISTRICT  
Combining Balance Sheet  
Non-major Governmental Funds  
June 30, 2016**

	Special Revenue Funds	
	Value Options DOH - 29131	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 311	\$ 631,135
Investments	-	-
Accounts receivable:		
Taxes	-	-
Due from other governments	-	1,640,190
Due from other funds	-	1,514,590
Inventory	-	26,462
Advances to other funds	-	29,250
	<u>\$ 311</u>	<u>\$ 3,841,627</u>
<i>Total assets</i>		
	<u>\$ 311</u>	<u>\$ 3,841,627</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<i>Current liabilities:</i>		
Accounts payable	\$ -	\$ 104,613
Accrued liabilities	-	-
Due to other funds	-	1,793,779
Unearned revenue	-	141,678
Advances from other funds	-	1,717,831
	<u>-</u>	<u>3,757,901</u>
<i>Total liabilities</i>		
	<u>-</u>	<u>3,757,901</u>
<i>Deferred inflows of resources:</i>		
Unavailable revenue - federal or state receivables	-	91,430
	<u>-</u>	<u>91,430</u>
<i>Total deferred inflows of resources</i>		
	<u>-</u>	<u>91,430</u>
<i>Fund balances:</i>		
Nonspendable	-	26,462
Restricted	311	427,486
Unassigned	-	(461,652)
	<u>311</u>	<u>(7,704)</u>
<i>Total fund balances</i>		
	<u>311</u>	<u>(7,704)</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>		
	<u>\$ 311</u>	<u>\$ 3,841,627</u>

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

Capital Outlay Funds

Special Capital Outlay - Local - 31300	Special Capital Outlay - State - 31400	Capital Improvement SB-9 Local - 31701	Total Nonmajor Capital Projects Funds	Technology Bonds - Debt Service - 43000	Total Nonmajor Governmental Funds
\$ 8,800	\$ -	\$ -	\$ 8,800	\$ 59,716	\$ 699,651
-	-	-	-	-	-
-	-	-	-	-	-
-	195,000	-	195,000	-	1,835,190
-	-	-	-	-	1,514,590
-	-	-	-	-	26,462
-	-	-	-	-	29,250
<u>\$ 8,800</u>	<u>\$ 195,000</u>	<u>\$ -</u>	<u>\$ 203,800</u>	<u>\$ 59,716</u>	<u>\$ 4,105,143</u>
\$ -	\$ -	\$ 795	\$ 795	\$ -	\$ 105,408
-	-	-	-	-	-
-	80,000	-	80,000	-	1,873,779
-	-	-	-	-	141,678
-	-	-	-	-	1,717,831
<u>-</u>	<u>80,000</u>	<u>795</u>	<u>80,795</u>	<u>-</u>	<u>3,838,696</u>
<u>-</u>	<u>195,000</u>	<u>-</u>	<u>195,000</u>	<u>-</u>	<u>286,430</u>
<u>-</u>	<u>195,000</u>	<u>-</u>	<u>195,000</u>	<u>-</u>	<u>286,430</u>
-	-	-	-	-	26,462
8,800	-	-	8,800	59,716	496,002
<u>-</u>	<u>(80,000)</u>	<u>(795)</u>	<u>(80,795)</u>	<u>-</u>	<u>(542,447)</u>
<u>8,800</u>	<u>(80,000)</u>	<u>(795)</u>	<u>(71,995)</u>	<u>59,716</u>	<u>(19,983)</u>
<u>\$ 8,800</u>	<u>\$ 195,000</u>	<u>\$ -</u>	<u>\$ 203,800</u>	<u>\$ 59,716</u>	<u>\$ 4,105,143</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, 2016**

	Special Revenue Funds			
	Food Services - 21000	Athletics - 22000	Title I - IASA - 24101	Migrant Children Education - 24103
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Investment income	172	242	-	-
Food services	197,252	-	-	-
District activities	-	74,623	-	-
Insurance recoveries	-	-	-	-
Revenue from local sources	-	-	-	-
Revenue from state sources	-	-	-	-
Revenue from federal sources	1,325,261	-	602,456	-
<i>Total revenues</i>	<u>1,522,685</u>	<u>74,865</u>	<u>602,456</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	-	96,271	503,793	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	18,645	-
School administration	-	-	62,580	-
Operation of non instructional services				
Food services operation	1,524,518	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
<i>Total expenditures</i>	<u>1,524,518</u>	<u>96,271</u>	<u>585,018</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(1,833)</u>	<u>(21,406)</u>	<u>17,438</u>	<u>-</u>
<i>Other financing sources(uses):</i>				
Increase (decrease) in inventory	<u>8,328</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balance</i>	6,495	(21,406)	17,438	-
<i>Beginning fund balances</i>	<u>165,919</u>	<u>217,653</u>	<u>(17,438)</u>	<u>(29,250)</u>
<i>Fund balances--end of year</i>	<u>\$ 172,414</u>	<u>\$ 196,247</u>	<u>\$ -</u>	<u>\$ (29,250)</u>

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

Special Revenue Funds

IDEA-B Entitlement - 24106	IDEA-B Preschool - 24109	IDEA-B CEIS - 24112	IDEA-B Risk Pool - 24120	English Language Acquisition - 24153	Teacher/ Principal Training & Recruiting - 24154
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
759,225	26,886	-	138	20,764	117,736
<u>759,225</u>	<u>26,886</u>	<u>-</u>	<u>138</u>	<u>20,764</u>	<u>117,736</u>
447,365	26,886	-	682	9,972	83,506
173,775	-	-	-	-	-
-	-	-	-	-	-
20,368	-	-	-	-	922
76,139	-	-	-	1,344	26,772
-	-	-	-	-	-
48,484	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>766,131</u>	<u>26,886</u>	<u>-</u>	<u>682</u>	<u>11,316</u>	<u>111,200</u>
(6,906)	-	-	(544)	9,448	6,536
-	-	-	-	-	-
(6,906)	-	-	(544)	9,448	6,536
(3,372)	(886)	-	-	(80,976)	(8,667)
<u>\$ (10,278)</u>	<u>\$ (886)</u>	<u>\$ -</u>	<u>\$ (544)</u>	<u>\$ (71,528)</u>	<u>\$ (2,131)</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, 2016**

	Special Revenue Funds			
	Rural and Low Income Schools - 24160	Title I School Improvement - 24162	Reading First - 24167	Carl D Perkins - Secondary - 24174
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Food services	-	-	-	-
District activities	-	-	-	-
Insurance recoveries	-	-	-	-
Revenue from local sources	-	-	-	-
Revenue from state sources	-	-	-	-
Revenue from federal sources	44,235	21,466	-	-
<i>Total revenues</i>	44,235	21,466	-	-
<b>EXPENDITURES</b>				
Current:				
Instruction	-	21,466	-	-
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>	-	21,466	-	-
<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>	(44,235)	-	(180,338)	-
<i>Fund balances--end of year</i>	\$ -	\$ -	\$ (180,338)	\$ -

