

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL
CHARTER SCHOOL

COMPREHENSIVE FINANCIAL ANNUAL REPORT
AND
SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2012
WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The logo for Keystone Accounting, LLC features a stylized 'K' and 'A' in a decorative, calligraphic font. The 'K' is on the left, and the 'A' is on the right, with the word 'KEYSTONE ACCOUNTING, LLC' in a serif font between them.

KEYSTONE ACCOUNTING, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INTRODUCTORY SECTION

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

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STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

OFFICIAL ROSTER
June 30, 2012

GOVERNING COUNCIL

SCHOOL OFFICIALS

Kelly Orndorff	President	Jacque Boyd	Director
Dr. Ed Johnson	Vice President		
Bill Bishop	Secretary		
Leslie Baker	Treasurer		
Joe Phillips	Member		

AUDIT COMMITTEE

FINANCE COMMITTEE

Bill Bishop	Council Secretary	Kelly Orndorff	Council President
Mark Stewart	Member	Bill Bishop	Council Secretary
Domingo Sanchez	Member	Mark Stewart	Member
Matthew Page	Member	Jacque Boyd	Member
Jacque Boyd	Member		
Joyce Burke	Member		

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FINANCIAL SECTION

FISCAL YEAR 2012

JULY 1, 2011 THROUGH JUNE 30, 2012

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the Moreno Valley High School Charter School, as of and for the year ended June 30, 2012, which collectively comprise Moreno Valley High School Charter School's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Moreno Valley High School Charter School's nonmajor governmental funds and the budgetary comparisons for the major capital projects funds, debt service fund, and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Moreno Valley High School Charter School's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Moreno Valley High School Charter School, as of June 30, 2012, and the respective changes in financial position, thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in conformity 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 the Moreno Valley High School Charter School as of June 30, 2012, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital project funds, debt service fund, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with Government Auditing Standards, we have also issued our report dated September 13, 2012, on our consideration of the Moreno Valley High School Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in assessing the results of our audit.

Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements and budgetary comparisons. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Keystone Accounting LLC

September 13, 2012
Farmington, NM

BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET ASSETS
June 30, 2012**

	Primary Government	Component Units
	<u>Governmental Activities</u>	<u>Moreno Valley Education Foundation</u>
ASSETS		
Cash and cash equivalents	\$ 164,392	\$ 78,719
Receivables:		
Grant	50,670	-
Non-current:		
Non-depreciable assets	15,157	284,843
Depreciable capital assets, net	1,881,224	228,966
Total assets	2,111,443	592,528
LIABILITIES		
Accounts payable	2,027	-
Accrued salaries	26,811	-
Total liabilities	28,838	-
NET ASSETS		
Invested in capital assets, net of related debt	1,896,381	513,809
Restricted for:		
Special revenue funds	1,881	-
Capital projects	72,527	-
Unrestricted	111,816	78,719
Total net assets	\$ 2,082,605	\$ 592,528

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

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>	<u>Component Units</u>
Primary government:						
Governmental activities:						
Instruction	\$ 628,169	\$ 4,478	\$ 42,130	\$ 72,027	\$ (509,534)	\$ -
Support Services - Instruction	5,551	-	372	636	(4,543)	-
Support Services - General Administration	66,407	-	4,454	7,614	(54,339)	-
Support Services - School Administration	133,795	-	8,973	15,341	(109,481)	-
Central Services	49,658	-	3,330	-	(46,328)	-
Operations & Maintenance of Plant	221,440	-	14,851	-	(206,589)	-
Student Transportation	-	-	-	-	-	-
Total governmental activities	<u>\$ 1,106,295</u>	<u>\$ 4,478</u>	<u>\$ 74,196</u>	<u>\$ 95,764</u>	<u>(931,857)</u>	<u>-</u>
Component units:						
Moreno Valley Education Foundation	<u>\$ 85,499</u>	<u>\$ -</u>	<u>\$ 62,500</u>	<u>\$ -</u>	<u>-</u>	<u>(22,999)</u>
			General revenues:			
			Grants and contributions not restricted	831,057	-	
			Miscellaneous income	-	65,236	
			Total general revenues	<u>831,057</u>	<u>65,236</u>	
			Loss on asset disposal	-	(46,089)	
			Change in net assets	<u>(100,800)</u>	<u>(3,852)</u>	
			Net assets - beginning	2,183,405	601,247	
			Restatement	-	(4,867)	
			Net assets - as restated	<u>2,183,405</u>	<u>596,380</u>	
			Net assets - ending	<u>\$ 2,082,605</u>	<u>\$ 592,528</u>	

