

STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL  
CHARTER SCHOOL**  
COMPONENT OF  
CIMARRON MUNICIPAL SCHOOL DISTRICT

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COMPREHENSIVE FINANCIAL ANNUAL REPORT  
AND  
SUPPLEMENTAL INFORMATION  
YEAR ENDED JUNE 30, 2014  
WITH  
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



ACCOUNTING & FINANCIAL  
**SOLUTIONS**  
CERTIFIED PUBLIC ACCOUNTANTS

INTRODUCTORY SECTION

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STATE AUDITOR

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STATE AUDITOR

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STATE OF NEW MEXICO  
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

OFFICIAL ROSTER  
June 30, 2014

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GOVERNING COUNCIL

Kelly Orndorff	President
[ Not Filled ]	Vice President
Deborah Coscia	Secretary
Trini Bradley	Treasurer
Kathy Westlund	Member

SCHOOL OFFICIALS

Jacque Boyd	Director
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AUDIT COMMITTEE

Kelly Orndorff	Council President
Deborah Coscia	Council Secretary
Domingo Sanchez	Member
Jacque Boyd	Member

FINANCE COMMITTEE

Kelly Orndorff	Council President
Deborah Coscia	Council Secretary
Domingo Sanchez	Member
Jacque Boyd	Member

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FINANCIAL SECTION

FISCAL YEAR 2014

JULY 1, 2013 THROUGH JUNE 30, 2014



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## INDEPENDENT AUDITORS' REPORT

Hector H. Balderas, State Auditor  
The Board of Education and  
The Audit Committee of  
Moreno Valley High School Charter School

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Moreno Valley High School Charter School, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise Moreno Valley High School Charter School's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Moreno Valley High School Charter School's nonmajor governmental and the budgetary comparisons for the capital project funds and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, 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 from 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 Moreno Valley High School Charter School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Moreno Valley High School Charter School, as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of Moreno Valley High School Charter School as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the major capital project funds, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Hector H. Balderas, State Auditor  
The Board of Education and  
The Audit Committee of  
Moreno Valley High School Charter School

## Other Matters

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Moreno Valley High School Charter School's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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 other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 4, 2014 on our consideration of the Moreno Valley High School Charter School'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 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 Moreno Valley High School Charter School's internal control over financial reporting and compliance.

*Accounting & Financial Solutions, LLC*  
Farmington, New Mexico  
November 4, 2014

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

STATEMENT OF NET POSITION  
 June 30, 2014

	<u>Primary Government</u>	<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Moreno Valley Education Foundation</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 95,603	\$ 154,864
Receivables:		
Grant	16,759	-
Non-current:		
Non-depreciable assets	-	300,000
Depreciable capital assets, net	1,713,639	322,784
Total assets	1,826,001	777,648
<b>LIABILITIES</b>		
Accounts payable	740	-
Accrued salaries	8,196	-
Total liabilities	8,936	-
<b>NET POSITION</b>		
Net investment in capital assets	1,713,639	622,784
Restricted for:		
Special revenue funds	1,881	-
Capital projects	49,478	-
Unrestricted	52,067	154,864
Total net position	\$ 1,817,065	\$ 777,648

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

STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

STATEMENT OF ACTIVITIES  
 Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units
Primary government:						
Governmental activities:						
Instruction	\$ 674,984	\$ 6,352	\$ 16,149	\$ 37,180	\$ (615,303)	\$ -
Support Services - Students	4,728	-	113	260	(4,355)	-
Support Services - Instruction	371	-	9	20	(342)	-
Support Services - General Administration	71,654	-	1,714	3,947	(65,993)	-
Support Services - School Administration	117,991	-	2,823	6,499	(108,669)	-
Central Services	63,601	-	1,522	-	(62,079)	-
Operations & Maintenance of Plant	175,319	-	4,194	-	(171,125)	-
Total governmental activities	\$ 1,108,648	\$ 6,352	\$ 26,524	\$ 47,906	(1,027,866)	-
Component units:						
Moreno Valley Education Foundation	\$ 61,358	\$ 68,000	\$ -	\$ -	-	6,642
			General revenues:			
			Grants and contributions not restricted	894,704	-	-
			Gain (Loss) on asset transfer	(15,157)	15,157	-
			Change in net position	(148,319)	21,799	-
			Net position - beginning	1,965,384	612,847	-
			Restatement	-	143,002	-
			Net position - beginning as restated	1,965,384	755,849	-
			Net position - ending	\$ 1,817,065	\$ 777,648	-

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

STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

GOVERNMENTAL FUNDS  
 Balance Sheet  
 June 30, 2014

	General Fund	Entitlement IDEA-B Fund #24106	Public School Capital Outlay Fund #31200	Special Capital Outlay - State Fund #31400
<b>ASSETS</b>				
Pooled cash and investments	\$ 21,195	\$ -	\$ -	\$ 72,527
Receivables:				
Grant	-	15,741	-	-
Due from other funds	<u>39,808</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 61,003</u>	<u>\$ 15,741</u>	<u>\$ -</u>	<u>\$ 72,527</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	\$ 740	\$ -	\$ -	\$ -
Accrued salaries	8,196	-	-	-
Due to other funds	<u>-</u>	<u>15,741</u>	<u>15,969</u>	<u>-</u>
Total liabilities	8,936	15,741	15,969	-
Fund balance:				
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	72,527
Unassigned	<u>52,067</u>	<u>-</u>	<u>(15,969)</u>	<u>-</u>
Total fund balance	<u>52,067</u>	<u>-</u>	<u>(15,969)</u>	<u>72,527</u>
Total liabilities and fund balance	<u>\$ 61,003</u>	<u>\$ 15,741</u>	<u>\$ -</u>	<u>\$ 72,527</u>

( cont'd; 1 of 2 )

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

STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

GOVERNMENTAL FUNDS

Balance Sheet  
 June 30, 2014

	Capital Improvements SB-9 <u>Fund #31700</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>ASSETS</b>			
Pooled cash and investments	\$ -	\$ 1,881	\$ 95,603
Receivables:			
Grant	-	1,018	16,759
Due from other funds	<u>-</u>	<u>-</u>	<u>39,808</u>
 Total assets	 <u>\$ -</u>	 <u>\$ 2,899</u>	 <u>\$ 152,170</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 740
Accrued salaries	-	-	8,196
Due to other funds	<u>7,080</u>	<u>1,018</u>	<u>39,808</u>
 Total liabilities	 7,080	 1,018	 48,744
Fund balance:			
Restricted for:			
Special revenue funds	-	1,881	1,881
Capital projects funds	-	-	72,527
Unassigned	<u>(7,080)</u>	<u>-</u>	<u>29,018</u>
 Total fund balance	 <u>(7,080)</u>	 <u>1,881</u>	 <u>103,426</u>
 Total liabilities and fund balance	 <u>\$ -</u>	 <u>\$ 2,899</u>	 <u>\$ 152,170</u>

