

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD  
SCHOOL DISTRICT NO. 8**

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COMPREHENSIVE FINANCIAL ANNUAL REPORT  
AND  
SUPPLEMENTAL INFORMATION  
YEAR ENDED JUNE 30, 2015  
WITH  
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



ACCOUNTING & FINANCIAL  
**SOLUTIONS**  
CERTIFIED PUBLIC ACCOUNTANTS

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# INTRODUCTORY SECTION

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STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

OFFICIAL ROSTER  
June 30, 2015

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BOARD OF EDUCATION

Todd McCarty	President
Elizabeth Howells	Vice President
Albert Chavez	Secretary
Audrey Jaramillo	Member
Charles Armijo	Member

SCHOOL OFFICIALS

Tom Sullivan	Superintendent
Marla Lovato	Director of Finance

AUDIT COMMITTEE

Audrey Jaramillo	Member
Elizabeth Howells	Member
DeeAnn Orio	Member
Saul Araque	Member
Tom Sullivan	Member
Marla Lovato	Member

FINANCE COMMITTEE

Teresa Salazar	Member
Selia Gomez	Member
Tom Sullivan	Member
Marla Lovato	Member

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FINANCIAL SECTION

FISCAL YEAR 2015

JULY 1, 2014 THROUGH JUNE 30, 2015

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## INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor,  
The Board of Education, and  
The Audit Committee of Moriarty-Edgewood School District No. 8

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of Moriarty-Edgewood School District No. 8, as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise Moriarty-Edgewood School District No. 8's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Moriarty-Edgewood School District No. 8's nonmajor governmental funds and the budgetary comparisons for the major capital project funds, debt service 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, 2015, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 Moriarty-Edgewood School District No. 8'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, each major fund, and the aggregate remaining fund information of Moriarty-Edgewood School District No. 8, as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental of Moriarty-Edgewood School District No. 8 as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparisons for the major capital project funds, debt service fund, and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Tim Keller, State Auditor,  
The Board of Education, and  
The Audit Committee of Moriarty-Edgewood School District No. 8

### ***Emphasis of Matter***

As discussed in Note I.A and Note IV.F, during the year ended June 30, 2015 Moriarty-Edgewood School District No. 8 adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9-14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on Moriarty-Edgewood School District No. 8's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and 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 Schedule of Expenditures of Federal Awards and other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2015 on our consideration of the Moriarty-Edgewood School District No. 8'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 Moriarty-Edgewood School District No. 8's internal control over financial reporting and compliance.

Farmington, New Mexico  
October 23, 2015

MANAGEMENT'S  
DISCUSSION AND ANALYSIS

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**STATE OF NEW MEXICO**  
**MORIARTY EDGEWOOD SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Introduction**

This Management Discussion and Analysis of the financial operations of the Moriarty Edgewood School District for the period ending June 30, 2015, represents the school district's ninth year implementation of the Governmental Accounting Standards Board Statement No. 34 (GASB 34). GASB 34 requires this written analysis as a part of the school district's financial reports and is intended to be an objective and easily readable discussion of the financial performance of the district. For school districts, GASB 34 has had a significant impact in the manner in which the financial statements are prepared, as well as the kinds of statements that are included in the report. There are two statements: a Statement of Net Position which includes all of the assets and liabilities of the district and a Statement of Activities, which is a report that uses a net cost format with expenses reported by functions/programs. The Management Discussion and Analysis as well as the two statements, provide a review of the School District's *overall* financial activities using the accrual basis of accounting. Fund financial statements are reported on a modified accrual basis of accounting. The reports include a comparison with last fiscal year.

The annual audit report also consists of a series of detailed, audited financial statements and the notes to those statements. Also included in the report is the Independent Auditor's Report, the Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133, and a Schedule of Findings and Questioned Costs.

**Financial Highlights:**

- ❖ The school district received an **A3/underlying** rating from Moody's Investor Services and an Aa1 enhanced rating on the issuance of General Obligation Bonds which helps lower interest rate costs to taxpayers in the district.
- ❖ Despite the continuing decline in enrollment and reduced funding from the Public Education Department through the State Equalization Guarantee formula, the school district did carryover a strong cash balance, of **\$865,462** in FY 14-15 in the Operational Fund, plus amounts due from other funds **\$599,796.00** in the General Fund. This resulted in an overall increase to cash balance in the amount of **\$677,293**. Maintaining a healthy cash balance is an important factor in keeping a strong Bond rating.
- ❖ The Board of Education made a decision to have the Old High School Annex Demolished in June 2015, making room on the High School Campus for new facilities; along with the approval of a new Music Building addition and renovation of the Commons area and Kitchen addition.
- ❖ The district is in year three of a three-year contract with Accounting and Financial Solutions, LLC. Based on the FY 2014-15 audit report, which is sample based, the district did not have any findings. The MESD has had an Audit Committee since 2010 and they have worked with the audit firm during the FY 14-15 audit.
- ❖ During FY 14-15, the district Business Office continued the annual training for all head secretaries and new principals. The training included the manual for Student Activity Accounts that is utilized in the schools and departments for administration of processing for all receipts and expenditures of activity funds.
- ❖ The Moriarty-Edgewood School District in January 2014 approved their Chief Procurement Officer responding to 2013 legislation. The Business Office continues to improve the record keeping of all Capital Assets, as well as making the Purchasing Flowchart available in the Budget Handbooks and on web site.

**STATE OF NEW MEXICO**  
**MORIARTY EDGEWOOD SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

**GOVERNMENT WIDE FINANCIAL STATEMENTS**

**Statement of Net Position**

As noted above in the Introduction, GASB 34/63 requires that the Statement of Net Position now be included in the financial statements of the Moriarty Edgewood School District audit report. This statement is prepared using the accrual method of accounting. This statement shows that as of June 30, 2015, the school district has Total Net Position of \$11,057,929. At June 30, 2014, Total Net Position was \$47,291,246 for a decrease of \$36,233,317. There is a total of \$13,876,752 of cash and cash equivalents on hand as of June 30, 2015 compared to \$7,310,986 on June 30, 2014 for an increase of \$6,565,766. Accounts Payable/Accrued Expenses are \$1,012,233 in FY 14-15 compared to \$535,997 for June 30, 2014 for an increase of \$476,236. Net Position totaling \$(33,556,370) are "unrestricted" and available to the district for budgeting in FY 15-16. There was an increase in revenues of \$912,655, as corresponding expenses; the District was able to control other expenditures resulting in a decrease of \$5,737,513 from the prior year. Net Position reflects a decrease of \$36,233,317. In addition, the repayment of long-term debt, and the fact that several new bonds are interest only payments until future years have contributed to the change in net assets.

<b>Assets</b>	<b><u>June 30, 2015</u></b>	<b><u>June 30, 2014</u></b>
Cash Assets	\$ 13,876,752	\$ 5,679,140
Other Current Assets	1,840,562	3,515,638
Capital Assets	<u>56,488,019</u>	<u>63,164,960</u>
<b>Total Assets</b>	<u>72,205,333</u>	<u>72,359,738</u>
 <b>Deferred Outflows of Resources</b>	 <u>2,048,091</u>	 <u>-</u>
 <b>Liabilities</b>		
Accounts Payable and Accrued Expenses	1,012,233	809,745
Noncurrent Liabilities	<u>55,409,466</u>	<u>23,006,267</u>
<b>Total Liabilities</b>	<u>56,421,699</u>	<u>23,816,012</u>
 <b>Deferred Inflows of Resources</b>	 <u>6,322,881</u>	 <u>1,051</u>
 <b>Net Assets</b>		
Invested in Capital Assets	32,594,216	42,346,545
Restricted	12,470,998	5,114,328
Unrestricted	<u>(33,556,370)</u>	<u>1,081,802</u>
<b>Total Net Assets</b>	<u>\$ 11,508,844</u>	<u>\$ 48,542,675</u>

**Statement of Activities**

The Statement of (Governmental) Activities is another new statement required by GASB 34 and is prepared using the accrual method of accounting. This report complements the Statement of Net Position by showing the overall change in the school district's net assets for the fiscal year ending June 30, 2015. As of June 30, 2015, the total net position is \$11,508,844 which corresponds with the amount in the Statement of Net Position.

One of the most important questions that should be asked about the school district's finances is "Is the school district as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the school district as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

**STATE OF NEW MEXICO**  
**MORIARTY EDGEWOOD SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

These two statements report the school district's net assets and changes in them. You can think of the school district's net assets-the difference between assets and liabilities-as a way to measure the school district's financial health or financial position. Over time, increases or decreases in the school district's net assets are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors such as the assessed valuation and number of students in the district need to be considered to assess the overall financial health of the school district.

For June 30, 2015, Net Position-Ending totaled \$11,508,844 and at June 30, 2014, the total amount for Net Position-Ending was \$47,291,248 for a decrease of \$35,782,404. The implementation of GASB68 and the restatement for beginning pension liability (\$35,916,543) was the primary cause for the decrease. The financial condition of the district continues to improve in spite of the continued enrollment decline. There continues to be a significant investment to fund improvements to our buildings and land from district funds and from state funds.

Changes in Net Position

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Revenues		
Program Revenues		
Charges for Services	\$ 502,542	\$ 483,696
Operating grants	5,274,977	5,331,793
Capital grants and contributions	-	61,669
Total Program Revenues	<u>5,777,519</u>	<u>5,877,158</u>
General Revenues		
Property Taxes	5,811,620	6,541,013
Grants and contributions not restricted	19,676,179	19,415,892
Unrestricted Investment Earnings	1,330	-
Miscellaneous income	67,606	-
Total General Revenues	<u>25,556,735</u>	<u>25,956,905</u>
Total Revenues	<u>31,334,254</u>	<u>31,834,063</u>
Expenses		
Instruction	13,914,677	15,252,366
Support Services - Students	2,987,330	3,299,425
Support Services - Instruction	578,344	581,246
Support Services - General Administration	888,176	1,023,776
Support Services - School Administration	1,271,810	1,480,742
Central Services	632,786	626,393
Operations & Maintenance of Plant	6,380,152	5,130,177
Student Transportation	1,737,593	1,764,488
Other Support Services	60,163	57,625
Food Services	1,438,898	1,500,921
Community Services	19,590	16,890
Bond interest paid	403,336	671,336
Total governmental activities	<u>30,312,855</u>	<u>31,405,385</u>
Loss on asset disposal	<u>(4,498)</u>	<u>(22,805)</u>
Change in Net Position	<u>\$ 1,016,901</u>	<u>\$ 405,873</u>

**STATE OF NEW MEXICO**  
**MORIARTY EDGEWOOD SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**FUND FINANCIAL STATEMENTS**

**Balance Sheet Governmental Funds**

Fund Financial Statements are based on a modified accrual basis of accounting. The modified accrual basis of accounting records all accounts receivables, accounts payables and accrued salaries and benefits. All of the school district's financial operations/activities are reported here except for Student Activity Funds that are reported in Exhibit D, Statement of Fiduciary Assets & Liabilities.

The Balance Sheet Governmental Funds for FY 14-15, the total assets of \$15,866,195 significantly exceed the total liabilities of \$1,313,032 with a fund balance of \$14,016,410. This is an increase from June 30, 2014 where total assets were \$10,714,205, total liabilities were \$805,551 and Fund Balance was \$8,019,470.

**Statement of Revenue, Expenditures and Changes in Fund Balance**

The Statement of Revenue, Expenditures and Changes in Fund Balance. This report guides the reader to a meaningful overall view for the school district's revenues, expenditures and fund balance, and changes to the fund balance. Total revenues for FY 14-15 were \$31,582,466 or \$705,173 more than the FY13-14 total revenues of \$30,877,293. The largest source of revenue is state sources with \$21,628,971 or 68% of the total. State sources increased by \$341,352 due to an increase in State Equalization.

Total expenditures for the school district at June 30, 2015 were \$38,660,111. At June 30, 2014, total expenditures were \$33,130,080 for an increase of \$5,530,013. The majority of the increase in expenditures is a result in building improvements throughout the district. The June 30, 2015 Fund Balance was \$14,016,410 for an increase of \$5,996,940 from \$8,019,470 at June 30, 2014.

The Statement of Revenue and Expenditures and Changes in Fund Balance clearly indicates that the district has continued to scale back expenditures in the Operational Fund due to the decrease in state funding from the decline in student enrollment and decrease of the unit value. Because of the decline in enrollment and the subsequent decrease in funding, the district has carefully been monitoring staffing levels and expenditure levels in the Operational Fund where the enrollment decline has the largest impact on revenue. There has been a considerable reduction in staffing levels the past four years. The district's enrollment projections indicate that the enrollment decline will continue for at least the next two to three years. The decline in funding from the State Equalization Guarantee is expected to continue since the New Mexico funding formula is based on the number of students enrolled in the district.

**THE SCHOOL DISTRICT'S BUDGET**

The State of New Mexico public school budget process is defined under New Mexico State Statutes, (Section 22) and the New Mexico Administrative Code (Section 6). To improve the process of developing the annual budget, the Moriarty Edgewood Schools Board of Education strongly encourages the participation and input from all school district patrons, including students, staff, administrators, parents, business, and the community at large. The District Budget Committee consisted of 20+ members representing various stakeholder groups. The group met on a regular basis to develop and make recommendations to the Superintendent and School Board.

Over the course of the year, the school district Board of Education revises the budget as the need arises by means of a Budget Adjustment Request (BAR). These Budget Adjustment Requests fall into three categories. The first category includes budget adjustments that are approved shortly after the beginning of the year and reflect the actual beginning cash balances (versus the amounts estimated in April of each year) when the board approved the budget. Included in this category are adjustments for actual carryover balances from Special Revenue accounts, such as Food Services, Athletics, state and federal flow through grants and capital outlay funds. The second category includes changes that the board approves from possible Unit Value changes as the Public Education Department funds increases or decreases to the State Equalization Guarantee formula. Other similar changes includes new awards or supplemental awards by the Public Education Department for flow through grants and contracts for which we must have expenditure authority from the PED before funds can be expended. Finally, the third category is budget adjustment requests to transfer budgets from one function to another to prevent budget overruns. The PED controls school district budgets at the function level. The summary of the budget adjustments and is displayed in the Notes to Financial Statements, Note II, Stewardship, Compliance and Accountability, Budgetary Information.

**STATE OF NEW MEXICO**  
**MORIARTY EDGEWOOD SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The Statement of Revenues, Expenditures and Changes in Fund Balance—Budget (Non-GAAP Budgetary Basis) and Actual shows the Original Budget, Final Budget, Actual Amounts, and Variance for each fund of the school district.

For the General Fund, the June 30, 2015 revenue actual (cash basis) amount of \$20,294,952 was higher than the final budgeted revenue of \$19,959,245 by \$335,707. The increase in revenue was due to collection of delinquent taxes. The June 30, 2015 revenue actual amount was \$576,627 higher than the June 30, 2014 revenue actual amount of \$19,718,325.