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

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2012

	General Fund	Entitlement IDEA-B Fund #24106	Special Capital Outlay - State Fund #31400	Other Governmental Funds	Total Governmental Funds
ASSETS					
Pooled cash and investments	\$ 89,984	\$ -	\$ 72,527	\$ 1,881	\$ 164,392
Receivables:					
Grant	-	49,652	-	1,018	50,670
Due from other funds	<u>50,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,670</u>
Total assets	<u>\$ 140,654</u>	<u>\$ 49,652</u>	<u>\$ 72,527</u>	<u>\$ 2,899</u>	<u>\$ 265,732</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 2,027	\$ -	\$ -	\$ -	\$ 2,027
Accrued salaries	26,811	-	-	-	26,811
Due to other funds	<u>-</u>	<u>49,652</u>	<u>-</u>	<u>1,018</u>	<u>50,670</u>
Total liabilities	<u>28,838</u>	<u>49,652</u>	<u>-</u>	<u>1,018</u>	<u>79,508</u>
Fund balance:					
Restricted for:					
Special revenue funds	-	-	-	1,881	1,881
Capital projects funds	-	-	72,527	-	72,527
Unassigned	<u>111,816</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,816</u>
Total fund balance	<u>111,816</u>	<u>-</u>	<u>72,527</u>	<u>1,881</u>	<u>186,224</u>
Total liabilities and fund balance	<u>\$ 140,654</u>	<u>\$ 49,652</u>	<u>\$ 72,527</u>	<u>\$ 2,899</u>	<u>\$ 265,732</u>

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

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

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

June 30, 2012

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

Fund balances - total governmental funds	\$ 186,224
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets	2,246,960
Accumulated depreciation	<u>(350,579)</u>
Net assets of governmental activities	\$ <u>2,082,605</u>

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

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2012

	General Fund	Entitlement IDEA-B Fund #24106	Special Capital Outlay - State Fund #31400	Other Governmental Funds	Total Governmental Funds
Revenues:					
Federal sources:					
Federal flowthrough grants	\$ -	\$ 49,652	\$ -	\$ -	\$ 49,652
Federal direct grants	-	-	-	357	357
State sources:					
State equalization guarantee	831,057	-	-	-	831,057
State instructional material	3,761	-	-	-	3,761
State grant	-	-	22,596	74,186	96,782
Local sources:					
Grant	19,408	-	-	-	19,408
Fees and activities	<u>4,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,478</u>
Total revenue	<u>858,704</u>	<u>49,652</u>	<u>22,596</u>	<u>74,543</u>	<u>1,005,495</u>
Expenditures:					
Current:					
Instruction	530,581	49,652	-	357	580,590
Support Services:					
Students	1,178	-	-	-	1,178
Instruction	4,113	-	-	1,018	5,131
General Administration	61,377	-	-	-	61,377
School Administration	123,661	-	-	-	123,661
Central Services	45,897	-	-	-	45,897
Operation & Maintenance of Plant	<u>146,000</u>	<u>-</u>	<u>-</u>	<u>58,668</u>	<u>204,668</u>
Total expenditures	<u>912,807</u>	<u>49,652</u>	<u>-</u>	<u>60,043</u>	<u>1,022,502</u>
Excess (deficiency) of revenues over expenditures	(54,103)	-	22,596	14,500	(17,007)
Fund balance (deficit) at beginning of the year	<u>165,919</u>	<u>-</u>	<u>49,931</u>	<u>(12,619)</u>	<u>203,231</u>
Fund balance at end of the year	<u>\$ 111,816</u>	<u>\$ -</u>	<u>\$ 72,527</u>	<u>\$ 1,881</u>	<u>\$ 186,224</u>

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

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

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

Year Ended June 30, 2012

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

Net change in fund balance - total governmental funds	\$ (17,007)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year	
Depreciation	<u>(83,793)</u>
Change in net assets of governmental activities	<u>\$ (100,800)</u>

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

STATE OF NEW MEXICO
 MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

GENERAL FUND

Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
State sources:				
State equalization guarantee	\$ 750,644	\$ 816,056	\$ 831,057	\$ 15,001
State instructional material	2,962	2,962	3,761	799
Local sources:				
Grant	18,000	18,000	19,408	1,408
Fees and activities	<u>5,500</u>	<u>5,500</u>	<u>4,478</u>	<u>(1,022)</u>
Total revenues	<u>777,106</u>	<u>842,518</u>	<u>858,704</u>	<u>16,186</u>
Expenditures:				
Current:				
Instruction	604,792	614,792	530,581	84,211
Support Services:				
Students	3,000	3,000	1,178	1,822
Instruction	8,283	8,283	4,113	4,170
General Administration	68,307	68,307	61,377	6,930
School Administration	145,769	145,512	123,661	21,851
Central Services	46,824	46,882	45,897	985
Operation & Maintenance of Plant	<u>115,017</u>	<u>193,225</u>	<u>146,000</u>	<u>47,225</u>
Total expenditures	<u>991,992</u>	<u>1,080,001</u>	<u>912,807</u>	<u>167,194</u>
Excess (deficiency) of revenues over expenditures	(214,886)	(237,483)	(54,103)	183,380
Beginning cash balance budgeted	214,886	237,483	-	(237,483)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>165,919</u>	<u>165,919</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>111,816</u>	<u>\$ 111,816</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
			<u>\$ 111,816</u>	

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

STATE OF NEW MEXICO
 MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

ENTITLEMENT IDEA-B FUND - NO. 24106
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Federal sources:				
Federal grant	\$ -	\$ 49,652	\$ -	\$ (49,652)
Expenditures:				
Current:				
Instruction	-	49,652	49,652	-
Excess (deficiency) of revenues over expenditures	-	-	(49,652)	(49,652)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(49,652)	\$ (49,652)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			49,652	
			\$ -	

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

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

AGENCY FUNDS
Statement of Fiduciary Assets and Liabilities
June 30, 2012

ASSETS

Pooled cash and investments	\$ 18,393
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LIABILITIES

Deposits held for others	\$ 18,393
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The notes to the financial statements are an integral part of this statement.