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STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

RECONCILIATION OF THE BALANCE SHEET - ALL GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION

June 30, 2014

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

Fund balances - total governmental funds	\$ 103,426
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets	2,231,803
Accumulated depreciation	<u>(518,164)</u>
Net position of governmental activities	<u>\$ 1,817,065</u>

STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

GOVERNMENTAL FUNDS  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2014

	<u>General Fund</u>	<u>Entitlement IDEA-B Fund #24106</u>	<u>Public School Capital Outlay Fund #31200</u>	<u>Special Capital Outlay - State Fund #31400</u>
<b>Revenues:</b>				
Federal sources:				
Federal flowthrough grants	\$ -	\$ 20,373	\$ -	\$ -
State sources:				
State equalization guarantee	894,704	-	-	-
State instructional material	6,150	-	-	-
State grant	-	-	47,907	-
Local sources:				
Fees and activities	6,352	-	-	-
Total revenue	907,206	20,373	47,907	-
<b>Expenditures:</b>				
Current:				
Instruction	603,595	20,373	-	-
Support Services:				
Students	4,371	-	-	-
Instruction	343	-	-	-
General Administration	66,238	-	-	-
School Administration	109,073	-	-	-
Central Services	58,794	-	-	-
Operation & Maintenance of Plant	91,112	-	63,876	-
Total expenditures	933,526	20,373	63,876	-
Excess (deficiency) of revenues over expenditures	(26,320)	-	(15,969)	-
Fund balance at beginning of the year	78,387	-	-	72,527
Fund balance (deficit) at end of the year	\$ 52,067	\$ -	\$ (15,969)	\$ 72,527

(cont'd; 1 of 2)

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

STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

GOVERNMENTAL FUNDS  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2014

	Capital Improvements SB-9 <u>Fund #31700</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Revenues:</b>			
Federal sources:			
Federal flowthrough grants	\$ -	\$ -	\$ 20,373
State sources:			
State equalization guarantee	-	-	894,704
State instructional material	-	-	6,150
State grant	-	-	47,907
Local sources:			
Fees and activities	-	-	6,352
<b>Total revenue</b>	<u>-</u>	<u>-</u>	<u>975,486</u>
<b>Expenditures:</b>			
Current:			
Instruction	-	-	623,968
Support Services:			
Students	-	-	4,371
Instruction	-	-	343
General Administration	-	-	66,238
School Administration	-	-	109,073
Central Services	-	-	58,794
Operation & Maintenance of Plant	<u>7,080</u>	<u>-</u>	<u>162,068</u>
<b>Total expenditures</b>	<u>7,080</u>	<u>-</u>	<u>1,024,855</u>
Excess (deficiency) of revenues over expenditures	(7,080)	-	(49,369)
Fund balance at beginning of the year	-	<u>1,881</u>	<u>152,795</u>
Fund balance (deficit) at end of the year	<u>\$ (7,080)</u>	<u>\$ 1,881</u>	<u>\$ 103,426</u>

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STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2014

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

Net change in fund balance - total governmental funds	\$ (49,369)
Governmental funds report capital outlays 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. This is the amount by which capital outlays exceeded depreciation in the current year	
Depreciation	(83,793)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Loss on asset disposal	<u>(15,157)</u>
Change in net position of governmental activities	<u>\$ (148,319)</u>

STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

GENERAL FUND  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
State sources:				
State equalization guarantee	\$ 894,704	\$ 894,704	\$ 894,704	\$ -
State instructional material	5,790	5,790	6,150	360
State grant	-	6,419	6,418	(1)
Local sources:				
Fees and activities	4,000	4,000	6,352	2,352
Total revenues	904,494	910,913	913,624	2,711
<b>Expenditures:</b>				
Current:				
Instruction	657,572	663,991	603,595	60,396
Support Services:				
Students	2,000	4,381	4,371	10
Instruction	433	383	343	40
General Administration	71,361	67,240	66,238	1,002
School Administration	115,488	110,736	109,073	1,663
Central Services	57,958	59,208	58,794	414
Operation & Maintenance of Plant	92,078	103,789	91,112	12,677
Total expenditures	996,890	1,009,728	933,526	76,202
Excess (deficiency) of revenues over expenditures	(92,396)	(98,815)	(19,902)	78,913
Beginning cash balance budgeted	92,396	98,815	-	(98,815)
Fund balance at beginning of the year	-	-	78,387	78,387
Fund balance at end of the year	\$ -	\$ -	58,485	\$ 58,485
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in due interfund loans			(6,418)	
			\$ 52,067	

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

STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

ENTITLEMENT IDEA-B FUND - NO. 24106

Statement of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Federal sources:				
Federal grant	\$ -	\$ 20,373	\$ -	\$ (20,373)
Expenditures:				
Current:				
Instruction	-	20,373	20,373	-
Excess (deficiency) of revenues over expenditures	-	-	(20,373)	(20,373)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(20,373)	<u>\$ (20,373)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			15,741	
Change in due from other governments			(6,418)	
Change in due interfund loans			6,418	
Change in deferred revenue			<u>4,632</u>	
			<u>\$ -</u>	



STATE OF NEW MEXICO  
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

AGENCY FUNDS  
Statement of Fiduciary Assets and Liabilities  
June 30, 2014

**ASSETS**

Pooled cash and investments	\$ <u>23,293</u>
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**LIABILITIES**

Deposits held for others	\$ <u>23,293</u>
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The notes to the financial statements are an integral part of this statement.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

## I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

Moreno Valley High School Charter School (School) is a special purpose government corporation governed by an elected five-member Council. The Council is the basic level of government, which has oversight responsibility and control over all activities related to the School. The School is located in the Village of Angel Fire, New Mexico and the surrounding areas. The School is responsible for activities related to public elementary school education. The School receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The School's financial statements include all entities over which the Council exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Based upon the application of these criteria, one component unit and no fiduciary units were included in the financial statements.

