



State of
New Mexico
Deming Cesar
Chavez Charter
High School

Annual Financial Report
For the Year Ended June 30, 2017
(A Component Unit of Deming Public Schools)



Deming Cesar Chavez Charter High School
¡Si Se Puede!

(This page intentionally left blank.)

INTRODUCTORY SECTION

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Table of Contents
June 30, 2017

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Table of Contents		4-5
Official Roster		7
FINANCIAL SECTION		
Independent Auditors' Report		10-12
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements:		
Statement of Net Position	A-1	14-15
Statement of Activities	A-2	16-17
Fund Financial Statements:		
Balance Sheet - Governmental Funds	B-1	18-19
Reconciliation of the Balance Sheet to the Statement of Net Position		21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fun	B-2	22-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund		
Balances of Governmental Funds to the Statement of Activities		25
Statement of Revenues, Expenditures, and Changes in Fund Balance -		
Budget (Non-GAAP Budgetary Basis) and Actual:		
General Fund (11000, 14000)	C-1	26
Title I IASA Special Revenue Fund (24101)	C-2	27
Entitlement IDEA-B Special Revenue Fund (24106)	C-3	28
TANF/GRADS Special Revenue Fund (25162)	C-4	29
Statement of Fiduciary Assets and Liabilities - Agency Funds	D-1	30
 NOTES TO THE FINANCIAL STATEMENTS		 31-57
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of Proportionate Share of the Net Pension Liability	<u>Statement/ Schedule</u> I	60
Schedule of Contributions	II	61
Notes to the Required Supplementary Information		62
SUPPLEMENTARY INFORMATION		
Nonmajor Governmental Fund Descriptions		67
Combining and Individual Fund Statements and Schedules		
Combining Balance Sheet - Nonmajor Governmental Funds	A-1	68-69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -		
Nonmajor Governmental Funds	A-2	70-71
Combining Balance Sheet - General Fund	C-1	74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -		
General Fund	C-2	75
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget		
(Non-GAAP Budgetary Basis) and Actual		
Operating Fund (11000)	C-3	76
Instructional Materials Fund (14000)	C-5	77

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Table of Contents
June 30, 2017

SUPPORTING SCHEDULES

Schedule of Deposits	III	81
Cash Reconciliation	IV	82-83
Schedule of Collateral Pledged by Depository for Public Funds	V	84
Schedule of Changes in Assets and Liabilities - Agency Funds	VI	85

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 <i>Government Auditing Standards</i>		88-89
Schedule of Findings and Responses	VII	90-96

OTHER DISCLOSURES

97

(This page intentionally left blank.)

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Official Roster
June 30, 2017

<u>Name</u>		<u>Title</u>
	<u>Governance Council</u>	
Victor Cruz		President
Antoinette Zurich		Vice President
Dan Sanchez		Treasurer
Neima Higuera		Secretary
Gabe Dominguez		Member
	<u>School Officials</u>	
Stan Lyons		Director
Christopher Masters		Business Manager

(This page intentionally left blank.)

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor and
The Governing Council
Deming Cesar Chavez Charter High School
A Component Unit of Deming Schools
Deming, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and major special revenue funds of Deming Cesar Chavez Charter High School (the "Charter"), a component unit of Deming Public Schools, as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the Charter's basic financial statements 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.

Auditors' 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 the Charter'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 Charter'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 statement presentation.

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 Deming Cesar Chavez Charter High School, a component unit of Deming Public Schools, as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the financial statements of the School are intended to present the financial position and the changes in financial position of only Deming Cesar Chavez Charter High School. They do not purport to, and do not, present fairly the financial position of Deming Public Schools, as of June 30, 2017, the changes in its financial position for the year then ended in conformity in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the *Management Discussion and Analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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.

Accounting principles generally accepted in the United States of America require the Schedules I and II and the notes to the Required Supplementary Information on pages 60 through 62 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 inquires 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 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 the financial statements that collectively comprise the Charter's basic financial statements and the budgetary comparisons. The introductory section and Supporting Schedules III through VI required by section 2.2.2 NMAC are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

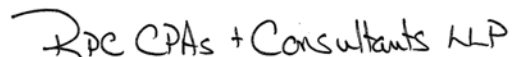
The Supporting Schedules III through VI required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supporting Schedules III through VI required by section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2017, on our consideration of the Charter's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter's internal control over financial reporting and compliance.



RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
November 10, 2017

(This page intentionally left blank.)