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

Notes to the Financial Statements
June 30, 2012

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STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

Notes to the Financial Statements
June 30, 2012

I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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. 89, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*.

1. Blended Component Units

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

2. Discretely Presented Component Units

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

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

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

Notes to the Financial Statements
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The summary of significant accounting policies of the 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 Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues, net of estimated refunds and estimated uncollectable amounts, in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

Notes to the Financial Statements
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

General Fund – The general fund is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

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

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

Notes to the Financial Statements
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Similar to private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

D. Assets, Liabilities, and Net Assets 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.

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

Notes to the Financial Statements
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

2. *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of 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 to/from other funds.”

3. *Inventories*

Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed. The School did not have any inventories as of June 30, 2012.

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.

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

Notes to the Financial Statements
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

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	40-50
Building improvements	20
Land Improvements	10-20
Vehicles	5-7
Office equipment	5
Computer equipment	3-5
Library books	5

5. *Compensated absences*

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

Sick pay does not vest and is recorded as expenditures when it is paid.

6. *Long-term obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net assets. 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.

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

Notes to the Financial Statements
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

7. *Fund balance*

1. 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.

2. 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.

3. Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the School's Governing Council should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the School's Governing Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The School did not have committed fund balances for the year ended June 30, 2012.

4. 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 School's intent to be used for specific purposes, but are neither restricted nor committed. Intent, and removal of, is expressed by the Governing Council or the Finance Committee. The School did not have assigned fund balances for the year ended June 30, 2012.

5. 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.

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

Notes to the Financial Statements
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

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

8. *Net assets*

Net assets are presented on the statement of net assets and may be presented in any of three components.

a. Invested in capital assets, net of related debt

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

b. Restricted net assets

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

c. Unrestricted net assets

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

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

In the governmental environment, net assets often are designated to indicate that management does not consider them to be available for general operations. In contrast to restricted net assets, 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.

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

Notes to the Financial Statements
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Assets or Equity (continued)

9. *Indirect Costs*

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

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.

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 School received \$831,057 in state equalization guarantee distributions during the year ended June 30, 2012.

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

Notes to the Financial Statements
June 30, 2012

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 Governing Council 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 Governing Council 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 follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the superintendent submits to the Governing Council 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 Governing Council.
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.

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

Notes to the Financial Statements
June 30, 2012

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. Budgetary Information (continued)

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 Governing Council 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, 2012 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	\$ 991,992	\$ 991,992
Special Revenue Fund	2,072	52,082
Capital Projects Fund	<u>2,327</u>	<u>63,661</u>
Totals	<u>\$ 996,391</u>	<u>\$ 1,107,735</u>

B. Budgetary Violations

There were no budgetary violations as of June 30, 2012.

C. Deficit Fund Equity

There were not any deficit fund balances as of June 30, 2012.

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

Notes to the Financial Statements
June 30, 2012

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

At June 30, 2012, the carrying amount of the School's deposits was \$182,735 and the bank balance was \$184,610 with the difference consisting of outstanding checks. Of this balance \$184,610 was covered by federal depository insurance.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the School for at least one half of the amount on deposit with the institution. The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2012, none of the School's bank balance of \$184,610 was exposed to custodial risk as follows:

	International <u>Bank</u>	Bank of <u>America</u>	<u>Total</u>
Uninsured and uncollateralized	\$ -	\$ -	\$ -
Uninsured and collateral held by pledging bank's trust dept not in the District's name	-	-	-
Total uninsured	-	-	-
Insured (FDIC)	<u>166,217</u>	<u>18,393</u>	<u>184,610</u>
Total deposits	<u>\$ 166,217</u>	<u>\$ 18,393</u>	<u>\$ 184,610</u>
State of New Mexico collateral requirement:			
50% of uninsured public fund bank deposits	\$ -	\$ -	\$ -
Pledged security	-	-	-
Over collateralization	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The collateral pledged is listed on Page 61 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.

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

Notes to the Financial Statements
June 30, 2012

III. DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and Temporary Investments (continued)

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. Additionally, banks that are covered by the FDIC are insured for 100% of non-interest earnings accounts. The School's deposits with Wells Fargo Bank qualified for this coverage.

B. Receivables

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

	Receivables		Due from Other	
	Delinquent Property Taxes	Grant	Governments	Funds
Major Funds:				
General	\$ -	\$ -	\$ -	\$ -
Entitlement IDEA-B	-	49,652	-	-
Special Capital Outlay - State	-	-	-	-
Other Governmental Funds	-	1,018	-	-
Total	\$ -	\$ 50,670	\$ -	\$ -

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

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, there were not any deferred revenue or unearned revenue reported in the governmental funds.