The June 30, 2015 actual expenditures of \$21,221,540 were \$1,258,745 lower than the final budgeted expenditures of \$22,480,285. The majority of the savings occurred in FTE in the following budget areas, Direct Instruction, Instructional Support, and Operation and Maintenance of Plant.

During the past seven years, the district has reduced the number of staff by 68 FTE's.

**CAPITAL ASSETS**

As indicated in the financial highlights above, the district worked very hard to improve the records for capital assets. At the end of the year, the school district had \$56,488,019, net of depreciation invested in a broad range of capital assets including, land, buildings, parking lots, athletic fields, school grounds, vehicles, and equipment. This represents a decrease of \$2,934,189 or .04% from the year ended June 30, 2014 and is due to depreciation expense of \$3,021,699.

At the beginning of the year, depreciable assets were valued at \$98,631,801. There were additions of \$852,227 for the year, disposals of \$37,241, for an ending balance of \$98,686,568. The total of accumulated depreciation is \$44,847,702, leaving the net value to just \$56,488,019. This is an indication that it will be necessary to start budgeting funds for the replacement of aged equipment in the future.

**GENERAL LONG TERM DEBT**

Article IX, Section 11 of the New Mexico Constitution allows a school district to incur local general obligation debt. The school district can incur such debt for "the purpose of erecting, remodeling, making additions, and furnishing buildings or purchasing or improving school grounds or purchasing computer software or hardware for student use in public classrooms or any combination of these purposes". The approval of the debt is subject to a referendum of the local registered voters in the school district. The total debt shall not exceed 6% of the total assessed valuation of taxable property within the school district. The voters in the district have been very supportive of the school district and have voted and passed numerous referendums the past several years.

The Moriarty Edgewood School District has maintained a level of indebtedness that approaches the maximum level allowed by law for the past several years. As soon as the district has bonding capacity, the board submits a referendum to the voters to approve the new amounts needed. The district has needed a lot of capital outlay funds the past several years due to the large enrollment growth experienced in early and mid-90's. The district has had to build two new elementary schools, made large additions to two other elementary schools, and built one new middle school. The district has begun to improve its older facilities that have been ignored in past years. Each time the district asks the voters to approve the General Obligation Bond the proposed bonds are structured to avoid a tax increase to property owners.

The district still has considerable needs to renovate and improve health and safety issues throughout the district, expand the facilities at the high school, including the athletic facilities. In addition to funding the projects identified above, the school district will need to have funds available for technology, building maintenance, equipment replacement and to match Public School Critical Outlay Council projects that the district will be applying for and match at approximately 40% of the cost of the projects.

The amount of long-term debt at June 30, 2015 was \$24,230,579; it increased by \$3,320,177 from year ended June 30, 2014 of \$20,910,402. The amount due within one year is \$5,455,269 in principal and interest. The district has always been able to make the principal and interest payments on a timely basis. At the end of the year, the Debt Service Fund Balance was \$4,174,595. The district does not anticipate any difficulty in making future payments on a timely basis for the principal and interest.

**STATE OF NEW MEXICO**  
**MORIARTY EDGEWOOD SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**AGENCY FUNDS**

The school district, as a custodian, maintains and monitors special funds on behalf of schools and school activity groups. These Agency Funds are maintained by the school district and are intended to benefit a specific activity or interest and are generally raised by students for student use.

While each school site is responsible for the administration of the agency funds, the custody and use of these funds are in accordance with the Public Education Department regulations, and school district policy.

The Agency Funds Statement of Fiduciary Assets and Liabilities for the year ending June 30, 2015 shows the accumulated assets of all agency funds as \$274,574 or a decrease of \$24,467 from June 30, 2014.

The district developed and implemented a manual for use by schools and departments for the administration, processing of all receipts and expenditures for activity funds; the manual has added new guidelines and regulations yearly. Every year the Business Office holds an annual refresher training of the manual of procedures.

**FUTURE TRENDS**

In subsequent years, the cost of health and medical insurance benefits provided through the New Mexico Public Schools Insurance Authority is expected to continue documenting double-digit inflation increases. These increases will greatly impact the district budget.

The New Mexico Public Schools Insurance Authority also provides general liability, property damage, and worker's compensation coverage for all school districts in New Mexico. In the next several years, it is anticipated school districts will experience double-digit inflationary increases for this coverage. The funding formula often does not cover the premium increases for general liability, property damage and worker's compensation premium; however, due to high claims history of some districts, many districts will realize a budgetary shortfall.

Student enrollment is projected to continue to decline for at least another five (5) years unless there are new major economic developments in our area. A state charter school, located within district boundaries, is in the fourth year of operation and is expected to impact enrollment numbers in future years. Since the Public Education Department school funding formula is primarily driven by the number of students in the district, it is projected that revenue for the Operational Fund will decrease accordingly. Currently, it appears that the loss of students is due primarily to a decrease in the birth rate, to families moving out of the district to secure employment, as well as to charter schools. There is no evidence to substantiate that the enrollment of home school students and students attending private schools would account for the loss of students. In fact, the district has realized a decrease in enrollment for students in these categories. It is interesting to note that although the school district is experiencing a loss of students, the local economy continues to indicate a growth in population, and gross receipt tax collections. Assessed Valuations have been increasing at almost a 5% average the past few years.

The above factors will present challenges and opportunities for the district to carefully evaluate programs, operations, and staffing patterns in order to identify ways to balance the budget in future years. Along with the Budget Committee, the Superintendent has formed an Advisory Committee. The board of education will continue to seek staff and community input in order to develop long range plans for coping with upcoming budgetary challenges.

**Contacting the Moriarty Edgewood Schools**

This financial report is designed to provide our community, parents, taxpayers, investors and creditors with an overview of the Moriarty Edgewood School District's financial condition and to provide accountability for the funds the school district receives. If you have questions about this report or about the operations of the Moriarty Edgewood School District, please contact:

Antoinette Young  
Director of Finance  
Moriarty Edgewood School District  
P.O. Box 2000  
Moriarty, New Mexico 87035  
e-mail: antoinette.young@mesd.us

## BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

STATEMENT OF NET POSITION  
**June 30, 2015**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 13,876,752
Receivables:	
Delinquent property taxes receivable	1,062,632
Grant	608,000
Due from other governments	92,765
Fuel inventory	15,474
USDA commodities inventory	48,228
Food inventory	13,463
Non-current:	
Non-depreciable assets	2,649,153
Depreciable capital assets, net	<u>53,838,866</u>
<b>Total Assets</b>	<u>72,205,333</u>
<b>Deferred Outflows of Resources:</b>	
Contributions to pension subsequent to the measurement date	<u>2,048,091</u>
<b>Liabilities</b>	
Accounts payable	365,916
Accrued salaries	347,320
Accrued interest	183,418
Compensated absences	115,579
Long-term liabilities other than pensions:	
Due within one year	4,905,000
Due in more than one year	19,655,300
Aggregate net pension liability	<u>30,849,166</u>
<b>Total Liabilities</b>	<u>56,421,699</u>
<b>Deferred Inflows of Resources</b>	
Deferred gain on debt refunding	137,753
Difference between expected and actual experience	459,543
Net difference between projected and actual investment earnings on plan investments	2,804,318
Change in proportionate share of pension liability	<u>2,921,267</u>
<b>Total Deferred Inflows of Resources</b>	<u>6,322,881</u>
<b>Net Position</b>	
Net investment in capital assets	32,594,216
Restricted for:	
Inventories	77,165
Special revenue funds	360,346
Capital projects	7,858,892
Debt service	4,174,595
Unrestricted	<u>(33,556,370)</u>
<b>Total Net Position</b>	<u>\$ 11,508,844</u>

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



STATE OF NEW MEXICO  
MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Primary government:		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Governmental activities:</b>						
Instruction	\$ 13,914,677	\$ -	\$ 1,399,895	\$ -	\$ (12,514,782)	
Support Services - Students	2,987,330	200,412	300,542	-	(2,486,376)	
Support Services - Instruction	578,344	-	58,185	-	(520,159)	
Support Services - General Administration	888,176	-	89,356	-	(798,820)	
Support Services - School Administration	1,271,810	-	127,951	-	(1,143,859)	
Central Services	632,786	-	63,662	-	(569,124)	
Operations & Maintenance of Plant	6,380,152	-	641,879	-	(5,738,273)	
Student Transportation	1,737,593	-	1,581,390	-	(156,203)	
Other Support Services	60,163	-	6,053	-	(54,110)	
Food Services	1,438,898	302,130	1,004,093	-	(132,675)	
Community Services	19,590	-	1,971	-	(17,619)	
Bond interest paid	403,336	-	-	-	(403,336)	
<b>Total governmental activities</b>	<b>\$ 30,312,855</b>	<b>\$ 502,542</b>	<b>\$ 5,274,977</b>	<b>\$ -</b>	<b>(24,535,336)</b>	
General revenues:						
Taxes:						
Property Taxes:						
General purposes						212,061
Capital projects						1,002,736
Debt service						4,596,823
Grants and contributions not restricted						19,676,179
Unrestricted investment earnings						1,330
Miscellaneous income						67,606
Loss on asset disposal						(4,498)
<i>Change in net position</i>						<i>1,016,901</i>
<b>Net position - beginning</b>						<b>47,291,246</b>
Restatement						(36,799,303)
Net position - beginning as restated						<b>10,491,943</b>
<b>Net position - ending</b>						<b>\$ 11,508,844</b>

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

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

GOVERNMENTAL FUNDS

**Balance Sheet**  
**June 30, 2015**

	General Fund	Bond Building Fund #31100	Capital Improvements SB-9 Fund #31700
<b>Assets</b>			
Cash and cash equivalents	\$ 1,324,506	\$ 7,831,030	\$ 260,249
Receivables:			
Property taxes	40,577	-	191,517
Grant	-	-	-
Due from other governments	3,360	-	16,248
Due from other funds	599,796	-	-
Fuel inventory	15,474	-	-
USDA commodities inventory	-	-	-
Food inventory	-	-	-
<b>Total assets</b>	<u>\$ 1,983,713</u>	<u>\$ 7,831,030</u>	<u>\$ 468,014</u>
 <b>Liabilities, deferred inflows, and fund balance</b>			
Liabilities:			
Accounts payable	\$ 86,774	\$ 225,434	\$ 36,274
Accrued salaries	298,206	-	-
Due to other funds	-	-	-
Total liabilities	<u>384,980</u>	<u>225,434</u>	<u>36,274</u>
Deferred inflows of resources:			
Delinquent property taxes	<u>37,847</u>	<u>-</u>	<u>178,444</u>
Fund balance:			
Non-spendable:			
Inventories	15,474	-	-
Restricted for:			
Special revenue funds	-	-	-
Capital projects funds	-	7,605,596	253,296
Debt service	-	-	-
Unassigned	<u>1,545,412</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>1,560,886</u>	<u>7,605,596</u>	<u>253,296</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 1,983,713</u>	<u>\$ 7,831,030</u>	<u>\$ 468,014</u>

( cont'd; 1 of 2 )

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

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

GOVERNMENTAL FUNDS

**Balance Sheet**  
**June 30, 2015**

	Debt Service Fund #41000	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 4,042,277	\$ 418,690	\$ 13,876,752
Receivables:			
Property taxes	830,538	-	1,062,632
Grant	-	608,000	608,000
Due from other governments	73,157	-	92,765
Due from other funds	-	-	599,796
Fuel inventory	-	-	15,474
USDA commodities inventory	-	48,228	48,228
Food inventory	-	13,463	13,463
<b>Total assets</b>	<u>\$ 4,945,972</u>	<u>\$ 1,088,381</u>	<u>\$ 16,317,110</u>
 <b>Liabilities, deferred inflows, and fund balance</b>			
Liabilities:			
Accounts payable	\$ -	\$ 17,434	\$ 365,916
Accrued salaries	-	49,114	347,320
Due to other funds	-	599,796	599,796
<b>Total liabilities</b>	<u>-</u>	<u>666,344</u>	<u>1,313,032</u>
 Deferred inflows of resources:			
Delinquent property taxes	<u>771,377</u>	<u>-</u>	<u>987,668</u>
 Fund balance:			
Non-spendable:			
Inventories	-	61,691	77,165
Restricted for:			
Special revenue funds	-	360,346	360,346
Capital projects funds	-	-	7,858,892
Debt service	4,174,595	-	4,174,595
Unassigned	<u>-</u>	<u>-</u>	<u>1,545,412</u>
<b>Total fund balance</b>	<u>4,174,595</u>	<u>422,037</u>	<u>14,016,410</u>
 <b>Total liabilities, deferred inflows of resources, and fund balance</b>	 <u>\$ 4,945,972</u>	 <u>\$ 1,088,381</u>	 <u>\$ 16,317,110</u>

( 2 of 2 )

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STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

RECONCILIATION OF THE BALANCE SHEET - ALL GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
**June 30, 2015**

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

Fund balances - total governmental funds	\$	14,016,410
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		101,335,721
Accumulated depreciation		(44,847,702)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable		987,668
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Contributions to pension subsequent to the measurement date		2,048,091
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Bonds payable		(24,115,000)
Accrued interest payable		(183,418)
Accrued vacation payable		(115,579)
Bond premiums		(445,300)
Net pension liability		(30,849,166)
Deferred inflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Deferred gain on debt refunding		(137,753)
Difference between expected and actual experience		(459,543)
Net difference between projected and actual investment earnings on plan investments		(2,804,318)
Change in proportionate share of pension liability		<u>(2,921,267)</u>
Net position of governmental activities	\$	<u>11,508,844</u>

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

GOVERNMENTAL FUNDS

**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Year Ended June 30, 2015**

	General Fund	Bond Building Fund #31100	Capital Improvements SB-9 Fund #31700
<b>Revenues:</b>			
Taxes:			
Property	\$ 212,693	\$ -	\$ 1,007,326
Intergovernmental - federal grants	178,034	-	-
Intergovernmental - state grants	21,397,456	-	-
Charges for services	-	-	-
Investment and interest income	-	298	-
Miscellaneous	<u>63,045</u>	<u>4,400</u>	<u>-</u>
<b>Total revenues</b>	<u>21,851,228</u>	<u>4,698</u>	<u>1,007,326</u>
<b>Expenditures:</b>			
Current:			
Instruction	12,012,369	-	-
Support services:			
Students	1,848,920	-	-
Instruction	522,605	-	-
General Administration	325,896	-	-
School Administration	1,131,456	-	11,866
Central Services	568,857	-	-
Operation & Maintenance of Plant	2,994,273	1,532,167	1,037,640
Student transportation	1,532,938	-	-
Other Support services	54,085	-	-
Food services operations	-	-	-
Community services	-	-	-
Capital outlay	-	852,227	-
Debt service:			
Principal retirement	-	-	-
Bond interest paid	-	-	-
Bond issuance costs	-	<u>146,498</u>	<u>-</u>
<b>Total expenditures</b>	<u>20,991,399</u>	<u>2,530,892</u>	<u>1,049,506</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>859,829</u>	<u>(2,526,194)</u>	<u>(42,180)</u>
<b>Other financing sources and financing uses:</b>			
Sale of bonds	-	6,000,000	-
Bond premium	-	144,332	-
Transfers in	1	-	-
Transfers out	-	-	-
<b>Total other financing sources and financing uses</b>	<u>1</u>	<u>6,144,332</u>	<u>-</u>
<i>Net change in fund balance</i>	859,830	3,618,138	(42,180)
<b>Fund balance at beginning of the year</b>	<u>701,056</u>	<u>3,987,458</u>	<u>295,476</u>
<b>Fund balance at end of the year</b>	<u>\$ 1,560,886</u>	<u>\$ 7,605,596</u>	<u>\$ 253,296</u>