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Statement of Net Position
June 30, 2017

	Primary Government
	Governmental
	Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 608,896
Due from other governments	82,128
Total current assets	691,024
Noncurrent assets	
Restricted assets:	
Capital assets	665,949
Less: accumulated depreciation	(167,637)
Total noncurrent assets	498,312
Total assets	1,189,336
Deferred outflows of resources	
Changes in proportion	376,899
Changes of assumption	43,933
Differences between expected and actual experience	9,363
Net difference between projected and actual investment earnings on pension plan investments	128,827
Employer contributions subsequent to the measurement date	134,299
Total deferred outflows of resources	693,321
<i>Total assets and deferred outflows of resources</i>	<i>\$ 1,882,657</i>

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

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 3,462
Accrued payroll	70,973
Unspent grant funds	<u>36,208</u>
Total current liabilities	<u>110,643</u>
Noncurrent liabilities	
Net pension liability	<u>2,158,210</u>
Total noncurrent liabilities	<u>2,158,210</u>
Total liabilities	<u>2,268,853</u>
Deferred inflows of resources	
Changes in proportion	201,793
Differences between expected and actual experience	<u>20,527</u>
Total deferred inflows of resources	<u>222,320</u>
Net position	
Net investment in capital assets	498,312
Restricted for:	
Special revenue	1,534
Unrestricted	<u>(1,108,362)</u>
Total net position	<u>(608,516)</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u><u>\$ 1,882,657</u></u>

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

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Statement of Activities
For the Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental Activities:			
Instruction	\$ 1,008,581	\$ -	\$ 45,464
Support services - students	150,312	-	6,776
Support services - instruction	-	-	-
Support services - general administration	94,405	-	4,255
Support services - school administration	467,247	-	21,062
Central services	122,686	-	5,530
Operation and maintenance of plant	304,927	-	13,744
<i>Total governmental activities</i>	<u>\$ 2,148,158</u>	<u>\$ -</u>	<u>\$ 96,831</u>

General Revenues

State equalization guarantee
Investment income
Miscellaneous income

Total general revenues

Change in net position

Net position - beginning

Net position - ending

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

<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Capital Grants and Contributions</u>	<u>Government Activities</u>
\$ 38,025	\$ (925,092)
5,667	(137,869)
-	-
3,559	(86,591)
17,616	(428,569)
4,625	(112,531)
11,496	(279,687)
<u>\$ 80,988</u>	<u>(1,970,339)</u>
	1,363,464
	2,896
	<u>48</u>
	<u>1,366,408</u>
	(603,931)
	<u>(4,585)</u>
	<u>\$ (608,516)</u>

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

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund 11000, 14000	Title I IASA 24101	Entitlement IDEA-B 24106
<i>Assets</i>			
Cash and cash equivalents	\$ 570,961	\$ -	\$ -
Receivables:			
Due from other governments	-	61,913	20,215
Due from other funds	78,108	-	-
<i>Total assets</i>	<u>\$ 649,069</u>	<u>\$ 61,913</u>	<u>\$ 20,215</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 3,438	\$ 24	\$ -
Accrued payroll	66,784	4,104	-
Due to other funds	-	57,785	20,215
<i>Total liabilities</i>	<u>70,222</u>	<u>61,913</u>	<u>20,215</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue - grants	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>			
Restricted for:			
Instructional materials	12,768	-	-
Education	-	-	-
Committed for:			
Subsequent year's expenditures	219,202	-	-
Unassigned	346,877	-	-
<i>Total fund balances</i>	<u>578,847</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 649,069</u>	<u>\$ 61,913</u>	<u>\$ 20,215</u>

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

TANF/GRADS 25162	Total Nonmajor Governmental Funds	Total
\$ 31,937	\$ 5,998	\$ 608,896
-	-	82,128
-	-	78,108
<u>\$ 31,937</u>	<u>\$ 5,998</u>	<u>\$ 769,132</u>
-	-	3,462
-	85	70,973
-	108	78,108
<u>-</u>	<u>193</u>	<u>152,543</u>
<u>31,937</u>	<u>4,271</u>	<u>36,208</u>
<u>31,937</u>	<u>4,271</u>	<u>36,208</u>
-	-	12,768
-	1,727	1,727
-	-	219,202
<u>-</u>	<u>(193)</u>	<u>346,684</u>
<u>-</u>	<u>1,534</u>	<u>580,381</u>
<u>\$ 31,937</u>	<u>\$ 5,998</u>	<u>\$ 769,132</u>

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

(This page intentionally left blank.)