STATE OF NEW MEXICO
 MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

Notes to the Financial Statements
 June 30, 2012

III. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2012 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	\$ 15,157	\$ -	\$ -	\$ 15,157
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>15,157</u>	<u>-</u>	<u>-</u>	<u>15,157</u>
Capital assets, being depreciated:				
Land improvements	-	-	-	-
Buildings and improvements	2,127,852	-	-	2,127,852
Furniture, fixtures, and equipment	<u>103,951</u>	<u>-</u>	<u>-</u>	<u>103,951</u>
Total capital assets being depreciated	<u>2,231,803</u>	<u>-</u>	<u>-</u>	<u>2,231,803</u>
Less accumulated depreciation for:				
Land improvements	-	-	-	-
Buildings and improvements	(207,124)	(70,459)	-	(277,583)
Furniture, fixtures, and equipment	<u>(59,662)</u>	<u>(13,334)</u>	<u>-</u>	<u>(72,996)</u>
Total accumulated depreciation	<u>(266,786)</u>	<u>(83,793)</u>	<u>-</u>	<u>(350,579)</u>
Total capital assets being depreciated, net	<u>1,965,017</u>	<u>(83,793)</u>	<u>-</u>	<u>1,881,224</u>
Total capital assets, net	<u>\$ 1,980,174</u>	<u>\$ (83,793)</u>	<u>\$ -</u>	<u>\$ 1,896,381</u>

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

<u>Depreciation Allocation to Functions</u>	
Instruction	\$ 47,578
Support Services - Instruction	180
Support Services - General Administration	337
Support Services - School Administration	5,030
Central Services	10,134
Operations & Maintenance of Plant	8,569
Student Transportation	<u>11,965</u>
Total Depreciation Expense	<u>\$ 83,793</u>

STATE OF NEW MEXICO
 MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

Notes to the Financial Statements
 June 30, 2012

III. DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets (continued)

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 School is involved in several long-term construction projects as part of their master plan for upgrading the School buildings. The amount of \$72,527 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, 2012 were:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 50,670	\$ -
Entitlement IDEA-B	-	49,652
Other Governmental Funds	-	1,018
Total deferred/unearned revenue for governmental funds	\$ 50,670	\$ 50,670

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

E. Inter-Fund Transfers

There were not any inter-fund transfers during the year ended June 30, 2012.

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

Notes to the Financial Statements
June 30, 2012

IV. OTHER INFORMATION

A. Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The School is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The School pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2012.

B. 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.

C. Employee Retirement Plan

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

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

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

Notes to the Financial Statements
June 30, 2012

IV. OTHER INFORMATION (continued)

C. Employee Retirement Plan (continued)

Funding Policy - Effective July 1, 2011 through June 30, 2012, plan members were required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually were required to contribute 11.15% of their gross salary. The School was required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 9.15% of the gross covered salary of employees earning more than \$20,000 annually. Effective July 1, 2012 plan members are required by statute to contribute 7.9% of their gross salary if they earned \$20,000 or less annually, and plan members earning more than \$20,000 annually are required to contribute 11.15% of their gross salary. The School is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, and 9.15% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the School are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The School's contributions to the ERB for the years ended June 30, 2012, 2011 and 2010 were \$47,879, \$56,835, and \$66,075, respectively, equal to the amount of the required contribution for the year.

D. Post-Retirement Health Care Benefits

Plan Description – Moreno Valley High School Charter School's 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.

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

Notes to the Financial Statements
June 30, 2012

IV. OTHER INFORMATION (continued)

D. Post-Retirement Health Care Benefits (continued)

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.

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. During the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 1.834% of each participating employee’s annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending June 30, 2013 the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution</u>	<u>Employee Contribution</u>
2012-2013	2.000%	1.000%

Employers joining the program after January 1, 1998 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

Moreno Valley High School Charter School's contributions to the RHCA for the years ended June 30, 2012, 2011, and 2010 were \$9,597, \$3,511, and \$3,139, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

Notes to the Financial Statements
June 30, 2012

IV. OTHER INFORMATION (continued)

E. Related Party

Some of the School's portable buildings are located on land which is owned by the Foundation. The School pays rent to the Foundation in the amount of \$58,000, for the lease of the land and land improvements.

F. Cash Flows

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

G. Restatement

The component unit has been restated \$4,867 for misstatement of cash in the prior year as detailed in the finding F2012 – 2 on page 69.

H. Subsequent Events

Subsequent events were evaluated through September 13, 2012, which is the date the financial statements were available to be issued.

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

**GENERAL FUNDS
Year Ended June 30, 2012**

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.

