

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, 2014  
WITH  
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



ACCOUNTING & FINANCIAL  
**SOLUTIONS**  
CERTIFIED PUBLIC ACCOUNTANTS

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# INTRODUCTORY SECTION

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Year Ended June 30, 2014

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

OFFICIAL ROSTER  
June 30, 2014

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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

Elizabeth Howells	Member
Albert Chavez	Member
Tom Sullivan	Member
Marla Lovato	Member

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FINANCIAL SECTION

FISCAL YEAR 2014

JULY 1, 2013 THROUGH JUNE 30, 2014

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## INDEPENDENT AUDITORS' REPORT

Hector H. Balderas, State Auditor  
The Board of Education and  
The Audit Committee of  
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, 2014, 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 and the budgetary comparisons for the 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, 2014, as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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, 2014, 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 fund of Moriarty-Edgewood School District No. 8 as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the 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.

Hector H. Balderas, State Auditor  
The Board of Education and  
The Audit Committee of  
Moriarty-Edgewood School District No. 8

### ***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 basic 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 of Federal Awards and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with Government Auditing Standards, we have also issued our report dated September 25, 2014 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.

*Accounting & Financial Solutions, LLC*  
Farmington, New Mexico  
September 25, 2014

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, 2014**

**Introduction**

This Management Discussion and Analysis of the financial operations of the Moriarty Edgewood School District for the period ending June 30, 2014, represents the school district's eighth 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 Assets 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 continues to maintain a strong **A2** rating from Moody's Investor Services on the issuance of General Obligation Bonds which helps lower interest rate costs to taxpayers in the district.
- ❖ Despite the continuing declining enrollment and reduced funding from the Public Education Department through the State Equalization Guarantee formula, the school district did not carryover a strong cash balance, only **\$126,008.00** in FY 13-14 in the Operational Fund, plus amounts due from other funds **\$642,186.00** in the General Fund. This resulted in an overall decrease to cash balance in the amount of **\$651,873.00**. Maintaining a healthy cash balance is an important factor in keeping a strong Bond rating.
- ❖ The Board of Education made a decision in December 2013 to close MountainView Elementary and Edgewood Elementary Schools. With this decision the district was able to save an estimating \$401,000.00 in recurring FTE expenses.
- ❖ The district is in year two of a three-year contract with Accounting and Financial Solutions, LLC. Based on the FY 2013-14 audit report, which is sample based, the district had one finding. The MESD has had an Audit Committee since 2010 and they have worked with the audit firm during the FY 13-14 audit.
- ❖ During FY 13-14, 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 Office according 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, 2014**

**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, 2014, the school district has Total Net Position of \$47,291,246. At June 30, 2013, Total Net Position was \$46,872,939 for an increase of \$418,307. There is a total of \$7,310,986 of cash and cash equivalents on hand as of June 30, 2014 compared to \$9,826,242 on June 30, 2013 for a decrease of \$2,515,256. Accounts Payable/Accrued Expenses are \$163,365 in FY 13-14 compared to \$242,229 for June 30, 2013 for a decrease of \$78,864. Net Position totaling \$549,131 are "unrestricted" and available to the district for budgeting in FY 14-15. There was an increase in revenues of \$631,387, as corresponding expenses; the District was able to control other expenditures resulting in a decrease of \$1,054,002 from the prior year. Net Position reflects a decrease of \$1,251,251. 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><u>June 30, 2014</u></b>	<b><u>June 30, 2013</u></b>
<b>Assets</b>		
Cash Assets	\$ 7,310,986	\$ 9,826,242
Other Current Assets	2,761,033	1,636,061
Capital Assets	<u>58,661,989</u>	<u>60,669,501</u>
<b>Total Assets</b>	<b><u>68,734,008</u></b>	<b><u>72,131,804</u></b>
<b>Liabilities</b>		
Accounts Payable and Accrued Expenses	535,997	655,263
Deferred Revenue	0	0
Noncurrent Liabilities	<u>20,906,717</u>	<u>24,603,602</u>
<b>Total Liabilities</b>	<b><u>21,442,714</u></b>	<b><u>25,258,865</u></b>
<b>Net Position</b>		
Invested in Capital Assets	39,417,178	36,756,895
Restricted	7,324,937	8,922,184
Unrestricted	<u>549,131</u>	<u>-0-</u>
<b>Total Net Position</b>	<b><u>\$ 47,291,424</u></b>	<b><u>\$ 48,542,675</u></b>

**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, 2014. As of June 30, 201, the total net position is \$47,291,424 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, 2014**

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, 2014, Net Position-Ending totaled \$47,291,248 and at June 30, 2013, the total amount for Net Position-Ending was \$46,885,373 for an increase of \$405,875.00. 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.

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
<b>Revenues</b>		
Program Revenues:		
Charges For Services	\$ 483,696	\$ 590,673
Operating Grants	5,331,793	5,402,966
Capital Grants and Contribution	<u>61,671</u>	<u>70,407</u>
Total Program Revenues	<u>5,877,160</u>	<u>6,064,046</u>
General Revenues:		
Property taxes	6,541,013	4,083,220
Grants and contributions not restricted	19,415,492	21,055,414
Unrestricted Investment Earnings	<u>- 0-</u>	<u>- 0-</u>
<b>Total General Revenues</b>	<b><u>25,956,905</u></b>	<b><u>25,138,634</u></b>
<b>Total Revenue</b>	<b><u>31,834,065</u></b>	<b><u>31,202,678</u></b>
<b>Expenses</b>		
Instruction	13,566,237	14,183,857
Support Services Students	2,727,807	2,816,181
Support Services-Instruction	517,497	740,645
General Administration	911,492	801,128
School Administration	1,318,340	1,270,300
Central Services	559,478	1,562,959
Operation & Maintenance of Plant	4,582,140	3,870,822
Student Transportation	261,505	1,684,245
Other Support Services	51,569	33,198
Food Services	345,838	1,439,250
Community Services	15,086	13,296
Bond Interest Paid	<u>671,336</u>	<u>717,258</u>
<b>Total Expenses</b>	<b><u>25,528,225</u></b>	<b><u>26,582,227</u></b>
Loss on asset disposal	<u>(22,805)</u>	<u>(62)</u>
<b>Increase in Net Assets</b>	<b><u>\$ 405,875</u></b>	<b><u>\$ 1,443,655</u></b>

**STATE OF NEW MEXICO**  
**MORIARTY EDGEWOOD SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**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 13-14, the total assets of \$10,714,205 significantly exceed the total liabilities of \$805,551 with a fund balance of \$8,019,470. This is a decrease from June 30, 2013 where total assets were \$11,926,982, total liabilities were \$1,654,725 and Fund Balance was \$10,272,257.

**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 13-14 were \$30,877,293 or \$1,480,825 less than the FY12-13 total revenues of \$32,358,118. The largest source of revenue is state sources with \$19,934,929 or 65% of the total. State sources decreased by \$3,327,612 largely due to the declining in enrollment decreasing the State Equalization for MESD.

Total expenditures for the school district at June 30, 2014 were \$33,130,080. At June 30, 2013, total expenditures were \$33,513,201 for a decrease of \$383,121. The majority of the decrease in expenditures is a result of the loss of operational funding due to declining enrollment. The June 30, 2014 Fund Balance was \$8,019,470 for a decrease of \$2,252,787 from \$10,272,257 at June 30, 2013.

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 2, Stewardship, Compliance and Accountability, Budgetary Information.

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.

The June 30, 2014 revenue actual amount of \$21,392,927 was higher than the final budgeted revenue of \$21,307,226 by \$85,701.

**STATE OF NEW MEXICO**  
**MORIARTY EDGEWOOD SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

The increase in revenue was due to collection of delinquent taxes. The June 30, 2014 revenue actual amount was \$1,925,447 lower than the June 30, 2013 revenue actual amount of \$23,318,374.

The June 30, 2014 actual expenditures of \$22,072,290 were \$703,118 lower than the final budgeted expenditures of \$22,775,408. 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 six years, the district has reduced the number of staff by 51 FTE's. For FY 13-14 the actual decrease in expenditure amounts were \$1,144,879 lower than in FY 12-13.

**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 \$58,661,989, 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 \$2,007,512 or .04% from the year ended June 30, 2013 and is due to depreciation expense of \$3,217,583.

At the beginning of the year, depreciable assets were valued at \$97,736,240. There were additions of \$1,232,876 for the year, disposals of \$337,315, for an ending balance of \$98,631,801. The total of accumulated depreciation is \$41,858,746, leaving the net value to just \$56,773,055. 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, 2014 was \$20,765,000; it decreased by \$3,670,000 from year ended June 30, 2013 of \$24,435,000. The amount due within one year is \$4,070,000 in principal and \$591,994 in 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 \$2,638,939. 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, 2014**

**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, 2014 shows the accumulated assets of all agency funds as \$299,041 or a decrease of \$9,323 from June 30, 2013.