( cont'd; 1 of 2 )

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

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

GOVERNMENTAL FUNDS

**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Year Ended June 30, 2015**

	<u>Debt Service</u> <u>Fund #41000</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>Revenues:</b>			
Taxes:			
Property	\$ 4,610,309	\$ -	\$ 5,830,328
Intergovernmental - federal grants	-	3,373,655	3,551,689
Intergovernmental - state grants	-	231,515	21,628,971
Charges for services	-	502,542	502,542
Investment and interest income	1,032	-	1,330
Miscellaneous	-	161	67,606
<b>Total revenues</b>	<u>4,611,341</u>	<u>4,107,873</u>	<u>31,582,466</u>
<b>Expenditures:</b>			
Current:			
Instruction	-	1,426,876	13,439,245
Support services:			
Students	-	836,606	2,685,526
Instruction	-	27,133	549,738
General Administration	21,037	451,512	798,445
School Administration	-	-	1,143,322
Central Services	-	-	568,857
Operation & Maintenance of Plant	-	-	5,564,080
Student transportation	-	29,109	1,562,047
Other Support services	-	-	54,085
Food services operations	-	1,293,529	1,293,529
Community services	-	17,611	17,611
Capital outlay	-	-	852,227
Debt service:			
Principal retirement	9,375,000	-	9,375,000
Bond interest paid	584,901	-	584,901
Bond issuance costs	25,000	-	171,498
<b>Total expenditures</b>	<u>10,005,938</u>	<u>4,082,376</u>	<u>38,660,111</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(5,394,597)</u>	<u>25,497</u>	<u>(7,077,645)</u>
<b>Other financing sources and financing uses:</b>			
Sale of bonds	6,725,000	-	12,725,000
Bond premium	205,253	-	349,585
Transfers in	-	-	1
Transfers out	-	(1)	(1)
<b>Total other financing sources and financing uses</b>	<u>6,930,253</u>	<u>(1)</u>	<u>13,074,585</u>
<i>Net change in fund balance</i>	1,535,656	25,496	5,996,940
<b>Fund balance at beginning of the year</b>	<u>2,638,939</u>	<u>396,541</u>	<u>8,019,470</u>
<b>Fund balance at end of the year</b>	<u>\$ 4,174,595</u>	<u>\$ 422,037</u>	<u>\$ 14,016,410</u>

( 2 of 2 )

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STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

**Year Ended June 30, 2015**

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

Net change in fund balance - total governmental funds	\$ 5,996,940
<p>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</p>	
Capital outlay	852,227
Depreciation	(3,021,699)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Deferred property taxes at:	
June 30, 2014	(1,006,376)
June 30, 2015	987,668
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These differences in the treatment of long-term debt and related items consist of:</p>	
Current year principal payments	9,375,000
Bonds sold	(12,725,000)
Gain on bond refunding	(275,506)
Amortization of gain on bond refunding	137,753
Current year bond premiums	(349,585)
Bond premium amortization	46,002
<p>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.</p>	
Compensated absences at:	
June 30, 2014	145,402
June 30, 2015	(115,579)
Accrued interest at:	
June 30, 2014	227,230
June 30, 2015	(183,418)
Loss on asset disposal	(4,498)
Deferred contributions to pension plan	2,048,091
Pension expense	<u>(1,117,751)</u>
Change in net position of governmental activities	<u>\$ 1,016,901</u>

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

STATE OF NEW MEXICO  
MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8

GENERAL FUND  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 205,003	\$ 205,003	\$ 377,564	\$ 172,561
Intergovernmental - federal grants	100,652	100,652	178,034	77,382
Intergovernmental - state grants	21,383,147	21,405,691	21,395,828	(9,863)
Charges for services	5,000	5,000	44,516	39,516
Miscellaneous	<u>5,000</u>	<u>5,000</u>	<u>62,739</u>	<u>57,739</u>
<b>Total revenues</b>	<u>21,698,802</u>	<u>21,721,346</u>	<u>22,058,681</u>	<u>337,335</u>
<b>Expenditures:</b>				
Current:				
Instruction	12,845,479	12,959,784	12,222,021	737,763
Support services:				
Students	2,048,986	1,994,986	1,837,008	157,978
Instruction	613,740	613,740	522,605	91,135
General Administration	357,414	357,414	325,899	31,515
School Administration	1,172,982	1,172,982	1,130,632	42,350
Central Services	578,090	578,090	573,750	4,340
Operation & Maintenance of Plant	3,117,413	3,117,413	3,001,868	115,545
Student transportation	1,625,253	1,605,190	1,553,672	51,518
Other Support services	<u>80,686</u>	<u>80,686</u>	<u>54,085</u>	<u>26,601</u>
<b>Total expenditures</b>	<u>22,440,043</u>	<u>22,480,285</u>	<u>21,221,540</u>	<u>1,258,745</u>
<i>Excess (deficiency) of revenues   over expenditures</i>	(741,241)	(758,939)	837,141	1,596,080
<i>Beginning cash balance budgeted</i>	741,241	758,939	-	(758,939)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>701,056</u>	<u>701,056</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>1,538,197</u>	<u>\$ 1,538,197</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in inventory			8,952	
Change in property tax receivable			(31,116)	
Change in due from other governments			142	
Change in payables			13,707	
Change in deferred property taxes			<u>31,004</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 1,560,886</u>	

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

STATE OF NEW MEXICO  
MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8

AGENCY FUNDS  
Statement of Fiduciary Assets and Liabilities  
June 30, 2015

ASSETS

Pooled cash and investments \$ 274,574

LIABILITIES

Deposits held for others \$ 274,574

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# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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## I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

Moriarty-Edgewood School District (District) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education in the Cities of Moriarty and Edgewood, New Mexico and the surrounding areas. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District's financial statements include all entities over which the Board of Education 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, no component units or fiduciary units were included in the financial statements.

Generally Accepted Accounting Principles (GAAP) requires that financial statements present the District (primary government) and its component units. The District has no component units that are required to be presented 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 District does not have any component units reported as blended component units.

#### 2. Discretely Presented Component Units

The District does not have any component units reported as discretely presented component units.

During fiscal year 2015, Moriarty-Edgewood School District No. 8 adopted the following GASB Statements:

- 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.
- 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.
- 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, 2015

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

### A. Reporting Entity (cont'd)

Other accounting standards that Moriarty-Edgewood School District No. 8 is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 72, *Fair Value Measurement and Application*, This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement will be effective for the year ended June 30, 2016.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, this Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. This Statement will be effective for the year ended June 30, 2016.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. This Statement will be effective for the year ended June 30, 2017.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, this Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement will be effective for the year ended June 30, 2018.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement will be effective for the year ended June 30, 2016.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Moriarty-Edgewood School District No. 8's management who is responsible for their integrity and objectivity. The financial statements of the District 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, 2015

## 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

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 government 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.

#### ➤ Bond Building Capital Projects Fund (Fund No. 31100) Minimum Balance: None

This fund provides financing for the construction of buildings, the purchase of equipment, and the acquisition and improvement of land. Funding is provided by the sale of general obligation bonds, which have been approved by the voters of the district.

#### ➤ Capital Improvements SB – 9 Capital Projects Fund (Fund No. 31700) Minimum Balance: None

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

#### ➤ Debt Service Fund (Fund No. 41000) Minimum Balance: None

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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

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

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 District 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.

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

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the 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."

The District's property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. Mill levy rates are set by the State of New Mexico each year for the General Fund, SB – 9 Capital Improvements Fund, and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

Under GASB Statement 33, property taxes are impressed non-exchange revenue. Assets from impressed non-exchange transactions are reported when the District has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. Taxes are payable in two equal installments on November 10 and April 10th following the levy and become delinquent after 30 days. Therefore, the District has recorded a delinquent tax receivable and revenue for taxes received within the sixty days following year-end. A receivable and deferred revenue have been recorded for uncollected delinquent taxes. On the government-wide financial statements, the district has recorded delinquent property taxes receivable and revenue for taxes assessed as of year-end that have not be collected, as prescribed in GASB 34. An allowance for refunds and uncollectible amounts has not been recorded.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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

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

#### 3. *Inventories*

USDA Commodities are recorded at estimated costs and other inventories are recorded at cost, which approximates market. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

#### 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 District 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.

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*

It is the District's policy to permit employees to accumulate 36 days of earned but unused vacation, which will be paid to employees upon separation from the District's service. The amount for liability has been reported in the government-wide financial statements.

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

#### 6. *Long-term obligations*

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as capital projects expenditures.

#### 7. *Pensions*

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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

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

#### 8. *Fund balance*

##### a. Non-Spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in 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 District's Board of Education should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District did not have committed fund balances for the year ended June 30, 2015.

##### d. Assigned

Assigned fund balance includes all remaining amounts, except for (a) negative balances, that are reported in governmental funds, other than the general fund, (b) that are not classified as non-spendable and are neither restricted nor committed and amounts in the general fund (c) that are constrained by the District'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 District did not have assigned fund balances for the year ended June 30, 2015.

##### 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 District's policy to use committed first followed by assigned and unassigned resources as they are needed.

#### 9. *Net Position*

Net Position is presented on the Statement of Net Position and may be presented in any of three components.

##### a. Net investment in capital assets

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 is 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.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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

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

#### c. Unrestricted Net Position

Unrestricted Net Position consists of Net Position that does not meet the definition of “net investment in capital assets” 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.

#### 10. *Indirect Costs*

The District’s General Fund receives indirect cost reimbursements from the various federal programs it administers. These reimbursements are for expenses incurred in performing administrative functions on behalf of the Special Revenue Funds. They are shown as expenditures in the Special Revenue Funds, and as other special federal revenue in the General Fund.

#### 11. *Estimates*

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

#### 12. *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 District received \$19,630,177 in state equalization guarantee distributions during the year ended June 30, 2015.

**Transportation Distribution:** School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$1,581,390 in transportation distributions during the year ended June 30, 2015.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

## 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, 2015 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	\$ 22,440,043	\$ 22,480,285
Special Revenue Fund	3,972,714	4,487,015
Capital Projects Fund	4,859,870	5,345,972
Debt Service Fund	<u>7,216,033</u>	<u>7,216,033</u>
Totals	<u>\$ 38,488,660</u>	<u>\$ 39,529,305</u>

### B. Budgetary Violations

The District did not have any budgetary violations during the year ended June 30, 2015.

### C. Deficit Fund Equity

There were not any deficit fund balances as of June 30, 2015.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

### III. DETAILED NOTES ON ALL FUNDS

#### A. Cash and Temporary Investments

At June 30, 2015, the carrying amount of the District's deposits was \$14,151,326 and the bank balance was \$15,359,029 with the difference consisting of outstanding checks. Of this balance \$500,000 was covered by federal depository insurance and \$10,942,265 was covered by collateral held in joint safekeeping by a third party.

#### Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District'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 District 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, 2015, \$3,916,764 of the District's bank balance of \$15,359,029 was exposed to custodial risk as follows:

	Wells Fargo		
	Bank	US Bank	Total
Uninsured and uncollateralized	\$ 3,624,487	\$ 292,277	\$ 3,916,764
Uninsured and collateral held by pledging bank's trust dept not in the District's name	7,442,265	3,500,000	10,942,265
Total uninsured	11,066,752	3,792,277	14,859,029
Insured (FDIC)	250,000	250,000	500,000
Total deposits	\$ 11,316,752	\$ 4,042,277	\$ 15,359,029
State of New Mexico collateral requirement:			
50% of uninsured public fund bank deposits	\$ 5,533,376	\$ 1,896,139	\$ 7,429,515
Pledged security	7,442,265	3,500,000	10,942,265
Over collateralization	\$ 1,908,889	\$ 1,603,861	\$ 3,512,750

The collateral pledged is listed on Page 101 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.

#### 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	\$ 40,577	\$ -	\$ 3,360	\$ 599,796
Capital Improvements SB - 9	191,517	-	16,248	-
Debt Service	830,538	-	73,157	-
Other Governmental Funds	-	608,000	-	-
Total	\$ 1,062,632	\$ 608,000	\$ 92,765	\$ 599,796

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

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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

#### B. Receivables (cont'd)

Governmental funds reported deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Grant drawdowns prior to meeting all eligibility requirements		
Other Governmental Funds	\$ -	\$ -
Delinquent property taxes		
General Fund	37,847	-
Capital Improvements SB - 9	178,444	-
Debt Service Fund	320,462	-
Other Governmental Funds	-	-
Total deferred/unearned revenue for governmental funds	\$ 536,753	\$ -

#### C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,464,406	\$ -	\$ -	\$ 1,464,406
Water rights	424,528	-	-	424,528
Construction in progress	-	760,219	-	760,219
Total capital assets not being depreciated	1,888,934	760,219	-	2,649,153
Capital assets being depreciated:				
Land improvements	3,087,359	11,000	-	3,098,359
Buildings and improvements	87,922,248	9,634	-	87,931,882
Furniture, fixtures, and equipment	7,622,194	71,374	(37,241)	7,656,327
Total capital assets being depreciated	98,631,801	92,008	(37,241)	98,686,568
Less accumulated depreciation for:				
Land improvements	(1,103,927)	(156,638)	-	(1,260,565)
Buildings and improvements	(35,822,838)	(2,306,896)	-	(38,129,734)
Furniture, fixtures, and equipment	(4,931,981)	(558,165)	32,743	(5,457,403)
Total accumulated depreciation	(41,858,746)	(3,021,699)	32,743	(44,847,702)
Total capital assets being depreciated, net	56,773,055	(2,929,691)	(4,498)	53,838,866
Total capital assets, net	\$ 58,661,989	\$ (2,169,472)	\$ (4,498)	\$ 56,488,019

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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

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

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

<u>Depreciation Allocation to Functions</u>	
Instruction	\$ 1,476,211
Support Services - Students	288,648
Support Services - Instruction	55,882
Support Services - General Administration	88,506
Support Services - School Administration	122,888
Central Services	61,142
Operations & Maintenance of Plant	613,790
Student Transportation	167,894
Other Support Services	5,813
Food Services	139,032
Community Services	<u>1,893</u>
Total Depreciation Expense	<u>\$ 3,021,699</u>

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.