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
 MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

GENERAL FUND
 Combining Balance Sheet
 June 30, 2012

	General Funds		Total General Funds
	Operational Fund #11000	Instructional Materials Fund #14000	
ASSETS			
Pooled cash and investments	\$ 88,730	\$ 1,254	\$ 89,984
Due from other funds	50,670	-	50,670
Total assets	\$ 139,400	\$ 1,254	\$ 140,654
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 2,027	\$ -	\$ 2,027
Accrued salaries	26,811	-	26,811
Total liabilities	28,838	-	28,838
Fund balance:			
Unassigned	110,562	1,254	111,816
Total liabilities and fund balance	\$ 139,400	\$ 1,254	\$ 140,654

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

GENERAL FUND

Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2012

	General Funds		
	Operational	Instructional	Total General
	<u>Fund #11000</u>	<u>Fund #14000</u>	
Revenues:			
State sources:			
State equalization guarantee	\$ 831,057	\$ -	\$ 831,057
State instructional material	-	3,761	3,761
Local sources:			
Grant	19,408	-	19,408
Fees and activities	<u>4,478</u>	<u>-</u>	<u>4,478</u>
Total revenue	<u>854,943</u>	<u>3,761</u>	<u>858,704</u>
 (continued)			
Expenditures:			
Current:			
Instruction	527,644	2,937	530,581
Support Services:			
Students	1,178	-	1,178
Instruction	4,113	-	4,113
General Administration	61,377	-	61,377
School Administration	123,661	-	123,661
Central Services	45,897	-	45,897
Operation & Maintenance of Plant	<u>146,000</u>	<u>-</u>	<u>146,000</u>
Total expenditures	<u>909,870</u>	<u>2,937</u>	<u>912,807</u>
Excess (deficiency) of revenues over expenditures	(54,927)	824	(54,103)
Fund balance at beginning of the year	<u>165,489</u>	<u>430</u>	<u>165,919</u>
Fund balance at end of the year	<u>\$ 110,562</u>	<u>\$ 1,254</u>	<u>\$ 111,816</u>

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

OPERATIONAL FUND - NO. 11000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State equalization guarantee	\$ 750,644	\$ 816,056	\$ 831,057	\$ 15,001
Local sources:				
Grant	18,000	18,000	19,408	1,408
Fees and activities	5,500	5,500	4,478	(1,022)
Total revenues	774,144	839,556	854,943	15,387
Expenditures:				
Current:				
Instruction	601,830	611,830	527,644	84,186
Support Services:				
Students	3,000	3,000	1,178	1,822
Instruction	8,283	8,283	4,113	4,170
General Administration	68,307	68,307	61,377	6,930
School Administration	145,769	145,512	123,661	21,851
Central Services	46,824	46,882	45,897	985
Operation & Maintenance of Plant	115,017	193,225	146,000	47,225
Total expenditures	989,030	1,077,039	909,870	167,169
Excess (deficiency) of revenues over expenditures	(214,886)	(237,483)	(54,927)	182,556
Beginning cash balance budgeted	214,886	237,483	-	(237,483)
Fund balance at beginning of the year	-	-	165,489	165,489
Fund balance at end of the year	\$ -	\$ -	110,562	\$ 110,562
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			\$ 110,562	

STATE OF NEW MEXICO
 MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

INSTRUCTIONAL MATERIALS FUND - NO. 14000
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State instructional material	\$ 2,962	\$ 2,962	\$ 3,761	\$ 799
 Expenditures:				
Current:				
Instruction	<u>2,962</u>	<u>2,962</u>	<u>2,937</u>	<u>25</u>
Excess of revenues over expenditures	-	-	824	824
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>430</u>	<u>430</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	1,254	<u><u>\$ 1,254</u></u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
			<u><u>\$ 1,254</u></u>	

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NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
 MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

GOVERNMENTAL FUNDS
 Combining Balance Sheet
 June 30, 2012

	<u>Special Revenue Funds</u>			Total Non-Major Special Revenue Funds
	Education Jobs Fund #25255	Library GO Bonds 2010 Fund #27106	Beginning Teacher Mentoring Fund #27154	
ASSETS				
Pooled cash and investments	\$ -	\$ -	\$ 1,881	\$ 1,881
Receivables:				
Grant	<u>-</u>	<u>1,018</u>	<u>-</u>	<u>1,018</u>
Total assets	<u>\$ -</u>	<u>\$ 1,018</u>	<u>\$ 1,881</u>	<u>\$ 2,899</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Due to other funds	\$ -	\$ 1,018	\$ -	\$ 1,018
Fund balance:				
Restricted for:				
Special revenue funds	<u>-</u>	<u>-</u>	<u>1,881</u>	<u>1,881</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 1,018</u>	<u>\$ 1,881</u>	<u>\$ 2,899</u>

(continued)

STATE OF NEW MEXICO
 MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

GOVERNMENTAL FUNDS
 Combining Balance Sheet
 June 30, 2012

	<u>Capital Projects Funds</u>			
	Public School Capital Outlay <u>Fund #31200</u>	Capital Improvements SB-9 <u>Fund #31700</u>	Total Non-Major Capital Projects <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
ASSETS				
Pooled cash and investments	\$ -	\$ -	\$ -	\$ 1,881
Receivables:				
Grant	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,018</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,899</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ 1,018
Fund balance:				
Restricted for:				
Special revenue funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,881</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,899</u>