As required by GAAP, these financial statements present the District (primary government) and its component units. The component units discussed below are included in the District's reporting because of the significance of their operational or financial relationships with the District in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*.

#### 1. Blended Component Units

The School does not have any component units reported as blended component units.

#### 2. Discretely Presented Component Units

The School has one component unit reported as a discretely presented component unit. Moreno Valley Education Foundation, Inc., a foundation, is closely related to Moreno Valley High School Charter School and exists for the primary purpose of providing direct benefit to the charter school. Moreno Valley Education Foundation, Inc. has a separately issued report which can be obtained at:

Moreno Valley Education Foundation  
PO Box 1630  
Angel Fire, NM 87710

The School is reported as a discretely presented component unit of Cimarron Municipal School District No. 3 as required in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. Cimarron Municipal School District No. 3's report can be obtained at:

Cimarron Municipal School District  
125 N Collison Ave.  
Cimarron, NM 87714

The summary of significant accounting policies of the School is presented to assist in the understanding of the School's financial statements. The financial statements and notes are the representation of Moreno Valley High School's management who is responsible for their integrity and objectivity. The financial statements of the School conform to GAAP as applied to governmental units. 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.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### B. Government-Wide and Fund 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 school district. For the most part, the effect of inter-fund 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*.

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

During fiscal year 2014, Moreno Valley High School adopted the following GASB Statements:

- GASB 66, *Technical Corrections: an amendment to GASB Statements No. 10 and No. 62*, resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. This Statement will be effective for the year ended June 30, 2014.
- GASB 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. This Statement will be effective for the year ended June 30, 2014.
- GASB 70, *Accounting and Financial Reporting for Nonexchange Financial*, the requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement will be effective for the year ended June 30, 2014.

Other accounting standards that Moreno Valley High School is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. This Statement requires the liability of defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. This Statement will be effective for the year ended June 30, 2015.
- GASB 69, *Government Combinations and Disposals of Government Operations*, which distinguishes between a government merger and a government acquisition and establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement will be effective for the year ended June 30, 2015.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (Amendment to GASB 68)*, improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. This Statement will be effective at the implementation of GASB 68.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

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 uncollectable amounts, in the 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. Revenues received during the year but are applicable to subsequent years are reported as deferred inflows of resources. 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. Expenditures incurred during the year that are for the benefit of subsequent years are reported as deferred outflows of resources.

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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The School reports the following major governmental funds:

**General Fund** – 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.

**Entitlement IDEA-B** – The Entitlement IDEA-B program is to provide grants to states, that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

**Public School Capital Outlay Capital Projects Fund** – This fund provides financing from Public Schools Critical Capital Outlay committee under chapter and laws of the New Mexico Lottery Receipts Act.

**Special Capital Outlay - State Capital Projects Fund** – This fund provides financing for special appropriation monies received from the State of New Mexico under Chapter 367, Laws of 1993.

**Capital Improvements SB-9 Capital Projects Fund** – This fund provides financing for the purchase of equipment and capital improvements to School property. Funding is received from a 2 mill property tax levy and interest earned on investments, under New Mexico Senate Bill 9.

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 or construction of major capital facilities.

**Fiduciary Funds** – Fiduciary Funds are the agency funds used to account for financial resources used by the student activity groups for which the School has stewardship

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.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### D. Assets, Liabilities, and Net Position or Equity

#### 1. *Deposits and investments*

The government'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 School's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The School is also allowed to invest in United States Government obligations. All funds for the School 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 school district. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

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

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 the United States or are backed by the full faith and credit of those governments.

#### 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 from/to other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due from/to other funds."

#### 3. *Inventories*

Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed. The School did not have any inventories as of June 30, 2014.

#### 4. *Capital assets*

Capital assets, which include property, plant, and equipment (software), are reported in the applicable governmental-wide financial statements. Beginning July 1, 2005, the threshold for defining Capital assets by the government was raised from \$1,000 to assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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. Software costs have been included with the cost of computer equipment and are capitalized with that equipment. The School does not develop software for internal use or any other use.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction projects has not been capitalized.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### D. Assets, Liabilities, and Net Position or Equity (cont'd)

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

<u>Assets</u>	<u>Years</u>
Buildings & Improvements	20-40
Land Improvements	10-20
Equipment	5-7

#### 5. *Compensated absences*

The School does not accrue a liability for compensated absences. Employees are contracted on an annual basis with all contracts being fully executed at the end of the year.

Accumulated sick leave is not payable upon termination and is recorded as expenditures when it is paid.

#### 6. *Fund balance*

##### a. Non-Spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either not spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

##### b. Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

##### c. Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the School's Governing Council should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the School's Governing Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The School did not have committed fund balances for the year ended June 30, 2014.

##### d. Assigned

Assigned fund balance includes all remaining amounts, except for negative balances, that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed and amounts in the general fund that are constrained by the School's intent to be used for specific purposes, but are neither restricted nor committed. Intent, and removal of, is expressed by the Board of Education or the Finance Committee. The School did not have assigned fund balances for the year ended June 30, 2014.

##### e. Unassigned

The remaining fund balance, after all other classifications, within the general fund is reported as unassigned fund balance. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, a negative fund balance will be reported as unassigned fund balance.

When committed, assigned, and unassigned resources are available for use, it is the School's policy to use committed first followed by assigned and unassigned resources as they are needed.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### D. Assets, Liabilities, and Net Position or Equity (cont'd)

#### 7. *Net position*

Net position is presented on the statement of net position and may be presented in any of three components.

##### a. Invested in capital assets, net of related debt

This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. That portion of the debt is included in restricted for capital projects.

##### b. Restricted net position

Net position are reported as being restricted when the restriction is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

##### c. Unrestricted net position

Unrestricted net position consists of net position that does not meet the definition of "invested in capital assets, net of related debt" or "restricted."

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

In the governmental environment, net position often is designated to indicate that management does not consider them to be available for general operations. In contrast to restricted net position, these types of constraints on resources are internal and management can remove or modify them. However, enabling legislation established by the reporting government should not be construed as an internal constraint.

#### 8. *Indirect Costs*

The School'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.

#### 9. *Estimates*

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

#### 10. *Revenues*

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 School received \$894,704 in state equalization guarantee distributions during the year ended June 30, 2014.