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2017

Exhibit B-1
Page 2 of 2

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund balances - total governmental funds	\$	580,381
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds		498,312
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in funds:		
Deferred outflows related to changes in proportion		376,899
Deferred outflows related to changes of assumption		43,933
Deferred outflows related to employer contribution subsequent to the measurement date		134,299
Deferred outflows of resources related to differences between expected and actual experience		9,363
Deferred outflows of resources related to the net difference between projected and actual investments on pension plan investments		128,827
Deferred inflows related to changes in proportion		(201,793)
Deferred inflows of resources related to differences between expected and actual experience		(20,527)
Liabilities, including bonds payable, and net pension liability are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability		<u>(2,158,210)</u>
<i>Total net position - governmental funds</i>	\$	<u><u>(608,516)</u></u>

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

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	General Fund 11000, 14000	Title I IASA 24101	Entitlement IDEA-B 24106
<i>Revenues</i>			
Federal flowthrough	\$ -	\$ 61,885	\$ 20,215
Local sources	-	-	-
State direct	1,363,464	-	-
Investment income	2,896	-	-
Miscellaneous	48	-	-
<i>Total revenues</i>	<u>1,366,408</u>	<u>61,885</u>	<u>20,215</u>
<i>Expenditures</i>			
Current:			
Instruction	831,931	61,885	20,215
Support services - students	132,659	-	-
Support services - general administration	88,422	-	-
Support services - school administration	403,469	-	-
Central services	109,265	-	-
Operation and maintenance of plant	199,276	-	-
<i>Total expenditures</i>	<u>1,765,022</u>	<u>61,885</u>	<u>20,215</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(398,614)</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	(398,614)	-	-
<i>Fund balances - beginning of year</i>	<u>977,461</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 578,847</u>	<u>\$ -</u>	<u>\$ -</u>

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

TANF/GRADS 25162	Total Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ 82,100
-	14,731	14,731
-	80,988	1,444,452
-	-	2,896
-	-	48
-	95,719	1,544,227
-	13,497	927,528
-	-	132,659
-	-	88,422
-	-	403,469
-	-	109,265
-	95,912	295,188
-	109,409	1,956,531
-	(13,690)	(412,304)
-	(13,690)	(412,304)
-	15,224	992,685
\$ -	\$ 1,534	\$ 580,381

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

(This page intentionally left blank.)

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds	\$	(412,304)
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:		
Depreciation expense		(24,049)
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:		
District pension contribution		134,299
Pension expense		(301,877)
		(167,578)
<i>Change in net position of governmental activities</i>	<u>\$</u>	<u>(603,931)</u>

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

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
General Fund (11000, 14000)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	83,962	83,962
State direct	1,234,774	1,360,744	1,363,464	2,720
Transportation distribution	-	-	-	-
Investment Income	4,000	4,000	2,896	(1,104)
<i>Total revenues</i>	<u>1,238,774</u>	<u>1,364,744</u>	<u>1,450,370</u>	<u>85,626</u>
<i>Expenditures</i>				
Current:				
Instruction	874,122	975,988	764,209	211,779
Support services - students	196,400	215,400	132,659	82,741
Support services - instruction	-	-	-	-
Support services - general administration	243,250	216,127	87,394	128,733
Support services - school administration	446,250	478,477	402,480	75,997
Central services	147,500	147,500	109,265	38,235
Operation and maintenance of plant	402,290	402,290	199,049	203,241
Student transportation	-	-	-	-
Other support services	-	-	-	-
<i>Total expenditures</i>	<u>2,309,812</u>	<u>2,435,782</u>	<u>1,695,056</u>	<u>740,726</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,071,038)</u>	<u>(1,071,038)</u>	<u>(244,686)</u>	<u>826,352</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	1,071,038	1,071,038	-	(1,071,038)
Proceeds from sale of capital assets	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>1,071,038</u>	<u>1,071,038</u>	<u>-</u>	<u>(1,071,038)</u>
<i>Net change in fund balance</i>	-	-	(244,686)	(244,686)
<i>Fund balance - beginning of year</i>	-	-	893,755	893,755
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 649,069</u>	<u>\$ 649,069</u>
Net change in fund balance (Non-GAAP budgetary basis)				\$ (244,686)
Adjustments to revenues for taxes and intergovernmental revenue				(83,962)
Adjustments to expenditures for supplies and payroll expenditures				(69,966)
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ (398,614)</u>