STATE OF NEW MEXICO
 MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

NON-MAJOR GOVERNMENTAL FUNDS
 Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2012

	Special Revenue Funds			Total Nonmajor Special Revenue Funds
	Education Jobs <u>Fund #25255</u>	Library GO Bonds 2010 <u>Fund #27106</u>	Beginning Teacher Mentoring <u>Fund #27154</u>	
Revenues:				
Federal sources:				
Federal direct grants	357	-	-	357
State sources:				
State grant	<u>-</u>	<u>1,018</u>	<u>-</u>	<u>1,018</u>
Local sources:				
Total revenue	<u>357</u>	<u>1,018</u>	<u>-</u>	<u>1,375</u>
Expenditures:				
Current:				
Instruction	357	-	-	357
Instruction	-	1,018	-	1,018
Operation & Maintenance of Plant	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>357</u>	<u>1,018</u>	<u>-</u>	<u>1,375</u>
Excess of revenues over expenditures	-	-	-	-
Fund balance (deficit) at beginning of the year	<u>-</u>	<u>-</u>	<u>1,881</u>	<u>1,881</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,881</u>	<u>\$ 1,881</u>

(continued)

STATE OF NEW MEXICO
 MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

NON-MAJOR GOVERNMENTAL FUNDS
 Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2012

	<u>Capital Projects Funds</u>		Total Nonmajor Capital Projects <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
	Public School Capital Outlay <u>Fund #31200</u>	Capital Improvements SB-9 <u>Fund #31700</u>		
Revenues:				
Federal sources:				
Federal direct grants	-	-	-	357
State sources:				
State grant	<u>73,168</u>	<u>-</u>	<u>73,168</u>	<u>74,186</u>
Local sources:				
Total revenue	<u>73,168</u>	<u>-</u>	<u>73,168</u>	<u>74,543</u>
Expenditures:				
Current:				
Instruction	-	-	-	357
Instruction	-	-	-	1,018
Operation & Maintenance of Plant	<u>58,668</u>	<u>-</u>	<u>58,668</u>	<u>58,668</u>
Total expenditures	<u>58,668</u>	<u>-</u>	<u>58,668</u>	<u>60,043</u>
Excess of revenues over expenditures	14,500	-	14,500	14,500
Fund balance (deficit) at beginning of the year	<u>(14,500)</u>	<u>-</u>	<u>(14,500)</u>	<u>(12,619)</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,881</u>

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BUDGETARY PRESENTATION

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

**NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2012**

EDUCATION JOBS

To provide funds to States to assist local educational agencies (LEAs) in saving or creating education jobs for school year 2011-2012. Authorization: Title I, Public Law 111-126.

LIBRARY GO BONDS 2010

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

BEGINNING TEACHER MENTORING

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

STATE OF NEW MEXICO
 MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

EDUCATION JOBS FUND - NO. 25255
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ -	\$ 358	\$ 357	\$ (1)
 Expenditures:				
Current:				
Instruction	<u>-</u>	<u>358</u>	<u>357</u>	<u>1</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
 MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

LIBRARY GO BONDS 2010 FUND - NO. 27106
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State grant	\$ 2,072	\$ 2,072	\$ -	\$ (2,072)
 Expenditures:				
Current:				
Support Services:				
Instruction	<u>2,072</u>	<u>2,072</u>	<u>1,018</u>	<u>1,054</u>
Excess (deficiency) of revenues over expenditures	-	-	(1,018)	(1,018)
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>	(1,018)	<u>\$ (1,018)</u>
 RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>1,018</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO
 MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

BEGINNING TEACHER MENTORING FUND - NO. 27154
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2012

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

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

**CAPITAL PROJECTS FUNDS
Year Ended June 30, 2012**

PUBLIC SCHOOL CAPITAL OUTLAY

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

SPECIAL CAPITAL OUTLAY - STATE

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

CAPITAL IMPROVEMENTS SB – 9

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
 MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

PUBLIC SCHOOL CAPITAL OUTLAY FUND - NO. 31200
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
State sources:				
State grant	\$ -	\$ 58,668	\$ 73,168	\$ 14,500
 Expenditures:				
Current:				
Support Services:				
Operation & Maintenance of Plant	-	58,668	58,668	-
Excess of revenues over expenditures	-	-	14,500	14,500
Fund balance (deficit) at beginning of the year	-	-	(14,500)	(14,500)
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			<u>\$ -</u>	

STATE OF NEW MEXICO
 MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

SPECIAL CAPITAL OUTLAY - STATE FUND - NO. 31400
 Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
State sources:				
State grant	\$ -	\$ -	\$ 22,596	\$ 22,596
 Expenditures:				
Current:				
Instruction	-	-	-	-
Excess of revenues over expenditures	-	-	22,596	22,596
Fund balance at beginning of the year	-	-	<u>49,931</u>	<u>49,931</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	72,527	<u>\$ 72,527</u>
 RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
			<u>\$ 72,527</u>	