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

Special Revenue Funds

Carl D Perkins - High Schools - 24180	Medicaid XIX - 25153	Local Combined Grants - 25502	Dual Credit Instructional Materials - 27103	2010 GO Bond Student Library - 27106	GO Bonds 2012 - 27107	Reads to Lead - 27114
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	14,700	-	33,216	77,362
-	149,993	-	-	-	-	-
-	149,993	-	14,700	-	33,216	77,362
-	-	-	20,180	-	-	-
-	155,149	-	-	-	-	-
-	-	-	-	-	38,007	125,304
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	155,149	-	20,180	-	38,007	125,304
-	(5,156)	-	(5,480)	-	(4,791)	(47,942)
-	-	-	-	-	-	-
-	(5,156)	-	(5,480)	-	(4,791)	(47,942)
10,060	1,508	621	-	(19,494)	(33,216)	(9,943)
\$ 10,060	\$ (3,648)	\$ 621	\$ (5,480)	\$ (19,494)	\$ (38,007)	\$ (57,885)



**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, 2016**

	Special Revenue Funds			
	Technology for Education - 27117	Breakfast for Elementary Students - 27155	Adequacy Tech Equity Grant - 27162	K-3 Plus - 27166
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Investment income	-	-	-	-
Food services	-	-	-	-
District activities	-	-	-	-
Insurance recoveries	-	-	-	-
Revenue from local sources	-	-	-	-
Revenue from state sources	-	-	-	80,396
Revenue from federal sources	-	-	-	-
<i>Total revenues</i>	-	-	-	80,396
<b>EXPENDITURES</b>				
Current:				
Instruction	-	-	-	80,396
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>	-	-	-	80,396
<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 - 27181	School Library Material Fund - 27549	Early Intervention CYFD - 28108	GRADS Child Care - 28189	GRADS Instruction - 28190	GRADS Plus - 28203
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	10,890	3,198	3,979	7,026
-	-	-	-	-	-
-	-	10,890	3,198	3,979	7,026
-	-	-	-	-	-
-	-	3,398	3,198	3,979	7,026
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	3,398	3,198	3,979	7,026
-	-	-	-	-	-
-	-	7,492	-	-	-
-	-	-	-	-	-
-	-	7,492	-	-	-
-	-	66,796	-	(42,183)	7
\$ -	\$ -	\$ 74,288	\$ -	\$ (42,183)	\$ 7

**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, 2016**

	Special Revenue Funds	
	Value Options DOH - 29131	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>		
Property taxes	\$ -	\$ -
Investment income	-	414
Food services	-	197,252
District activities	-	74,623
Insurance recoveries	-	-
Revenue from local sources	-	-
Revenue from state sources	-	230,767
Revenue from federal sources	-	3,068,160
<i>Total revenues</i>	-	3,571,216
<b>EXPENDITURES</b>		
Current:		
Instruction	-	1,308,118
Support services		
Students	-	328,924
Instruction	-	163,311
General administration	-	39,935
School administration	-	166,835
Operation of non instructional services		
Food services operation	-	1,524,518
Community services	-	48,484
Capital outlay	-	-
Debt service	-	-
<i>Total expenditures</i>	-	3,580,125
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	(8,909)
<i>Other financing sources(uses):</i>		
Increase (decrease) in inventory	-	8,328
<i>Net changes in fund balance</i>	-	(581)
<i>Beginning fund balances</i>	311	(7,123)
<i>Fund balances--end of year</i>	\$ 311	\$ (7,704)