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

STATE OF NEW MEXICO
 Cesar Chavez Charter High School
 A Component Unit of Deming Public Schools
 Title I IASA Special Revenue Fund (24101)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Intergovernmental revenue				
Federal flowthrough	61,913	61,913	65,200	3,287
<i>Total revenues</i>	<u>61,913</u>	<u>61,913</u>	<u>65,200</u>	<u>3,287</u>
<i>Expenditures</i>				
Current				
Instruction	61,913	61,913	61,889	24
<i>Total expenditures</i>	<u>61,913</u>	<u>61,913</u>	<u>61,889</u>	<u>24</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>3,311</u>	<u>3,311</u>
<i>Other financing sources (uses)</i>				
Designated cash balance (budgeted increase in cash)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>3,311</u>	<u>3,311</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(65,200)</u>	<u>(65,200)</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (61,889)</u>	<u>\$ (61,889)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 3,311
Adjustments to expenditures for accounts payable				<u>4</u>
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO
 Cesar Chavez Charter High School
 A Component Unit of Deming Public Schools
 Entitlement IDEA-B (24106)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Intergovernmental revenue				
Federal flowthrough	20,215	20,215	14,661	(5,554)
<i>Total revenues</i>	<u>20,215</u>	<u>20,215</u>	<u>14,661</u>	<u>(5,554)</u>
<i>Expenditures</i>				
Current				
Instruction	20,215	20,215	20,215	-
<i>Total expenditures</i>	<u>20,215</u>	<u>20,215</u>	<u>20,215</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(5,554)</u>	<u>(5,554)</u>
<i>Other financing sources (uses)</i>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(5,554)	(5,554)
<i>Fund balance - beginning of year</i>	-	-	(14,661)	(14,661)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,215)</u>	<u>\$ (20,215)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (5,554)
No adjustments to revenues or expenditures				-
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO
 Cesar Chavez Charter High School
 A Component Unit of Deming Public Schools
 TANF/GRADS Special Revenue Fund (25162)
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Intergovernmental revenue				
State direct	\$ -	\$ -	\$ -	\$ -
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	31,936	31,936	-	31,936
<i>Total expenditures</i>	<u>31,936</u>	<u>31,936</u>	<u>-</u>	<u>31,936</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(31,936)</u>	<u>(31,936)</u>	<u>-</u>	<u>31,936</u>
<i>Other financing sources (uses)</i>				
Designated cash balance (budgeted increase in cash)	31,936	31,936	-	(31,936)
<i>Total other financing sources (uses)</i>	<u>31,936</u>	<u>31,936</u>	<u>-</u>	<u>(31,936)</u>
<i>Net change in fund balance</i>	-	-	-	-
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>31,937</u>	<u>31,937</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,937</u>	<u>\$ 31,937</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ -
No adjustments to revenues or expenditures				<u>-</u>
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ -</u>

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

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2017

Assets

Current assets

Cash and cash equivalents

\$ 3,500

Total assets\$ 3,500**Liabilities**

Due to student organizations

3,500*Total liabilities*\$ 3,500

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

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies

Cesar Chavez High School Charter School (the "Charter") is organized under the laws of the State of New Mexico and authorized by Deming Public Schools ("The District"). The Charter is a component unit of the District. The accompanying financial statements do not purport to, and do not, represent the financial position and changes in financial position of the reporting entity of the District in accordance with accounting principles generally accepted in the United States of America (GAAP). The Charter operates under a Governing Council. The Governing Council is authorized to establish policies and regulations of the State Board of Education and the Legislative Financial Committee. The Governing Council is comprised of five members.

The Charter provides education opportunities for children from first through twelfth grade, including but not limited to classroom and vocational studies; as well as school oriented social and athletic activities.

The financial statements of the Charter have been prepared in conformity with accounting principles generally accepted in the United States of America (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 GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the Charter's accounting policies are described below.

During the year ended June 30, 2017, the Charter adopted GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (partial), No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, No. 77, *Tax Abatement Disclosures*, No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, and No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, and No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*. These six Statements are required to be implemented as of June 30, 2017, if applicable.

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement was effective and was implemented for the June 30, 2016 year end, and a portion is effective for June 30, 2017 year end. Effective for June 30, 2017 are the provisions of the statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68. This does not have a material effect on the financial statements of the Charter, as its pension plan is within the scope of Statement 68.

The objective of GASB Statement No. 74 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement does not affect the Charter's financial statements directly; however, the effects on the Charter's OPEB plan, administered through the New Mexico Retiree Health Care Authority, will be seen in future periods.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 77 is intended to improve the usefulness of financial statements prepared by state and local governments – which are intended, among other things, to assist users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources came from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed after time – by including information about certain limitations on a government’s ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens – such as the encouragement of economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

These tax abatements may affect the financial position of the government and its results of operations, including its ability to raise resources in the future. Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government’s tax revenues.