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 decline from 100 to 150 students per year 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 second 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 a 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:

Marla E. Lovato  
Director of Finance  
Moriarty Edgewood School District  
P.O. Box 2000  
Moriarty, New Mexico 87035  
e-mail: marla.lovato@mesd.us

## BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION  
 June 30, 2014

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 7,310,986
Receivables:	
Delinquent property taxes receivable	1,964,677
Grant	652,175
Other receivables	972
Due from other governments	84,999
Fuel inventory	6,523
USDA commodities inventory	34,585
Food inventory	17,102
Non-current:	
Non-depreciable assets	1,888,934
Depreciable capital assets, net	<u>56,773,055</u>
Total assets	<u>68,734,008</u>
<b>LIABILITIES</b>	
Accounts payable	163,365
Accrued interest	227,230
Compensated absences	145,402
Noncurrent liabilities:	
Due within one year	4,070,000
Due in more than one year	<u>16,836,717</u>
Total liabilities	<u>21,442,714</u>
Deferred inflows of resources:	
Advances of federal, state, and local grants	<u>48</u>
<b>NET POSITION</b>	
Net investment in capital assets	39,417,178
Restricted for:	
Inventories	58,210
Special revenue funds	344,854
Capital projects	4,282,934
Debt service	2,638,939
Unrestricted	<u>549,131</u>
Total net position	<u>\$ 47,291,246</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, 2014

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary government:					
Governmental activities:					
Instruction	\$ 15,252,366	\$ 13,304	\$ 1,629,353	\$ 43,470	\$ (13,566,239)
Support Services - Students	3,299,425	209,749	352,465	9,404	(2,727,807)
Support Services - Instruction	581,246	-	62,092	1,657	(517,497)
Support Services - General Administration	1,023,776	-	109,366	2,918	(911,492)
Support Services - School Administration	1,480,742	-	158,182	4,220	(1,318,340)
Central Services	626,393	-	66,915	-	(559,478)
Operations & Maintenance of Plant	5,130,177	-	548,037	-	(4,582,140)
Student Transportation	1,764,488	-	1,502,983	-	(261,505)
Other Support Services	57,625	-	6,156	-	(51,469)
Food Services	1,500,921	260,643	894,440	-	(345,838)
Community Services	16,890	-	1,804	-	(15,086)
Bond interest paid	<u>671,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(671,336)</u>
Total governmental activities	<u>\$ 31,405,385</u>	<u>\$ 483,696</u>	<u>\$ 5,331,793</u>	<u>\$ 61,669</u>	<u>(25,528,227)</u>
General revenues:					
Property Taxes:					
					271,547
					5,114,065
					1,155,401
					<u>19,415,892</u>
					Total general revenues
					<u>25,956,905</u>
					Loss on asset disposal
					<u>(22,805)</u>
					Change in net position
					405,873
					Net position - beginning
					<u>46,885,373</u>
					Net position - ending
					<u>\$ 47,291,246</u>

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, 2014

	General Fund	Bond Building Fund #31100	Capital Improvements SB-9 Fund #31700
<b>ASSETS</b>			
Pooled cash and investments	\$ 145,779	\$ 3,994,422	\$ 299,478
Receivables:			
Property taxes	71,694	-	353,573
Grant	-	-	-
Other receivables	966	-	-
Due from other governments	3,219	-	15,220
Due from other funds	642,186	-	-
Fuel inventory	6,523	-	-
USDA commodities inventory	-	-	-
Food inventory	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 870,367</u>	<u>\$ 3,994,422</u>	<u>\$ 668,271</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	\$ 100,459	\$ 6,964	\$ 32,760
Due to other funds	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>100,459</u>	<u>6,964</u>	<u>32,760</u>
Deferred inflows of resources:			
Advances of federal, state, and local grants	-	-	-
Delinquent property taxes	68,852	-	340,035
	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows of resources	<u>68,852</u>	<u>          </u>	<u>340,035</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and deferred inflows of resources	<u>169,311</u>	<u>6,964</u>	<u>372,795</u>
Fund balance:			
Non-spendable:			
Inventories	6,523	-	-
Restricted for:			
Special revenue funds	-	-	-
Capital projects funds	-	3,987,458	295,476
Debt service	-	-	-
Unassigned	694,533	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance	<u>701,056</u>	<u>3,987,458</u>	<u>295,476</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 870,367</u>	<u>\$ 3,994,422</u>	<u>\$ 668,271</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, 2014

	Debt Service Fund #41000	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Pooled cash and investments	\$ 2,513,218	\$ 358,089	\$ 7,310,986
Receivables:			
Property taxes	1,539,410	-	1,964,677
Grant	-	652,175	652,175
Other receivables	-	6	972
Due from other governments	66,560	-	84,999
Due from other funds	-	-	642,186
Fuel inventory	-	-	6,523
USDA commodities inventory	-	34,585	34,585
Food inventory	<u>-</u>	<u>17,102</u>	<u>17,102</u>
Total assets	<u>\$ 4,119,188</u>	<u>\$ 1,061,957</u>	<u>\$ 10,714,205</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	\$ -	\$ 23,182	\$ 163,365
Due to other funds	<u>-</u>	<u>642,186</u>	<u>642,186</u>
Total liabilities	<u>-</u>	<u>665,368</u>	<u>805,551</u>
Deferred inflows of resources:			
Advances of federal, state, and local grants	-	48	48
Delinquent property taxes	<u>1,480,249</u>	<u>-</u>	<u>1,889,136</u>
Total deferred inflows of resources	<u>1,480,249</u>	<u>48</u>	<u>1,889,184</u>
Total liabilities and deferred inflows of resources	<u>1,480,249</u>	<u>665,416</u>	<u>2,694,735</u>
Fund balance:			
Non-spendable:			
Inventories	-	51,687	58,210
Restricted for:			
Special revenue funds	-	344,854	344,854
Capital projects funds	-	-	4,282,934
Debt service	2,638,939	-	2,638,939
Unassigned	<u>-</u>	<u>-</u>	<u>694,533</u>
Total fund balance	<u>2,638,939</u>	<u>396,541</u>	<u>8,019,470</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 4,119,188</u>	<u>\$ 1,061,957</u>	<u>\$ 10,714,205</u>

( 2 of 2 )

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

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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, 2014

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

Fund balances - total governmental funds	\$	8,019,470
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		100,520,735
Accumulated depreciation		(41,858,746)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable		1,889,136
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		(20,765,000)
Accrued interest payable		(227,230)
Accrued vacation payable		(145,402)
Bond premiums		<u>(141,717)</u>
Net position of governmental activities	\$	<u>47,291,246</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, 2014

	General <u>Fund</u>	Bond Building <u>Fund #31100</u>	Capital Improvements SB-9 <u>Fund #31700</u>
Revenues:			
Federal sources:			
Forest reserve	\$ 56,214	\$ -	\$ -
Department of Defense	61,338	-	-
Federal flowthrough grants	46,623	-	-
Food and milk reimbursements	-	-	-
USDA Commodities	-	-	-
State sources:			
State equalization guarantee	19,285,796	-	-
Transportation	1,502,983	-	-
State instructional material	171,619	-	-
State grant	2,077	-	61,669
Local sources:			
District school tax levy	239,817	-	992,255
Fees and activities	13,304	-	-
Earnings from investments	-	-	-
Miscellaneous	<u>12,531</u>	<u>-</u>	<u>-</u>
Total revenue	<u>21,392,302</u>	<u>-</u>	<u>1,053,924</u>
Expenditures:			
Current:			
Instruction	12,550,103	-	-
Support Services:			
Students	2,024,178	-	-
Instruction	484,208	-	-
General Administration	342,192	-	10,096
School Administration	1,325,721	-	-
Central Services	560,815	-	-
Operation & Maintenance of Plant	3,159,194	386,328	1,047,571
Student Transportation	1,536,268	-	-
Other Support Services	51,592	-	-
Food Services Operations	-	-	-
Community Services	-	-	-
Capital outlay	-	1,060,524	63,537
Debt service:			
Principal retirement	-	-	-
Bond interest paid	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>22,034,271</u>	<u>1,446,852</u>	<u>1,121,204</u>
Excess (deficiency) of revenues over expenditures	(641,969)	(1,446,852)	(67,280)
Fund balance at beginning of the year	<u>1,343,025</u>	<u>5,434,310</u>	<u>362,756</u>
Fund balance at end of the year	<u>\$ 701,056</u>	<u>\$ 3,987,458</u>	<u>\$ 295,476</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, 2014

	Debt Service <u>Fund #41000</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:			
Federal sources:			
Forest reserve	\$ -	\$ -	\$ 56,214
Department of Defense	-	-	61,338
Federal flowthrough grants	-	2,423,055	2,469,678
Food and milk reimbursements	-	816,690	816,690
USDA Commodities	-	77,750	77,750
State sources:			
State equalization guarantee	-	-	19,285,796
Transportation	-	-	1,502,983
State instructional material	-	-	171,619
State grant	-	263,475	327,221
Local sources:			
District school tax levy	4,379,056	-	5,611,128
Fees and activities	-	470,392	483,696
Earnings from investments	636	-	636
Miscellaneous	<u>-</u>	<u>13</u>	<u>12,544</u>
Total revenue	<u>4,379,692</u>	<u>4,051,375</u>	<u>30,877,293</u>
Expenditures:			
Current:			
Instruction	-	1,105,475	13,655,578
Support Services:			
Students	-	929,826	2,954,004
Instruction	-	34,564	518,772
General Administration	43,881	520,427	916,596
School Administration	-	-	1,325,721
Central Services	-	-	560,815
Operation & Maintenance of Plant	-	-	4,593,093
Student Transportation	-	43,494	1,579,762
Other Support Services	-	-	51,592
Food Services Operations	-	1,343,788	1,343,788
Community Services	-	15,122	15,122
Capital outlay	-	108,815	1,232,876
Debt service:			
Principal retirement	3,670,000	-	3,670,000
Bond interest paid	<u>712,361</u>	<u>-</u>	<u>712,361</u>
Total expenditures	<u>4,426,242</u>	<u>4,101,511</u>	<u>33,130,080</u>
Excess (deficiency) of revenues over expenditures	(46,550)	(50,136)	(2,252,787)
Fund balance at beginning of the year	<u>2,685,489</u>	<u>446,677</u>	<u>10,272,257</u>
Fund balance at end of the year	<u>\$ 2,638,939</u>	<u>\$ 396,541</u>	<u>\$ 8,019,470</u>

( 2 of 2 )

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

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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, 2014