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

Capital Outlay Funds

Special Capital Outlay - Local - 31300	Special Capital Outlay - State - 31400	Capital Improvements SB-9 Local - 31701	Total Nonmajor Capital Projects Funds	Technology Bonds - Debt Service - 43000	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	414
-	-	-	-	-	197,252
-	-	-	-	-	74,623
-	-	-	-	-	-
8,725	-	-	8,725	-	8,725
-	-	-	-	-	230,767
-	-	-	-	-	3,068,160
<u>8,725</u>	<u>-</u>	<u>-</u>	<u>8,725</u>	<u>-</u>	<u>3,579,941</u>
-	-	-	-	-	1,308,118
-	-	-	-	-	328,924
-	-	-	-	-	163,311
-	-	-	-	-	39,935
-	-	-	-	-	166,835
-	-	-	-	-	-
-	-	-	-	-	1,524,518
-	-	-	-	-	48,484
-	-	795	795	-	795
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>795</u>	<u>795</u>	<u>-</u>	<u>3,580,920</u>
<u>8,725</u>	<u>-</u>	<u>(795)</u>	<u>7,930</u>	<u>-</u>	<u>(979)</u>
-	-	-	-	-	8,328
8,725	-	(795)	7,930	-	7,349
75	(80,000)	-	(79,925)	59,716	(27,332)
<u>\$ 8,800</u>	<u>\$ (80,000)</u>	<u>\$ (795)</u>	<u>\$ (71,995)</u>	<u>\$ 59,716</u>	<u>\$ (19,983)</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 - 21000**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 179	\$ 179	\$ 172	\$ (7)
District activities	362,762	362,762	197,252	(165,510)
Revenues from federal sources	1,278,121	1,278,121	1,220,707	(57,414)
Revenue from state sources	-	-	-	-
<i>Total revenues</i>	<u>1,641,062</u>	<u>1,641,062</u>	<u>1,418,131</u>	<u>(222,931)</u>
<b>EXPENDITURES</b>				
Operation of non-instructional services:				
Food services	1,641,062	1,641,062	1,380,637	260,425
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>1,641,062</u>	<u>1,641,062</u>	<u>1,380,637</u>	<u>260,425</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>37,494</u>	<u>37,494</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>37,494</u>	<u>37,494</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>147,786</u>	<u>147,786</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 185,280</u>	<u>\$ 185,280</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Inventory			8,328	
Accounts Payable			(39,327)	
Net change in fund balance (GAAP basis)			<u>\$ 6,495</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 - 22000**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment income	\$ 100	\$ 100	\$ 242	\$ 142
District activities	84,575	84,575	74,623	(9,952)
Revenue from state sources	-	-	-	-
<i>Total revenues</i>	<u>84,675</u>	<u>84,675</u>	<u>74,865</u>	<u>(9,810)</u>
<b>EXPENDITURES</b>				
Instruction	303,221	303,221	96,271	206,950
<i>Total expenditures</i>	<u>303,221</u>	<u>303,221</u>	<u>96,271</u>	<u>206,950</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(218,546)</u>	<u>(218,546)</u>	<u>(21,406)</u>	<u>197,140</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	218,546	218,546	-	(218,546)
<i>Total other financing sources (uses)</i>	<u>218,546</u>	<u>218,546</u>	<u>-</u>	<u>(218,546)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(21,406)	(21,406)
<i>Cash or fund balances - beginning of year</i>	-	-	217,653	217,653
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,247</u>	<u>\$ 196,247</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 -24101**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ 535,665	\$ 656,103	\$ 411,935	\$ (244,168)
<i>Total revenues</i>	<u>535,665</u>	<u>656,103</u>	<u>411,935</u>	<u>(244,168)</u>
<b>EXPENDITURES</b>				
Instruction	452,444	572,582	521,231	51,351
Support services:				
General administration	18,645	18,645	18,645	-
School administration	64,576	64,876	62,580	2,296
<i>Total expenditures</i>	<u>535,665</u>	<u>656,103</u>	<u>602,456</u>	<u>53,647</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(190,521)</u>	<u>(190,521)</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>(190,521)</u>	<u>(190,521)</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(398,523)</u>	<u>(398,523)</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (589,044)</u>	<u>\$ (589,044)</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			190,517	
Accounts payable			17,442	
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 - 24103**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
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>(29,250)</u>	<u>(29,250)</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (29,250)</u>	<u>\$ (29,250)</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 - 24106**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenue from federal sources	\$ 685,807	\$ 964,405	\$ 137,162	\$ (827,243)
<i>Total revenues</i>	<u>685,807</u>	<u>964,405</u>	<u>137,162</u>	<u>(827,243)</u>
<b>EXPENDITURES</b>				
Instruction	316,472	466,472	446,034	20,438
Support services:				
Students	157,560	246,123	168,200	77,923
General administration	-	28,416	20,368	8,048
School administration	170,405	121,989	76,139	45,850
Community services	41,370	101,405	48,484	52,921
<i>Total expenditures</i>	<u>685,807</u>	<u>964,405</u>	<u>759,225</u>	<u>205,180</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(622,063)</u>	<u>(622,063)</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>(622,063)</u>	<u>(622,063)</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(136,489)</u>	<u>(136,489)</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (758,552)</u>	<u>\$ (758,552)</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			622,062	
Accounts payable			<u>(6,905)</u>	
Net change in fund balance (GAAP basis)			<u>\$ (6,906)</u>	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**IDEA - B Preschool Special Revenue Fund - 24109**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ 32,639	\$ 40,397	\$ 20,945	\$ (19,452)
<i>Total revenues</i>	<u>32,639</u>	<u>40,397</u>	<u>20,945</u>	<u>(19,452)</u>
<b>EXPENDITURES</b>				
Instruction	32,639	40,397	26,886	13,511
Support services:				
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>32,639</u>	<u>40,397</u>	<u>26,886</u>	<u>13,511</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(5,941)</u>	<u>(5,941)</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>(5,941)</u>	<u>(5,941)</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(886)</u>	<u>(886)</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,827)</u>	<u>\$ (6,827)</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			5,941	
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 -24112**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ 78,532	\$ 78,532
Interfund Transfer	-	-	-	-
<i>Total revenues</i>	-	-	78,532	78,532
<b>EXPENDITURES</b>				
Salaries	-	-	-	-
Support services:				
General administration	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	78,532	78,532
<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>	-	-	78,532	78,532
<i>Cash or fund balances - beginning of year</i>	-	-	(78,532)	(78,532)
<i>Cash or fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			(78,532)	
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 -24120**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ 682	\$ 544	\$ (138)
<i>Total revenues</i>	<u>-</u>	<u>682</u>	<u>544</u>	<u>(138)</u>
<b>EXPENDITURES</b>				
Instruction	-	682	682	-
<i>Total expenditures</i>	<u>-</u>	<u>682</u>	<u>682</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(138)</u>	<u>(138)</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>(138)</u>	<u>(138)</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(544)</u>	<u>(544)</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (682)</u>	<u>\$ (682)</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			138	
Accounts payable			<u>(544)</u>	
Net change in fund balance (GAAP basis)			<u>\$ (544)</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 - 24153**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ 69,872	\$ 140,689	\$ 9,866	\$ (130,823)
<i>Total revenues</i>	<u>69,872</u>	<u>140,689</u>	<u>9,866</u>	<u>(130,823)</u>
<b>EXPENDITURES</b>				
Instruction	61,450	132,267	9,972	122,295
Support services				
General administration	1,370	1,370	-	1,370
School administration	7,052	7,052	1,344	5,708
<i>Total expenditures</i>	<u>69,872</u>	<u>140,689</u>	<u>11,316</u>	<u>129,373</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,450)</u>	<u>(1,450)</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>(1,450)</u>	<u>(1,450)</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(80,790)</u>	<u>(80,790)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Cash or fund balances - beginning of year - restated</i>	<u>-</u>	<u>-</u>	<u>(80,790)</u>	<u>(80,790)</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (82,240)</u>	<u>\$ (82,240)</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			1,266	
Accounts payable			0	
Deferred revenue			9,632	
Net change in fund balance (GAAP basis)			<u>\$ 9,448</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**  
**Teacher/Principal Training and Recruiting Special Revenue Fund - 24154**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ 107,173	\$ 243,289	\$ 15,189	\$ (228,100)
Revenue from local sources	-	-	-	-
<i>Total revenues</i>	<u>107,173</u>	<u>243,289</u>	<u>15,189</u>	<u>(228,100)</u>
<b>EXPENDITURES</b>				
Instruction	80,894	168,010	57,206	110,804
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	3,033	3,033	922	2,111
School administration	23,246	72,246	53,072	19,174
<i>Total expenditures</i>	<u>107,173</u>	<u>243,289</u>	<u>111,200</u>	<u>132,089</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(96,011)</u>	<u>(96,011)</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>(96,011)</u>	<u>(96,011)</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(613)</u>	<u>(613)</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (96,624)</u>	<u>\$ (96,624)</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			103,888	
Accounts payable			(8,652)	
Deferred revenue			7,311	
Net change in fund balance (GAAP basis)			<u>\$ 6,536</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**  
**Rural and Low Income Schools Special Revenue Fund - 24160**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ 44,235	\$ 44,235
<i>Total revenues</i>	-	-	44,235	44,235
<b>EXPENDITURES</b>				
Instruction	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	44,235	44,235
<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>	-	-	44,235	44,235
<i>Cash or fund balances - beginning of year</i>	-	-	(44,235)	(44,235)
<i>Cash or fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -

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**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 School Improvement - 24162**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ 25,000	\$ -	\$ (25,000)
<i>Total revenues</i>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
<b>EXPENDITURES</b>				
Instruction	-	21,466	21,466	-
<i>Total expenditures</i>	<u>-</u>	<u>21,466</u>	<u>21,466</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>3,534</u>	<u>(21,466)</u>	<u>(25,000)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	(3,534)	-	3,534
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(3,534)</u>	<u>-</u>	<u>3,534</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(21,466)</u>	<u>(21,466)</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>\$ (21,466)</u>	<u>\$ (21,466)</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			21,466	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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**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 - 24167**  
**For the Year Ended June 30, 2016**