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients;
- The gross dollar amount of taxes abated during the period;
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

For tax abatement agreements entered into by other governments, the following should be disclosed:

- The names of the governments that entered into the agreements;
- The specific taxes being abated; and
- The gross dollar amount of taxes abated during the period.

The implementation of this statement does not have a material effect on the financial statements of the Charter.

The objective of GASB Statement No. 78 is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude certain pensions provided to employees of state or local governmental employers. The Charter’s pension plan does not meet the criteria for exclusion.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 82 clarified and adjusted several items from GASB Statement Nos. 67 and 68, including the definition of covered payroll, the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee contribution requirements.

A. Financial Reporting Entity

In evaluating how to define the Charter, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, No. 61 and GASB Statement No. 80. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Charter has no component units.

B. Government-wide and fund financial statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Charter does not have any *business-type activities*.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis by column, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Charter's net position are reported in three parts – Net investment in capital assets, restricted net position, and unrestricted net position.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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, state equalization, and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. 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 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. 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, franchise taxes, licenses, 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, subject to the availability criterion. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion.

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

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

C. *Measurement focus, basis of accounting, and financial statement presentation (continued)*

The Charter reports the following major governmental funds:

The *General Fund* (11000 and 14000) is the Charter's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by the Charter's school tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the school except for those items included in other funds.

The General Fund includes the *Instructional Materials Fund* (14000), which is used to account for the monies received from the New Mexico Public Education Department for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

The *Title I- IASA fund* is used to provide supplemental educational opportunity for academically disadvantaged children residing in the area. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identify a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Public Education Department. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

The *Entitlement IDEA-B* fund is used to account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100-639, and 101-476, 20 U.S.C. 1411-1420.

The *TANF/GRADS* fund is used to account for providing grants to states or territories to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two parent families. Authorized by the Social Security Act, Title IV, Part A, as amended; Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193. This fund was created by state grant provisions.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Additionally, the Charter reports the following agency fund:

The *Fiduciary Funds* account for assets held by the Charter in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity

Deposits and Investments: The Charter'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 Charter to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP). The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables: Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The Charter receives monthly income from a tax levy in Luna County. The funds are collected by the County Treasurer and are remitted to the Charter the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July and August 2017 is considered "measurable and available" and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2017. Period of availability is deemed to be sixty days subsequent to year end.

Certain Special Revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (continued)

Inventory: The Charter’s method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost and consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed.

Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Charter’s policies as assets with an initial, individual cost of more than \$5,000 (amount not rounded) per Section 12-6-10 NMSA 1978 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). The Charter was a Phase II government for purposes of implementing GASB Statement No. 34 however, the Charter does not have any infrastructure assets to report.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Library books are not capitalized because they are considered to have a useful life of less than one year.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction projects paid for by the Public School Capital Outlay Council are included in the Charter’s capital assets. No interest was included as part of the cost of capital assets under construction.

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>
Building improvements	7-30 years
Equipment	5-20 years
Furniture & Fixtures	20 years

Deferred Inflows of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (continued)

The Charter has one type of item which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue - grants, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Charter has recorded \$36,208 related to grant revenues considered "unavailable." In addition, the Charter has two types of items present on the Statement of Net Position which arise due to the implementation of GASB Statement No. 68 and the related net pension liability. Accordingly, the items, changes in proportion of \$201,793 and difference between expected and actual experience of \$20,527 are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred Outflows of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Charter has five types of items that qualify for reporting in this category. Accordingly, the items, changes in proportion of \$376,899, changes of assumptions of \$43,933, differences between expected and actual experience of \$9,363, the net difference between projected and actual investment earnings on pension plan investments of \$128,827, and employer contributions subsequent to measurement date in the amount of \$134,299, are reported on the Statement of Net Position. These amounts are deferred and recognized as outflows of resources in future periods.

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

Accrued Payroll: In the fund financial statements, governmental fund types recognize the accrual of unpaid wages and benefits that employees have earned at the close of each fiscal year. The amount recognized in the fund financial statements represents checks that were held at year end in relation to employee's summer payroll.

Fund Balance Classification Policies and Procedures: The Charter has implemented GASB Statement No. 54 and has defined the various categories reported in fund balance. For committed fund balance, the Charter's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment is a resolution of the Board of Education.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, and Net position or Equity (continued)

For assigned fund balance, the Board of Education or an official or body to which the School Board of Education delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the Charter considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the Charter considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Nonspendable Fund Balance: At June 30, 2017, the Charter did not have fund balance in nonspendable form.