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

Net change in fund balance - total governmental funds	\$ (2,252,787)
<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	1,232,876
Depreciation	(3,217,583)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
<p>Deferred property taxes at:</p>	
June 30, 2013	(959,251)
June 30, 2014	1,889,136
<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	3,670,000
Bond premium amortization	26,885
<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>	
<p>Compensated absences at:</p>	
June 30, 2013	143,779
June 30, 2014	(145,402)
<p>Accrued interest at:</p>	
June 30, 2013	268,255
June 30, 2014	(227,230)
Loss on asset disposal	<u>(22,805)</u>
Change in net position of governmental activities	<u>\$ 405,873</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Federal sources:				
Forest reserve	\$ -	\$ -	\$ 56,214	\$ 56,214
Department of Defense	60,652	60,652	61,338	686
Federal direct grant	40,000	40,000	46,624	6,624
State sources:				
State equalization guarantee	19,336,134	19,336,134	19,285,796	(50,338)
Transportation	1,489,511	1,502,983	1,502,983	-
State instructional material	152,732	152,732	171,619	18,887
State grant	-	-	2,077	2,077
Local sources:				
District school tax levy	197,725	197,725	240,441	42,716
Fees and activities	7,000	7,000	13,304	6,304
Miscellaneous	10,000	10,000	12,531	2,531
Total revenues	21,293,754	21,307,226	21,392,927	85,701
Expenditures:				
Current:				
Instruction	12,770,704	13,058,661	12,545,454	513,207
Support Services:				
Students	2,220,829	2,220,829	2,092,868	127,961
Instruction	564,284	564,284	484,403	79,881
General Administration	364,614	364,614	344,283	20,331
School Administration	1,346,353	1,346,353	1,325,721	20,632
Central Services	559,618	559,618	551,693	7,925
Operation & Maintenance of Plant	3,007,062	3,076,062	3,150,116	(74,054)
Student Transportation	1,513,311	1,526,783	1,526,160	623
Other Support Services	58,204	58,204	51,592	6,612
Total expenditures	22,404,979	22,775,408	22,072,290	703,118
Excess (deficiency) of revenues over expenditures	(1,111,225)	(1,468,182)	(679,363)	788,819
Beginning cash balance budgeted	1,111,225	1,468,182	-	(1,468,182)
Fund balance at beginning of the year	-	-	1,343,025	1,343,025
Fund balance at end of the year	\$ -	\$ -	663,662	\$ 663,662
RECONCILIATION TO GAAP BASIS:				
Change in inventory			1,136	
Change in property tax receivable			31,542	
Change in due from other governments			(436)	
Change in payables			36,882	
Change in deferred property taxes			(31,730)	
			\$ 701,056	

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, 2014

ASSETS

Pooled cash and investments	\$ 299,041
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LIABILITIES

Deposits held for others	\$ 299,041
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The notes to the financial statements are an integral part of this statement.

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# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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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.

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'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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

During fiscal year 2014, Moriarty-Edgewood School District No. 8 adopted the following GASB Statements:

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

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

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

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.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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

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

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 Fund Capital Projects Fund** – 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** – 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** - 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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

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

#### 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 School 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 School 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.

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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

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

#### 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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. *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, 2014.

##### d. Assigned

Assigned fund balance includes (a) all remaining amounts, except for negative balances, that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed and amounts in the general fund that are constrained by the 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, 2013.

##### 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.



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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

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

#### 8. *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 net investment in capital assets. That portion of the debt is included in restricted for capital projects.

##### b. Restricted Net Position

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

##### c. Unrestricted Net Position

Unrestricted Net Position consists of Net Position that does not meet the definition of “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.

#### 9. *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.

#### 10. *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.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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

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

#### 11. 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 \$19,285,796 in state equalization guarantee distributions during the year ended June 30, 2014.

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 \$1,502,983 in transportation distributions during the year ended June 30, 2014.

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. Budgetary Information

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

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance.

Actual expenditures may not exceed the budget on a line item basis, i.e., each budgeted expenditure must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series', this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

The school district follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.
4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

### A. Budgetary Information (cont'd)

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, 2014 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	\$ 22,404,979	\$ 22,775,408
Special Revenue Fund	3,664,160	4,674,367
Capital Projects Fund	6,369,932	6,908,761
Debt Service Fund	<u>6,605,057</u>	<u>6,605,057</u>
Totals	<u>\$ 39,044,128</u>	<u>\$ 40,963,593</u>

### B. Budgetary Violations

The District did not have any budgetary violations at the function level during the year ended June 30, 2014.

### C. Deficit Fund Equity

There were one deficit fund balance of \$109 in the Transportation Fund as of June 30, 2014.

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

## III. DETAILED NOTES ON ALL FUNDS

### A. Cash and Temporary Investments

At June 30, 2014, the carrying amount of the District's deposits was \$7,610,027 and the bank balance was \$9,340,323 with the difference consisting of outstanding checks. Of this balance \$500,000 was covered by federal depository insurance and \$6,123,442 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, 2014, \$2,716,881 of the District's bank balance of \$9,340,323 was exposed to custodial risk as follows:

	Wells Fargo <u>Bank</u>	<u>US Bank</u>	<u>Total</u>
Uninsured and uncollateralized	\$ 2,716,881	\$ -	\$ 2,716,881
Uninsured and collateral held by pledging bank's trust dept not in the District's name	3,860,224	2,263,218	6,123,442
Total uninsured	6,577,105	2,263,218	8,840,323
Insured (FDIC)	250,000	250,000	500,000
Total deposits	\$ 6,827,105	\$ 2,513,218	\$ 9,340,323
State of New Mexico collateral requirement:			
50% of uninsured public fund bank deposits	\$ 3,288,552	\$ 1,131,609	\$ 4,420,161
Pledged security	3,860,224	3,500,000	7,360,224
Over collateralization	\$ 571,672	\$ 2,368,391	\$ 2,940,063

The collateral pledged is listed on Page 105 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	
	<u>Property Taxes</u>	<u>Grant</u>	<u>Governments</u>	<u>Funds</u>
Major Funds:				
General	\$ 71,694	\$ -	\$ 3,219	\$ 642,186
Capital Improvements SB - 9	353,573	-	15,220	-
Debt Service	1,539,410	-	66,560	-
Other Governmental Funds	-	652,175	-	-
Total	\$ 1,964,677	\$ 652,175	\$ 84,999	\$ 642,186

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

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

## 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	\$ -	\$ 48
Delinquent property taxes		
General Fund	68,852	-
Capital Improvements SB - 9	340,035	-
Debt Service Fund	<u>1,480,249</u>	<u>-</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 1,889,136</u>	<u>\$ 48</u>

### C. Capital Assets

Capital asset activity for the year ended June 30, 2014 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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>1,888,934</u>	<u>-</u>	<u>-</u>	<u>1,888,934</u>
Capital assets being depreciated:				
Land improvements	2,642,185	445,174	-	3,087,359
Buildings and improvements	87,452,331	469,917	-	87,922,248
Furniture, fixtures, and equipment	<u>7,641,724</u>	<u>317,785</u>	<u>(337,315)</u>	<u>7,622,194</u>
Total capital assets being depreciated	<u>97,736,240</u>	<u>1,232,876</u>	<u>(337,315)</u>	<u>98,631,801</u>
Less accumulated depreciation for:				
Land improvements	(966,028)	(137,899)	-	(1,103,927)
Buildings and improvements	(33,293,153)	(2,529,685)	-	(35,822,838)
Furniture, fixtures, and equipment	<u>(4,696,492)</u>	<u>(549,999)</u>	<u>314,510</u>	<u>(4,931,981)</u>
Total accumulated depreciation	<u>(38,955,673)</u>	<u>(3,217,583)</u>	<u>314,510</u>	<u>(41,858,746)</u>
Total capital assets being depreciated, net	<u>58,780,567</u>	<u>(1,984,707)</u>	<u>(22,805)</u>	<u>56,773,055</u>
Total capital assets, net	<u>\$ 60,669,501</u>	<u>\$ (1,984,707)</u>	<u>\$ (22,805)</u>	<u>\$ 58,661,989</u>

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

## 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	\$ 1,589,817
Support Services - Students	343,913
Support Services - Instruction	63,277
Support Services - General Administration	106,712
Support Services - School Administration	154,344
Central Services	65,292
Operations & Maintenance of Plant	546,094
Student Transportation	183,920
Other Support Services	6,006
Food Services	156,447
Community Services	<u>1,761</u>
Total Depreciation Expense	<u>\$ 3,217,583</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 of \$4,282,934 in the capital projects fund designated for subsequent years expenditures are committed for funding these projects. Interest on construction projects is not capitalized.

### D. Inter-Fund Receivables and Payables

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

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 642,186	\$ -
Other Governmental Funds	<u>-</u>	<u>642,186</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 642,186</u>	<u>\$ 642,186</u>

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

### E. Inter-Fund Transfers

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

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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

#### F. Long-Term Debt

##### General Obligation Bonds

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, 2014 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 2001	\$ 3,000,000	4.75% to 5.00%	\$ 980,000	\$ 310,000
Series 2002	3,000,000	3.40% to 5.40%	1,110,000	300,000
Series 2003	2,000,000	2.50% to 3.00%	370,000	370,000
Series 2004	1,500,000	2.55% to 3.80%	550,000	130,000
Series 2004B	1,700,000	3.25% to 3.90%	950,000	500,000
Series 2005	1,500,000	3.40% to 3.50%	430,000	210,000
Series 2006	1,300,000	3.60% to 4.00%	500,000	-
Series 2008	7,500,000	3.00% to 3.25%	2,025,000	1,500,000
Series 2009	4,000,000	3.90% to 5.00%	3,050,000	250,000
Series 2010	4,000,000	2.50% to 3.00%	4,000,000	-
Series 2011	2,500,000	2.50% to 2.70%	2,200,000	100,000
Series 2011	<u>5,000,000</u>	1.00% to 2.00%	<u>4,600,000</u>	<u>400,000</u>
Total	<u>\$ 37,000,000</u>		<u>\$ 20,765,000</u>	<u>\$ 4,070,000</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>Year Ending</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
<u>June 30,</u> 2015	\$ 4,070,000	\$ 591,994	\$ 4,661,994
2016	4,870,000	457,461	5,327,461
2017	4,715,000	311,145	5,026,145
2018	4,110,000	167,280	4,277,280
2019	400,000	60,000	460,000
2020 - 2024	2,100,000	180,000	2,280,000
2025 - 2029	<u>500,000</u>	<u>10,000</u>	<u>510,000</u>
Total	<u>\$ 20,765,000</u>	<u>\$ 1,777,880</u>	<u>\$ 22,542,880</u>

	<u>Balance June 30, 2014</u>
Bonds payable	\$ 20,765,000
Less: current maturities	(4,070,000)
Unamortized:	
Bond premiums	<u>141,717</u>
Total non-current liabilities	<u>\$ 16,836,717</u>

# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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

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

On February 5, 2013 the District was approved to issue \$19,000,000 of general obligation bonds. The District issued Series 2013 in the amount of \$5,000,000 on May 15, 2013 leaving an unissued amount of \$14,000,000. The District did not issue any bonds during the year ended June 30, 2014. 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, 2014 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>	Amount Due <u>Within One Year</u>
Compensated absences:					
Compensated vacation	\$ 143,779	\$ 124,405	\$ 122,782	\$ 145,402	\$ 145,402
Bonds payable	<u>24,435,000</u>	<u>-</u>	<u>3,670,000</u>	<u>20,765,000</u>	<u>4,070,000</u>
	<u>\$ 24,578,779</u>	<u>\$ 124,405</u>	<u>\$ 3,792,782</u>	<u>\$ 20,910,402</u>	<u>\$ 4,215,402</u>

The liability of compensated absences is liquidated with resources from the general fund and several special revenue funds. The liquidation of bonds payable is done with resources from the debt service fund.