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

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Carl D Perkins Secondary Special Revenue Fund - 24174**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
Revenue from local sources	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<b>EXPENDITURES</b>				
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 - 24180  
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<b>EXPENDITURES</b>				
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 - 25153**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from federal sources	\$ 150,000	\$ 150,000	\$ 150,006	\$ 6
Revenue from local sources	-	-	-	-
<i>Total revenues</i>	<u>150,000</u>	<u>150,000</u>	<u>150,006</u>	<u>6</u>
<b>EXPENDITURES</b>				
Support services:				
Students	150,000	150,000	149,992	8
<i>Total expenditures</i>	<u>150,000</u>	<u>150,000</u>	<u>149,992</u>	<u>8</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>14</u>	<u>14</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>14</u>	<u>14</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(27,780)</u>	<u>(27,780)</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,766)</u>	<u>\$ (27,766)</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			5,238	
Accounts payable			(10,408)	
Net change in fund balance (GAAP basis)			<u>\$ (5,156)</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 - 25502**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from local sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<b>EXPENDITURES</b>				
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 - 27103**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ 20,180	\$ 15,952	\$ (4,228)
<i>Total revenues</i>	<u>-</u>	<u>20,180</u>	<u>15,952</u>	<u>(4,228)</u>
<b>EXPENDITURES</b>				
Support services				
Instruction	-	20,180	20,180	-
<i>Total expenditures</i>	<u>-</u>	<u>20,180</u>	<u>20,180</u>	<u>-</u>
<i>Excess (deficiency) of revenues     over expenditures</i>	<u>-</u>	<u>-</u>	<u>(4,228)</u>	<u>(4,228)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues and     other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>(4,228)</u>	<u>(4,228)</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(1,252)</u>	<u>(1,252)</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,480)</u>	<u>\$ (5,480)</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			4,228	
Deferred revenue			(5,480)	
Net change in fund balance (GAAP basis)			<u>\$ (5,480)</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 - 27106**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
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 - 27107**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ 39,956	\$ 39,956	\$ 33,216	\$ (6,740)
<i>Total revenues</i>	<u>39,956</u>	<u>39,956</u>	<u>33,216</u>	<u>(6,740)</u>
<b>EXPENDITURES</b>				
Support Services				
Instruction	40,053	40,053	38,007	2,046
<i>Total expenditures</i>	<u>40,053</u>	<u>40,053</u>	<u>38,007</u>	<u>2,046</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(97)</u>	<u>(97)</u>	<u>(4,791)</u>	<u>(4,694)</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	97	97	-	(97)
<i>Total other financing sources (uses)</i>	<u>97</u>	<u>97</u>	<u>-</u>	<u>(97)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(4,791)	(4,791)
<i>Cash or fund balances - beginning of year</i>	-	-	(33,216)	(33,216)
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (38,007)</u>	<u>\$ (38,007)</u>

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



**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Reads to Lead TB Special Revenue Fund - 27114**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenue from state sources	\$ 130,000	\$ 130,000	\$ 158,022	\$ 28,022
<i>Total revenues</i>	<u>130,000</u>	<u>130,000</u>	<u>158,022</u>	<u>28,022</u>
<b>EXPENDITURES</b>				
Support services				
Instruction	130,000	130,000	125,304	4,696
<i>Total expenditures</i>	<u>130,000</u>	<u>130,000</u>	<u>125,304</u>	<u>4,696</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>32,718</u>	<u>32,718</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>32,718</u>	<u>32,718</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(80,661)</u>	<u>(80,661)</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (47,943)</u>	<u>\$ (47,943)</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			(32,717)	
Accounts payable			0	
Deferred revenue			(47,943)	
Net change in fund balance (GAAP basis)			<u>\$ (47,942)</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 - 27117**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<b>EXPENDITURES</b>				
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 - 27155**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ -	\$ 56,576	\$ 56,576
<i>Total revenues</i>	-	-	56,576	56,576
<b>EXPENDITURES</b>				
Other contract services	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	56,576	56,576
<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>	-	-	56,576	56,576
<i>Cash or fund balances - beginning of year</i>	-	(56,576)	(56,576)	(56,576)
<i>Cash or fund balances - end of year</i>	\$ -	\$ (56,576)	\$ -	\$ -
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			(56,576)	
Net change in fund balance (GAAP basis)			\$ -	

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Adequacy Tech Equity Grant Special Revenue Fund - 27162**  
**For the Year Ended June 30, 2016**

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

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

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**K-3 Plus Special Revenue Fund - 27166**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ 112,360	\$ 80,396	\$ 141,891	\$ 61,495
<i>Total revenues</i>	<u>112,360</u>	<u>80,396</u>	<u>141,891</u>	<u>61,495</u>
<b>EXPENDITURES</b>				
Instruction	112,360	80,396	80,396	-
<i>Total expenditures</i>	<u>112,360</u>	<u>80,396</u>	<u>80,396</u>	<u>-</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>(61,495)</u>	<u>(61,495)</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>RECONCILIATION TO GAAP</b>				
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 -27181**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ -	\$ 11,023	\$ 11,023
<i>Total revenues</i>	-	-	11,023	11,023
<b>EXPENDITURES</b>				
Instruction	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	11,023	11,023
<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>	-	-	11,023	11,023
<i>Cash or fund balances - beginning of year</i>	-	-	(11,023)	(11,023)
<i>Cash or fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts Receivable			(11,023)	
Net change in fund balance (GAAP basis)			\$ -	

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**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 - 27549**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
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>

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**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 - 28108**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ -	\$ 10,890	\$ 10,890
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>10,890</u>	<u>10,890</u>
<b>EXPENDITURES</b>				
Instruction	-	66,796	3,398	63,398
<i>Total expenditures</i>	<u>-</u>	<u>66,796</u>	<u>3,398</u>	<u>63,398</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(66,796)</u>	<u>7,492</u>	<u>74,288</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	66,796	-	(66,796)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>66,796</u>	<u>-</u>	<u>(66,796)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	<u>-</u>	<u>-</u>	<u>7,492</u>	<u>7,492</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>66,795</u>	<u>66,795</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,287</u>	<u>\$ 74,287</u>

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**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 - 28189**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ 3,000	\$ 2,785	\$ (215)
<i>Total revenues</i>	<u>-</u>	<u>3,000</u>	<u>2,785</u>	<u>(215)</u>
<b>EXPENDITURES</b>				
Instruction	-	5,534	3,198	2,336
<i>Total expenditures</i>	<u>-</u>	<u>5,534</u>	<u>3,198</u>	<u>2,336</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(2,534)</u>	<u>(413)</u>	<u>2,121</u>
<i>Other financing sources (uses):</i>				
Designated cash balance	-	2,534	-	(2,534)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>2,534</u>	<u>-</u>	<u>(2,534)</u>
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	(413)	(413)
<i>Cash or fund balances - beginning of year</i>	-	-	2,535	2,535
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,122</u>	<u>\$ 2,122</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts payable			413	
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 - 28190**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ 6,500	\$ 3,068	\$ (3,432)
<i>Total revenues</i>	<u>-</u>	<u>6,500</u>	<u>3,068</u>	<u>(3,432)</u>
<b>EXPENDITURES</b>				
Instruction	-	6,500	3,979	2,521
Support services:				
Students	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>6,500</u>	<u>3,979</u>	<u>2,521</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(911)</u>	<u>(911)</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>(911)</u>	<u>(911)</u>
<i>Cash or fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(42,185)</u>	<u>(42,185)</u>
<i>Cash or fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,096)</u>	<u>\$ (43,096)</u>
<b>RECONCILIATION TO GAAP</b>				
Adjustments:				
Accounts receivable			911	
Net change in fund balance (GAAP basis)			<u>\$ -</u>	

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**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 - 28203**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ 16,000	\$ 7,026	\$ (8,974)
<i>Total revenues</i>	-	16,000	7,026	(8,974)
<b>EXPENDITURES</b>				
Instruction	-	16,000	7,026	8,974
Support services:				
Students	-	-	-	-
<i>Total expenditures</i>	-	16,000	7,026	8,974
<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>	-	-	7	7
<i>Cash or fund balances - end of year</i>	\$ -	\$ -	\$ 7	\$ 7

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 -29131**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<b>EXPENDITURES</b>				
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 - 31300**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from local sources	\$ -	\$ 8,725	\$ 8,725	\$ -
<i>Total revenues</i>	-	8,725	8,725	-
<b>EXPENDITURES</b>				
Capital outlay	-	8,800	-	8,800
<i>Total expenditures</i>	-	8,800	-	8,800
<i>Excess (deficiency) of revenues over expenditures</i>	-	(75)	8,725	8,800
<i>Other financing sources (uses):</i>				
Designated cash balance	-	75	-	(75)
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	75	-	(75)
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	8,725	8,725
<i>Cash or fund balances - beginning of year</i>	-	-	75	75
<i>Cash or fund balances - end of year</i>	\$ -	\$ -	\$ 8,800	\$ 8,800