Restricted and Committed Fund Balance: At June 30, 2017, the restricted fund balance on the governmental funds balance sheet is made up of \$1,727 restricted for education to the students of the Charter.

Net Position: Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets: Consists of 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.
- b. Restricted Net Position: Net position is reported as restricted when constraints are placed on the use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, capital projects, and debt service" are described on pages 35 and 66.
- c. Unrestricted Net Position: Net position that does not meet the definition of "Restricted" or "Net Investment in Capital Assets."

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. Significant estimates for the Charter are management's estimate of depreciation on assets over their estimated useful lives, net pension liability and related deferred inflows and outflows of resources, and the current portion of accrued compensated absences.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 1. Summary of Significant Accounting Policies (continued)

E. Revenues

State Equalization Guarantee: School Charters in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school Charter to insure that the school Charter'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 Charter's program costs."

A school Charter'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 Charter received \$1,363,464 in state equalization guarantee distributions during the year ended June 30, 2017.

Instructional Materials: The Public Education Department (Department) receives federal mineral leasing funds from which it makes annual allocations to the various school Charters for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2017 totaled \$8,377.

Public School Capital Outlay: The public school capital outlay fund was created under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used for: capital expenditures deemed by the public school capital outlay council to be necessary for an adequate educational program per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school Charter facilities, upon application by a school Charter to the council, per Section 22-24-4(L).

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved.

The Charter received \$80,988 of Public School Capital Outlay matching during the year ended June 30, 2017.

Federal Grants: The Charter receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operates under its own budget, which has been approved by the Federal Department or the flow-through agency (usually the New Mexico Public Education Department). The various budgets are approved by the local School Board and the New Mexico Public Education Department.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

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

These budgets are prepared on the modified cash basis with payroll or held checks being accrued and expensed, therefore, fund balances on the budget statements do not reconcile to cash due to the Charter's accrued payroll, which is presented on the accrual basis. Because 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 restricted fund balance.

Actual expenditures may not exceed the budget at the function (or "series") level. 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 Charter follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the local school board submits to the Charter Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico Public Education Department.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school Charter for the ensuing fiscal year.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The "operating" budget will be used by the Charter until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The Charter shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. 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 Public Education Department.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 2. Stewardship, Compliance and Accountability (Continued)

Budgetary Information(Continued)

7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school Charter and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget schedules included in the accompanying financial statements reflect the original budget and the final budget.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

The School Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico Administrative Code 6.20.2.9 prohibits the Charter from exceeding budgetary control at the function level.

The appropriated budget for the year ended June 30, 2017, was properly amended by the Charter's Board of Education throughout the year. These amendments resulted in the following changes:

	Excess (deficiency) of revenues over expenditures	
	Original Budget	Final Budget
Budgeted Funds:		
General Fund	\$ (1,071,038)	\$ (1,071,038)
Title I IASA	\$ -	\$ -
Entitlement IDEA-B	\$ -	\$ -
TANF/GRADS	\$ (31,936)	\$ (31,936)
Other Governmental Funds	\$ (20,794)	\$ (20,794)

The Charter is required to balance its budgets each year. Accordingly, amounts that are excess or deficient are presented as changes in cash designated for expenditures, not as an excess or deficiency of revenues over expenditures.

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund are included in each individual budgetary comparison.

NOTE 3. Deposits

Section 22-8-40, NMSA 1978 authorizes the investment of Charter funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Charter properly followed State investment requirements as of June 30, 2017.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 3. Deposits (continued)

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 Charter. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance. The collateral pledged is listed on Schedule V in this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, Charter or political subdivision of the State of New Mexico.

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 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.

All of the Charter's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all deposit accounts out of state and up to \$250,000 for all time and saving accounts plus up to \$250,000 for all demand deposit accounts held at a single institution in state.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Charter's deposits may not be returned to it. The Charter does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2017, \$370,910 of the Charter's bank balance of \$620,910 was exposed to custodial credit risk. \$370,910 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the Charter's name, and \$(112,261) was uninsured and uncollateralized.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 3. Deposits (continued)

	First New Mexico Bank	Total
Amount of deposits	\$ 620,910	\$ 620,910
FDIC Coverage	(250,000)	(250,000)
Total uninsured public funds	370,910	370,910
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the School's name		
	370,910	370,910
Uninsured and uncollateralized	\$ -	\$ -
Collateral requirement (50% of uninsured funds)		
	\$ 185,455	\$ 185,455
Pledged Collateral	483,171	483,171
Over (Under) collateralized	\$ 297,716	\$ 297,716

The collateral pledged is listed in Schedule V 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, School Charter or political subdivision of the State of New Mexico.