STATE OF NEW MEXICO
 MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

CAPITAL IMPROVEMENTS SB-9 FUND - NO. 31700
 Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
State sources:				
State grant	\$ 2,327	\$ 4,993	\$ -	\$ (4,993)
 Expenditures:				
Current:				
Support Services:				
Operation & Maintenance of Plant	<u>2,327</u>	<u>4,993</u>	<u>-</u>	<u>4,993</u>
Excess (deficiency) of revenues				
Excess of revenues over expenditures	-	-	-	-
 Beginning cash balance budgeted	-	-	-	-
 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>	

OTHER SUPPLEMENTAL INFORMATION

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

FIDUCIARY FUNDS

Schedule of Changes in Assets and Liabilities - All Agency Funds
Year Ended June 30, 2012

Activity		Balance			Balance
<u>Fund</u>	<u>ASSETS</u>	<u>June 30, 2011</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>June 30, 2012</u>
000	Drama	\$ 373	\$ 425	\$ 722	\$ 76
001	UAV	1	-	-	1
002	Booster Club	719	-	661	58
003	Band	526	203	253	476
004	Fundraiser	1,567	370	928	1,009
005	Recycling/Green	69	31	-	100
006	Variety Show	338	-	-	338
007	Yearbook	3,576	3,222	3,591	3,207
008	Ski/Snowboard	285	4,465	4,710	40
011	Art	688	250	-	938
012	Math	100	-	-	100
013	BVEF	8,849	57	135	8,771
015	PE	147	-	-	147
016	Greenhouse	1,243	1,250	993	1,500
017	Class of 2011	898	(898)	-	-
018	Class of 2012	100	3,885	3,985	-
019	Scholarships	1,055	2,119	2,995	179
020	Student Council	282	418	74	626
021	Interact Club	<u>-</u>	<u>977</u>	<u>150</u>	<u>827</u>
	Pooled cash and investments	<u>\$ 20,816</u>	<u>\$ 16,774</u>	<u>\$ 19,197</u>	<u>\$ 18,393</u>
	LIABILITIES				
	Deposits held for others	<u>\$ 20,816</u>	<u>\$ 16,774</u>	<u>\$ 19,197</u>	<u>\$ 18,393</u>

STATE OF NEW MEXICO
 MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

SCHEDULE OF PLEDGED COLLATERAL
 June 30, 2012

	International <u>Bank</u>	Bank of <u>Albuquerque</u>	<u>Total</u>
Cash on deposit at June 30, 2012	\$ 166,217	\$ 18,393	\$ 184,610
Less FDIC coverage	<u>166,217</u>	<u>18,393</u>	<u>184,610</u>
Uninsured funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
50% collateral requirement	\$ -	\$ -	\$ -
Pledged collateral	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of pledged collateral	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

CASH RECONCILIATION
June 30, 2012

	<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	\$ 180,682	\$ 854,943	\$ (909,870)	\$ (37,025)	\$ 88,730	\$ -	\$ 88,730
Instructional Materials	430	3,761	(2,937)	-	1,254	-	1,254
Federal Flowthrough Funds	-	-	(49,652)	49,652	-	-	-
Federal Direct Funds	-	357	(357)	-	-	-	-
State Flowthrough Funds	1,881	-	-	-	1,881	-	1,881
Public School Capital Outlay	-	73,168	(58,668)	(14,500)	-	-	-
Special Capital Outlay - State	49,931	22,596	-	-	72,527	-	72,527
Agency Funds	-	-	-	-	-	18,393	18,393
Total	<u>\$ 232,924</u>	<u>\$ 954,825</u>	<u>\$ (1,021,484)</u>	<u>\$ (1,873)</u>	<u>\$ 164,392</u>	<u>\$ 18,393</u>	<u>\$ 182,785</u>

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>		
Operational	Checking - Interest	International Bank	\$ 166,217	Adjustments to report:	
Cafeteria	Checking - Interest	International Bank	18,393	Agency funds	<u>\$ 18,393</u>
Payroll	Checking - Interest	International Bank	-		
			<u>\$ 184,610</u>	Adjustments to cash:	
				Bank Balance	\$ 184,610
				Cash on hand	50
				Outstanding deposits	-
				Outstanding checks	<u>(1,875)</u>
				Total adjustment to cash	<u>\$ 182,785</u>

**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**

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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

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

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue funds, and the combining and individual funds presented as supplemental information of Moreno Valley High School Charter School as of and for the year ended June 30, 2012, and have issued our report thereon dated September 13, 2012. 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.

Internal Control Over Financial Reporting

Management of Moreno Valley High School Charter School is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Moreno Valley High School Charter School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Moreno Valley High School Charter School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Moreno Valley High School Charter School's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. F2012-2.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency. F2012-1 and F2012-3.

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

Compliance and other matters

As part of obtaining reasonable assurance about whether agency'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 an instance 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 responses as item F2012-2.

We also noted certain other matters that are required to be reported pursuant to Government Auditing Standards paragraphs 5.14 and 5.16, and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and responses as finding F2012-2.