## 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, 2014.

### 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, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes the financial statements and required supplementary information for the plan. That report may be obtained by writing to:

ERB  
P.O. Box 26129  
Santa Fe, New Mexico 87502-6129  
www.nmerb.org



# NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

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## IV. OTHER INFORMATION (cont'd)

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

#### *Funding Policy*

##### Member Contributions

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

##### Employer Contributions

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

The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2014, 2013, and 2012, were \$1,956,050, \$1,807,352, and \$1,682,990, respectively, which equal the amount of the required contributions for each fiscal year.

### 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, 2014

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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, 2014, 2013 and 2012 were \$298,054, \$325,441, and \$319,728, 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. Subsequent Events

Subsequent events were evaluated through September 25, 2014, which is the date the financial statements were available to be issued.

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

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**OPERATING FUND**

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 FUND  
 Combining Balance Sheet  
 June 30, 2014

	<b>General Funds</b>			<b>Total General Funds</b>
	Operational Fund #11000	Transportation Fund #13000	Instructional Materials Fund #14000	
<b>ASSETS</b>				
Pooled cash and investments	\$ 126,008	\$ 73	\$ 19,698	\$ 145,779
Receivables:				
Property taxes	71,694	-	-	71,694
Other receivables	966	-	-	966
Due from other governments	3,219	-	-	3,219
Due from other funds	642,186	-	-	642,186
Fuel inventory	-	6,523	-	6,523
 Total assets	\$ 844,073	\$ 6,596	\$ 19,698	\$ 870,367
 <b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	\$ 92,218	\$ 6,705	\$ 1,536	\$ 100,459
Deferred inflows of resources:				
Delinquent property taxes	68,852	-	-	68,852
 Total liabilities and deferred inflows of resources	161,070	6,705	1,536	169,311
 Fund balance:				
Non-spendable:				
Inventories	-	6,523	-	6,523
Unassigned	683,003	(6,632)	18,162	694,533
 Total fund balance	683,003	(109)	18,162	701,056
 Total liabilities, deferred inflows of resources, and fund balance	\$ 844,073	\$ 6,596	\$ 19,698	\$ 870,367

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

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

	<b>General Funds</b>			<b>Total General Fund</b>
	<u>Operational Fund #11000</u>	<u>Transportation Fund #13000</u>	<u>Instructional Materials Fund #14000</u>	
<b>Revenues:</b>				
Federal sources:				
Forest reserve	\$ 56,214	\$ -	\$ -	\$ 56,214
Department of Defense	61,338	-	-	61,338
Federal flowthrough grants	46,623	-	-	46,623
State sources:				
State equalization guarantee	19,285,796	-	-	19,285,796
Transportation	-	1,502,983	-	1,502,983
State instructional material	-	-	171,619	171,619
State grant	2,077	-	-	2,077
Local sources:				
District school tax levy	239,817	-	-	239,817
Fees and activities	13,304	-	-	13,304
Miscellaneous	<u>12,531</u>	<u>-</u>	<u>-</u>	<u>12,531</u>
Total revenue	<u>19,717,700</u>	<u>1,502,983</u>	<u>171,619</u>	<u>21,392,302</u>
<b>Expenditures:</b>				
Current:				
Instruction	12,348,530	-	201,573	12,550,103
Support Services:				
Students	2,024,178	-	-	2,024,178
Instruction	484,208	-	-	484,208
General Administration	342,192	-	-	342,192
School Administration	1,325,721	-	-	1,325,721
Central Services	560,815	-	-	560,815
Operation & Maintenance of Plant	3,159,194	-	-	3,159,194
Student Transportation	28,732	1,507,536	-	1,536,268
Other Support Services	<u>51,592</u>	<u>-</u>	<u>-</u>	<u>51,592</u>
Total expenditures	<u>20,325,162</u>	<u>1,507,536</u>	<u>201,573</u>	<u>22,034,271</u>
Excess (deficiency) of revenues over expenditures	(607,462)	(4,553)	(29,954)	(641,969)
Fund balance at beginning of the year	<u>1,290,465</u>	<u>4,444</u>	<u>48,116</u>	<u>1,343,025</u>
Fund balance at end of the year	<u>\$ 683,003</u>	<u>\$ (109)</u>	<u>\$ 18,162</u>	<u>\$ 701,056</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Federal sources:				
Forest reserve	\$ -	\$ -	\$ 56,214	\$ 56,214
Department of Defense	60,652	60,652	61,338	686
Federal direct grant	40,000	40,000	46,624	6,624
State sources:				
State equalization guarantee	19,336,134	19,336,134	19,285,796	(50,338)
State grant	-	-	2,077	2,077
Local sources:				
District school tax levy	197,725	197,725	240,441	42,716
Fees and activities	7,000	7,000	13,304	6,304
Miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>12,531</u>	<u>2,531</u>
Total revenues	<u>19,651,511</u>	<u>19,651,511</u>	<u>19,718,325</u>	<u>66,814</u>
Expenditures:				
Current:				
Instruction	12,617,972	12,857,813	12,345,417	512,396
Support Services:				
Students	2,220,829	2,220,829	2,092,868	127,961
Instruction	564,284	564,284	484,403	79,881
General Administration	364,614	364,614	344,283	20,331
School Administration	1,346,353	1,346,353	1,325,721	20,632
Central Services	559,618	559,618	551,693	7,925
Operation & Maintenance of Plant	3,007,062	3,076,062	3,150,116	(74,054)
Student Transportation	23,800	23,800	23,178	622
Other Support Services	<u>58,204</u>	<u>58,204</u>	<u>51,592</u>	<u>6,612</u>
Total expenditures	<u>20,762,736</u>	<u>21,071,577</u>	<u>20,369,271</u>	<u>702,306</u>
Excess (deficiency) of revenues over expenditures	(1,111,225)	(1,420,066)	(650,946)	769,120
Beginning cash balance budgeted	1,111,225	1,420,066	-	(1,420,066)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>1,290,465</u>	<u>1,290,465</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>639,519</u>	<u>\$ 639,519</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			31,542	
Change in due from other governments			(436)	
Change in payables			44,108	
Change in deferred property taxes			<u>(31,730)</u>	
			<u>\$ 683,003</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
State sources:				
Transportation	\$ 1,489,511	\$ 1,502,983	\$ 1,502,983	\$ -
 Expenditures:				
Current:				
Support Services:				
Student Transportation	<u>1,489,511</u>	<u>1,502,983</u>	<u>1,502,982</u>	<u>1</u>
Excess of revenues over expenditures	-	-	1	1
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>4,444</u>	<u>4,444</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	4,445	<u>\$ 4,445</u>
 RECONCILIATION TO GAAP BASIS:				
Change in inventory			1,136	
Change in payables			<u>(5,690)</u>	
			<u>\$ (109)</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
State sources:				
State instructional material	\$ 152,732	\$ 152,732	\$ 171,619	\$ 18,887
 Expenditures:				
Current:				
Instruction	<u>152,732</u>	<u>200,848</u>	<u>200,037</u>	<u>811</u>
Excess (deficiency) of revenues over expenditures	-	(48,116)	(28,418)	19,698
Beginning cash balance budgeted	-	48,116	-	(48,116)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>48,116</u>	<u>48,116</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>19,698</u>	<u><u>\$ 19,698</u></u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>(1,536)</u>	
			<u><u>\$ 18,162</u></u>	



## NONMAJOR GOVERNMENTAL FUNDS

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

GOVERNMENTAL FUNDS  
 Combining Balance Sheet  
 June 30, 2014

	<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>ASSETS</b>				
Pooled cash and investments	\$ 54,681	\$ 161,680	\$ -	\$ 1
Receivables:				
Grant	-	-	249,047	161,246
Other receivables	6	-	-	-
USDA commodities inventory	34,585	-	-	-
Food inventory	<u>17,102</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 106,374</u>	<u>\$ 161,680</u>	<u>\$ 249,047</u>	<u>\$ 161,247</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	\$ 9,849	\$ 3,104	\$ 970	\$ 9,024
Due to other funds	<u>-</u>	<u>-</u>	<u>248,077</u>	<u>152,223</u>
Total liabilities	9,849	3,104	249,047	161,247
Deferred inflows of resources:				
Advances of federal, state, and local grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>9,849</u>	<u>3,104</u>	<u>249,047</u>	<u>161,247</u>
Fund balance:				
Non-spendable:				
Inventories	51,687	-	-	-
Restricted for:				
Special revenue funds	<u>44,838</u>	<u>158,576</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 106,374</u>	<u>\$ 161,680</u>	<u>\$ 249,047</u>	<u>\$ 161,247</u>

( cont'd; 1 of 7 )

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

GOVERNMENTAL FUNDS  
 Combining Balance Sheet  
 June 30, 2014

	<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>ASSETS</b>				
Pooled cash and investments	\$ -	\$ -	\$ 1	\$ 48
Receivables:				
Grant	4,253	18,209	3,306	-
Other receivables	-	-	-	-
USDA commodities inventory	-	-	-	-
Food inventory	-	-	-	-
	-	-	-	-
Total assets	\$ 4,253	\$ 18,209	\$ 3,307	\$ 48
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	4,253	18,209	3,307	-
	4,253	18,209	3,307	-
Total liabilities	4,253	18,209	3,307	-
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	48
	-	-	-	48
Total liabilities and deferred inflows of resources	4,253	18,209	3,307	48
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balance	\$ 4,253	\$ 18,209	\$ 3,307	\$ 48

( cont'd; 2 of 7 )