#### 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, 2015 were:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 599,796	\$ -
Other Governmental Funds	<u>-</u>	<u>599,796</u>
Total	<u>\$ 599,796</u>	<u>\$ 599,796</u>

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

#### E. Inter-Fund Transfers

The inter-fund transfers during the year ended June 30, 2015 were:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 1	\$ -
Other Governmental Funds	<u>-</u>	<u>1</u>
Total Due To/Due From Other Funds	<u>\$ 1</u>	<u>\$ 1</u>

The transfers were to clear funds that are no longer being used and were approved by the New Mexico Department of Education.



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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

### F. Long-Term Debt

#### General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Bonds are direct obligations and pledge the full faith and credit of the District. The bonds will be paid from taxes levied against property owners living within the School District boundaries. The details of the bonds and notes as of June 30, 2015 are as follows:

<u>General Obligations Bonds</u>		<u>Original Amount</u>	<u>Interest Rates</u>	<u>Balance</u>	<u>Amount Due Within One Year</u>
Series	2004	\$ 1,500,000	2.55% to 3.80%	\$ 420,000	\$ 135,000
Series	2004B	1,700,000	3.25% to 3.90%	450,000	450,000
Series	2005	1,500,000	3.40% to 3.50%	220,000	220,000
Series	2010	4,000,000	2.50% to 3.00%	4,000,000	1,000,000
Series	2011	2,500,000	2.50% to 2.70%	2,100,000	100,000
Series	2013	5,000,000	1.00% to 2.00%	4,200,000	400,000
Series	2014	2,000,000	2.50% to 3.00%	2,000,000	-
Series	2014B	6,725,000	2.00% to 3.00%	6,725,000	2,600,000
Series	2015	4,000,000	1.50% to 2.00%	4,000,000	-
Total		<u>\$ 28,925,000</u>		<u>\$ 24,115,000</u>	<u>\$ 4,905,000</u>

Balances shown for bonds and notes do not include unamortized premiums or deferred amounts on refinancing.

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>General Obligation Bonds</u>			
<u>Year Ending</u>			<u>Total</u>
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2015	\$ 4,905,000	\$ 550,269	\$ 5,455,269
2016	4,595,000	423,740	5,018,740
2017	5,815,000	322,330	6,137,330
2018	405,000	191,088	596,088
2019	1,390,000	172,362	1,562,362
2020 - 2024	6,645,000	420,238	7,065,238
2025 - 2029	<u>360,000</u>	<u>3,600</u>	<u>363,600</u>
Total	<u>\$ 24,115,000</u>	<u>\$ 2,083,627</u>	<u>\$ 26,198,627</u>

#### Advance Refunding

On December 11, 2014, the District issued general obligation refunding bonds of \$6,725,000 (Series 2014B) with an effective interest rate of 2.47% to advance refund the Series 2001, 2002, 2006, 2008 and a portion of 2009 (refunded bonds) bonds with a par value of \$6,805,000. After paying issue costs of \$25,000, the net proceeds were \$6,905,253. As a result of the refunding, the District benefited from an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$275,506, or 4.05% of the par value of the refunded bonds.

#### New Debt

The District issued Series 2014 General Obligation Bonds in the amount of \$2,000,000 on December 11, 2014. The District will make the first interest payment and principal payment on September 1, 2015. The bond series will mature on September 1, 2024 with interest rates between 2.50% and 3.00%. The District was at 68.7% bonding capacity after the issuance of Series 2014.

The District issued Series 2015 General Obligation Bonds in the amount of \$4,000,000 on May 26, 2015. The District will make the first interest payment and principal payment on September 1, 2015. The bond series will mature on September 1, 2025 with interest rates between 1.50% and 2.00%. The District was at 80.3% bonding capacity after the issuance of Series 2015.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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

### F. Long-Term Debt (cont'd)

On February 5, 2013 the District was approved to issue \$19,000,000 of general obligation bonds. The District had previously issued Series 2013 in the amount of \$5,000,000 on May 15, 2013. After the issuance of Series 2014 (\$2,000,000), 2014B (\$6,725,000), and 2015 (\$4,000,000) during the year ended June 30, 2015 an unissued amount of \$1,275,000 remained. The remaining authorized amount will be issued in the future as dictated by the District's needs.

Changes in long term debt – During the year ended June 30, 2015 the following changes occurred in liabilities reported in the general obligation bonds account group:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>	<u>Amount Due Within One Year</u>
Compensated absences:					
Compensated vacation	\$ 145,402	\$ 145,413	\$ 175,236	\$ 115,579	\$ 115,579
Bonds payable	<u>20,765,000</u>	<u>12,725,000</u>	<u>9,375,000</u>	<u>24,115,000</u>	<u>4,905,000</u>
	<u>\$ 20,910,402</u>	<u>\$ 12,870,413</u>	<u>\$ 9,550,236</u>	<u>\$ 24,230,579</u>	<u>\$ 5,020,579</u>

## IV. OTHER INFORMATION

### A. Risk Management

The District 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 District 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 District 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, 2015.

### B. Employee Retirement Plan

Plan Description - Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, Sections 1 through 52, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the New Mexico Educational Employees' Retirement Plan (Plan), which is a cost-sharing multiple-employer defined benefit retirement plan. 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 [www.nmerb.org](http://www.nmerb.org), [www.saonm.org](http://www.saonm.org), or by writing to:

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

Membership in the Plan is a condition of employment. Employees of public schools, universities, regional cooperatives, special schools and state agencies providing educational programs, who are employed at more than 25% of a full-time equivalency, are required to be members of the Plan. There were 140,008 active, retired, and inactive members in fiscal year 2014; there were 135,603 active, retired, and inactive members in fiscal year 2013.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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## IV. OTHER INFORMATION (cont'd)

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

*Benefits Provided* - 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. Benefits are based on three components: Final Average Salary (FAS), years of both earned and allowed service credits, and a 2.35% factor. The gross annual benefit is determined by multiplying the three components together. FAS is the higher of annual earnings for the previous 20 calendar quarters prior to retirement or the highest average annual earnings for any 20 consecutive calendar quarters.

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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## IV. OTHER INFORMATION (cont'd)

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

The member, upon retirement, has three options as to how to receive the benefit.

**Option A** – If the member elects the Option A, there is no reduction to the monthly benefit other than any “Rule of 75” deductions or any community property or child support reductions. There will be no continuing benefit to a beneficiary or estate upon the retiree’s death, except the balance, if any, of member contributions. Those contributions are usually exhausted in the first three to four years of retirement.

**Option B** – If the member elects Option B, the monthly benefit is reduced to provide for a 100% survivor’s benefit. The reduced benefit is payable during the life of the member and upon the retiree’s death, the same benefit is paid to the beneficiary for his or her lifetime. The named beneficiary may not be changed after the effective date of retirement since the amount of the option is calculated by using both the age of the member and the beneficiary. If the beneficiary predeceases the member, the member’s benefit will be adjusted by returning it to the Option A Benefit amount. The IRS prohibits selection of Option B for a non-spouse beneficiary more than ten years younger than the member.

**Option C** – If the member elects Option C, the monthly benefit is reduced to provide for a 50% survivor’s benefit. The benefit is payable during the life of the member and upon the retiree’s death, one half of the member’s benefit is paid to the beneficiary for his or her lifetime. Here again, the named beneficiary may not be changed after the effective date of retirement. If the beneficiary predeceases the member, the member’s benefit is adjusted by returning it to the Option A Benefit amount.

Under the provisions of Options B and C coverage, the beneficiary must be a person, and only one beneficiary may be named. The term beneficiary means a person having an insurable interest in the life of the member.

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: 10.7% of their gross salary in fiscal year 2015.

Employer Contributions – In fiscal year 2015, the District was required to contribute 13.9% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 13.9% of the gross covered salary for employees whose annual salary is more than \$20,000. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District’s contributions to ERB for the fiscal years ending June 30, 2015, 2014, and 2013, were \$2,048,091, \$1,956,101, and \$1,803,761, respectively, which equal the amount of the required contributions for each fiscal year.

### Employers

The Educational Retirement Act designates employers as Local Administrative Units, directly responsible for payment of compensation for the employment of members or participants of this Plan. There were 213 contributing employers in fiscal year 2014; there were 212 contributing employers in fiscal year 2013.

### Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Expense Related to Pensions

At June 30, 2015, the District reported a liability of \$30,849,166 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District’s proportion was 0.54067 percent, which was a decrease of 0.0627 percent from its proportion measured as of June 30, 2013.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

For the year ended June 30, 2015, the District recognized pension expense of \$1,117,751.

<b>Pension Expense Calculation</b>		
Add:	Net pension liability - end of the year	\$ 30,849,166
Deduct:	Net pension liability - beginning of the year	(37,872,644)
Deduct:	Deferred outflows of resources during the year	-
Add:	First year of amortization of deferred outflows of resources	-
Add:	Deferred inflows of resources during the year	6,185,128
Deduct:	First year of amortization of deferred inflows of resources	-
Add:	Layered amortization of prior year(s) deferred outflows of resources	-
Deduct:	Layered amortization of prior year(s) deferred inflows of resources	-
	Reductions to ending net pension liability due contributions paid	1,956,101
	<b>Total Pension Expense</b>	<b>\$ 1,117,751</b>

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 459,545
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,804,333
Changes in proportion and differences between District contributions and proportionate share of contributions	-	2,921,267
District contributions subsequent to the measurement date	2,048,091	-
<b>Total</b>	<b>\$ 2,048,091</b>	<b>\$ 6,185,145</b>

Deferred outflows of resources related to pensions in the amount of \$2,048,091 resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	
2016	\$ 1,874,976
2017	1,874,976
2018	1,734,109
2019	701,084
2020	-
Thereafter	-
<b>Total</b>	<b>\$ 6,185,145</b>

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

## IV. OTHER INFORMATION (cont'd)

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

#### Actuarial Assumptions

A single discount rate of 7.75% was used to measure the total pension liability as of June 30, 2014. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the assumptions described below and the projection of cash flows, pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. The long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

## IV. OTHER INFORMATION (cont'd)

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

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

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

#### Rate of Return

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following:

- 1) Rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.),
- 2) Application of key economic projections (inflation, real growth, dividends, etc.), and
- 3) Structural themes (supply and demand imbalances, capital flows, etc.).

These items are developed for each major asset class.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

## IV. OTHER INFORMATION (cont'd)

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

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate Assumption*

The following table shows the sensitivity of the net pension liability to changes in the discount rate as of fiscal year end 2014. In particular, the table presents the Plan's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

		1% Decrease 6.75%	Current Single Rate Assumption 7.75%	1% Increase 8.75%
<b>ERB (All Employers)</b>				
2014	\$	7,763,304,829	\$ 5,705,730,813	\$ 3,987,098,791
2013	\$	8,286,923,513	\$ 6,276,852,149	\$ 4,599,162,126
<b>Moriarty-Edgewood School District</b>				
2014	\$	41,973,850	\$ 30,849,166	\$ 21,556,932
2013	\$	50,000,810	\$ 37,872,644	\$ 27,749,965

### C. Post-Retirement Health Care Benefits

*Plan Description*

Moriarty-Edgewood School District No. 8 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.

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).



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015

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## IV. OTHER INFORMATION (cont'd)

### C. Post-Retirement Health Care Benefits (cont'd)

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 District's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013 were \$294,680, \$297,510, and \$324,847, 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. Cash Flows

The District's federal and state grants operate on a reimbursement basis. The District 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 District's ability to operate effectively. However, the time it takes to receive reimbursement, if extensive, does significantly affect the District's cash flows and the ability to deliver educational services to the community in an effective manner. This could affect the District's financial operations in subsequent years.

### F. Restatement

There was a restatement of the District's basic financial statements of \$36,799,303. Of this amount, \$35,916,542, net pension liability, was for the implementation of GASB68 which requires the recognition of the District's portion of the cost-sharing pension liability. The remaining restatement, \$882,761, was for delinquent property taxes receivable. Those receivables included taxes that had been collected during the year ended June 30, 2014. The result was a restatement to decrease net position.

### G. Subsequent Events

Subsequent events were evaluated through October 23, 2015 which is the date the financial statements were available to be issued.

# REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2015

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

	<u>2015</u>
District's proportion of the net pension liability	0.540670%
District's proportionate share of the net pension liability	\$ 30,849,175
District's covered-employee payroll	\$ 14,902,777
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	207.00%
Plan fiduciary net position as a percentage of the total pension liability	66.54%

\* These schedules are intended to present 10 years of trending history. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

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

	<u>2015</u>
Contractually required contribution	\$ 1,956,101
Contributions in relation to the contractually required	<u>(1,956,101)</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 14,902,777
Contribution as a percentage of covered-employee payroll	13.13%

\* These schedules are intended to present 10 years of trending history. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2015

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

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

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

See also the Note IV (B) *Actuarial Assumptions* of the financial statement note disclosure on the Pension Plan.

**GENERAL FUNDS**  
YEAR ENDED JUNE 30, 2015

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**OPERATING FUND**

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.

**TRANSPORTATION FUND**

Accounts for all the Transportation funds received through the state that are used in the maintaining and operating vehicles used to transport students.