Moreno Valley High School Charter School's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the Moreno Valley High School Charter School, the U.S. Department of Education, State Auditor, the New Mexico Legislature, New Mexico Public Education Department, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

Keystone Accounting LLC

September 13, 2012
Farmington, NM

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2012

A. PRIOR YEAR AUDIT FINDINGS

MORENO VALLEY HIGH SCHOOL

C2010 – 1 IMPRPOPER FUND ACCOUNTING

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

MORENO VALLEY EDUCATION FOUNDATION

F2009 – 4 MISSTATEMENT OF CASH

Current Status: Not resolved. Repeated/Modified in the current year as finding F2012–2.

F2010 – 2 EXPENSES POSTED IN REVENUE ACCOUNTS

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

STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2012

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

No findings to report.

MORENO VALLEY EDUCATION FOUNDATION

F2012 – 1 FORM 1099 NOT ISSUED

Significant Deficiency?
Yes

Material Weakness?
No

Internal Control?
Yes

Compliance?
No

Other Matter?
No

Condition: The foundation paid contractors for services and did not issue form 1099 for those disbursements.

Criteria: In accordance with IRS Tax Code Form 1099 is to be issued to contractors for services that exceed \$600.

Effect of condition: The Foundation's internal controls over proper reporting to federal, state and local governmental agencies were limited in its ability to insure compliance with laws and regulations.

Cause: Information was not recorded in a timely manner in order to allow timely reporting of information required for Form 1099 reporting.

Recommendation: Proper controls should be put into place to ensure proper reporting to the required federal, state and local governmental agencies, to insure compliance with laws and regulations.

Management's Response: No response.

STATE OF NEW MEXICO
 MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

SCHEDULE OF FINDINGS AND RESPONSES
 Year Ended June 30, 2012

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

MORENO VALLEY EDUCATION FOUNDATION

F2012 – 2 MISSTATEMENT OF CASH
 (Repeat of original finding number F2009 – 4)

<u>Significant Deficiency?</u>	<u>Material Weakness?</u>	<u>Internal Control?</u>	<u>Compliance?</u>	<u>Other Matter?</u>
Yes	Yes	Yes	Yes	Yes

Condition: Reconciliations of the bank balance were not completed accurately. Checks written in June of 2011 were not included in the prior year general ledger, and were not posted until September of 2011 to the June 2011 general ledger, creating a misstatement of cash by \$4,867. Also, two bank electronic funds transfer (EFT) were backdated to a date earlier than the date of the EFT. The first occurrence was an EFT dated on July 1, 2011 and was later recorded into the accounting system in June of 2011. The second occurrence was on November 1, 2011 and was later recorded into the accounting system in January of 2011.

Criteria: Bank statements should be reconciled to the balances in the general ledger and subsidiary accounts as required by 1978 NMSA 6-10-2 and 6-NMAC 2.2.1.14.11.

Effect of condition: The Foundation’s internal controls over cash disbursements were limited in its ability to prevent and/or detect errors or violations of law due to the improper use of documents. The lack of timely reconciliation of cash to the general ledger, and not recording checks until they clear the bank, caused the financial statements to be incorrect.

Recommendation: Controls should be put into place to ensure proper recording and reconciliation of financial information.

Management’s Response: No response.

STATE OF NEW MEXICO
 MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

SCHEDULE OF FINDINGS AND RESPONSES
 Year Ended June 30, 2012

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

MORENO VALLEY EDUCATION FOUNDATION

F2012 – 3 BACKUP DOCUMENTATION MISSING

Significant Deficiency?

Yes

Material Weakness?

No

Internal Control?

Yes

Compliance?

No

Other Matter?

No

Condition: Transactions were missing appropriate backup documentation for disbursements. Two stipends were paid for summer help in the amount of \$500 each without the documentation to support the expense

Criteria: A system of internal controls designed to prevent and/or detect errors or violations of state and federal law is required as per 1978 NMSA 6-5-2, 6-NMAC-2.2.1.11 and 6-NMAC-2.2.1.14.

Effect of condition: The Foundation's internal controls over cash disbursements were limited in its ability to prevent and/or detect errors or violations of law due to the improper use of documents.

Cause: Management is disbursing funds without proper documentation.

Recommendation: Controls should be put into place to ensure proper review and approval of documentation before payment is made.

Management's Response: No response.

REQUIRED DISCLOSURE

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STATE OF NEW MEXICO
MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

REQUIRED DISCLOSURES
Year Ended June 30, 2012

REQUIRED DISCLOSURE

The financial statements were prepared by the independent public accountants.

An exit conference was held September 13, 2012, during which the audit findings were discussed. The exit conference was attended by the following individuals:

CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3

Valerie C. Garcia	Vice-President, Board of Education / Audit Committee
Owen G. McCulloch	Member, Board of Education /Finance Committee
Lori Crowson	Member, Audit Committee
James Gallegos	Superintendent
Lita Sanchez	Business Manager; Member, Audit Committee

MORENO VALLEY HIGH SCHOOL CHARTER SCHOOL

Bill Bishop	Vice-President, Governing Council / Audit Committee
Jacque Boyd	Director
Joyce Burke	Member, Audit Committee

KEYSTONE ACCOUNTING, LLC

Terry Ogle, CPA	Partner
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