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

GOVERNMENTAL FUNDS  
 Combining Balance Sheet  
 June 30, 2014

	<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>ASSETS</b>				
Pooled cash and investments	\$ 1	\$ 1	\$ -	\$ -
Receivables:				
Grant	81,561	37,327	9,325	37,040
Other receivables	-	-	-	-
USDA commodities inventory	-	-	-	-
Food inventory	-	-	-	-
	-----	-----	-----	-----
Total assets	<u>\$ 81,562</u>	<u>\$ 37,328</u>	<u>\$ 9,325</u>	<u>\$ 37,040</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>81,562</u>	<u>37,328</u>	<u>9,325</u>	<u>37,040</u>
Total liabilities	81,562	37,328	9,325	37,040
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
	-----	-----	-----	-----
Total liabilities and deferred inflows of resources	<u>81,562</u>	<u>37,328</u>	<u>9,325</u>	<u>37,040</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
	-----	-----	-----	-----
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 81,562</u>	<u>\$ 37,328</u>	<u>\$ 9,325</u>	<u>\$ 37,040</u>

( cont'd; 3 of 7 )

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

GOVERNMENTAL FUNDS  
 Combining Balance Sheet  
 June 30, 2014

	<b>Special Revenue Funds</b>			
	Title XIX Medicaid <u>Fund #25153</u>	ARRA - State Revitalization <u>Fund #25250</u>	LANL Foundation <u>Fund #26113</u>	Wallace Foundation <u>Fund #26125</u>
<b>ASSETS</b>				
Pooled cash and investments	\$ 138,789	\$ 1	\$ -	\$ 227
Receivables:				
Grant	-	-	-	-
Other receivables	-	-	-	-
USDA commodities inventory	-	-	-	-
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 138,789</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 227</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	\$ 235	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	235	-	-	-
Deferred inflows of resources:				
Advances of federal, state, and local grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>235</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	<u>138,554</u>	<u>1</u>	<u>-</u>	<u>227</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 138,789</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 227</u>

( cont'd; 4 of 7 )

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

GOVERNMENTAL FUNDS  
 Combining Balance Sheet  
 June 30, 2014

	<b>Special Revenue Funds</b>			
	Dual Credit Instructional Materials <u>Fund #27103</u>	Libraries GO Bond 2010 <u>Fund #27106</u>	Libraries GO Bond 2012 <u>Fund #27107</u>	Reads to Lead <u>Fund #27114</u>
<b>ASSETS</b>				
Pooled cash and investments	\$ -	\$ -	\$ -	\$ 1
Receivables:				
Grant	1,086	-	-	49,775
Other receivables	-	-	-	-
USDA commodities inventory	-	-	-	-
Food inventory	-	-	-	-
	-	-	-	-
Total assets	\$ 1,086	\$ -	\$ -	\$ 49,776
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	1,086	-	-	49,776
	1,086	-	-	49,776
Total liabilities	1,086	-	-	49,776
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
	-	-	-	-
Total liabilities and deferred inflows of resources	1,086	-	-	49,776
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balance	\$ 1,086	\$ -	\$ -	\$ 49,776

(cont'd; 5 of 7)

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

GOVERNMENTAL FUNDS  
 Combining Balance Sheet  
 June 30, 2014

	<b>Special Revenue Funds</b>			
	Breakfast for Elementary Students <u>Fund #27155</u>	Libraries GO Bond 2006 <u>Fund #27171</u>	2013 School Bus <u>Fund #27178</u>	New Mexico Grown <u>Fund #27183</u>
<b>ASSETS</b>				
Pooled cash and investments	\$ 10	\$ -	\$ -	\$ -
Receivables:				
Grant	-	-	-	-
Other receivables	-	-	-	-
USDA commodities inventory	-	-	-	-
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	-	-	-
Deferred inflows of resources:				
Advances of federal, state, and local grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

( cont'd; 6 of 7 )

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

GOVERNMENTAL FUNDS  
Combining Balance Sheet  
June 30, 2014

	<b>Special Revenue Funds</b>			
	Next Generation Assessments <u>Fund #27185</u>	Dairy Max <u>Fund #29102</u>	Total Non-Major Special Revenue Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Pooled cash and investments	\$ -	\$ 2,648	\$ 358,089	\$ 358,089
Receivables:				
Grant	-	-	652,175	652,175
Other receivables	-	-	6	6
USDA commodities inventory	-	-	34,585	34,585
Food inventory	-	-	<u>17,102</u>	<u>17,102</u>
 Total assets	 <u>\$ -</u>	 <u>\$ 2,648</u>	 <u>\$ 1,061,957</u>	 <u>\$ 1,061,957</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 23,182	\$ 23,182
Due to other funds	-	-	<u>642,186</u>	<u>642,186</u>
 Total liabilities	 -	 -	 665,368	 665,368
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	<u>48</u>	<u>48</u>
 Total liabilities and deferred inflows of resources	 -	 -	 <u>665,416</u>	 <u>665,416</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	51,687	51,687
Restricted for:				
Special revenue funds	-	<u>2,648</u>	<u>344,854</u>	<u>344,854</u>
 Total liabilities, deferred inflows of resources, and fund balance	 <u>\$ -</u>	 <u>\$ 2,648</u>	 <u>\$ 1,061,957</u>	 <u>\$ 1,061,957</u>

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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, 2014

	<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>Revenues:</b>					
Federal sources:					
Federal flowthrough grants	\$ -	\$ -	\$ 752,493	\$ 801,586	\$ 37,167
Food and milk reimbursements	816,690	-	-	-	-
USDA Commodities	77,750	-	-	-	-
State sources:					
State grant	57,272	-	-	-	-
Local sources:					
Fees and activities	260,643	209,749	-	-	-
Miscellaneous	<u>13</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>1,212,368</u>	<u>209,749</u>	<u>752,493</u>	<u>801,586</u>	<u>37,167</u>
<b>Expenditures:</b>					
Current:					
Instruction	-	194,642	328,373	242,986	3,517
Support Services:					
Students	-	-	229,807	292,265	13,325
Instruction	-	-	34,496	-	-
General Administration	-	-	159,817	221,976	20,325
Student Transportation	-	-	-	29,237	-
Food Services Operations	1,303,793	-	-	-	-
Community Services	-	-	-	15,122	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,303,793</u>	<u>194,642</u>	<u>752,493</u>	<u>801,586</u>	<u>37,167</u>
Excess (deficiency) of revenues over expenditures	(91,425)	15,107	-	-	-
Fund balance at beginning of the year	<u>187,950</u>	<u>143,469</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ 96,525</u>	<u>\$ 158,576</u>	<u>\$ -</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, 2014

	<b>Special Revenue Funds</b>				
	IDEA-B CEIS <u>Fund #24112</u>	Education of Homeless <u>Fund #24113</u>	Fresh Fruits and Vegetables <u>Fund #24118</u>	IDEA-B "Risk Pool" <u>Fund #24120</u>	IDEA-B Student Success <u>Fund #24132</u>
Revenues:					
Federal sources:					
Federal flowthrough grants	\$ 50,422	\$ 9,179	\$ 36,766	\$ 83,750	\$ 247,633
Food and milk reimbursements	-	-	-	-	-
USDA Commodities	-	-	-	-	-
State sources:					
State grant	-	-	-	-	-
Local sources:					
Fees and activities	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenue	50,422	9,179	36,766	83,750	247,633
Expenditures:					
Current:					
Instruction	-	-	-	46,912	148,626
Support Services:					
Students	49,259	9,179	-	22,581	93,325
Instruction	-	-	-	-	-
General Administration	1,163	-	-	-	5,682
Student Transportation	-	-	-	14,257	-
Food Services Operations	-	-	36,766	-	-
Community Services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	50,422	9,179	36,766	83,750	247,633
Excess (deficiency) of revenues over expenditures	-	-	-	-	-
Fund balance at beginning of the year	-	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	\$ -	\$ -	\$ -

( 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, 2014

	<b>Special Revenue Funds</b>				
	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>	LANL Foundation <u>Fund #26113</u>
Revenues:					
Federal sources:					
Federal flowthrough grants	\$ 9,325	\$ 134,406	\$ 260,328	\$ -	\$ -
Food and milk reimbursements	-	-	-	-	-
USDA Commodities	-	-	-	-	-
State sources:					
State grant	-	-	-	-	-
Local sources:					
Fees and activities	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenue</b>	<b>9,325</b>	<b>134,406</b>	<b>260,328</b>	<b>-</b>	<b>-</b>
Expenditures:					
Current:					
Instruction	9,142	24,809	14,472	-	2,136
Support Services:					
Students	-	1,473	213,229	-	-
Instruction	-	-	-	-	-
General Administration	183	108,124	1,080	-	-
Student Transportation	-	-	-	-	-
Food Services Operations	-	-	-	-	-
Community Services	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total expenditures</b>	<b>9,325</b>	<b>134,406</b>	<b>228,781</b>	<b>-</b>	<b>2,136</b>
Excess (deficiency) of revenues over expenditures	-	-	31,547	-	(2,136)
Fund balance at beginning of the year	-	-	107,007	1	2,136
Fund balance at end of the year	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 138,554</b>	<b>\$ 1</b>	<b>\$ -</b>

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, 2014

	<b>Special Revenue Funds</b>				
	Wallace Foundation <u>Fund #26125</u>	Dual Credit Instructional Materials <u>Fund #27103</u>	Libraries GO Bond 2010 <u>Fund #27106</u>	Libraries GO Bond 2012 <u>Fund #27107</u>	Reads to Lead <u>Fund #27114</u>
Revenues:					
Federal sources:					
Federal flowthrough grants	\$ -	\$ -	\$ -	\$ -	\$ -
Food and milk reimbursements	-	-	-	-	-
USDA Commodities	-	-	-	-	-
State sources:					
State grant	-	7,240	68	-	90,080
Local sources:					
Fees and activities	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenue	-	7,240	68	-	90,080
Expenditures:					
Current:					
Instruction	-	7,240	-	-	82,620
Support Services:					
Students	-	-	-	-	5,383
Instruction	-	-	68	-	-
General Administration	-	-	-	-	2,077
Student Transportation	-	-	-	-	-
Food Services Operations	-	-	-	-	-
Community Services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	7,240	68	-	90,080
Excess (deficiency) of revenues over expenditures	-	-	-	-	-
Fund balance at beginning of the year	227	-	-	-	-
Fund balance at end of the year	\$ 227	\$ -	\$ -	\$ -	\$ -