**INSTRUCTIONAL MATERIALS FUND**

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  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

GENERAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2015**

	Operational Fund #11000	Transportation Fund #13000	Instructional Materials Fund #14000	Total General Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 1,147,567	\$ 71,071	\$ 105,868	\$ 1,324,506
Receivables:				
Property taxes	40,577	-	-	40,577
Due from other governments	3,360	-	-	3,360
Due from other funds	599,796	-	-	599,796
Fuel inventory	<u>-</u>	<u>15,474</u>	<u>-</u>	<u>15,474</u>
<b>Total assets</b>	<b><u>\$ 1,791,300</u></b>	<b><u>\$ 86,545</u></b>	<b><u>\$ 105,868</u></b>	<b><u>\$ 1,983,713</u></b>
 <b>Liabilities and fund balance</b>				
Liabilities:				
Accounts payable	\$ 84,911	\$ 1,209	\$ 654	\$ 86,774
Accrued salaries	<u>282,105</u>	<u>16,101</u>	<u>-</u>	<u>298,206</u>
Total liabilities	<u>367,016</u>	<u>17,310</u>	<u>654</u>	<u>384,980</u>
Deferred inflows of resources:				
Delinquent property taxes	<u>37,847</u>	<u>-</u>	<u>-</u>	<u>37,847</u>
Fund balance:				
Non-spendable:				
Inventories	-	15,474	-	15,474
Unassigned	<u>1,386,437</u>	<u>53,761</u>	<u>105,214</u>	<u>1,545,412</u>
Total fund balance	<u>1,386,437</u>	<u>69,235</u>	<u>105,214</u>	<u>1,560,886</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b><u>\$ 1,791,300</u></b>	<b><u>\$ 86,545</u></b>	<b><u>\$ 105,868</u></b>	<b><u>\$ 1,983,713</u></b>

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

GENERAL FUNDS  
**Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2015**

	General Funds			Total General Fund
	Operational Fund #11000	Transportation Fund #13000	Instructional Materials Fund #14000	
<b>Revenues:</b>				
Taxes:				
Property	\$ 212,693	\$ -	\$ -	\$ 212,693
Intergovernmental - federal grants	178,034	-	-	178,034
Intergovernmental - state grants	19,633,727	1,581,390	182,339	21,397,456
Miscellaneous	<u>63,045</u>	<u>-</u>	<u>-</u>	<u>63,045</u>
<b>Total revenue</b>	<u>20,087,499</u>	<u>1,581,390</u>	<u>182,339</u>	<u>21,851,228</u>
<b>Expenditures:</b>				
Current:				
Instruction	11,917,082	-	95,287	12,012,369
Support services:				
Students	1,848,920	-	-	1,848,920
Instruction	522,605	-	-	522,605
General Administration	325,896	-	-	325,896
School Administration	1,131,456	-	-	1,131,456
Central Services	568,857	-	-	568,857
Operation & Maintenance of Plant	2,994,273	-	-	2,994,273
Student transportation	20,892	1,512,046	-	1,532,938
Other Support services	<u>54,085</u>	<u>-</u>	<u>-</u>	<u>54,085</u>
<b>Total expenditures</b>	<u>19,384,066</u>	<u>1,512,046</u>	<u>95,287</u>	<u>20,991,399</u>
<i>Excess of revenues over expenditures</i>	703,433	69,344	87,052	859,829
<b>Other financing sources:</b>				
Transfers in	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
<i>Net change in fund balance</i>	703,434	69,344	87,052	859,830
<b>Fund balance at beginning of the year</b>	<u>683,003</u>	<u>(109)</u>	<u>18,162</u>	<u>701,056</u>
<b>Fund balance at end of the year</b>	<u>\$ 1,386,437</u>	<u>\$ 69,235</u>	<u>\$ 105,214</u>	<u>\$ 1,560,886</u>

STATE OF NEW MEXICO  
MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8

OPERATIONAL FUND - NO. 11000  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 205,003	\$ 205,003	\$ 377,564	\$ 172,561
Intergovernmental - federal grants	100,652	100,652	178,034	77,382
Intergovernmental - state grants	19,643,590	19,643,590	19,633,727	(9,863)
Charges for services	5,000	5,000	44,516	39,516
Miscellaneous	<u>5,000</u>	<u>5,000</u>	<u>61,111</u>	<u>56,111</u>
<b>Total revenues</b>	<u>19,959,245</u>	<u>19,959,245</u>	<u>20,294,952</u>	<u>335,707</u>
<b>Expenditures:</b>				
Current:				
Instruction	12,705,375	12,759,375	12,125,852	633,523
Support services:				
Students	2,048,986	1,994,986	1,837,008	157,978
Instruction	613,740	613,740	522,605	91,135
General Administration	357,414	357,414	325,899	31,515
School Administration	1,172,982	1,172,982	1,130,632	42,350
Central Services	578,090	578,090	573,750	4,340
Operation & Maintenance of Plant	3,117,413	3,117,413	3,001,868	115,545
Student transportation	23,800	23,800	27,178	(3,378)
Other Support services	<u>80,686</u>	<u>80,686</u>	<u>54,085</u>	<u>26,601</u>
<b>Total expenditures</b>	<u>20,698,486</u>	<u>20,698,486</u>	<u>19,598,877</u>	<u>1,099,609</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(739,241)	(739,241)	696,075	1,435,316
<i>Beginning cash balance budgeted</i>	739,241	739,241	-	(739,241)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>683,003</u>	<u>683,003</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>1,379,078</u>	<u>\$ 1,379,078</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			(31,116)	
Change in due from other governments			142	
Change in payables			7,329	
Change in deferred property taxes			<u>31,004</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 1,386,437</u>	

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

TRANSPORTATION FUND - NO. 13000  
**Statement of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 1,601,453	\$ 1,581,390	\$ 1,581,390	\$ -
<b>Expenditures:</b>				
Current:				
Support services:				
Student transportation	<u>1,601,453</u>	<u>1,581,390</u>	<u>1,526,494</u>	<u>54,896</u>
<i>Excess of revenues over expenditures</i>	-	-	54,896	54,896
<b>Fund balance (deficit) at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>(109)</u>	<u>(109)</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>54,787</u>	<u>\$ 54,787</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in inventory			8,952	
Change in payables			<u>5,496</u>	
<b>Fund balance (deficit) at end of the year (GAAP basis)</b>			<u>\$ 69,235</u>	

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

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, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 138,104	\$ 180,711	\$ 180,711	\$ -
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,628</u>	<u>1,628</u>
<b>Total revenues</b>	138,104	180,711	182,339	1,628
<b>Expenditures:</b>				
Current:				
Instruction	<u>140,104</u>	<u>200,409</u>	<u>96,169</u>	<u>104,240</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(2,000)	(19,698)	86,170	105,868
<i>Beginning cash balance budgeted</i>	2,000	19,698	-	(19,698)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>18,162</u>	<u>18,162</u>
<b>Fund balance at end of the year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>104,332</u>	<u><u>\$ 104,332</u></u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			<u>882</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u><u>\$ 105,214</u></u>	



MAJOR CAPITAL PROJECTS FUNDS  
AND  
MAJOR DEBT SERVICE FUND

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

BOND BUILDING FUND - NO. 31100  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Investment and interest income	\$ -	\$ -	\$ 298	\$ 298
<b>Expenditures:</b>				
Current:				
Support services:				
Operation & Maintenance of Plant	1,124,911	1,302,911	850,387	452,524
Capital outlay:				
Equipment	191,655	191,655	59,104	132,551
Construction in progress	<u>2,299,119</u>	<u>2,499,856</u>	<u>1,398,531</u>	<u>1,101,325</u>
<b>Total expenditures</b>	<u>3,615,685</u>	<u>3,994,422</u>	<u>2,308,022</u>	<u>1,686,400</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(3,615,685)	(3,994,422)	(2,307,724)	1,686,698
<b>Other financing sources:</b>				
Sale of bonds	-	-	<u>6,144,332</u>	<u>6,144,332</u>
<i>Net change in fund balance</i>	(3,615,685)	(3,994,422)	3,836,608	7,831,030
<i>Beginning cash balance budgeted</i>	3,615,685	3,994,422	-	(3,994,422)
<b>Fund balance at beginning of the year</b>	-	-	<u>3,987,458</u>	<u>3,987,458</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	7,824,066	<u>\$ 7,824,066</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			<u>(218,470)</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ 7,605,596</u>	

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

CAPITAL IMPROVEMENTS SB-9 FUND - NO. 31700

**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 997,326	\$ 997,326	\$ 1,006,763	\$ 9,437
Intergovernmental - state grants	-	54,746	-	(54,746)
<b>Total revenues</b>	997,326	1,052,072	1,006,763	(45,309)
<b>Expenditures:</b>				
Current:				
Support services:				
General Administration	11,975	12,975	12,332	643
Operation & Maintenance of Plant	1,115,542	1,218,907	933,587	285,320
Capital outlay:				
Equipment	10,000	13,000	12,270	730
Construction in progress	106,668	106,668	87,803	18,865
<b>Total expenditures</b>	1,244,185	1,351,550	1,045,992	305,558
<i>Excess (deficiency) of revenues   over expenditures</i>	(246,859)	(299,478)	(39,229)	260,249
<i>Beginning cash balance budgeted</i>	246,859	299,478	-	(299,478)
<b>Fund balance at beginning of the year</b>	-	-	295,476	295,476
<b>Fund balance at end of the year</b>	\$ -	\$ -	256,247	\$ 256,247
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			(162,055)	
Change in due from other governments			1,027	
Change in payables			(3,514)	
Change in deferred property taxes			161,591	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 253,296	

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

DEBT SERVICE FUND - NO. 41000  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 4,711,517	\$ 4,711,517	\$ 4,603,712	\$ (107,805)
Investment and interest income	-	-	1,032	1,032
<b>Total revenues</b>	4,711,517	4,711,517	4,604,744	(106,773)
<b>Expenditures:</b>				
Current:				
Support services:				
General Administration	49,523	64,523	46,037	18,486
Debt service:				
Principal retirement	4,070,000	4,070,000	2,570,000	1,500,000
Bond interest paid	591,994	591,994	459,648	132,346
Reserves	2,504,516	2,489,516	-	2,489,516
<b>Total expenditures</b>	7,216,033	7,216,033	3,075,685	4,140,348
<i>Excess (deficiency) of revenues over expenditures</i>	(2,504,516)	(2,504,516)	1,529,059	4,033,575
<i>Beginning cash balance budgeted</i>	2,504,516	2,504,516	-	(2,504,516)
<b>Fund balance at beginning of the year</b>	-	-	2,638,939	2,638,939
<b>Fund balance at end of the year</b>	\$ -	\$ -	4,167,998	\$ 4,167,998
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			(708,872)	
Change in due from other governments			6,596	
Change in deferred property taxes			708,873	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 4,174,595	

## NONMAJOR GOVERNMENTAL FUNDS

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**NONMAJOR GOVERNMENTAL FUNDS**  
YEAR ENDED JUNE 30, 2015

**Nonmajor Special Revenue Funds**

Special revenue funds are operating funds used to account for the proceeds of specific revenue sources that are intended for specific purposes other than special assessments or major capital projects.

- Minimum Balance:     None

➤ FOOD SERVICE (Fund No. 21000)

This program provides financing for the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-4, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 sat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.
- Minimum Balance:     None

➤ ATHLETICS (Fund No. 22000)

This fund provides financing for school athletic activities. Funding is provided by fees from patrons.
- Minimum Balance:     None

➤ TITLE I (Fund No. 24101)

To help local education agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards. Funding authorization: Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C. 6301 et seq.
- Minimum Balance:     None

➤ ENTITLEMENT IDEA-B (Fund No. 24106)

Program provides 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.
- Minimum Balance:     None

➤ PRESCHOOL IDEA-B (Fund No. 24109)

The Preschool program is for the purpose of enhancing Special Education for handicapped children from ages 3 to 5. The program is funded by the United States government, under the Individuals With Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.
- Minimum Balance:     None

➤ IDEA-B CEIS (Fund No. 24112)

Under IDEA 2004, a Local Education Agency ("LEA") may use up to 15 percent of the combined IDEA Part B Basic and Preschool Entitlement subgrants the LEA is allocated for any fiscal year, less any amount reduced by the LEA pursuant to 34 CFR § 300.205, if any, in combination with other amounts (which may include amounts other than education funds), to develop and implement CEIS. This may include interagency financing structures, for students in kindergarten through grade twelve (with particular emphasis on students in kindergarten through grade three) who are not currently identified as needing special education or related services, but who need additional academic and behavioral support to succeed in a general education environment in accordance with 34 CFR § 300.226(a) and 6.31.2.9(D) NMAC.
- Minimum Balance:     None

➤ EDUCATION OF HOMELESS (Fund No. 24113)

To ensure that all homeless children and youth have equal access to the same free, appropriate public education available to other children, the Education for Homeless Children and Youth program provides assistance to States, Outlying Areas, and the Department of Interior/Bureau of Indian Education (BIE) to: (1) establish or designate an Office of Coordinator of Education of Homeless Children and Youths; (2) develop and carry out a State plan for the education of homeless children; and (3) make subgrants to local educational agencies to support the education of those children. Authorization: McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.
- Minimum Balance:     None

➤ FRESH FRUITS AND VEGETABLES (Fund No. 24118)

To assist States, through cash grants, in providing free fresh fruits and vegetables to school children in designated participating schools beginning in school year 2004/2006. Authorization granted under National School Lunch Act, as amended, 42 U.S.C. 1769.

**NONMAJOR GOVERNMENTAL FUNDS**  
YEAR ENDED JUNE 30, 2015

**Nonmajor Special Revenue Funds (cont'd)**

- IDEA-B “RISK POOL” (Fund No. 24120) Minimum Balance: None  
The IDEA-B “Risk Pool” 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.
  
- IDEA-B STUDENT SUCCESS (Fund No. 24132) Minimum Balance: None  
The purpose of this grant award is to support activities included in the school's Educational Plan for Student Success, or areas in need of improvement, identified through the instructional audit. The program is funded by the United States government, under the Individuals with Disabilities Act, Public Law 108-446 Part B.
  
- TITLE III ENGLISH LANGUAGE (Fund No. 24153) Minimum Balance: None  
To ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same standards as all children and youth are expected to meet; to provide assistance to Native American, Native Hawaiian, Native American Pacific Islander, and Alaskan native children with certain modifications relative to the unique status of native American language under Federal Law; to develop to the extent possible, the native language skills of such children. The fund is authorized through the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101,3129.
  
- TITLE II TEACHER QUALITY (Fund No. 24154) Minimum Balance: None  
To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in the academic achievement. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.
  
- TITLE XIX MEDICAID (Fund No. 25153) Minimum Balance: None  
To provide financial assistance from the Federal government which flows-through the State of New Mexico to school districts, for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women and the aged who meet income and resource requirements, and other categorically-eligible groups. The program is funded by the U.S. government under the Social Security Act, Title XIX, as amended; Public Laws 92-223, 92-602, 93-66, 93-233, 96-499, 97-35, 97-2248, 98-369, 99-272, 99-509, 100-93, 100-202, 100-203, 100-360, 100-436, 100-485, 100-647, 101-166, 101-234, 101-239, 101-508, 101-517, 102-234, 102-170, 102-394, 103-66, 103-14, 103-333, 104-91, 104-191, 104-193, 104-208, and 104-134; Balanced Budget Act of 1997, Public Law 105-33.
  
- ARRA – STATE REVITALIZATION (Fund No. 25250) Minimum Balance: None  
To support and restore funding for elementary, secondary, and postsecondary education and, as applicable, early child hood education programs and services in States and local educational agencies. Authorization: American Recovery and Reinvestment Act of 2011 (ARRA), Division A, Title XIV, Public Law 111-5.
  
- WALLACE FOUNDATION (Fund No. 26125) Minimum Balance: None  
The purpose of this program is to provide funding to develop the use and understanding of accountability to build effective leaders in the educational system along with improving student achievement. Funds are acquired from federal sources through the New Mexico Department of Finance and Administration. Funding is provided by the Wallace Foundation a private funding for the State Action for Education Leadership Project.