The Charter utilizes internal pooled accounts for some of their programs and funds. Negative cash balances in individual funds that were part of the pooled accounts were reclassified as due to/from accounts in the combining balance sheet as of June 30, 2017. The following individual funds had negative cash balances as of June 30, 2017:

24101 Title I IASA	\$ 57,785
24106 Entitlement IDEA-B	20,215
29107 City/County Grants	108
Total	\$ 78,108

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 3. Deposits (continued)

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the Charter's statement of net position as follows:

Reconciliation to the Statement of Net Assets:

Cash and cash equivalents per Exhibit A-1	\$ 608,896
Restricted cash and cash equivalents per Exhibit A-1	-
Agency funds cash per Exhibit E-1	<u>3,500</u>
 Total cash and cash equivalents	 <u>612,396</u>
 Add: outstanding checks	 <u>8,514</u>
 Bank balance of deposits	 <u><u>\$ 620,910</u></u>

NOTE 4. Accounts Receivable

Accounts receivable as of June 30, 2017, are as follows:

	<u>Title I IASA</u>	<u>Entitlement IDEA-B</u>	<u>Total</u>
Intergovernmental-grants:			
Federal	<u>61,913</u>	<u>20,215</u>	<u>82,128</u>
Totals by category	<u>\$ 61,913</u>	<u>\$ 20,215</u>	<u>\$ 82,128</u>

The above receivables are deemed 100% collectible.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 5. Interfund Receivables, Payables, and Transfers

The Charter records temporary interfund receivables and payables to enable the funds to operate until grant monies are received. The composition of interfund balances during the year ended June 30, 2017 is as follows:

	Due to	Due from
Governmental Activities:		
General Fund	\$ -	\$ 78,108
Title I IASA	57,785	-
Entitlement IDEA-B	20,215	-
City/County Grants	108	-
Total Interfund Transfers	\$ 78,108	\$ 78,108

All interfund balances are intended to be repaid within one year.

The Charter did not have any operating transfers during the year end June 30, 2017.

NOTE 6. Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2017, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and construction in progress are not subject to depreciation.

Capital assets, net of accumulated depreciation, at June 30, 2017 appear in the Statement of Net Position as follows:

Governmental activities:	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets being depreciated:				
Buildings and improvements	510,514	-	-	510,514
Furniture and equipment	155,435	-	-	155,435
Total capital assets being depreciated	665,949	-	-	665,949
Less accumulated depreciation:				
Buildings and improvements	(40,429)	(13,091)	-	(53,520)
Furniture and equipment	(103,159)	(10,958)	-	(114,117)
Total accumulated depreciation	(143,588)	(24,049)	-	(167,637)
Total capital assets, net of depreciation	\$ 522,361	\$ (24,049)	\$ -	\$ 498,312

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 6. Capital Assets (Continued)

Depreciation expense for the year ended June 30, 2017 was charged to the following function:

Governmental Activities

Operation and maintenance of plant	\$ 24,049
Total	<u>\$ 24,049</u>

NOTE 7. Risk Management

The Charter is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error omissions; and natural disasters, for which the Charter is a member of the New Mexico Public School Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The Charter pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$15,000 deductible per occurrence with a maximum annual deductible of \$60,000. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the Charter, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2017, there have been no claims that have exceeded insurance coverage.

NOTE 8. Pension Plan - Educational Retirement Board

General Information about the Pension Plan

Plan description. ERB was created by the state's Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates.

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at www.nmerb.org.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 8. Pension Plan – Educational Retirement Board (continued)

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

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

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

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

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

Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 8. Pension Plan – Educational Retirement Board (continued)

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

Contributions. The contribution requirements of plan members and the Charter are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2017 employers contributed 13.90% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. For fiscal year ended June 30, 2017 employers contributed 13.90%, and employees earning 20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 continued contributing at an amount of 10.70% of their gross annual salary. Contributions to the pension plan from the Charter were \$134,299 for the year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016. At June 30, 2017, the Charter reported a liability of \$2,158,210 for its proportionate share of the net pension liability. The Charter's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2016. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2016, the Charter's proportion was 1.00766 percent, which was an increase of 0.02842 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Charter recognized pension expense of \$315,567.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 8. Pension Plan – Educational Retirement Board (continued)