( cont'd; 4 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, 2014

	<b>Special Revenue Funds</b>			
	Breakfast for Elementary Students <u>Fund #27155</u>	Libraries GO Bond 2006 <u>Fund #27171</u>	2013 School Bus <u>Fund #27178</u>	New Mexico Grown <u>Fund #27183</u>
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ -	\$ -	\$ -
Food and milk reimbursements	-	-	-	-
USDA Commodities	-	-	-	-
State sources:				
State grant	-	-	85,700	-
Local sources:				
Fees and activities	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	-	-	85,700	-
Expenditures:				
Current:				
Instruction	-	-	-	-
Support Services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
Student Transportation	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	85,700	-
Total expenditures	-	-	85,700	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	10	-	-	-
Fund balance at end of the year	\$ 10	\$ -	\$ -	\$ -

( 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, 2014

	<b>Special Revenue Funds</b>			
	Next Generation Assessments <u>Fund #27185</u>	Dairy Max <u>Fund #29102</u>	Total Nonmajor Special Revenue <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ -	\$ 2,423,055	\$ 2,423,055
Food and milk reimbursements	-	-	816,690	816,690
USDA Commodities	-	-	77,750	77,750
State sources:				
State grant	23,115	-	263,475	263,475
Local sources:				
Fees and activities	-	-	470,392	470,392
Miscellaneous	-	-	13	13
Total revenue	<u>23,115</u>	<u>-</u>	<u>4,051,375</u>	<u>4,051,375</u>
Expenditures:				
Current:				
Instruction	-	-	1,105,475	1,105,475
Support Services:				
Students	-	-	929,826	929,826
Instruction	-	-	34,564	34,564
General Administration	-	-	520,427	520,427
Student Transportation	-	-	43,494	43,494
Food Services Operations	-	3,229	1,343,788	1,343,788
Community Services	-	-	15,122	15,122
Capital outlay	<u>23,115</u>	<u>-</u>	<u>108,815</u>	<u>108,815</u>
Total expenditures	<u>23,115</u>	<u>3,229</u>	<u>4,101,511</u>	<u>4,101,511</u>
Excess (deficiency) of revenues over expenditures	-	(3,229)	(50,136)	(50,136)
Fund balance at beginning of the year	<u>-</u>	<u>5,877</u>	<u>446,677</u>	<u>446,677</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ 2,648</u>	<u>\$ 396,541</u>	<u>\$ 396,541</u>

## BUDGETARY PRESENTATION

## NONMAJOR SPECIAL REVENUE FUNDS

YEAR ENDED JUNE 30, 2013

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### FOOD SERVICES (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 2-12, 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 stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.

### ATHLETICS (Fund No. 22000)

This fund provides financing for school athletic activities. Funding is provided by fees from patrons.

### ENTITLEMENT IDEA-B (Fund No. 24106)

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

### 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.

### IDEA-B CEIS (Fund No. 24112)

Up to 15% of combined entitlement and preschool funding may be budgeted as per 34 CFR § 300.226. Must be used consistent with the applicable provisions of IDEA-B, as follows: (1) Must be used only to pay the excess costs of providing special education and related services to children with disabilities; (2) Must be used to supplement State, local, and other Federal funds and not to supplant such funds; and (3) Must not be used to reduce an LEA's maintenance of effort (MOE) for the education of children with disabilities below the preceding year's level except as allowed by 34 CFR §§ 300.204 and 205.

### 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.

### 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.

### IDEA-B "RISK POOL" (Fund No. 24120)

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)

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.



**NONMAJOR SPECIAL REVENUE FUNDS**  
YEAR ENDED JUNE 30, 2013

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**TITLE III ENGLISH LANGUAGE (Fund No. 24153)**

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)**

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)**

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, 103-112, 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)**

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.

**LANL FOUNDATION (Fund No. 26113)**

Local grant sponsored by Los Alamos National Laboratory that was used to provide a scholarship to a senior high student that was to be used in a four-year program for educational efforts in pursuing an engineering degree at a New Mexico college or university.

**WALLACE FOUNDATION (Fund No. 26125)**

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.

**DUAL CREDIT INSTRUCTIONAL MATERIALS (Fund No. 27103)**

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 2010 (Fund No. 27106)**

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

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

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

**NONMAJOR SPECIAL REVENUE FUNDS**  
YEAR ENDED JUNE 30, 2013

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READS TO LEAD (Fund No. 27114)

To increase the quality of reading instruction.

BREAKFAST FOR ELEMENTARY STUDENTS (Fund No. 27155)

To provide elementary students with the nutrition necessary to facilitate learning.

LIBRARY GO BONDS 2006 (Fund No. 27171)

Funding made available to update and expand library collections.

2013 SCHOOL BUSES (Fund No. 27178)

To provide for the purchase of school buses.

NEW MEXICO GROWN (Fund No. 27183)

The purposes and intents of this Invitation to Bid are: (1) to establish sources of fresh, seasonal, New Mexico-grown produce for New Mexico schools at competitive prices; (2) to foster linkages between New Mexico schools and New Mexico farmers; (3) to encourage use of local produce in school meals and snacks programs; and (4) thereby to improve the health of New Mexico students.

NEXT GENERATION ASSESSMENTS (Fund No. 27185)

Remediates deficiencies in computer devices compliant with the Partnership for Assessment of Readiness for College and Careers (PARCC). The first phase of the project is designed to assist district and school leaders in identifying gaps in assessment administration capacity, including computer-based test taking devices, and bandwidth, and exploring possible scenarios for addressing those gaps.

DAIRY MAX (Fund No. 29102)

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**

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Federal sources:				
Food and milk reimbursements	\$ 787,970	\$ 787,970	\$ 816,690	\$ 28,720
USDA Commodities	94,925	94,925	78,333	(16,592)
State sources:				
State grant	60,025	60,025	57,272	(2,753)
Local sources:				
Fees and activities	325,238	325,238	260,656	(64,582)
Total revenues	1,268,158	1,268,158	1,212,951	(55,207)
 Expenditures:				
Current:				
Food Services Operations	1,354,277	1,404,451	1,294,557	109,894
Excess (deficiency) of revenues over expenditures	(86,119)	(136,293)	(81,606)	54,687
Beginning cash balance budgeted	86,119	136,293	-	(136,293)
Fund balance at beginning of the year	-	-	187,950	187,950
Fund balance at end of the year	\$ -	\$ -	106,344	\$ 106,344
 RECONCILIATION TO GAAP BASIS:				
Change in inventory			(2,178)	
Change in payables			(7,641)	
			\$ 96,525	

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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Fees and activities	\$ 135,368	\$ 135,368	\$ 209,749	\$ 74,381
 Expenditures:				
Current:				
Instruction	<u>267,923</u>	<u>278,963</u>	<u>191,664</u>	<u>87,299</u>
Excess (deficiency) of revenues over expenditures	(132,555)	(143,595)	18,085	161,680
Beginning cash balance budgeted	132,555	143,595	-	(143,595)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>143,469</u>	<u>143,469</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	161,554	<u><u>\$ 161,554</u></u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>(2,978)</u>	
			<u><u>\$ 158,576</u></u>	

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Federal sources:				
Federal grant	\$ 690,983	\$ 864,699	\$ 702,031	\$ (162,668)
Expenditures:				
Current:				
Instruction	283,335	366,884	327,402	39,482
Support Services:				
Students	220,982	291,149	229,807	61,342
Instruction	54,844	54,844	34,496	20,348
General Administration	131,822	151,822	161,108	(9,286)
Total expenditures	690,983	864,699	752,813	111,886
Excess (deficiency) of revenues over expenditures	-	-	(50,782)	(50,782)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(50,782)	\$ (50,782)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			50,462	
Change in payables			320	
			\$ -	

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues:				
Federal sources:				
Federal grant	\$ 736,628	\$ 887,993	\$ 749,093	\$ (138,900)
Expenditures:				
Current:				
Instruction	216,829	291,510	244,477	47,033
Support Services:				
Students	301,040	325,724	287,698	38,026
General Administration	203,628	215,628	221,976	(6,348)
Student Transportation	-	40,000	25,167	14,833
Community Services Operations	15,131	15,131	15,122	9
Total expenditures	736,628	887,993	794,440	93,553
Excess (deficiency) of revenues over expenditures	-	-	(45,347)	(45,347)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(45,347)	\$ (45,347)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			52,493	
Change in payables			(7,146)	
			\$ -	

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Federal sources:				
Federal grant	\$ 40,914	\$ 48,174	\$ 46,909	\$ (1,265)
Expenditures:				
Current:				
Instruction	2,400	4,900	3,517	1,383
Support Services:				
Students	17,587	22,175	13,325	8,850
General Administration	20,927	21,099	20,325	774
Total expenditures	40,914	48,174	37,167	11,007
Excess of revenues over expenditures	-	-	9,742	9,742
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	9,742	\$ 9,742
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(9,742)	
			\$ -	

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Federal sources:				
Federal grant	\$ 53,654	\$ 53,654	\$ 40,783	\$ (12,871)
Expenditures:				
Current:				
Support Services:				
Students	52,340	52,340	49,259	3,081
General Administration	<u>1,314</u>	<u>1,314</u>	<u>1,163</u>	<u>151</u>
Total expenditures	<u>53,654</u>	<u>53,654</u>	<u>50,422</u>	<u>3,232</u>
Excess (deficiency) of revenues over expenditures	-	-	(9,639)	(9,639)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(9,639)	<u>\$ (9,639)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>9,639</u>	
			<u>\$ -</u>	



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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Federal sources:				
Federal grant	\$ 8,100	\$ 9,517	\$ 7,748	\$ (1,769)
 Expenditures:				
Current:				
Support Services:				
Students	<u>8,100</u>	<u>9,517</u>	<u>9,179</u>	<u>338</u>
Excess (deficiency) of revenues over expenditures	-	-	(1,431)	(1,431)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(1,431)	<u>\$ (1,431)</u>
 RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>1,431</u>	
			<u>\$ -</u>	

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Federal sources:				
Federal grant	\$ -	\$ 37,150	\$ 40,240	\$ 3,090
 Expenditures:				
Current:				
Food Services Operations	-	37,150	36,766	384
Excess of revenues over expenditures	-	-	3,474	3,474
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	3,474	<u>\$ 3,474</u>
 RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(3,426)	
Change in deferred revenue			(48)	
			<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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Federal sources:				
Federal grant	\$ -	\$ 83,750	\$ 4,398	\$ (79,352)
Expenditures:				
Current:				
Instruction	-	46,912	46,912	-
Support Services:				
Students	-	22,580	22,581	(1)
Student Transportation	-	14,258	14,257	1
Total expenditures	-	83,750	83,750	-
Excess (deficiency) of revenues over expenditures	-	-	(79,352)	(79,352)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(79,352)	<u>\$ (79,352)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>79,352</u>	
			<u>\$ -</u>	