**NONMAJOR GOVERNMENTAL FUNDS**  
YEAR ENDED JUNE 30, 2015

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**Nonmajor Special Revenue Funds (cont'd)**

- **DUAL CREDIT INSTRUCTIONAL MATERIALS (Fund No. 27103)** Minimum Balance:   None  
To be used for courses approved by Higher Education Department (HED) and through a college/university for which the district has an approved agreement.
- **LIBRARY GO BONDS 2012 (Fund No. 27107)** Minimum Balance:   None  
Funds to be used for library books and library resources for public school libraries statewide. Library resources include computers, software, projectors, televisions, other related hardware and software, shelving, desks, chairs, and book trucks/carts. Senate Bill 66, Laws of 2012, 2nd Session, Chapter 54, Section 10.B.(3).
- **READS TO LEAD (Fund No. 27114)** Minimum Balance:   None  
Provides an aligned approach for districts and schools to ensure that children can read by the end of third grade—giving them essential skills for future career and college success. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators.
- **BREAKFAST FOR ELEMENTARY STUDENTS (Fund No. 27155)** Minimum Balance:   None  
To provide elementary students with the nutrition necessary to facilitate learning.
- **DAIRY MAX (Fund No. 29102)** Minimum Balance:   None  
The goal of the awards program is to call attention to the importance of alternate school breakfast. Offering breakfast outside of the classroom increases participation by providing service for children who arrive late or who prefer to socialize rather than eat, and by helping to remove the potential social stigma that the program is meant for low-income students.

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2015**

	<b>Special Revenue Funds</b>				
	<u>Food Service</u>	<u>Athletics</u>	<u>Title I</u>	<u>Entitlement</u>	<u>Preschool</u>
	<u>Fund #21000</u>	<u>Fund #22000</u>	<u>Fund #24101</u>	<u>IDEA-B</u>	<u>IDEA-B</u>
				<u>Fund #24106</u>	<u>Fund #24109</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 100,504	\$ 169,171	\$ 10,560	\$ 17,352	\$ 102
Receivables:					
Grant	-	-	150,821	139,436	24,314
USDA commodities inventory	48,228	-	-	-	-
Food inventory	<u>13,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 162,195</u>	<u>\$ 169,171</u>	<u>\$ 161,381</u>	<u>\$ 156,788</u>	<u>\$ 24,416</u>
<b>Liabilities and fund balance</b>					
Liabilities:					
Accounts payable	\$ 8,896	\$ -	\$ -	\$ 4,210	\$ -
Accrued salaries	13,036	-	10,560	17,351	102
Due to other funds	<u>-</u>	<u>-</u>	<u>150,821</u>	<u>135,227</u>	<u>24,314</u>
Total liabilities	<u>21,932</u>	<u>-</u>	<u>161,381</u>	<u>156,788</u>	<u>24,416</u>
Fund balance:					
Non-spendable:					
Inventories	61,691	-	-	-	-
Restricted for:					
Special revenue funds	<u>78,572</u>	<u>169,171</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>140,263</u>	<u>169,171</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>\$ 162,195</u>	<u>\$ 169,171</u>	<u>\$ 161,381</u>	<u>\$ 156,788</u>	<u>\$ 24,416</u>

( cont'd; 1 of 5 )

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2015**

	<b>Special Revenue Funds</b>				
	IDEA-B CEIS Fund #24112	Education of Homeless Fund #24113	Fresh Fruits and Vegetables Fund #24118	IDEA-B "Risk Pool" Fund #24120	IDEA-B Student Success Fund #24132
<b>Assets</b>					
Cash and cash equivalents	\$ 161	\$ -	\$ -	\$ -	\$ 1,258
Receivables:					
Grant	14,400	6,588	800	25,000	175,011
USDA commodities inventory	-	-	-	-	-
Food inventory	-	-	-	-	-
<b>Total assets</b>	<b>\$ 14,561</b>	<b>\$ 6,588</b>	<b>\$ 800</b>	<b>\$ 25,000</b>	<b>\$ 176,269</b>
 <b>Liabilities and fund balance</b>					
Liabilities:					
Accounts payable	\$ 4,000	\$ -	\$ -	\$ -	\$ -
Accrued salaries	160	-	-	-	1,258
Due to other funds	10,401	6,588	800	25,000	175,011
Total liabilities	14,561	6,588	800	25,000	176,269
 Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Special revenue funds	-	-	-	-	-
Total fund balance	-	-	-	-	-
<b>Total liabilities and fund balance</b>	<b>\$ 14,561</b>	<b>\$ 6,588</b>	<b>\$ 800</b>	<b>\$ 25,000</b>	<b>\$ 176,269</b>

( cont'd; 2 of 5 )

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2015**

**Special Revenue Funds**

	Title III English Language <u>Fund #24153</u>	Title II Teacher Quality <u>Fund #24154</u>	Title XIX Medicaid <u>Fund #25153</u>	ARRA - State Revitalization <u>Fund #25250</u>	Wallace Foundation <u>Fund #26125</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 1	\$ 1,384	\$ 116,140	\$ -	\$ 227
Receivables:					
Grant	4,404	33,321	-	-	-
USDA commodities inventory	-	-	-	-	-
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 4,405</u>	<u>\$ 34,705</u>	<u>\$ 116,140</u>	<u>\$ -</u>	<u>\$ 227</u>
<b>Liabilities and fund balance</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 328	\$ -	\$ -
Accrued salaries	-	1,383	5,050	-	-
Due to other funds	<u>4,405</u>	<u>33,322</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,405</u>	<u>34,705</u>	<u>5,378</u>	<u>-</u>	<u>-</u>
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Special revenue funds	<u>-</u>	<u>-</u>	<u>110,762</u>	<u>-</u>	<u>227</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>110,762</u>	<u>-</u>	<u>227</u>
<b>Total liabilities and fund balance</b>	<u>\$ 4,405</u>	<u>\$ 34,705</u>	<u>\$ 116,140</u>	<u>\$ -</u>	<u>\$ 227</u>

( cont'd; 3 of 5 )

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2015**

	<b>Special Revenue Funds</b>				
	Dual Credit Instructional Materials <u>Fund #27103</u>	Libraries GO Bond 2012 <u>Fund #27107</u>	Reads to Lead <u>Fund #27114</u>	Breakfast for Elementary Students <u>Fund #27155</u>	Dairy Max <u>Fund #29102</u>
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 1	\$ 215	\$ 10	\$ 1,604
Receivables:					
Grant	2,156	632	31,117	-	-
USDA commodities inventory	-	-	-	-	-
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 2,156</u>	<u>\$ 633</u>	<u>\$ 31,332</u>	<u>\$ 10</u>	<u>\$ 1,604</u>
<b>Liabilities and fund balance</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	214	-	-
Due to other funds	<u>2,156</u>	<u>633</u>	<u>31,118</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,156</u>	<u>633</u>	<u>31,332</u>	<u>-</u>	<u>-</u>
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>1,604</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>1,604</u>
<b>Total liabilities and fund balance</b>	<u>\$ 2,156</u>	<u>\$ 633</u>	<u>\$ 31,332</u>	<u>\$ 10</u>	<u>\$ 1,604</u>

(cont'd; 4 of 5)

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2015**

	Total Non-Major Special Revenue <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 418,690	\$ 418,690
Receivables:		
Grant	608,000	608,000
USDA commodities inventory	48,228	48,228
Food inventory	<u>13,463</u>	<u>13,463</u>
<b>Total assets</b>	<b><u>\$ 1,088,381</u></b>	<b><u>\$ 1,088,381</u></b>
 <b>Liabilities and fund balance</b>		
Liabilities:		
Accounts payable	\$ 17,434	\$ 17,434
Accrued salaries	49,114	49,114
Due to other funds	<u>599,796</u>	<u>599,796</u>
Total liabilities	<u>666,344</u>	<u>666,344</u>
 Fund balance:		
Non-spendable:		
Inventories	61,691	61,691
Restricted for:		
Special revenue funds	<u>360,346</u>	<u>360,346</u>
Total fund balance	<u>422,037</u>	<u>422,037</u>
<b>Total liabilities and fund balance</b>	<b><u>\$ 1,088,381</u></b>	<b><u>\$ 1,088,381</u></b>

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STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2015**

	<b>Special Revenue Funds</b>			
	Food Service <u>Fund #21000</u>	Athletics <u>Fund #22000</u>	Title I <u>Fund #24101</u>	Entitlement IDEA-B <u>Fund #24106</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 941,404	\$ -	\$ 709,587	\$ 828,299
Intergovernmental - state grants	62,689	-	-	-
Charges for services	302,130	200,412	-	-
Miscellaneous	<u>15</u>	<u>146</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>1,306,238</u>	<u>200,558</u>	<u>709,587</u>	<u>828,299</u>
<b>Expenditures:</b>				
Current:				
Instruction	-	189,963	394,540	270,075
Support services:				
Students	-	-	151,027	309,012
Instruction	-	-	-	-
General Administration	-	-	164,020	202,492
Student transportation	-	-	-	29,109
Food services operations	1,262,500	-	-	-
Community services	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,611</u>
<b>Total expenditures</b>	<u>1,262,500</u>	<u>189,963</u>	<u>709,587</u>	<u>828,299</u>
<i>Excess (deficiency) of revenues over expenditures</i>	43,738	10,595	-	-
<b>Other financing uses:</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	43,738	10,595	-	-
<b>Fund balance at beginning of the year</b>	<u>96,525</u>	<u>158,576</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ 140,263</u>	<u>\$ 169,171</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 1 of 6)

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2015**

	<b>Special Revenue Funds</b>			
	Preschool IDEA-B <u>Fund #24109</u>	IDEA-B CEIS <u>Fund #24112</u>	Education of Homeless <u>Fund #24113</u>	Fresh Fruits and Vegetables <u>Fund #24118</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 51,210	\$ 49,263	\$ 10,020	\$ 29,985
Intergovernmental - state grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>51,210</u>	<u>49,263</u>	<u>10,020</u>	<u>29,985</u>
<b>Expenditures:</b>				
Current:				
Instruction	3,495	-	-	-
Support services:				
Students	26,003	48,018	10,020	-
Instruction	-	-	-	-
General Administration	21,712	1,245	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	29,985
Community services	-	-	-	-
<b>Total expenditures</b>	<u>51,210</u>	<u>49,263</u>	<u>10,020</u>	<u>29,985</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<b>Other financing uses:</b>				
Transfers out	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

( cont'd; 2 of 6 )



STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2015**

	<b>Special Revenue Funds</b>			
	IDEA-B "Risk Pool" <u>Fund #24120</u>	IDEA-B Student Success <u>Fund #24132</u>	Title III English Language <u>Fund #24153</u>	Title II Teacher Quality <u>Fund #24154</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 25,000	\$ 333,026	\$ 9,271	\$ 137,183
Intergovernmental - state grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>25,000</u>	<u>333,026</u>	<u>9,271</u>	<u>137,183</u>
<b>Expenditures:</b>				
Current:				
Instruction	25,000	307,691	9,090	41,871
Support services:				
Students	-	16,439	-	47,668
Instruction	-	-	-	-
General Administration	-	8,896	181	47,644
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
<b>Total expenditures</b>	<u>25,000</u>	<u>333,026</u>	<u>9,271</u>	<u>137,183</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
<b>Other financing uses:</b>				
Transfers out	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 3 of 6)

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2015**

	Special Revenue Funds			
	Title XIX Medicaid <u>Fund #25153</u>	ARRA - State Revitalization <u>Fund #25250</u>	Wallace Foundation <u>Fund #26125</u>	Dual Credit Instructional Materials <u>Fund #27103</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 249,407	\$ -	\$ -	\$ -
Intergovernmental - state grants	-	-	-	11,693
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	249,407	-	-	11,693
<b>Expenditures:</b>				
Current:				
Instruction	47,150	-	-	11,693
Support services:				
Students	228,277	-	-	-
Instruction	-	-	-	-
General Administration	1,772	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
<b>Total expenditures</b>	277,199	-	-	11,693
<i>Excess (deficiency) of revenues over expenditures</i>	(27,792)	-	-	-
<b>Other financing uses:</b>				
Transfers out	-	(1)	-	-
<i>Net change in fund balance</i>	(27,792)	(1)	-	-
<b>Fund balance at beginning of the year</b>	138,554	1	227	-
<b>Fund balance at end of the year</b>	\$ 110,762	\$ -	\$ 227	\$ -

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STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2015**

	<b>Special Revenue Funds</b>			
	Libraries GO Bond 2012 <u>Fund #27107</u>	Reads to Lead <u>Fund #27114</u>	Breakfast for Elementary Students <u>Fund #27155</u>	Dairy Max <u>Fund #29102</u>
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ -	\$ -	\$ -	\$ -
Intergovernmental - state grants	27,133	130,000	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	27,133	130,000	-	-
<b>Expenditures:</b>				
Current:				
Instruction	-	126,308	-	-
Support services:				
Students	-	142	-	-
Instruction	27,133	-	-	-
General Administration	-	3,550	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	1,044
Community services	-	-	-	-
<b>Total expenditures</b>	27,133	130,000	-	1,044
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	(1,044)
<b>Other financing uses:</b>				
Transfers out	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	(1,044)
<b>Fund balance at beginning of the year</b>	-	-	10	2,648
<b>Fund balance at end of the year</b>	\$ -	\$ -	\$ 10	\$ 1,604

( cont'd; 5 of 6 )

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2015**

	Total Nonmajor Special Revenue <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
<b>Revenues:</b>		
Intergovernmental - federal grants	\$ 3,373,655	\$ 3,373,655
Intergovernmental - state grants	231,515	231,515
Charges for services	502,542	502,542
Miscellaneous	<u>161</u>	<u>161</u>
<b>Total revenues</b>	<u>4,107,873</u>	<u>4,107,873</u>
<b>Expenditures:</b>		
Current:		
Instruction	1,426,876	1,426,876
Support services:		
Students	836,606	836,606
Instruction	27,133	27,133
General Administration	451,512	451,512
Student transportation	29,109	29,109
Food services operations	1,293,529	1,293,529
Community services	<u>17,611</u>	<u>17,611</u>
<b>Total expenditures</b>	<u>4,082,376</u>	<u>4,082,376</u>
<i>Excess (deficiency) of revenues over expenditures</i>	25,497	25,497
<b>Other financing uses:</b>		
Transfers out	<u>(1)</u>	<u>(1)</u>
<i>Net change in fund balance</i>	25,496	25,496
<b>Fund balance at beginning of the year</b>	<u>396,541</u>	<u>396,541</u>
<b>Fund balance at end of the year</b>	<u>\$ 422,037</u>	<u>\$ 422,037</u>

( 6 of 6 )