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. Budgetary Information

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the Public School Budget and Planning Unit of the Department of Education. Auxiliary student activity accounts are not budgeted.

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 fiscal 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 school 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 Department 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, 2013 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 996,890	\$ 1,009,728
Special Revenue Fund	5,177	25,550
Capital Projects Fund	<u>8,106</u>	<u>74,916</u>
Totals	<u>\$ 1,010,173</u>	<u>\$ 1,110,194</u>

### B. Budgetary Violations

The School did not have any budgetary violations during the year ended June 30, 2014.

### C. Deficit Fund Equity

There were two deficit fund balances of \$15,969 in Public School Capital Outlays and \$7,080 in Capital Improvements SB-9 as of June 30, 2014. These deficits will be covered by the Operational Fund if other funding is not received.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

## III. DETAILED NOTES ON ALL FUNDS

### A. Cash and Temporary Investments

Cash and equivalents are comprised of the following balances:

	<u>Balance</u>
Banks:	
International Bank	\$ 100,591
Washington Federal	23,712
Less agency cash	(23,293)
Less net reconciling items	(5,457)
Cash on hand	50
Total cash and equivalents	\$ 95,603

At June 30, 2014, the carrying amount of the School's deposits was \$118,846 and the bank balance was \$124,303 with the difference consisting of outstanding checks. Of this balance \$124,303 was covered by federal depository insurance.

#### Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. New Mexico 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 School for at least one half of the amount on deposit with the institution. The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2014, none of the School's bank balance of \$124,303 was exposed to custodial risk as follows:

	<u>International Bank</u>	<u>Washington Federal</u>	<u>Total</u>
Uninsured and uncollateralized	\$ -	\$ -	\$ -
Uninsured and collateral held by pledging bank's trust dept not in the District's name	-	-	-
Total uninsured	-	-	-
Insured (FDIC)	100,591	23,712	124,303
Total deposits	\$ 100,591	\$ 23,712	\$ 124,303
State of New Mexico collateral requirement:			
50% of uninsured public fund bank deposits	\$ -	\$ -	\$ -
Pledged security	-	-	-
Over collateralization	\$ -	\$ -	\$ -

The collateral pledged is listed on Page 57 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.

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools. Time deposits, savings deposits and interest bearing "Now" accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

## III. DETAILED NOTES ON ALL FUNDS (cont'd)

### B. Receivables

Receivables as of year-end for the government's individual major funds and non-major funds in the aggregate, including the following:

	Receivables		Due from Other	
	Delinquent Property Taxes	Grant	Governments	Funds
Major Funds:				
General	\$ -	\$ -	\$ -	\$ 39,808
Entitlement IDEA-B	-	15,741	-	-
Other Governmental Funds	-	1,018	-	-
Total	\$ -	\$ 16,759	\$ -	\$ 39,808

An allowance for doubtful accounts has not been established. All receivables are expected to be collectible.

### C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 15,157	\$ -	\$ (15,157)	\$ -
Capital assets being depreciated:				
Buildings and improvements	2,127,852	-	-	2,127,852
Furniture, fixtures, and equipment	103,951	-	-	103,951
Total capital assets being depreciated	2,231,803	-	-	2,231,803
Less accumulated depreciation for:				
Buildings and improvements	(346,093)	(68,511)	-	(414,604)
Furniture, fixtures, and equipment	(88,278)	(15,282)	-	(103,560)
Total accumulated depreciation	(434,371)	(83,793)	-	(518,164)
Total capital assets being depreciated, net	1,797,432	(83,793)	-	1,713,639
Total capital assets, net	\$ 1,812,589	\$ (83,793)	\$ (15,157)	\$ 1,713,639

Depreciation has been allocated to the functions by the following amounts:

<u>Depreciation Allocation to Functions</u>	
Instruction	\$ 51,016
Support Services - Students	357
Support Services - Instruction	28
Support Services - General Administration	5,416
Support Services - School Administration	8,918
Central Services	4,807
Operations & Maintenance of Plant	13,251
Total Depreciation Expense	\$ 83,793

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

## III. DETAILED NOTES ON ALL FUNDS (cont'd)

### C. Capital Assets (cont'd)

The Schedule of Capital Assets Used by Source, and the Schedule of Changes in Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable.

#### Transfer of Assets

The School transferred land to Moreno Valley Education Foundation in the amount of \$15,157 on June 30, 2014. The land was surveyed incorrectly when the land was initially given to the School to build permanent school buildings. The correct land plot was transferred to Cimarron Municipal School District on July 1, 2014.

#### Construction commitments

The District is involved in long-term construction projects as part of their master plan for upgrading the district buildings. The amount in the capital projects funds designated for subsequent years expenditures are committed for funding these projects. Interest on construction projects is not capitalized.

### D. Inter-Fund Receivables and Payables

The inter-fund receivables and payables at June 30, 2014 were:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 39,808	\$ -
Entitlement IDEA-B	-	15,741
Public School Capital Outlay	-	15,969
Capital Improvements SB-9	-	7,080
Other Governmental Funds	-	1,018
Total	<u>\$ 39,808</u>	<u>\$ 39,808</u>

The inter-fund loans were made for the purposes of cash shortfalls within the individual funds. All loans are expected to be repaid within the next fiscal year.

### E. Inter-Fund Transfers

There were not any inter-fund transfers made during the year ended June 30, 2014.

## IV. OTHER INFORMATION

### A. Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The School is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The School pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2014.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

## IV. OTHER INFORMATION (cont'd)

### B. Employee Retirement Plan

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

ERB  
P.O. Box 26129  
Santa Fe, New Mexico 87502-6129  
[www.nmerb.org](http://www.nmerb.org)

#### *Funding Policy*

##### Member Contributions

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

##### Employer Contributions

The School contributed 13.15% of gross covered salary in fiscal year 2014. In fiscal year 2015 the School will contribute 13.9% of gross covered salary.

The contribution requirements of plan members and the School are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The School's contributions to ERB for the fiscal years ending June 30, 2014, 2013, and 2012, were \$74,462, \$58,191, and \$47,879, respectively, which equal the amount of the required contributions for each fiscal year.

### C. Post-Retirement Health Care Benefits

#### *Plan Description*

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

Eligible retirees are:

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

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

### IV. OTHER INFORMATION (cont'd)

#### B. Employee Retirement Plan (cont'd)

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:

Retiree Health Care Authority  
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).