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Federal sources:				
Federal grant	\$ 36,366	\$ 260,365	\$ 231,070	\$ (29,295)
Expenditures:				
Current:				
Instruction	-	152,619	148,626	3,993
Support Services:				
Students	35,462	100,666	93,325	7,341
General Administration	904	7,080	5,681	1,399
Total expenditures	36,366	260,365	247,632	12,733
Excess (deficiency) of revenues over expenditures	-	-	(16,562)	(16,562)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(16,562)	\$ (16,562)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			16,562	
			\$ -	

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Federal sources:				
Federal grant	\$ 9,769	\$ 13,324	\$ 9,993	\$ (3,331)
Expenditures:				
Current:				
Instruction	9,579	13,134	9,142	3,992
Support Services:				
General Administration	190	190	183	7
Total expenditures	9,769	13,324	9,325	3,999
Excess of revenues over expenditures	-	-	668	668
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	668	\$ 668
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(668)	
			\$ -	

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Federal sources:				
Federal grant	\$ 138,674	\$ 149,175	\$ 118,262	\$ (30,913)
Expenditures:				
Current:				
Instruction	5,177	33,347	24,809	8,538
Support Services:				
Students	5,600	4,023	1,473	2,550
General Administration	127,897	111,805	108,984	2,821
Total expenditures	138,674	149,175	135,266	13,909
Excess (deficiency) of revenues over expenditures	-	-	(17,004)	(17,004)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(17,004)	\$ (17,004)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			16,144	
Change in payables			860	
			\$ -	

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Federal sources:				
Federal direct grant	\$ 195,000	\$ 195,000	\$ 260,328	\$ 65,328
 Expenditures:				
Current:				
Instruction	-	14,600	14,472	128
Support Services:				
Students	249,393	266,881	213,075	53,806
General Administration	<u>20,607</u>	<u>20,607</u>	<u>1,080</u>	<u>19,527</u>
Total expenditures	<u>270,000</u>	<u>302,088</u>	<u>228,627</u>	<u>73,461</u>
Excess (deficiency) of revenues over expenditures	(75,000)	(107,088)	31,701	138,789
Beginning cash balance budgeted	75,000	107,088	-	(107,088)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>107,007</u>	<u>107,007</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	138,708	<u>\$ 138,708</u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>(154)</u>	
			<u>\$ 138,554</u>	

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, 2014

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



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

LANL FOUNDATION FUND - NO. 26113  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Local sources:				
Grant	\$ -	\$ -	\$ -	\$ -
 Expenditures:				
Current:				
Instruction	-	2,366	2,366	-
Excess (deficiency) of revenues over expenditures	-	(2,366)	(2,366)	-
Beginning cash balance budgeted	-	2,366	-	(2,366)
Fund balance at beginning of the year	-	-	2,136	2,136
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(230)	<u>\$ (230)</u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>230</u>	
			<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, 2014

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

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
State sources:				
State grant	\$ -	\$ 7,240	\$ 6,154	\$ (1,086)
 Expenditures:				
Current:				
Instruction	-	7,240	7,240	-
 Excess (deficiency) of revenues over expenditures	-	-	(1,086)	(1,086)
 Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(1,086)	<u>\$ (1,086)</u>
 RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>1,086</u>	
			<u>\$ -</u>	

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

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
State sources:				
State grant	\$ 70	\$ 70	\$ 865	\$ 795
Expenditures:				
Current:				
Support Services:				
Instruction	70	70	68	2
Excess of revenues over expenditures	-	-	797	797
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	797	\$ 797
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(797)	
			\$ -	

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
State sources:				
State grant	\$ 27,900	\$ 27,900	\$ -	\$ (27,900)
 Expenditures:				
Current:				
Support Services:				
Instruction	<u>27,900</u>	<u>27,900</u>	<u>-</u>	<u>27,900</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
			<u>\$ -</u>	

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
State sources:				
State grant	\$ -	\$ 99,303	\$ 56,463	\$ (42,840)
Expenditures:				
Current:				
Instruction	-	91,000	82,620	8,380
Support Services:				
Students	-	7,370	5,383	1,987
General Administration	-	933	2,077	(1,144)
Total expenditures	-	99,303	90,080	9,223
Excess (deficiency) of revenues over expenditures	-	-	(33,617)	(33,617)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(33,617)	<u>\$ (33,617)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>33,617</u>	
			<u>\$ -</u>	

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, 2014

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

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

LIBRARIES GO BOND 2006 FUND - NO. 27171  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
State sources:				
State grant	\$ 28,902	\$ 28,902	\$ 50,240	\$ 21,338
 Expenditures:				
Current:				
Support Services:				
Instruction	<u>28,902</u>	<u>28,902</u>	-	<u>28,902</u>
Excess of revenues over expenditures	-	-	50,240	50,240
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	50,240	<u>\$ 50,240</u>
 RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>(50,240)</u>	
			<u>\$ -</u>	



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

2013 SCHOOL BUS FUND - NO. 27178  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
State sources:				
State grant	\$ -	\$ 85,700	\$ 85,700	\$ -
 Expenditures:				
Capital outlay:				
Equipment	-	85,700	85,700	-
 Excess of revenues over expenditures	-	-	-	-
 Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			<u>\$ -</u>	

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

NEW MEXICO GROWN FUND - NO. 27183  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final	(Budgetary Basis)	(Negative)
Revenues:				
State sources:				
State grant	\$ -	\$ 591	\$ -	\$ (591)
Expenditures:				
Current:				
Food Services Operations	-	591	-	591
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			<u>\$ -</u>	

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

NEXT GENERATION ASSESSMENTS FUND - NO. 27185  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
State sources:				
State grant	\$ -	\$ 23,115	\$ 23,115	\$ -
Expenditures:				
Capital outlay:				
Equipment	-	23,115	23,115	-
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	-	\$ -
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			\$ -	

STATE OF NEW MEXICO  
**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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Local sources:				
Grant	\$ -	\$ -	\$ -	\$ -
 Expenditures:				
Current:				
Food Services Operations	-	5,877	3,229	2,648
Excess (deficiency) of revenues over expenditures	-	(5,877)	(3,229)	2,648
Beginning cash balance budgeted	-	5,877	-	(5,877)
Fund balance at beginning of the year	-	-	5,877	5,877
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	2,648	<u>\$ 2,648</u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			<u>\$ 2,648</u>	

## **CAPITAL PROJECTS FUNDS**

YEAR ENDED JUNE 30, 2013

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### **BOND BUILDING FUND**

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**

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.

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

BOND BUILDING FUND - NO. 31100  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Local sources:				
Grant	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Support Services:				
Operation & Maintenance of Plant	1,086,800	1,294,800	525,712	769,088
Capital outlay:				
Equipment	86,000	183,000	36,667	146,333
Construction in progress	<u>3,926,679</u>	<u>4,026,908</u>	<u>947,908</u>	<u>3,079,000</u>
Total expenditures	<u>5,099,479</u>	<u>5,504,708</u>	<u>1,510,287</u>	<u>3,994,421</u>
Excess (deficiency) of revenues over expenditures	(5,099,479)	(5,504,708)	(1,510,287)	3,994,421
Beginning cash balance budgeted	5,099,479	5,504,708	-	(5,504,708)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>5,434,310</u>	<u>5,434,310</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>3,924,023</u>	<u>\$ 3,924,023</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>63,435</u>	
			<u>\$ 3,987,458</u>	

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

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
State sources:				
State grant	\$ -	\$ 61,669	\$ 61,669	\$ -
Local sources:				
District school tax levy	<u>983,055</u>	<u>983,055</u>	<u>995,783</u>	<u>12,728</u>
Total revenues	<u>983,055</u>	<u>1,044,724</u>	<u>1,057,452</u>	<u>12,728</u>
Expenditures:				
Current:				
Support Services:				
General Administration	9,820	9,820	10,096	(276)
Operation & Maintenance of Plant	1,250,633	1,372,629	1,043,669	328,960
Capital outlay:				
Equipment	-	11,604	11,604	-
Construction in progress	<u>10,000</u>	<u>10,000</u>	<u>51,934</u>	<u>(41,934)</u>
Total expenditures	<u>1,270,453</u>	<u>1,404,053</u>	<u>1,117,303</u>	<u>286,750</u>
Excess (deficiency) of revenues over expenditures	(287,398)	(359,329)	(59,851)	299,478
Beginning cash balance budgeted	287,398	359,329	-	(359,329)
Fund balance at beginning of the year	-	-	<u>362,756</u>	<u>362,756</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	302,905	<u>\$ 302,905</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			162,098	
Change in due from other governments			(2,480)	
Change in payables			(3,901)	
Change in deferred property taxes			<u>(163,146)</u>	
			<u>\$ 295,476</u>	

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**DEBT SERVICE FUND**  
YEAR ENDED JUNE 30, 2013

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DEBT SERVICE FUND

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.