NONMAJOR GOVERNMENTAL FUNDS  
BUDGETARY PRESENTATION

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

FOOD SERVICE FUND - NO. 21000  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 898,895	\$ 886,568	\$ 853,815	\$ (32,753)
Intergovernmental - state grants	-	-	62,689	62,689
Charges for services	321,858	321,858	302,130	(19,728)
Miscellaneous	-	-	15	15
<b>Total revenues</b>	1,220,753	1,208,426	1,218,649	10,223
<b>Expenditures:</b>				
Current:				
Food Services Operations	1,409,560	1,263,106	1,185,868	77,238
<i>Excess (deficiency) of revenues over expenditures</i>	(188,807)	(54,680)	32,781	87,461
<i>Beginning cash balance budgeted</i>	188,897	54,680	-	(54,680)
<b>Fund balance at beginning of the year</b>	-	-	96,525	96,525
<b>Fund balance at end of the year</b>	\$ 90	\$ -	129,306	\$ 129,306
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in inventory			10,004	
Change in payables			953	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 140,263	

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

ATHLETICS FUND - NO. 22000  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Charges for services	\$ 135,368	\$ 135,368	\$ 200,412	\$ 65,044
Miscellaneous	-	-	146	146
<b>Total revenues</b>	135,368	135,368	200,558	65,190
<b>Expenditures:</b>				
Current:				
Instruction	263,836	297,047	193,067	103,980
<i>Excess (deficiency) of revenues over expenditures</i>	(128,468)	(161,679)	7,491	169,170
<i>Beginning cash balance budgeted</i>	128,468	161,679	-	(161,679)
<b>Fund balance at beginning of the year</b>	-	-	158,576	158,576
<b>Fund balance at end of the year</b>	\$ -	\$ -	166,067	\$ 166,067
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			3,104	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 169,171	

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

TITLE I FUND - NO. 24101  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 675,815	\$ 787,697	\$ 807,813	\$ 20,116
<b>Expenditures:</b>				
Current:				
Instruction	508,886	470,932	395,510	75,422
Support services:				
Students	8,758	150,338	151,027	(689)
General Administration	<u>158,171</u>	<u>166,427</u>	<u>164,020</u>	<u>2,407</u>
<b>Total expenditures</b>	<u>675,815</u>	<u>787,697</u>	<u>710,557</u>	<u>77,140</u>
<i>Excess of revenues over expenditures</i>	-	-	97,256	97,256
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	97,256	<u>\$ 97,256</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(98,226)	
Change in payables			<u>970</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	



STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

ENTITLEMENT IDEA-B FUND - NO. 24106

**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 724,691	\$ 904,706	\$ 850,109	\$ (54,597)
<b>Expenditures:</b>				
Current:				
Instruction	231,971	311,551	268,436	43,115
Support services:				
Students	291,057	357,914	311,219	46,695
General Administration	171,163	184,741	202,492	(17,751)
Student transportation	5,000	25,000	33,355	(8,355)
Community Services Operations	25,500	25,500	17,611	7,889
<b>Total expenditures</b>	724,691	904,706	833,113	71,593
<i>Excess of revenues over expenditures</i>	-	-	16,996	16,996
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	16,996	\$ 16,996
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(21,810)	
Change in payables			4,814	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

PRESCHOOL IDEA-B FUND - NO. 24109

**Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 38,607	\$ 53,904	\$ 31,149	\$ (22,755)
<b>Expenditures:</b>				
Current:				
Instruction	-	3,800	3,495	305
Support services:				
Students	18,059	29,030	26,003	3,027
General Administration	20,548	21,074	21,712	(638)
<b>Total expenditures</b>	38,607	53,904	51,210	2,694
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(20,061)	(20,061)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	(20,061)	\$ (20,061)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			20,061	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

IDEA-B CEIS FUND - NO. 24112  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 48,486	\$ 48,486	\$ 53,072	\$ 4,586
<b>Expenditures:</b>				
Current:				
Instruction	2,486	2,486	-	2,486
Support services:				
Students	44,940	44,940	44,018	922
General Administration	1,060	1,060	1,245	(185)
<b>Total expenditures</b>	48,486	48,486	45,263	3,223
<i>Excess of revenues over expenditures</i>	-	-	7,809	7,809
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	7,809	\$ 7,809
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(3,809)	
Change in payables			(4,000)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

EDUCATION OF HOMELESS FUND - NO. 24113  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 9,000	\$ 10,338	\$ 6,739	\$ (3,599)
<b>Expenditures:</b>				
Current:				
Support services:				
Students	9,000	10,338	10,020	318
<i>Excess (deficiency) of revenues   over expenditures</i>	-	-	(3,281)	(3,281)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	(3,281)	\$ (3,281)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			3,281	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

FRESH FRUITS AND VEGETABLES FUND - NO. 24118  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ -	\$ 32,283	\$ 29,138	\$ (3,145)
<b>Expenditures:</b>				
Current:				
Food Services Operations	-	32,283	29,985	2,298
<i>Excess (deficiency) of revenues   over expenditures</i>	-	-	(847)	(847)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	(847)	<u>\$ (847)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			800	
Change in deferred revenue			<u>47</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

IDEA-B "RISK POOL" FUND - NO. 24120  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ -	\$ 33,920	\$ 81,561	\$ 47,641
<b>Expenditures:</b>				
Current:				
Instruction	-	25,000	25,000	-
Support services:				
Students	-	8,300	-	8,300
Student transportation	-	620	-	620
<b>Total expenditures</b>	-	33,920	25,000	8,920
<i>Excess of revenues over expenditures</i>	-	-	56,561	56,561
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	56,561	\$ 56,561
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(56,561)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

IDEA-B STUDENT SUCCESS FUND - NO. 24132  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 200,000	\$ 362,422	\$ 195,343	\$ (167,079)
<b>Expenditures:</b>				
Current:				
Instruction	162,018	336,734	307,691	29,043
Support services:				
Students	45,560	28,560	16,439	12,121
General Administration	5,000	9,706	8,896	810
<b>Total expenditures</b>	212,578	375,000	333,026	41,974
<i>Excess (deficiency) of revenues over expenditures</i>	(12,578)	(12,578)	(137,683)	(125,105)
<i>Beginning cash balance budgeted</i>	12,578	12,578	-	(12,578)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	(137,683)	\$ (137,683)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			137,683	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

TITLE III ENGLISH LANGUAGE FUND - NO. 24153

**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 10,870	\$ 16,031	\$ 14,192	\$ (1,839)
<b>Expenditures:</b>				
Current:				
Instruction	10,657	15,818	9,090	6,728
Support services:				
General Administration	213	213	182	31
<b>Total expenditures</b>	<u>10,870</u>	<u>16,031</u>	<u>9,272</u>	<u>6,759</u>
<i>Excess of revenues over expenditures</i>	-	-	4,920	4,920
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	4,920	\$ 4,920
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(4,920)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	



STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

TITLE II TEACHER QUALITY FUND - NO. 24154  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 134,888	\$ 158,467	\$ 140,901	\$ (17,566)
<b>Expenditures:</b>				
Current:				
Instruction	17,049	49,628	41,871	7,757
Support services:				
Students	2,500	2,500	47,668	(45,168)
Instruction	56,010	47,010	-	47,010
General Administration	<u>59,329</u>	<u>59,329</u>	<u>47,644</u>	<u>11,685</u>
<b>Total expenditures</b>	<u>134,888</u>	<u>158,467</u>	<u>137,183</u>	<u>21,284</u>
<i>Excess of revenues over expenditures</i>	-	-	3,718	3,718
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	3,718	<u>\$ 3,718</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			<u>(3,718)</u>	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

TITLE XIX MEDICAID FUND - NO. 25153  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 195,000	\$ 195,000	\$ 249,407	\$ 54,407
<b>Expenditures:</b>				
Current:				
Instruction	34,694	52,894	47,150	5,744
Support services:				
Students	251,699	280,895	228,185	52,710
General Administration	-	-	1,772	(1,772)
<b>Total expenditures</b>	286,393	333,789	277,107	56,682
<i>Excess (deficiency) of revenues over expenditures</i>	(91,393)	(138,789)	(27,700)	111,089
<b>Fund balance at beginning of the year</b>	-	-	138,554	138,554
<b>Fund balance at end of the year</b>	\$ (91,393)	\$ (138,789)	110,854	\$ 249,643
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			(92)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 110,762	

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

ARRA - STATE REVITALIZATION FUND - NO. 25250

**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Current:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
<b>Other financing uses:</b>				
Transfers out	-	-	(1)	(1)
<i>Net change in fund balance</i>	-	-	(1)	(1)
<b>Fund balance at beginning of the year</b>	-	-	1	1
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

WALLACE FOUNDATION FUND - NO. 26125

**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Contributions - private grants	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Current:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
<b>Fund balance at beginning of the year</b>	-	-	227	227
<b>Fund balance at end of the year</b>	\$ -	\$ -	227	\$ 227
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 227	

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

DUAL CREDIT INSTRUCTIONAL MATERIALS FUND - NO. 27103  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ 11,693	\$ 10,623	\$ (1,070)
<b>Expenditures:</b>				
Current:				
Instruction	-	11,693	11,693	-
<i>Excess (deficiency) of revenues     over expenditures</i>	-	-	(1,070)	(1,070)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	(1,070)	<u>\$ (1,070)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			1,070	
<b>Fund balance at end of the year (GAAP basis)</b>			<u>\$ -</u>	

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 27,900	\$ 27,900	\$ 26,500	\$ (1,400)
<b>Expenditures:</b>				
Current:				
Support services:				
Instruction	27,900	27,900	27,132	768
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(632)	(632)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	(632)	\$ (632)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			632	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

READS TO LEAD FUND - NO. 27114  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 130,000	\$ 130,000	\$ 148,658	\$ 18,658
<b>Expenditures:</b>				
Current:				
Instruction	128,700	126,308	126,308	-
Support services:				
Students	-	-	142	(142)
General Administration	1,300	3,692	3,550	142
<b>Total expenditures</b>	130,000	130,000	130,000	-
<i>Excess of revenues over expenditures</i>	-	-	18,658	18,658
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	18,658	\$ 18,658
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(18,658)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

BREAKFAST FOR ELEMENTARY STUDENTS FUND - NO. 27155  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Current:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
<b>Fund balance at beginning of the year</b>	-	-	10	10
<b>Fund balance at end of the year</b>	\$ -	\$ -	10	\$ 10
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 10	



STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

DAIRY MAX FUND - NO. 29102  
**Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Contributions - private grants	\$ -	\$ -	\$ -	\$ -
<b>Expenditures:</b>				
Current:				
Food Services Operations	-	2,648	1,044	1,604
<i>Excess (deficiency) of revenues over expenditures</i>	-	(2,648)	(1,044)	1,604
<b>Fund balance at beginning of the year</b>	-	-	2,648	2,648
<b>Fund balance at end of the year</b>	\$ -	\$ (2,648)	1,604	\$ 4,252
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 1,604	

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## OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

FIDUCIARY FUNDS  
**Schedule of Changes in Assets and Liabilities - All Agency Funds**  
**Year Ended June 30, 2015**

Activity		Balance			Transfers	Balance
Fund	<u>ASSETS</u>	<u>June 30, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>In / (Out)</u>	<u>June 30, 2015</u>
23100	Mountain View Elementary School	\$ 2,561	\$ -	\$ -	\$ -	\$ 2,561
23200	Moriarty Elementary School	22,748	9,953	12,000	-	20,701
23300	South Mountain Elementary School	8,709	10,284	7,079	-	11,914
23400	Moriarty Middle School	15,722	6,263	9,665	-	12,320
23500	Moriarty High School	78,523	226,218	213,730	45,660	136,671
23600	Edgewood Elementary School	58,260	-	11,840	(45,660)	760
23700	Route 66 Elementary School	18,266	16,389	14,742	-	19,913
23800	District Office	72,792	17,273	51,532	-	38,533
23900	Edgewood Middle School	<u>21,460</u>	<u>33,577</u>	<u>23,836</u>	<u>-</u>	<u>31,201</u>
	Pooled cash and investments	<u>\$ 299,041</u>	<u>\$ 319,957</u>	<u>\$ 344,424</u>	<u>\$ -</u>	<u>\$ 274,574</u>
	<b>LIABILITIES</b>					
	Deposits held for others	<u>\$ 299,041</u>	<u>\$ 319,957</u>	<u>\$ 344,424</u>	<u>\$ -</u>	<u>\$ 274,574</u>

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

SCHEDULE OF PLEDGED COLLATERAL  
**June 30, 2015**

	Wells Fargo <u>Bank</u>	<u>US Bank</u>	<u>Total</u>
Cash on deposit at June 30, 2015	\$ 11,316,752	\$ 4,042,277	\$ 15,359,029
Less: FDIC coverage	<u>250,000</u>	<u>250,000</u>	<u>500,000</u>
Uninsured funds	<u>\$ 11,066,752</u>	<u>\$ 3,792,277</u>	<u>\$ 14,859,029</u>
50% collateral requirement	\$ 5,533,376	\$ 1,896,139	\$ 7,429,515
Pledged collateral	<u>7,442,265</u>	<u>3,500,000</u>	<u>10,942,265</u>
Excess (deficiency) of pledged collateral	<u>\$ 1,908,889</u>	<u>\$ 1,603,861</u>	<u>\$ 3,512,750</u>

Pledged collateral of financial institutions consists of the following at June 30, 2015

Wells Fargo Bank:	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
FNMA	2/1/2042	31292LFEO	\$ 520,242
FNMA	1/1/2042	3136A6H23	1,177,108
FNMA	10/1/2041	3138AD4Q5	180,322
FNMA	11/1/2041	3138AUMU8	73,252
FNMA	11/1/2026	3138AYLP2	164,100
FNMA	3/1/2043	3138W4ZW4	74,385
FNMA	3/1/2043	3138W7GH1	503,313
FNMA	3/1/2043	3138W7GX6	3,029,472
FNMA	8/1/2043	3138W9K74	801
FNMA	9/1/2043	3138X3XU1	610,379
FNMA	1/1/2043	31417ETA9	408,349
FNMA	3/1/2040	31418NZW3	700,542
			<u>\$ 7,442,265</u>

The above securities are held at Bank of New York Mellon, New York, NY.

US Bank:	<u>Issue Date</u>	<u>Expiration</u>	<u>Credit Limit</u>
FHLB Letter of Credit	5/14/2013	8/1/2013	\$ <u>3,500,000</u>

The above letter of credit is held at US Bank in Cincinnati, OH, will honored by the Federal Home Loan Bank of Cincinnati, and expires on May 2, 2016 at 2:00 pm.