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 - 31400**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ 80,000	\$ 115,000	\$ -	\$ (115,000)
<i>Total revenues</i>	<u>80,000</u>	<u>115,000</u>	<u>-</u>	<u>(115,000)</u>
<b>EXPENDITURES</b>				
Capital outlay	80,000	115,000	-	115,000
<i>Total expenditures</i>	<u>80,000</u>	<u>115,000</u>	<u>-</u>	<u>115,000</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>(80,000)</u>	<u>(80,000)</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**  
**Capital Improvement SB-9 Local Fund - 31701**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from state sources	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	-	-	-	-
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	-
<i>Total expenditures</i>	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<i>Other financing sources (uses):</i>				
Designated cash balance	-	-	-	-
Transfers out	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures</i>	-	-	-	-
<i>Cash or fund balances - beginning of year</i>	-	-	-	-
<i>Cash or fund balances - end of year</i>	\$ -	\$ -	\$ -	\$ -
Adjustments:				
Accounts payable			(795)	
Net change in fund balance (GAAP basis)			(795)	

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 - 43000**  
**For the Year Ended June 30, 2016**

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

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



## **FIDUCIARY SECTION**

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Fiduciary Funds  
June 30, 2016**

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, 2016**

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
High School Yearbook	\$ 5,404	8,536	5,837	\$ 8,103
6th Grade Energy Club	640	-	-	640
Business Professional of America	3,040	-	-	3,040
7th Grade Choir	2,927	3,287	2,691	3,523
Key Club	1,849	252	252	1,849
AP Consumable Lab/Cavine	286	-	-	286
Cheerleaders-High School	4	-	-	4
Cheerleaders-Jr. High	1,950	-	540	1,410
Geo Group Scholarship	4,000	-	4,000	-
Communication/Drama	218	-	-	218
Consumable Workbooks	108	-	-	108
Llano Activity Fund	11,840	15,720	19,078	8,482
FFA	28,109	41,377	43,731	25,755
LHS FCCLA	5,025	9,191	12,162	2,054
Scholarship Activity	4,749	-	-	4,749
High School Computer Lab-NMJC	374	-	-	374
HS Student ID	987	-	-	987
Administration Coke Fund	283	-	-	283
Judy Davis Memorial	398	-	-	398
TMS Activity Account	1,898	3,568	3,155	2,311
6th Grade Activity Account	1,632	14,655	11,954	4,333
Junior Class	8,659	6,864	6,378	9,145
Library Fines	8,153	379	4,878	3,654
Miscellaneous	262	11,444	6,233	5,473
NOW/Account/Interest Earned	2,736	75	225	2,586
Senior Class	895	1,106	-	2,001
Sophomore Class	2,726	-	191	2,535
Choir Activity	11,083	1,809	2,238	10,654
Special Education Fund	24,312	15,357	9,575	30,094
TMS Honor Society	795	484	189	1,090
Student Council-High School	21,087	12,122	11,389	21,820
Student Council-Jr. High	918	-	-	918
6th Grade Honor Society	6,425	4,493	4,374	6,544
Summer School	24,077	3,440	-	27,517

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, 2016**

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<b>ACTIVITY ASSETS (continued)</b>				
Volleyball - High School	1,464	-	-	1,464
Freshman Academy Home Economics	219	-	-	219
A.K. Head Scholarship	2,072	16	-	2,088
H. Clardy Scholarship	3,588	25	1,000	2,613
Crouse Memorial Scholarship	6,531	375	1,000	5,906
Wal-Mart Teacher of the Year	33	-	-	33
9th Media Class	1,371	-	-	1,371
Ben Alexander Activity	8,882	10,717	11,471	8,128
Task Force for Substance	1,250	-	-	1,250
Project Planned Success	2,576	-	-	2,576
National Honor Society	2,664	2,056	2,021	2,699
TMS Library/M. Gutierrez	2,744	2,822	2,765	2,801
Jr. High Library	735	1,184	1,200	719
Jefferson Activity Fund	10,852	13,112	21,865	2,099
LJHS Media Class	-	300	-	300
After Grads	25,586	19,157	14,022	30,721
High School Library	5,650	521	402	5,769
Junior High Home Economics	1,377	171	298	1,250
Jr. High National Honor Society	211	-	-	211
Culinary Arts Lab Fee	918	1,710	1,156	1,472
High School Principals Coke Acct.	6,527	572	1,101	5,998
LJHS Dance	10,545	-	10,545	-
High School Math-Ancell	2,169	-	488	1,681
High School Parking Sticker-A.K.	389	-	-	389
Yarbro Library	4,020	11,175	13,205	1,990
Jefferson Library	21,739	8,114	7,469	22,384
Ben A. Library	3,536	8,450	6,789	5,197
Lea Library	6,534	6,740	10,801	2,473
Llano Library	2,391	7,065	6,862	2,594
Bob Jameson Memorial	325	-	-	325
Freshman Academy Volleyball	63	-	-	63
Elementary Fine Arts - Belinda	15,704	2,070	15,000	2,774
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, 2016**

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<b>ACTIVITY ASSETS (continued)</b>				
9th Grade Student Council	2,671	985	1,902	1,754
Brian Urlacher Scholarship	3,125	-	-	3,125
David Templeman Memorial	6,180	-	-	6,180
Wildcat Tale	1,319	-	-	1,319
FCA/AK	517	-	-	517
Bilingual	2,574	3,362	4,066	1,870
LEA Activity Fund	13,854	14,256	13,609	14,501
High School Tech Lab	1,033	-	-	1,033
Yarbro Activity Account	1,990	20,616	17,808	4,798
9th Grade FHA	913	-	-	913
Character Counts-Becky Davis	5	-	-	5
Science Activity Fund	3,394	6,045	6,964	2,475
Department of Public Safety	274	-	-	274
Jr. High Lounge Cokes	1,377	-	-	1,377
HS - PSAT Testing	598	810	810	598
9th Dance Fund	544	-	-	544
NHHS Activity	436	957	800	593
9th Grade Cheerleader Fund	241	-	-	241
Aaron Austin Scholarship	335	-	-	335
J.D. Fry Scholarship	300	-	-	300
High School Band	852	-	600	252
Caprock Pipe Supply Scholarship	2	-	-	2
PNM Grants	6	-	-	6
Urlacher Royalties	1	-	-	1
Total Activity Funds	<u>\$ 383,350</u>	<u>\$ 297,542</u>	<u>\$ 325,089</u>	<u>355,803</u>

Total fiduciary assets per Statement of Fiduciary Assets and Liabilities \$ 355,803

Accounts payable \$ 7,380

Due to Other School Organizations 348,423

Total fiduciary liabilities per Statement of Fiduciary Assets and Liabilities \$ 355,803

See accompanying independent auditors' report.