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

DEBT SERVICE FUND - NO. 41000  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Local sources:				
District school tax levy	\$ 4,021,361	\$ 4,021,361	\$ 4,388,095	\$ 366,734
Earnings from investments	-	-	636	636
Total revenues	4,021,361	4,021,361	4,388,731	367,370
Expenditures:				
Current:				
Support Services:				
General Administration	40,867	52,867	43,881	8,986
Debt service:				
Principal retirement	3,270,000	3,670,000	3,670,000	-
Bond interest paid	751,361	751,361	712,361	39,000
Reserves	2,542,829	2,130,829	-	2,130,829
Total expenditures	6,605,057	6,605,057	4,426,242	2,178,815
Excess (deficiency) of revenues over expenditures	(2,583,696)	(2,583,696)	(37,511)	2,546,185
Beginning cash balance budgeted	2,583,696	2,583,696	-	(2,583,696)
Fund balance at beginning of the year	-	-	2,685,489	2,685,489
Fund balance at end of the year	\$ -	\$ -	2,647,978	\$ 2,647,978
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			733,168	
Change in due from other governments			(7,198)	
Change in deferred property taxes			(735,009)	
			\$ 2,638,939	

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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, 2014

Activity		Balance				Balance
Fund	ASSETS	<u>June 30, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>		<u>June 30, 2014</u>
23100	Mountain View Elementary School	\$ 9,889	\$ 2,829	\$ 10,157		\$ 2,561
23200	Moriarty Elementary School	21,308	8,929	7,489		22,748
23300	South Mountain Elementary School	5,702	10,000	6,993		8,709
23400	Moriarty Middle School	18,708	5,064	8,050		15,722
23500	Moriarty High School	122,348	130,031	173,856		78,523
23600	Edgewood Elementary School	12,502	115,315	69,557		58,260
23700	Route 66 Elementary School	14,286	13,859	9,879		18,266
23800	District Office	78,018	22,897	28,123		72,792
23900	Edgewood Middle School	<u>25,603</u>	<u>22,356</u>	<u>26,499</u>		<u>21,460</u>
	Pooled cash and investments	<u>\$ 308,364</u>	<u>\$ 331,280</u>	<u>\$ 340,603</u>		<u>\$ 299,041</u>
	<b>LIABILITIES</b>					
	Deposits held for others	<u>\$ 308,364</u>	<u>\$ 331,280</u>	<u>\$ 340,603</u>		<u>\$ 299,041</u>

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

SCHEDULE OF PLEDGED COLLATERAL  
 June 30, 2014

	<u>Wells Fargo Bank</u>	<u>US Bank</u>	<u>Total</u>
Cash on deposit at June 30, 2014	\$ 6,827,105	\$ 2,513,218	\$ 9,340,323
Less FDIC coverage	<u>250,000</u>	<u>250,000</u>	<u>500,000</u>
Uninsured funds	<u>\$ 6,577,105</u>	<u>\$ 2,263,218</u>	<u>\$ 8,840,323</u>
50% collateral requirement	\$ 3,288,553	\$ 1,131,609	\$ 4,420,162
Pledged collateral	<u>3,860,224</u>	<u>3,500,000</u>	<u>7,360,224</u>
Excess (deficiency) of pledged collateral	<u>\$ 571,671</u>	<u>\$ 2,368,391</u>	<u>\$ 2,940,062</u>

Pledged collateral of financial institutions consists of the following at June 30, 2014

<u>Wells Fargo Bank:</u>	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
FN AJ7717	12/1/2026	3138E0 SF7	\$ 2,951,830
FN AR2636	2/1/2043	3138NY 4W2	<u>908,394</u>
			<u>\$ 3,860,224</u>

The above securities are held at Federal Home Loan Bank in Dallas, TX.

<u>US Bank:</u>	<u>Issue Date</u>	<u>Expiration</u>	<u>Credit Limit</u>
FHLB Letter of Credit	5/1/2014	5/1/2015	<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 1, 2015 at 2:00 pm.

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

CASH RECONCILIATION  
June 30, 2014

	<u>Beginning Cash</u>	<u>Receipts</u>	<u>Distributions</u>	<u>Other</u>	<u>Net Cash End of Period</u>	<u>Adjustments to the report</u>	<u>Total Cash on Report</u>
Operations	\$ 967,822	\$ 19,718,324	\$ 20,369,271	\$ (190,867)	\$ 126,008	\$ -	\$ 126,008
Transportation	72	1,502,983	1,502,982	-	73	-	73
Instructional Materials	48,116	171,619	200,037	-	19,698	-	19,698
Food Services	136,293	1,212,951	1,294,557	(6)	54,681	-	54,681
Athletics	143,595	209,749	191,664	-	161,680	-	161,680
Federal Flowthrough Funds	7	1,950,529	2,156,761	206,277	52	-	52
Federal Direct Funds	107,089	260,328	228,627	-	138,790	-	138,790
Local Grants	2,593	-	2,366	-	227	-	227
State Flowthrough Funds	12	222,538	206,203	(16,336)	11	-	11
Local/State	5,877	-	3,229	-	2,648	-	2,648
Bond Building	5,504,708	-	1,510,286	-	3,994,422	-	3,994,422
Capital Improvements SB-9	359,329	1,057,452	1,117,303	-	299,478	-	299,478
Debt Service	2,550,729	4,388,731	4,426,242	-	2,513,218	-	2,513,218
Agency Funds	-	-	-	-	-	299,041	299,041
Total	<u>\$ 9,826,242</u>	<u>\$ 30,695,204</u>	<u>\$ 33,209,528</u>	<u>\$ (932)</u>	<u>\$ 7,310,986</u>	<u>\$ 299,041</u>	<u>\$ 7,610,027</u>

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>	<u>Adjustments to report:</u>	
Operational	Checking - Interest	Wells Fargo	\$ 6,827,105	Agency funds	<u>\$ 299,041</u>
Debt Service	Checking - Interest	US Bank	<u>2,513,218</u>		
			<u>\$ 9,340,323</u>	<u>Adjustments to cash:</u>	
				Bank Balance	\$ 9,340,323
				Cash on hand	-
				Outstanding deposits	275
				Outstanding checks	<u>(1,730,571)</u>
				Total adjustment to cash	<u>\$ 7,610,027</u>



## **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

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

INDEPENDENT AUDITORS' REPORT

Hector H. Balderas, State Auditor  
The Board of Education and  
The Audit Committee of  
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 comparison of the general fund of the Moriarty-Edgewood School District No. 8 as of and for the year ended June 30, 2014, 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 September 25, 2014.

**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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. 2014-001.

Hector H. Balderas, State Auditor  
The Board of Education and  
The Audit Committee of  
Moriarty-Edgewood School District No. 8

### 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. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 2014-001.

### Moriarty-Edgewood School District No. 8's Response to Findings

Moriarty-Edgewood School District No. 8 responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Moriarty-Edgewood School District No. 8's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the 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.

*Accounting & Financial Solutions, LLC*  
Farmington, New Mexico  
September 25, 2014

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

Hector H. Balderas, 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, 2014. 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, 2014.

Hector H. Balderas, 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.

*Accounting & Financial Solutions, LLC*  
Farmington, New Mexico  
September 25, 2014

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 YEAR ENDED JUNE 30, 2014

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?	✓	—	1
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>			
IDEA-B Special Education Cluster			
<u><b>CFDA Number</b></u>			
84.027 & 84.173			
The threshold for distinguishing types A and B programs: <u>\$300,000</u>			
Auditee qualified as low-risk auditee?	✓	—	

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
YEAR ENDED JUNE 30, 2014

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II. FINDINGS RELATED TO FINANCIAL STATEMENTS

2014 – 001 CONTROLS OF CAPITAL ASSETS

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

Condition: Management does not have written policies and procedures for controlling the capital assets master file. There is not an approval process for making changes to the file. Additionally, there is not second person designated to monitor and maintain the master file in the event of illness or termination.

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

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

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

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

Management’s Response: With help from the audit committee, the Director of Finance along with the General Accounting Technician will be working on developing an official system of controls over the capital assets, along with the transfer’s and deletions procedures. The Director of Finance will be adding Monthly Reconciliation of Capital Assets to the Board of Education reports.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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



## SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2014

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### I. NOT RESOLVED

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

### II. RESOLVED

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

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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, 2014

<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>
<u>U.S. Department of Agriculture:</u>				
Direct Program:				
Forest Reserve	10.670	11000		\$ 56,214
Pass-Through Program From:				
New Mexico Department of Education:				
<u>Child Nutrition Cluster:</u>				
USDA National School Lunch Program	10.555	21000	611,373	
USDA School Breakfast Program	10.553	21000	<u>205,317</u>	
Total Child Nutrition Cluster				816,690
Fresh Fruits and Vegetables	10.582	24118		36,766
Pass-Through Program From:				
New Mexico Human Service Department:				
USDA Commodities Program	10.550	21000		<u>77,750</u>
Subtotal Pass-Through Programs				<u>931,206</u>
Total U.S. Department of Agriculture				<u>987,420</u>
<u>U.S. Department of Defense:</u>				
Pass-Through Program From:				
National Guard Military Projects	12.401	11000		<u>61,338</u>
<u>U.S. Department of Education:</u>				
Pass-Through Programs From:				
New Mexico Department of Education:				
<u>Special Education (IDEA) Cluster:</u>				
Entitlement IDEA-B	84.027	24106	801,586	
Preschool IDEA-B	84.173	24109	37,167	
IDEA-B CEIS	84.027	24112	50,422	
IDEA-B "Risk Pool"	84.027	24120	83,750	
IDEA-B Student Success	84.027A	24132	<u>247,633</u>	
Total Special Education (IDEA) Cluster				1,220,558
Title I	84.010	24101		752,493
Education of Homeless	84.196	24113		9,179
Title III English Language	84.365	24153		9,325
Title II Teacher Quality	84.367	24154		<u>134,406</u>
Total U.S. Department of Education				<u>2,125,961</u>
<u>U.S. Department of Health and Human Services:</u>				
Pass-Through Program From:				
New Mexico Department of Health:				
Title XIX Medicaid	93.778	25153		<u>228,781</u>
Total Expenditures of Federal Awards				<u>\$ 3,403,500</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, 2013**

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 March 2014 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 2014 cash and non-cash expenditures to ensure coverage of at least 25% (LOW risk auditee) of federally granted funds. Actual coverage is approximately 36% of total cash and non-cash federal award program expenditures. Total cash expenditures were in the amount of \$3,325,750 and all non-cash expenditures amounted to \$77,750.

<u>Major Federal Award Program Description</u>	<u>Fiscal 2014 Expenditure</u>
Cash assistance:	
IDEA-B Special Education Cluster	<u>\$ 1,220,558</u>

There were not any federal programs that were considered high risk Type A programs for the 2014.

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 Cooperative under programs of the federal government for the year ended June 30, 2014. 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 Cooperative, it is not intended to and does not present the financial position and changes in net position of the Cooperative. All federal programs considered active during the year ended June 30, 2014, 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 Cooperative 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.

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## REQUIRED DISCLOSURES

YEAR ENDED JUNE 30, 2013

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The financial statements were prepared by the independent public accountants.

An exit conference was held September 25, 2014, 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; Member, Finance Committee
Audrey Jaramillo	Member, Board of Education; Member, Audit Committee
DeeAnn Orio	Member, Audit Committee
Saul Araque	Member, Audit Committee
Tom Sullivan	Superintendent; Member, Audit Committee
Marla Lovato	Director of Finance; Member, Audit Committee
Priscilla Ortiz	Comptroller

### ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA	Partner
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