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

The School's contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$11,325, \$10,647, and \$9,597, respectively, which equal the required contributions for each year.

#### D. Contingent Liabilities

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

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

#### E. Related Party

Some of the School's portable buildings are located on land which is owned by the Foundation. The School pays rent to the Foundation in the amount of \$63,876, for the lease of the land and land improvements.

**NOTES TO THE FINANCIAL STATEMENTS**  
JUNE 30, 2014

IV. OTHER INFORMATION (cont'd)

F. Cash Flows

The School's federal and state grants operate on a reimbursement basis. The School must support the expenditures of these grants with monies from the unrestricted operating monies. Operating on a reimbursement basis for these grants in its self does not adversely affect the School's ability to operate effectively. However, the time it takes to receive reimbursement, if extensive, does significantly affect the School's cash flows and the ability to deliver educational services to the community in an effective manner. This could affect the School's financial operations in subsequent years.

G. Disclosure Required By State Auditor

Capital asset activity for Moreno Valley Education Foundation for the year ended June 30, 2014 was as follows:

	Beginning Balance	Restatement	Beginning Balance Restated	Increases	Decreases	Ending Balance
Governmental activities:						
Capital assets not being depreciated:						
Land	\$ 284,843	\$ -	\$ 284,843	\$ -	\$ -	\$ 284,843
Capital assets being depreciated:						
Land improvements	335,244	(335,244)	-	-	-	-
Buildings and improvements	35,690	535,441	571,131	-	-	571,131
Furniture, fixtures, and equipment	70,324	-	70,324	-	-	70,324
Total capital assets being depreciated	<u>441,258</u>	<u>200,197</u>	<u>641,455</u>	<u>-</u>	<u>-</u>	<u>641,455</u>
Less accumulated depreciation for:						
Land improvements	(157,863)	157,863	-	-	-	-
Buildings and improvements	(11,126)	(215,057)	(226,183)	(25,831)	-	(252,014)
Furniture, fixtures, and equipment	(65,375)	-	(65,375)	(1,281)	-	(66,656)
Total accumulated depreciation	<u>(234,364)</u>	<u>(57,194)</u>	<u>(291,558)</u>	<u>(27,112)</u>	<u>-</u>	<u>(318,670)</u>
Total capital assets being depreciated, net	<u>206,894</u>	<u>143,003</u>	<u>349,897</u>	<u>(27,112)</u>	<u>-</u>	<u>322,785</u>
Total capital assets, net	<u>\$ 491,737</u>	<u>\$ 143,003</u>	<u>\$ 634,740</u>	<u>\$ (27,112)</u>	<u>\$ -</u>	<u>\$ 607,628</u>

H. Restatement

There was a restatement of the financials for Moreno Valley Education Foundation in the amount of \$143,002 for the capital assets previously not recognized.

I. Subsequent Events

Subsequent events were evaluated through November 4, 2014, which is the date the financial statements were available to be issued.

**GENERAL FUNDS**  
YEAR ENDED JUNE 30, 2013

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**OPERATING FUND (Fund No. 11000)**

The government's primary fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**INSTRUCTIONAL MATERIALS FUND (Fund No. 14000)**

Accounts for all the Instructional Materials funds received through the state for the purpose of acquiring study materials for the students.



STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

GENERAL FUND  
 Combining Balance Sheet  
 June 30, 2014

	<b>General Funds</b>		
	Operational Fund #11000	Instructional Materials Fund #14000	Total General Funds
<b>ASSETS</b>			
Pooled cash and investments	\$ 16,353	\$ 4,842	\$ 21,195
Due from other funds	39,808	-	39,808
<b>Total assets</b>	<b>\$ 56,161</b>	<b>\$ 4,842</b>	<b>\$ 61,003</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 740	\$ -	\$ 740
Accrued salaries	8,196	-	8,196
<b>Total liabilities</b>	8,936	-	8,936
<b>Fund balance:</b>			
Unassigned	47,225	4,842	52,067
<b>Total liabilities and fund balance</b>	<b>\$ 56,161</b>	<b>\$ 4,842</b>	<b>\$ 61,003</b>

STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

GENERAL FUND  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2014

	General Funds		Total General Fund
	Operational Fund #11000	Instructional Materials Fund #14000	
<b>Revenues:</b>			
State sources:			
State equalization guarantee	\$ 894,704	\$ -	\$ 894,704
State instructional material	-	6,150	6,150
Local sources:			
Fees and activities	6,352	-	6,352
Total revenue	901,056	6,150	907,206
<b>Expenditures:</b>			
Current:			
Instruction	598,826	4,769	603,595
Support Services:			
Students	4,371	-	4,371
Instruction	343	-	343
General Administration	66,238	-	66,238
School Administration	109,073	-	109,073
Central Services	58,794	-	58,794
Operation & Maintenance of Plant	91,112	-	91,112
Total expenditures	928,757	4,769	933,526
Excess (deficiency) of revenues over expenditures	(27,701)	1,381	(26,320)
Fund balance at beginning of the year	74,926	3,461	78,387
Fund balance at end of the year	\$ 47,225	\$ 4,842	\$ 52,067

STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

OPERATIONAL FUND - NO. 11000  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
State sources:				
State equalization guarantee	\$ 894,704	\$ 894,704	\$ 894,704	\$ -
State grant	-	6,419	6,418	(1)
Local sources:				
Fees and activities	4,000	4,000	6,352	2,352
Total revenues	898,704	905,123	907,474	2,351
<b>Expenditures:</b>				
Current:				
Instruction	649,395	655,814	598,826	56,988
Support Services:				
Students	2,000	4,381	4,371	10
Instruction	433	383	343	40
General Administration	71,361	67,240	66,238	1,002
School Administration	115,488	110,736	109,073	1,663
Central Services	57,958	59,208	58,794	414
Operation & Maintenance of Plant	92,078	103,789	91,112	12,677
Total expenditures	988,713	1,001,551	928,757	72,794
Excess (deficiency) of revenues over expenditures	(90,009)	(96,428)	(21,283)	75,145
Beginning cash balance budgeted	90,009	96,428	-	(96,428)
Fund balance at beginning of the year	-	-	74,926	74,926
Fund balance at end of the year	\$ -	\$ -	53,643	\$ 53,643
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in due interfund loans			(6,418)	
			\$ 47,225	

STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

INSTRUCTIONAL MATERIALS FUND - NO. 14000  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
State sources:				
State instructional material	\$ 5,790	\$ 5,790	\$ 6,150	\$ 360
 <b>Expenditures:</b>				
Current:				
Instruction	8,177	8,177	4,769	3,408
Excess (deficiency) of revenues over expenditures	(2,387)	(2,387)	1,381	3,768
Beginning cash balance budgeted	2,387	2,387	-	(2,387)
Fund balance at beginning of the year	-	-	3,461	3,461
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	4,842	<u>\$ 4,842</u>
 <b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			-	
			<u>\$ 4,842</u>	

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NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

GOVERNMENTAL FUNDS  
 Combining Balance Sheet  
 June 30, 2014

	<b>Special Revenue Funds</b>			
	Libraries GO Bond 2010 <u>Fund #27106</u>	Libraries GO Bond 2012 <u>Fund #27107</u>	Beginning Teacher Mentoring <u>Fund #27154</u>	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Pooled cash and investments	\$ -	\$ -	\$ 1,881	\$ 1,881
Receivables:				
Grant	<u>1,018</u>	<u>-</u>	<u>-</u>	<u>1,018</u>
Total assets	<u>\$ 1,018</u>	<u>\$ -</u>	<u>\$ 1,881</u>	<u>\$ 2,899</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Due to other funds	\$ 1,018	\$ -	\$ -	\$ 1,018
Fund balance:				
Restricted for:				
Special revenue funds	<u>-</u>	<u>-</u>	<u>1,881</u>	<u>1,881</u>
Total liabilities and fund balance	<u>\$ 1,018</u>	<u>\$ -</u>	<u>\$ 1,881</u>	<u>\$ 2,899</u>

(1 of 1)

STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

NON-MAJOR GOVERNMENTAL FUNDS  
 Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2014

	<b>Special Revenue Funds</b>			
	Libraries GO Bond 2010 <u>Fund #27106</u>	Libraries GO Bond 2012 <u>Fund #27107</u>	Beginning Teacher Mentoring <u>Fund #27154</u>	Total Nonmajor Governmental <u>Funds</u>
Revenues:				
State sources:				
State grant	\$ -	\$ -	\$ -	\$ -
 Expenditures:				
Current:				
Instruction	-	-	-	-
 Excess of revenues over expenditures	-	-	-	-
 Fund balance at beginning of the year	-	-	1,881	1,881
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,881</u>	<u>\$ 1,881</u>



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**BUDGETARY PRESENTATION**

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**NONMAJOR SPECIAL REVENUE FUNDS**  
YEAR ENDED JUNE 30, 2014

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**LIBRARY GO BONDS 2010 (Fund No. 27106)**

To be used to fund each library facility for improvement or acquisition and to acquire library books and library resources to support the library program. Funds generated by GO Bonds may not be used to supplant existing or prior library material funding within school districts receiving these monies. This funding will supplement and be in addition to current and existing funding. Authorized through Senate Bill 2010 SB333

**LIBRARY GO BONDS 2012 (Fund No. 27107)**

To be used to fund each library facility for improvement or acquisition and to acquire library books and library resources to support the library program. Funds generated by GO Bonds may not be used to supplant existing or prior library material funding within school districts receiving these monies. This funding will supplement and be in addition to current and existing funding. Authorized through Senate Bill 2012 SB333

**BEGINNING TEACHER MENTORING (Fund No. 27154)**

Funds to assist school districts in the design, implementation, and evaluation of beginning teacher mentoring programs. Funding is provided through the 2000 legislative session, with appropriated funds from the General Appropriations Act.

STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

LIBRARIES GO BOND 2010 FUND - NO. 27106  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final	(Budgetary Basis)	
Revenues:				
State sources:				
State grant	\$ 2,072	\$ 2,072	\$ -	\$ (2,072)
 Expenditures:				
Current:				
Support Services:				
Instruction	<u>2,072</u>	<u>2,072</u>	-	<u>2,072</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			<u>\$ -</u>	

**STATE OF NEW MEXICO**  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

LIBRARIES GO BOND 2012 FUND - NO. 27107  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
State sources:				
State grant	\$ 3,105	\$ 3,105	\$ -	\$ (3,105)
Expenditures:				
Current:				
Support Services:				
Instruction	3,105	3,105	-	3,105
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	-	\$ -
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			\$ -	

STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

BEGINNING TEACHER MENTORING FUND - NO. 27154  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
State sources:				
State grant	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	-	-	1,881	1,881
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	1,881	<u>\$ 1,881</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			<u>\$ 1,881</u>	

## **CAPITAL PROJECTS FUNDS**

YEAR ENDED JUNE 30, 2014

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### **PUBLIC SCHOOL CAPITAL OUTLAY (Fund No. 31200)**

This fund provides financing from Public Schools Critical Capital Outlay committee under chapter and laws of the New Mexico Lottery Receipts Act.

### **SPECIAL CAPITAL OUTLAY – STATE (Fund No. 31400)**

This fund provides financing for special appropriation monies received from the State of New Mexico under Chapter 367, Laws of 1993.

### **CAPITAL IMPROVEMENTS SB – 9 (Fund No. 31700)**

This fund provides financing for the purchase of equipment and capital improvements to School property. Funding is received from a 2 mill property tax levy and interest earned on investments, under New Mexico Senate Bill 9.



STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

PUBLIC SCHOOL CAPITAL OUTLAY FUND - NO. 31200  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
State sources:				
State grant	\$ -	\$ 63,876	\$ 47,907	\$ (15,969)
 Expenditures:				
Current:				
Support Services:				
Operation & Maintenance of Plant	-	63,876	63,876	-
Excess (deficiency) of revenues over expenditures	-	-	(15,969)	(15,969)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(15,969)	<u>\$ (15,969)</u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			<u>\$ (15,969)</u>	

STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

SPECIAL CAPITAL OUTLAY - STATE FUND - NO. 31400  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State grant	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	-	-	72,527	72,527
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	72,527	<u>\$ 72,527</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			<u>\$ 72,527</u>	

STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

CAPITAL IMPROVEMENTS SB-9 FUND - NO. 31700  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
State sources:				
State grant	\$ 8,106	\$ 11,040	\$ -	\$ (11,040)
<b>Expenditures:</b>				
Current:				
Support Services:				
Operation & Maintenance of Plant	<u>8,106</u>	<u>11,040</u>	<u>7,080</u>	<u>3,960</u>
Excess (deficiency) of revenues over expenditures	-	-	(7,080)	(7,080)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(7,080)	<u>\$ (7,080)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			<u>-</u>	
			<u>\$ (7,080)</u>	

**OTHER SUPPLEMENTAL INFORMATION**

STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

FIDUCIARY FUNDS  
 Schedule of Changes in Assets and Liabilities - All Agency Funds  
 Year Ended June 30, 2014

Activity Fund	ASSETS	Balance <u>June 30, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>June 30, 2014</u>
000	Drama	\$ 575	\$ 1,129	\$ 1,442	\$ 262
001	UAV	1	-	-	1
002	Booster Club	58	500	534	24
003	Band	476	248	432	292
004	Fundraiser	693	98	741	50
005	Recycling/Green	89	-	-	89
006	Variety Show	510	200	-	710
007	Yearbook	4,757	2,360	2,119	4,998
008	Ski/Snowboard	40	-	-	40
011	Art	988	-	238	750
012	Math	100	139	-	239
013	BVEF	8,843	8,011	8,032	8,822
015	PE	147	-	105	42
016	Greenhouse	1,209	-	892	317
017	Class of 2014	-	2,921	2,258	663
019	Scholarships	180	-	-	180
020	Student Council	734	-	-	734
021	Interact Club	1,592	2,806	3,012	1,386
022	Kitchen	12	-	-	12
023	Technology	4,901	-	1,455	3,446
024	National Honor Society	-	236	-	236
	Pooled cash and investments	<u>\$ 25,905</u>	<u>\$ 18,648</u>	<u>\$ 21,260</u>	<u>\$ 23,293</u>
	<b>LIABILITIES</b>				
	Deposits held for others	<u>\$ 25,905</u>	<u>\$ 18,648</u>	<u>\$ 21,260</u>	<u>\$ 23,293</u>

STATE OF NEW MEXICO  
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

SCHEDULE OF PLEDGED COLLATERAL  
June 30, 2014

	International <u>Bank</u>	Washington <u>Federal</u>	<u>Total</u>
Cash on deposit at June 30, 2014	\$ 100,591	\$ 23,712	\$ 124,303
Less FDIC coverage	<u>100,591</u>	<u>23,712</u>	<u>124,303</u>
Uninsured funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
50% collateral requirement	\$ -	\$ -	\$ -
Pledged collateral	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of pledged collateral	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO  
**MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL**

CASH RECONCILIATION  
 June 30, 2014

	Beginning Cash	Receipts	Distributions	Other	Net Cash End of Period	Adjustments to the report	Total Cash on Report
Operations	\$ 83,274	\$ 907,474	\$ 928,756	\$ (45,639)	\$ 16,353	\$ -	\$ 16,353
Instructional Materials	3,461	6,150	4,769	-	4,842	-	4,842
Federal Flowthrough Funds	-	20,373	-	(20,373)	-	-	-
State Flowthrough Funds	1,881	-	-	-	1,881	-	1,881
Public School Capital Outlay	-	47,907	63,876	15,969	-	-	-
Special Capital Outlay - State	72,527	-	-	-	72,527	-	72,527
Capital Improvements SB-9	-	-	7,080	7,080	-	-	-
Agency Funds	-	-	-	-	-	23,293	23,293
<b>Total</b>	<b>\$ 161,143</b>	<b>\$ 981,904</b>	<b>\$ 1,004,481</b>	<b>\$ (42,963)</b>	<b>\$ 95,603</b>	<b>\$ 23,293</b>	<b>\$ 118,896</b>

Account Name	Account Type	Bank Name	Bank Amount	Adjustments to report:	Total
Operational	Checking - Interest	International Bank	\$ 100,591	Agency funds	\$ 23,293
Activities	Checking - Interest	First National Bank	23,712		
			\$ 124,303	Adjustments to cash:	
				Bank Balance	\$ 124,303
				Cash on hand	50
				Outstanding deposits	-
				Outstanding checks	(5,457)
				Total adjustment to cash	\$ 118,896

# **COMPLIANCE SECTION**

**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**

**Schedule of Findings and Responses:  
Summary of Auditor's Results  
Financial Statement Findings**

**Summary Schedule of Prior Year Audit Findings**

**Required Disclosure**



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

INDEPENDENT AUDITORS' REPORT

Hector H. Balderas, State Auditor  
The Board of Education and  
The Audit Committee of  
Moreno Valley High School Charter School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Moreno Valley High School Charter School as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Moreno Valley High School Charter School's basic financial statements, and the combining and individual funds and related budgetary comparisons of Moreno Valley High School Charter School, presented as supplemental information, and have issued our report thereon dated November 4, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit, of the financial statements, we considered Moreno Valley High School Charter School'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 Moreno Valley High School Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Moreno Valley High School Charter School's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 Moreno Valley High School Charter School's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be *material weaknesses*. Finding HS2014-001, EF2014-001, and EF2014-002.

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. We did not consider any of the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies.

Hector H. Balderas, State Auditor  
The Board of Education and  
The Audit Committee of  
Moreno Valley High School Charter School

### Compliance and other matters

As part of obtaining reasonable assurance about whether Moreno Valley High School Charter School'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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### Moreno Valley High School Charter School's Response to Findings

Moreno Valley High School Charter School responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Moreno Valley High School Charter School'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 Moreno Valley High School Charter School's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Accounting & Financial Solutions, LLC*  
Farmington, New Mexico  
November 4, 2014

**SCHEDULE OF FINDINGS AND RESPONSES**  
**YEAR ENDED JUNE 30, 2014**

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**I. SUMMARY OF AUDIT RESULTS**

	<u>Yes</u>	<u>No</u>	<u>Occurrences</u>
<b>FINANCIAL STATEMENTS:</b>			
Type of auditor's report issued: <u>Unmodified</u>			
<b>Internal control over financial reporting:</b>			
Material weakness(es) identified?	<u>✓</u>	<u>    </u>	<u>1</u>
Significant Deficiency(ies) identified?	<u>    </u>	<u>✓</u>	<u>-</u>
Noncompliance material to financial statements noted?	<u>    </u>	<u>✓</u>	<u>-</u>
 <b>COMPONENT UNIT:</b>			
<b>Internal control over financial reporting:</b>			
Material weakness(es) identified?	<u>✓</u>	<u>    </u>	<u>2</u>
Significant Deficiency(ies) identified?	<u>    </u>	<u>✓</u>	<u>-</u>
Noncompliance material to financial statements noted?	<u>    </u>	<u>✓</u>	<u>-</u>