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Schedule of Collateral Pledged by Depository**  
**June 30, 2016**

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2016	Name and Location of Safekeeper
Western Commerce Bank	GNMA #80364 Due 01/20/30	\$ 30,873	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #80170 Due 2/20/28	34,004	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA #8146 Due 2/20/23	33,945	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # 654159 Due 10/1/32	56,130	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FHLMC # A84288 Due 1/1/39	56,098	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	GNMA # 714730 Due 6/15/39	411,467	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA # MA0602 Due 12/1/30	564,088	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA #AJ4035 Due 10/1/41	801,459	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA #704407 Due 5/1/33	86,494	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FHLMC #G08534 Due 6/1/43	856,483	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FNMA #AC4792 Due 10/1/39	427,314	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	FHLMC #420175 Due 3/1/19	149,944	Federal Home Loan Bank Dallas, TX
Western Commerce Bank	SBAP 2008-20H Due 8/1/28	676,361	Federal Home Loan Bank Dallas, TX
		4,184,660	
Lea County State Bank	Alamogordo NM 4% Due 08/01/34	667,209	Lea County State Bank Hobbs, NM
Lea County State Bank	Dexter NM ISD 5% Due 08/01/21	209,422	Lea County State Bank Hobbs, NM
		876,631	
Wells Fargo Bank	FHG #G08558 Due 11/1/43	2,022,050	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN3138E9RE2 Due 11/1/43	4,281,584	Bank of New York Mellon New York, NY
Wells Fargo Bank	FN3138EHGF3 Due 12/1/26	279,458	Bank of New York Mellon New York, NY
		6,583,092	
		\$ 11,644,383	

See accompanying independent auditors' report.

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Schedule of Cash and Temporary Investments by Depository**  
**June 30, 2016**

Deposit or Investment Account Type	Western Commerce Bank	Lea County State Bank	Wells Fargo Bank	Total
Checking	3,059,501 *	448,601 *	1,570,420 *	5,078,522
Checking	24,312	-	4,482,402	4,506,714
Checking	346,511 *	-	3,196,578	3,543,089
Checking	235,278 *	-	-	235,278
CD	83,514 *	-	-	83,514
CD	19,795 *	-	-	19,795
CD	5,626 *	-	-	5,626
CD	8,925 *	-	-	8,925
Total on deposit	3,783,462	448,601	9,249,400	13,481,463
Reconciling items	(559,071)	(14,191)	(65,223)	(638,485)
Reconciled balance at June 30, 2016	<u>3,224,391</u>	<u>434,410</u>	<u>9,184,177</u>	<u>12,842,978</u>

\* Indicates interest bearing accounts.

Cash and cash equivalents:

Government-wide balance sheet	\$ 12,487,175
Fiduciary balance sheet	\$ 355,803
	<u>\$ 12,842,978</u>

See accompanying independent auditors' report.

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Cash Reconciliation**  
**June 30, 2016**

	<b>Operational Account</b>	<b>Payroll Clearing</b>	<b>ERA Clearing/ NMPSIA</b>	<b>Transportation Account</b>
Cash and investments, June 30, 2015	\$ 3,676,050	\$ 34,070	\$ 1,450,181	\$ -
Add:				
2015-16 revenues	29,968,284	-	-	1,010,146
Prior year void warrants	-	-	-	-
Adjustment	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	33,644,334	34,070	1,450,181	1,010,146
Less:				
2015-16 expenditures	(30,580,926)	-	-	(983,932)
Refunds	-	-	-	-
Prior year outstanding loans	-	-	-	-
Change in clearing accounts	-	170	120,239	-
Cash transfers	-	-	-	-
Receivable/payable change	-	-	-	-
Current year loans (to) from other funds	(671,671)	-	-	-
Audit adjustments	60,115	-	-	-
Cash and investments, June 30, 2016	<u>\$ 2,451,852</u>	<u>\$ 34,240</u>	<u>\$ 1,570,420</u>	<u>\$ 26,214</u>

See accompanying independent auditors' report.



<b>Instructional Materials Account</b>	<b>Food Services Account</b>	<b>Athletics Account</b>	<b>Federal Flowthrough Account</b>	<b>Federal Projects Account</b>	<b>Activities</b>
\$ 159,832	\$ 91,209	\$ 217,653	\$ 187,636	\$ 3,944	\$ 383,350
261,423	1,418,131	74,865	718,409	150,006	296,452
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
421,255	1,509,340	292,518	906,045	153,950	679,802
(257,451)	(1,380,638)	(96,270)	(1,533,223)	(149,991)	(323,999)
-	-	-	-	-	-
-	56,576	-	320	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	50,000	-	591,691	-	-
-	-	-	35,167	(15)	-
\$ 163,804	\$ 235,278	\$ 196,248	\$ -	\$ 3,944	\$ 355,803

See accompanying independent auditors' report.

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOL DISTRICT**  
**Cash Reconciliation**  
**June 30, 2016**

	<u>State Flowthrough</u>	<u>State Direct</u>	<u>Local or State</u>	<u>Bond Building</u>	<u>Spec. Cap. Outlay-Local</u>
Cash and investments, June 30, 2015	\$ 118,940	\$ 69,336	\$ 312	\$ 16,785,349	\$ 75
Add:					
2015-16 revenues	416,680	23,768	-	697	8,725
Prior year void warrants	-	-	-	-	-
Adjustment	-	-	-	-	-
Loans from other funds	-	-	-	-	-
Total cash available	535,620	93,104	312	16,786,046	8,800
Less:					
2015-16 expenditures	(263,887)	(17,603)	-	(13,525,546)	-
Refunds	-	-	-	-	-
Prior year outstanding loans	(56,576)	-	-	-	-
Change in clearing accounts	-	-	-	-	-
Cash transfers	-	-	-	-	-
Receivable/payable change	-	-	-	-	-
Current year loans (to) from other funds	-	-	-	-	-
Audit adjustments	(96,217)	912	-	-	-
Cash and investments, June 30, 2016	<u>\$ 118,940</u>	<u>\$ 76,413</u>	<u>\$ 312</u>	<u>\$ 3,260,500</u>	<u>\$ 8,800</u>

See accompanying independent auditors' report.

<b>Spec. Cap. Outlay- State</b>	<b>Cap. Improv. HB- 33</b>	<b>Cap. Improve - SB-9</b>	<b>Debt Service</b>	<b>Educational Technology Debt Service</b>	<b>Total</b>
\$ -	\$ 1,680,223	\$ 1,667,745	\$ 2,813,223	\$ 59,715	\$ 29,398,843
-	1,335,358	1,356,718	4,195,933	-	41,235,595
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,015,581	3,024,463	7,009,156	59,715	70,634,438
-	(1,674,547)	(2,129,276)	(3,872,293)	-	(56,789,582)
-	-	-	-	-	-
-	-	-	-	-	320
-	-	-	-	-	120,409
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(29,980)
-	-	-	-	-	(38)
<u>\$ -</u>	<u>\$ 1,341,034</u>	<u>\$ 895,187</u>	<u>\$ 3,136,863</u>	<u>\$ 59,715</u>	<u>\$ 13,935,567</u>
				Agency cash	<u>(355,803)</u>
				Reconciled cash and investments	<u>\$ 13,579,764</u>
				Cash	12,487,175
				Investments	<u>1,092,589</u>
					<u>\$ 13,579,764</u>

See accompanying independent auditors' report.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOL DISTRICT  
Schedules of Required Supplementary Information  
June 30, 2016**

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

	2016	2015
The District's proportion of the net pension liability (asset)	0.63650%	0.63086%
The District's proportionate share of the net pension liability (asset)	\$ 41,227,800	\$ 35,995,164
The District's covered-employee payroll	\$ 17,378,489	\$ 18,093,578
The District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	237.23%	198.94%
Plan fiduciary net position as a percentage of the total pension liability	63.97%	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, 2016**