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

CASH RECONCILIATION  
**Year Ended June 30, 2015**

	Beginning Cash	Receipts	Distributions	Other	Net Cash End of Period	Adjustments to the report	Total Cash on Report
Operations	\$ 126,008	\$ 20,294,952	\$ (19,598,877)	\$ 325,484	\$ 1,147,567	\$ -	\$ 1,147,567
Transportation	73	1,581,390	(1,526,493)	16,101	71,071	-	71,071
Instructional Materials	19,698	182,339	(96,169)	-	105,868	-	105,868
Food Services	54,681	1,218,649	(1,185,867)	13,041	100,504	-	100,504
Athletics	161,680	200,558	(193,067)	-	169,171	-	169,171
Federal Flowthrough Funds	52	2,210,016	(2,184,629)	5,379	30,818	-	30,818
Federal Direct Funds	138,790	249,406	(277,107)	5,051	116,140	-	116,140
Local Grants	227	-	-	-	227	-	227
State Flowthrough Funds	11	185,782	(168,826)	(16,741)	226	-	226
Local/State	2,648	-	(1,044)	-	1,604	-	1,604
Bond Building	3,994,422	6,149,030	(2,312,422)	-	7,831,030	-	7,831,030
Capital Improvements SB-9	299,478	1,006,763	(1,045,992)	-	260,249	-	260,249
Debt Service	2,513,218	4,604,744	(3,075,685)	-	4,042,277	-	4,042,277
Agency Funds	-	-	-	-	-	274,574	274,574
<b>Total</b>	<b>\$ 7,310,986</b>	<b>\$ 37,883,629</b>	<b>\$ (31,666,178)</b>	<b>\$ 348,315</b>	<b>\$ 13,876,752</b>	<b>\$ 274,574</b>	<b>\$ 14,151,326</b>

Account Name	Account Type	Bank Name	Bank Amount	Adjustments to report:	
Operational	Checking - Interest	Wells Fargo	\$ 11,316,752	Agency funds	\$ 274,574
AP Clearing	Checking - Interest	Wells Fargo	-		
Debt Service	Checking - Interest	US Bank	4,042,277	Adjustments to cash:	
			\$ 15,359,029	Bank Balance	\$ 15,359,029
				Cash on hand	-
				Outstanding deposits	347,321
				Outstanding checks	(1,555,024)
				Total adjustment to cash	\$ 14,151,326

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

SCHEDULE OF VENDOR INFORMATION  
 (Individual Purchases in Exceeding \$60,000, Excluding Gross Receipts Tax)  
**Year Ended June 30, 2015**

Prepared by (Agency Staff Name): Marla Lovato Title: Finance Director Date: September 22, 2015

<u>RFB/RFIP #</u>	<u>Type of Procurement</u>	<u>Awarded To</u>	<u>Amount of Awarded Contract</u>	<u>Amount of Amended Contract</u>	<u>Name and Physical Address of All Respondents</u>	<u>In-State / Out-of-State Vendor</u>	<u>Veteran's Preference N/A for Federal Funds</u>	<u>Scope of Work</u>
81-15-04	Construction	Century Club	\$ 316,617	\$ 43,870	Century Club 78201 GolfCourse Rd, Albuquerque, NM TFC Construction PO Box 4, La Joya, NM Padilla Industries, Inc. 11 Cuerno De Vaca Dr., Santa Fe, NM	Y	N	Patio remodel at Moriarty High School
81-15-05	RT66 Septic System	TLC Plumbing	\$ 238,500	\$ 13,885	TLC Company, Inc. 5000 Edith Blvd. Albuquerque, NM Padilla Industries 11 Cuerno De Vaca Dr. Santa Fe, NM	Y	N	Installation of a New Septic System at RT66 Elementary School
N/A	Bus Contractor	Davis Transportation	\$ 249,319	N/A	Davis Transportation PO Box 1890 Moriarty, NM 87035	Y	N	Bus Contractor
N/A	Class Room Computers	Dell Marketing	\$ 70,771	N/A	Dell Marketing 1 Dell Way Round Rock, Texas 78682	N	N/A	Classroom Computers/Through WISCA State Contract
81-15-11	Demo of Moriarty High School Annex	Coronado Wrecking	\$ 548,252	N/A	Aztec Grading 6919 Acoma Rd SE Albuquerque, NM 87108 Coronado Wrecking & Salvage Co., Inc. 4200 Broadway Blvd. S.E. Albuquerque, NM 87105 Rocky Road 771 County Road A6, Las Vegas, NM 87701 Guzman Construction 6020 Industry Way SE Albuquerque, NM 87105	Y	N/A	Tear Down the Old MHS Annex

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## 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

§

Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance; and  
Report on the Schedule of Expenditures of  
Federal Awards Required By OMB Circular A-133

§

Schedule of Findings and Questioned Costs:  
Summary of Auditor's Results  
Financial Statement Findings  
Federal Award Findings

§

Summary Schedule of Prior Year Audit Findings

§

Schedule of Expenditures of Federal Awards  
Notes to the Schedule of Expenditures of Federal Awards

§

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

Tim Keller, State Auditor  
The Board of Education and  
The Audit Committee of Moriarty-Edgewood School District No. 8

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 Moriarty-Edgewood School District No. 8 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Moriarty-Edgewood School District No. 8's basic financial statements, and the combining and individual funds and related budgetary comparisons of Moriarty-Edgewood School District No. 8, presented as supplemental information, and have issued our report thereon dated October 23, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit, of the financial statements, we considered Moriarty-Edgewood School District No. 8'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 Moriarty-Edgewood School District No. 8's internal control. Accordingly, we do not express an opinion on the effectiveness of Moriarty-Edgewood School District No. 8's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Moriarty-Edgewood School District No. 8's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a *material weakness*, yet important enough to merit attention by those charged with governance.

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

**Compliance and other matters**

As part of obtaining reasonable assurance about whether Moriarty-Edgewood School District No. 8'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.

Tim Keller, State Auditor  
The Board of Education and  
The Audit Committee of Moriarty-Edgewood School District No. 8

### **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 Moriarty-Edgewood School District No. 8'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.

Farmington, New Mexico  
October 23, 2015



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

INDEPENDENT AUDITOR'S REPORT

Tim Keller, State Auditor  
The Board of Education and  
The Audit Committee of Moriarty-Edgewood School District No. 8

**Report on Compliance for Each Major Federal Program**

We have audited Moriarty-Edgewood School District No. 8's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Moriarty-Edgewood School District No. 8's major federal programs for the year ended June 30, 2015. Moriarty-Edgewood School District No. 8's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Moriarty-Edgewood School District No. 8's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Moriarty-Edgewood School District No. 8's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Moriarty-Edgewood School District No. 8's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Moriarty-Edgewood School District No. 8 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Tim Keller, State Auditor  
The Board of Education and  
The Audit Committee of Moriarty-Edgewood School District No. 8

### **Report on Internal Control Over Compliance**

Management of Moriarty-Edgewood School District No. 8 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Moriarty-Edgewood School District No. 8's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Moriarty-Edgewood School District No. 8's internal control over compliance.

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

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

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

Farmington, New Mexico  
October 23, 2015

SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS

STATE OF NEW MEXICO  
**MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
**Year Ended June 30, 2015**

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Cluster Programs</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Agriculture:</b>				
Direct Program:				
Forest Reserve	10.670	11000		<u>\$ 55,338</u>
Pass-Through Program From:				
New Mexico Department of Education:				
<u>Child Nutrition Cluster:</u>				
USDA National School Lunch Program	10.555	21000	602,452	
USDA School Breakfast Program	10.553	21000	<u>251,363</u>	
Total Child Nutrition Cluster				853,815
Fresh Fruits and Vegetables	10.582	24118		29,985
New Mexico Human Service Department:				
USDA Commodities Program	10.550	21000		<u>87,589</u>
Total U.S. Department of Agriculture				<u>1,026,727</u>
<b>U.S. Department of Defense:</b>				
Pass-Through Program From:				
National Guard Military Projects	12.401	11000		<u>64,905</u>
<b>U.S. Department of Education:</b>				
Pass-Through Programs From:				
New Mexico Department of Education:				
<u>Special Education (IDEA) Cluster:</u>				
Entitlement IDEA-B	84.027	24106	828,299	
Preschool IDEA-B	84.173	24109	51,210	
IDEA-B CEIS	84.027	24112	49,263	
IDEA-B "Risk Pool"	84.027	24120	25,000	
IDEA-B Student Success	84.276A	24132	<u>333,026</u>	
Total Special Education (IDEA) Cluster				1,286,798
Title I	84.010	24101		709,587
Education of Homeless	84.196	24113		10,020
Title III English Language	84.365	24153		9,271
Title II Teacher Quality	84.367	24154		<u>137,183</u>
Total U.S. Department of Education				<u>2,152,859</u>
<b>U.S. Department of Health and Human Services:</b>				
Pass-Through Program From:				
New Mexico Department of Health:				
Title XIX Medicaid	93.778	25153		<u>277,199</u>
Total Expenditures of Federal Awards				<u>\$ 3,521,690</u>

See the accompanying notes to the Schedule of Expenditures of Federal Awards.



**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 YEAR ENDED JUNE 30, 2015

**1. Scope of audit pursuant to OMB Circular A-133**

All federal grant operations of Moriarty-Edgewood School District No. 8 (the “School District”) are included in the scope of the Office of management and Budget (“OMB”) Circular A-133 audit (the “Single Audit”). The Single Audit was performed in accordance with the provisions of the OMB Circular Compliance Supplement (Revised July 2015 the “Compliance Supplement”). Compliance testing of all requirements are described in the Compliance Supplement, was performed for the grants programs noted below. These programs represent all federal award programs and other grants with fiscal 2015 cash and non-cash expenditures to ensure coverage of at least 25% (LOW risk auditee) of federally granted funds. Actual coverage is approximately 44% of total cash and non-cash federal award program expenditures. Total cash expenditures were in the amount of \$3,434,101 and all non-cash expenditures amounted to \$87,589.

<u>Major Federal Award Program Description</u>	<u>Fiscal 2015 Expenditure</u>
Cash assistance:	
USDA Child Nutrition Cluster	\$ 853,815
Title I	<u>709,587</u>
Total	<u>\$ 1,563,402</u>

The District had one federal program, Title I, that was considered a high risk Type A programs for the 2015.

The U.S. Department of Education is the School District’s oversight agency for single audit.

**2. Summary of significant accounting policies**

Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and changes in net position of the District. All federal programs considered active during the year ended June 30, 2015, are reflected on the Schedule. An active federal program is defined as a federal program for which there were receipts or disbursements of funds or accrued (deferred) grant revenue adjustments during the fiscal year or a federal program considered as not completed or closed out at the beginning of the fiscal year. The Schedule is prepared using the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the District has met the qualifications for the respective grant. Grant revenues for the Food Donation Program are based upon commodities received, at amounts per standard price listing, published quarterly by the United States Department of Agriculture (the “USDA”). In addition, there is no federal insurance in effect during the year and loan or loan guarantee outstanding at year end.

Accrued and deferred reimbursements

Various reimbursement procedures are used for Federal awards received by the School District. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over receipts to date. Deferred balance at year-end represent an excess of cash receipts over reimbursable expenditure to date. Generally, accrued or deferred balances covered by differences in the timing of cash receipts and expenditures will be reversed in the remaining grant period.

**3. Reconciliation of Federal Awards to Expenditure of Federal Awards**

The differences between the federal awards received (Intergovernmental sources – federal) during the year ended June 30, 2015 and the federal awards expended during the year are as follows:

Federal sources	\$ 3,551,689
Indirect costs from federal programs	(57,792)
Unexpended federal sources from current year	(110,762)
Prior year federal sources expended	<u>138,555</u>
Total expenditures of federal awards	<u>\$ 3,521,690</u>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 YEAR ENDED JUNE 30, 2015

**4. Unexpended Federal Awards**

There were federal awards received during the year ended June 30, 2015 that were not expended during the year. These awards will be reported in subsequent years when they have been expended. Those amounts are as follows:

	<u>CFDA#</u>	<u>Fund#</u>	PY Federal Sources	<u>Unexpended Awards</u>		
			Carryover Expended <u>During 2015</u>	Carryover <u>From PY</u>	2015 <u>Awards</u>	<u>Total</u>
Title XIX Medicaid	93.778	25153	\$ 138,555	\$ -	\$ 110,762	\$ 110,762

**5. Federal Awards Receivable**

There are federal programs that have not received reimbursement for expenditures made within those programs. The District expects to receive all reimbursement of federal awards in the following year. The following programs reported a receivable for the expenditures that had not been reimbursed as of June 30, 2015.

<u>Program</u>	<u>CFDA #</u>	<u>Fund #</u>	
Title I	84.01	24101	\$ 150,821
Entitlement IDEA-B	84.027	24106	139,436
Preschool IDEA-B	84.173	24109	24,314
Title VI	84.027	24112	14,400
Education of Homeless	84.196	24113	6,588
Fresh Fruits and Vegetables	10.582	24118	800
Title II Teacher Quality	84.367	24154	33,321
			<u>\$ 574,095</u>

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 YEAR ENDED JUNE 30, 2015

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>			
Internal control over financial reporting:			
Material weakness(es) identified?	—	✓	—
Significant Deficiency(ies) identified?	—	✓	—
Noncompliance material to financial statements noted?	—	✓	—
<b>FEDERAL AWARDS:</b>			
Internal control over major programs:			
Material weakness(es) identified?	—	✓	—
Significant Deficiency(ies) identified?	—	✓	—
Type of auditor's report issued on compliance with major programs: <u>Unmodified</u>			
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	—	✓	—
The programs treated as major programs include:			
<u><b>Name of Federal Program or Cluster</b></u>	<u><b>CFDA Number</b></u>		
USDA Child Nutrition Cluster	10.553 & 10.555		
Title I	84.010		
The threshold for distinguishing types A and B programs: <u>\$300,000</u>			
Auditee qualified as low-risk auditee?	✓	—	

II. FINDINGS RELATED TO FINANCIAL STATEMENTS

There were no findings required to be reported relating to financial statements.

III. AUDIT FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings required to be reported relating to federal awards.

## SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2015

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### I. NOT RESOLVED

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

### II. RESOLVED

2014 – 001 CONTROLS OVER CAPITAL ASSETS

*Significant Deficiency in Internal Control*

*Current Status:* Resolved. Not repeated in the current year.

## REQUIRED DISCLOSURES

Year Ended June 30, 2015

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The financial statements were prepared by the independent public accountants.

An exit conference was held October 23, 2015 during which the audit findings were discussed. The exit conference was attended by the following individuals:

### MORIARTY-EDGEWOOD SCHOOL DISTRICT NO. 8

Elizabeth Howells	Vice President, Board of Education / Audit Committee
Audrey Jaramillo	Member, Board of Education / Audit Committee
DeeAnn Orio	Member, Audit Committee
Saul Araque	Member, Audit Committee
Tom Sullivan	Superintendent / Member, Audit Committee
Marla Lovato	Business Manager / Member, Audit Committee
Antoinette Young	Incoming Business Manager

### ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA	Partner
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