**SCHEDULE OF FINDINGS AND RESPONSES**  
 YEAR ENDED JUNE 30, 2014

II. FINDINGS RELATED TO FINANCIAL STATEMENTS

MORENO VALLEY HIGH SCHOOL

HS2014 – 001 IMPRPOPER FUND ACCOUNTING

<u>Significant Deficiency?</u>	<u>Material Weakness?</u>	<u>Compliance or Other Matter?</u>
No	Yes	Yes

**Condition:** The School received \$6,418 in IDEA-B Special Education revenues. The revenue was not recorded in the special revenue fund designated for this program. It was recorded in the Operating Fund as state revenue when the revenue is actually federal monies.

**Criteria:** According to NMAC 6-20-2, "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, and that state and federal programs are managed in compliance with applicable laws and regulations. The internal control structure shall include written administrative controls (rules, procedures and practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP." It also states that "An internal control structure is required to demonstrate the school district's ability to record, process, summarize and report financial data consistent with the following financial statement assertions: (1) rights and ownership; (2) existence and occurrence; (3) valuation and allocations; (4) completeness; and, (5) presentation and disclosure."

**Cause:** The revenue was not properly verified and recorded correctly. The School does not have adequate controls to ensure the accurate recording of revenues.

**Effect of condition:** The School is not recording revenues in the correct funds as mandated by New Mexico Public Education Department.

**Recommendation:** The School needs to establish a process of reviewing revenues to be recorded prior to posting those revenues. All entries should be reviewed by a second person that has knowledge of the Schools programs, NMPED procedures, and federal requirements.

**Management's Response:** A process for reviewing revenues prior to them being posted to revenue accounts is place. All entries are reviewed by a second person that has knowledge of the Schools programs and NMPED procedures, however the posting of the \$6,418 for Maintenance of Effort was at the direction of NMPED budget department staff who also instructed us to use the money for special education purposes such as salaries or contractual services. All future deposits related to Maintenance of Effort will be credited to the appropriate federal program.

**SCHEDULE OF FINDINGS AND RESPONSES**  
YEAR ENDED JUNE 30, 2014

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II. FINDINGS - FINANCIAL STATEMENTS AUDIT (cont'd)

MORENO VALLEY EDUCATION FOUNDATION (Component Unit)

EF2014 - 001 NO INVENTORY OF CAPITAL ASSETS

Significant Deficiency?  
No

Material Weakness?  
Yes

Compliance or Other Matter?  
Yes

Condition: The Foundation did not take a physical inventory of the capital assets as required by state law.

Criteria: According to Section 13-6-1 through 13-6-2 NMSA 1978 organizations are required to take a capital asset inventory at least once every year.

Cause: The Foundation is working to get the in compliance with the IRS 501 c (3) code, and in the process filed several back tax returns, and did not do an inventory of the capital assets, but brought old capital assets back on to the books. The capital assets did not tie to the prior audit report in order but have not completed a capital asset physical inventory in the last two years.

Effect of condition: The Foundation is working to locate and clean up the capital asset list with a physical inventory.

Recommendation: The Foundation should take a physical inventory once every year in order to determine if items have been lost, broken, or obsolete.

Management's response: We will implement a system of inventory control once a year to determine the status of our assets. We have already discussed with our CPA and will be making additional adjustments to our 2014 return regarding our capital assets. We will also address a new policy....an official system of controls over the capital asset file to regularly monitor any changes to the master file. We want to have an accurate system that can be consistently monitored.

# SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2014

## II. FINDINGS - FINANCIAL STATEMENTS AUDIT (cont'd)

### MORENO VALLEY EDUCATION FOUNDATION (Component Unit)

#### EF2014 - 002 CONTROLS OF CAPITAL ASSETS

Significant Deficiency?  
No

Material Weakness?  
Yes

Compliance or Other Matter?  
Yes

**Condition:** Management does not have written policies and procedures for controlling the capital assets master file. There is not an approval process for making changes to the file.

**Criteria:** NMAC 2.20.1.8A states "Agencies should implement systematic and well-documented methods for accounting for their fixed assets. A computerized system is recommended, with appropriate controls on access and authorization of transactions." A system of internal controls should be in place to provide reasonable assurance that the objectives to external reporting and compliance with laws and regulations as recommended by COSO.

**Effect of condition:** The capital asset master file is susceptible to unauthorized alterations, either intentional or accidental. The Organization is also at risk of not complying with laws and regulations in the event of an extended illness or other event that results in the position of maintaining the master file being vacated.

**Cause:** Management has not approved and implemented an official system of controls for maintaining and reviewing the capital assets master file.

**Recommendation:** An official system of controls over the capital assets master file should be developed, approved by the governing board, and implemented. The system should dictate the documenting and approval of changes to the master file. The system should also establish a regular monitoring of the master file to ensure it has not been altered and allows for consistent tracking and reporting.

**Management's Response:** We will implement a system of inventory control once a year to determine the status of our assets. We have already discussed with our CPA and will be making additional adjustments to our 2014 return regarding our capital assets. We will also address a new policy....an official system of controls over the capital asset file to regularly monitor any changes to the master file. We want to have an accurate system that can be consistently monitored.

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
YEAR ENDED JUNE 30, 2014

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I. MORENO VALLEY HIGH SCHOOL

A. Not Resolved

There were no findings to be reported from the prior year.

B. Resolved

There were no findings to be reported from the prior year.

II. MORENO VALLEY EDUCATION FOUNDATION (Component Unit)

A. Not Resolved

There were no findings to be reported from the prior year.

B. Resolved

There were no findings to be reported from the prior year.



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## REQUIRED DISCLOSURES

Year Ended June 30, 2014

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The financial statements were prepared by the independent public accountants.

An exit conference was held November 4, 2014, during which the audit findings were discussed. The exit conference was attended by the following individuals:

### MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

Kelly Orndorff  
Jacque Boyd

Secretary, Governing Council / Audit Committee  
Director

### MORENO VALLEY EDUCATION FOUNDATION

Carl Nelson

President, Board of Directors

### ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA

Partner