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

	2016	2015
Contractually required contribution	\$ 2,870,300	\$ 2,515,007
Contributions in relation to the contractually required contribution	\$ 2,515,007	\$ 2,515,007
Contribution deficiency (excess)	\$ 355,293	\$ -
The District's covered-employee payroll	\$ 17,378,489	\$ 18,093,578
Contributions as a percentage of covered-employee payroll	14.47%	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, 2016**

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

*Changes of assumptions.*

ERB conducts an actuarial experience study for the Plan on a biennial basis. The Board of Trustees approve the following economic and demographic assumptions used in the fiscal year 2015 actuarial calculation of the total pension liability on June 12, 2015:

1. Fiscal year 2015 valuation assumptions that changed based on this study:
  - a. Lower wage inflation from 4.25% to 3.75%
  - b. Update the mortality tables to incorporate generational improvements
  - c. Update demographic assumptions to use currently published tables, which may result in minor calculation changes
  - d. Remove population growth assumption for projections
  - e. Lower population growth from .50% to zero (no impact on valuation results)
2. Assumptions that were not changed:
  - a. Maintain in current 3.00% inflation assumption
  - b. Retain net 4.75% real return assumption
  - c. Retain 7.75% nominal return assumption
  - d. No change to COLA assumption of 2.00% per year
  - e. Maintain current payroll growth assumption of 3.50%
  - f. Maintain experience-based rates for members who joined NMERB by June 30, 2010

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

Lovington Municipal School District  
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)  
 For the Year Ended June 30, 2016

Prepared by: Stacey Crawford Title: Chief Procurement Officer Date September 1, 2016

RF# / RFP# (if applicable)	Type of Procurement	Vendor Name	Did Vendor Win Contract?	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Physical address of vendor (City, State)	Did the Vendor provide documentation of eligibility for in-state preference?	Did the Vendor provide documentation of eligibility for veterans' preference?	Brief Description of the Scope of Work
Bid # 688		Kirkmeyer Electric	winner	\$75/hr		2024 N. Dal Paso, Hobbs, NM 88240	no	no	Electrical Repair & Maintenance
Bid # 688		Strong Power & Electric	winner	\$75/hr		9 W. Ave. F, Lovington, NM 88260	no	no	Electrical Repair & Maintenance
Bid # 689		Mediscan Staffing Services	loser			20150 Callia St., Ste. 100, Woodland Hills, CA 91367	no	no	Speech/Language/Pathology
Bid # 689		Speech Language Diag Serv., LLC	winner	\$85/hr		2909 North Flamingo Drive, Hobbs, NM 88240	no	no	Speech/Language/Pathology
Bid # 689		All About Therapy	winner	\$85/hr		P.O. Box 504, Bushland, TX 79012	no	no	Speech/Language/Pathology
Bid # 689		Therapia Staffing, LLC	winner	\$65/hr		7451 Wiles Rd., Ste. 107, Coral Springs, FL 33076	no	no	Speech/Language/Pathology
Bid # 689		Community Rehab Assoc., Inc.	winner	\$68/hr		3950 3rd St. N, Ste. D, St. Petersburg, FL 33703-6123	no	no	Speech/Language/Pathology
Bid # 689		Alexander Therapy Services	winner	\$85/hr		522 W. Millen, Hobbs, NM 88242	no	no	Speech/Language/Pathology
Bid # 689		Procure Therapy, Inc.	winner	\$76/hr		8001 North Lincoln, Skokie, IL 60077	no	no	Speech/Language/Pathology
Bid # 689		Soliant Health, Inc.	winner	\$85/hr		1979 Lakeside Parkway, Ste. 800, Tucker, GA 30084	no	no	Speech/Language/Pathology
Bid # 689		Therapy Solutions	winner	\$85/hr		855 CR 226, Denver City, TX 79323	no	no	Speech/Language/Pathology
Bid # 689		Therapy Options	winner	\$80/hr		9 N. Sycamore Ct., Roswell, NM 88201	no	no	Speech/Language/Pathology
Bid # 689		Southwest Regional Therapy Solutions	winner	\$85/hr		905 18th St., Seagraves, TX 79359	no	no	Speech/Language/Pathology
Bid # 689		AMN Healthcare	winner	\$75/hr		65 Danbury Road, Wilton, CT 06897	no	no	Speech/Language/Pathology
Bid # 689		MBR Speech Therapy Services	winner	\$85/hr		1915 W. Jefferson, Lovington, NM 88260	no	no	Speech/Language/Pathology
Bid # 689		Ardor health Solutions	winner	\$67.75/hr		5830 Coral Ridge DR., Ste. 120, Coral Springs, FL 33076	no	no	Speech/Language/Pathology
Bid # 689		Reeves	winner	\$75/hr		105 Westland, San Angelo, TX 76901	no	no	Speech/Language/Pathology
Bid # 690		Therapia Staffing, LLC	winner	\$69/hr		7451 Wiles Rd., Ste. 107, Coral Springs, FL 33076	no	no	Psychology
Bid # 690		Community Rehab Assoc., Inc.	winner	\$75/hr		3950 3rd St. N, Ste. D, St. Petersburg, FL 33703-6123	no	no	Psychology
Bid # 690		Soliant Health, Inc.	winner	\$80-\$85/hr		1979 Lakeside Parkway, Ste. 800, Tucker, GA 30084	no	no	Psychology

Lovington Municipal School District  
 SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)  
 For the Year Ended June 30, 2016

Prepared by: Stacey Crawford Title: Chief Procurement Officer Date September 1, 2016

<i>RFB#/RFP# (if applicable)</i>	<i>Type of Procurement</i>	<i>Vendor Name</i>	<i>Did Vendor Win Contract?</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Physical address of vendor (City, State)</i>	<i>Did the Vendor provide documentation of eligibility for in-state preference?</i>	<i>Did the Vendor provide documentation of eligibility for veterans' preference?</i>	<i>Brief Description of the Scope of Work</i>
Bid # 690		Procare Therapy, Inc.	winner	\$76/hr		8001 North Lincoln, Skokie, IL 60077	no	no	Psychology
Bid # 690		Ardor health Solutions	winner	\$67.75/hr		5830 Coral Ridge DR., Ste. 120, Coral Springs, FL 33076	no	no	Psychology
Bid # 690		Mediscan Staffing Services	loser			20150 Callifa St., Ste. 100, Woodland Hills, CA 91367	no	no	Psychology
Bid # 691		Con Cariffo O. T.	loser			3307 Belmont Place, Hobbs, NM 88240	no	no	Occupational Therapy
Bid # 691		Mediscan Staffing Services	loser			20150 Callifa St., Ste. 100, Woodland Hills, CA 91367	no	no	Occupational Therapy
Bid # 691		Therapia Staffing, LLC	winner	\$65/hr		7451 Wiles Rd., Ste. 107, Coral Springs, FL 33076	no	no	Occupational Therapy
Bid # 691		Community Rehab Assoc., Inc.	winner	\$70/hr		3950 3rd St. N, Ste. D, St. Petersburg, FL 33703-6123	no	no	Occupational Therapy
Bid # 691		Soliant Health, Inc.	winner	\$78-\$85/hr		1979 Lakeside Parkway, Ste. 800, Tucker, GA 30084	no	no	Occupational Therapy
Bid # 691		Therapy Solutions	winner	\$85/hr		855 CR 226, Denver City, TX 79323	no	no	Occupational Therapy
Bid # 691		Healthy Therapy	winner	\$65/hr		603 S. Holiday, Plainview, TX 79072	no	no	Occupational Therapy(Assistant)
Bid # 691		AMN Healthcare	winner	\$71/hr		64 Danbury Road, Wilton, CT 06897	no	no	Occupational Therapy
Bid # 691		Procare Therapy, Inc.	winner	\$76/hr		8001 North Lincoln, Skokie, IL 60077	no	no	Occupational Therapy
Bid # 691		Barraza OT Services	winner	\$85/hr		1018 E. Highland Dr., Hobbs, NM 88240	no	no	Occupational Therapy



## **COMPLIANCE SECTION**



# JOHNSON, MILLER & CO., CPA'S PC

Certified Public Accountants

A Professional Corporation

An Independent Member of BDO Alliance USA

## 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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparison of the District, presented as supplemental information, and have issued our report thereon dated November 1, 2016.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies, as item 2015-005.

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(575) 393-2171

## **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 item 2016-001.

## **The District's Response to Findings**

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

## **Purpose of this Report**

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

Johnson, Miller & Co., CPA's

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Hobbs, New Mexico  
November 1, 2016

## **FEDERAL FINANCIAL ASSISTANCE**



# JOHNSON, MILLER & CO., CPA'S PC

Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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 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, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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.

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## 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, 2016.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

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., CPA's

A handwritten signature in blue ink that reads "Johnson Miller & Co., CPA's PC". The signature is written in a cursive, flowing style.

Hobbs, New Mexico  
November 1, 2016

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2016**

**A. SUMMARY OF AUDIT RESULTS**

***Financial Statements***

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes      x   No

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

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      x   No

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes      x   No

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? \_\_\_\_\_ Yes      x   No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.173	IDEA-B Cluster
Dollar threshold used to distinguish between type A and type B programs:	\$ <u>750,000</u>
Auditee qualified as low-risk auditee?	<u>  X  </u> Yes    _____ No

**STATE OF NEW MEXICO**  
**LOVINGTON MUNICIPAL SCHOOLS**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2016

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
<u>U.S. Department of Agriculture</u>			
Pass-Through State Department of Education			
USDA National School Lunch Program	10.555	21000 \$	753,940
USDA National School Breakfast Program	10.555	21000	466,768
Total Child Nutrition Cluster			<u>1,220,708</u>
Pass-Through State Department of Human Services			
USDA Commodities Program	10.555	21000	104,554
Total Commodities Program			<u>104,554</u>
Total U.S. Department of Agriculture			1,325,262
<u>U.S. Department of Education</u>			
Pass-Through State Department of Education			
Special Education Cluster:			
IDEA, Part B, Entitlement	84.027	24106	759,224 (1)
IDEA, Preschool	84.173	24109	26,886 (1)
IDEA-B "Risk Pool"	84.173	24120	682 (1)
Total Special Education Cluster			<u>786,792</u>
Title I Cluster			
ESEA Title I Basic	84.010	24101	602,452
Total Title I Cluster			<u>602,452</u>
<u>U.S. Department of Education (continued)</u>			
Pass-Through State Department of Education			
Other:			
Title I Section 1003 G Grant	84.377	24162	21,465
Title III - English Language Acquisition	84.365	24153	11,315
Title II A	84.367	24154	111,199
Total Other Grants			<u>143,979</u>
Total U.S. Department of Education			1,533,223
<b>Total Federal Assistance</b>		<b>\$</b>	<b><u><u>2,858,485</u></u></b>

(1)-Denotes programs audited as major.

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, 2016

**Notes to Schedule of Expenditures of Federal Awards**

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Commodities

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, 2016 was \$104,554 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, 2016**

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**B. Findings – Financial Statement Audit**

2015-005 ACCOUNTS PAYABLE-SIGNIFICANT DEFICIENCY (MODIFIED/REPEATED)

Condition

In our testing of accounts payable, we noted that the District did not record \$1,409,865 in invoices for accounts payable and incorrectly included \$175,187 of invoices in accounts payable. After adjustment, the invoices are properly reflected in the financial statements. The prior year corrective action plan, to be implemented annually in preparation for the conversion to the modified accrual basis, was proposed by the former Business Manager. The corrective action plan was not properly implemented at year end.

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, 2016, were attached to purchase orders originating in the 2015-16 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

The Business Manager has identified the corrective action plan from the prior Business Manager as being inaccurate. To correct this finding, Accounts Payable has been directed to enter invoice dates into Visions rather than the current date. A report will be extracted the following year by invoice date which will accurately reflect the accounts payable amount to be recorded.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2016**

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**B. Findings – Financial Statement Audit (continued)**

2016-001 DONATED ASSETS-OTHER MATTER

Condition

The District did not properly identify donated computer equipment and record the items in the Districts records and did not tag the assets as District property. The total fair market value of the donated equipment is \$3,533.

Criteria

NMAC 2.20.1.15 requires school districts to establish controls over its capital assets in order to safeguard them and establish accountability for their custody and use. In addition, Districts are required to record donated assets at their fair market value and newly received capital assets shall be tagged at the time they are received.

Cause

The District did not identify and record donated assets.

Effect

The District did not implement the proper internal controls over capital assets.

Recommendation

The District should implement the necessary internal controls in order to identify and properly record all donated assets received.

Agency Response

The Business Manager has sent an e-mail to the district stating that the Business Office is to be informed when any donated item is received. The weekly meeting of the Cabinet and ATM were specifically informed as well. In addition, any award of donation reported to the Board of Education will be tracked by the Business Manager or designee to ensure proper and timely recording.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2016**

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**C. Federal Award Findings and Questioned Costs**

There are no federal award findings and questioned costs for fiscal year ended June, 30, 2016.

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2016**

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**D. Findings – Prior Year Audit**

2013-005 Time and Effort Documentation	Resolved and Not Repeated
2014-001 Late Deposit	Resolved and Not Repeated
2014-002 Account Miscoding	Resolved and Not Repeated
2014-003 Old Outstanding Check	Resolved and Not Repeated
2015-001 ERB and RHC	Resolved and Not Repeated
2015-002 Travel Advance	Resolved and Not Repeated
2015-003 No W-4	Resolved and Not Repeated
2015-004 PO Approval	Resolved and Not Repeated
2015-005 Accounts Payable	Modified and Repeated
2015-006 Late Audit	Resolved and Not Repeated

**STATE OF NEW MEXICO  
LOVINGTON MUNICIPAL SCHOOLS**

**Exit Conference  
June 30, 2016**

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The contents of this report were discussed at an exit conference held October 31, 2016. Mary Hinds, CPA Director; and Jennifer Burrola, Auditor, represented Johnson, Miller & Co, CPA's; Dymorie Maker, Board President; Greg Maxie, Board Vice-President; LeAnne Gandy, Superintendent; and Tanya Hutchins, Business Manager; Mark Roddenberry, Community Member; Allyson Roberts, Community Member; Claire Halsell, Community Member; Elizabeth Wieser, Parent; 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, 2016 by Johnson, Miller & Co., Certified Public Accountants, a Professional Corporation.