At the June 30, 2017, the Charter reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 376,899	\$ 201,793
Differences between expected and actual experience		
Changes of assumptions	43,933	-
Differences between expected and actual experience	9,363	20,527
Net difference between projected and actual earnings on pension plan investments	128,827	-
Charter's contributions subsequent to the measurement date	134,299	-
Total	\$ 693,321	\$ 222,320

\$134,299 reported as deferred outflows of resources related to pensions resulting from Charter contributions subsequent to the measurement date of June 30, 2016, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

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

Year ended June 30:		
2018	\$	(88,780)
2019		(62,253)
2020		(154,253)
2021		(31,416)
2022		-
Thereafter		-

Actuarial assumptions. The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on actuarial valuation and performed as of June 30, 2015. The total pension liability was rolled forward from the valuation date to the Plan's year ending June 30, 2016 using generally accepted actuarial principles. The liabilities reflect the impact of Senate Bill 115, signed into law March 29, 2013 and new assumptions adopted by the Board of Trustees on June 12, 2015. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2016 and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 8. Pension Plan – Educational Retirement Board (continued)

3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by the Board on June 12, 2015 in conjunction with the six year experience study period ending June 30, 2014.
5. For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

The actuarial methods and assumptions used to determine contributions rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increase	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	Healthy males: RP-2000 Combined Mortality Table, set back one year, generational mortality improvements in accordance with scale BB from the table’s base year of 2012.

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. ERB’s investment allocation policy was reviewed and amended by the Board of Trustees on August 26, 2016. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following schedule shows the current asset allocation policy adopted on August 26, 2016, as well as the prior allocation policy targets.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 8. Pension Plan – Educational Retirement Board (continued)

Comparative Schedule of Target Investment Allocation

<u>Asset Class</u>	<u>Target Allocation</u>	
	<u>After 8/26/2016</u>	<u>Prior to 8/26/2016</u>
Equities		
<i>Domestic Equities</i>		
Large cap equities	16%	18%
Small- mid cap equities	3%	2%
<i>Total domestic</i>	19%	20%
<i>International Equities</i>		
Developed	5%	5%
Emerging markets	9%	10%
<i>Total international</i>	14%	15%
Total equities	33%	35%
Fixed Income		
Opportunistic credit	18%	20%
Core bonds	6%	6%
Emerging market debt	2%	2%
Total fixed income	26%	28%
Alternatives		
Real estate - REITS	7%	7%
Real assets	8%	8%
Private equity	13%	11%
Global asset allocation	4%	5%
Risk parity	3%	5%
Other	5%	0%
Total alternatives	40%	36%
Cash	1%	1%
Total	55%	52%

For the years ended June 30, 2016 and 2015, the annual money-weighted rates of return on pension plan investments were 2.68% and 4.06%, respectively.

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2016 and June 30, 2015. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 8. Pension Plan – Educational Retirement Board (continued)

Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB's defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

Sensitivity of the Charter's proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2016. In particular, the table presents the (employer's) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 2,858,500	\$ 2,158,210	\$ 1,577,168

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued audited financial statements as of and for the year ended June 30, 2016, which is publicly available at www.nmerb.org.

Payables to the pension plan. The Charter remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2017, the Charter owed the ERB \$20,163 for the contributions withheld in the month of June 2017.

NOTE 9. Post-Employment Benefits – State Retiree Health Care Plan

Plan Description. The Charter 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.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 9. Post-Employment Benefits – State Retiree Health Care Plan (continued)

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

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 not members of an enhanced retirement plan during the fiscal year ended June 30, 2016, 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 Charter's contribution to the RHCA for the years ended June 30, 2017, 2016, and 2015 were \$19,706, \$17,396, and \$16,638, respectively, which equal the required contributions for each year.

NOTE 10. Contingent Liabilities

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

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 10. Contingent Liabilities (continued)

The Charter is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Charter's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Charter.

NOTE 11. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds. The Charter had the following fund that maintained a deficit fund balance at June 30, 2017:

Nonmajor Fund

Fund 29107 City/County Grants	193
-------------------------------	-----

- B. Excess of expenditures over appropriations. The Charter had no funds with excess of expenditures over appropriations for the year ended June 30, 2017:

- C. Designated cash appropriations in excess of available balance. The Charter had the following funds with designated cash appropriations in excess of available balances for the year ended June 30, 2017:

	<u>Designated Cash</u>		<u>Beginning Year Cash & AR Available</u>	<u>Cash Appropriation in Excess of Available</u>
Major Fund				
Operational Fund	\$ 1,063,093		\$ 1,041,284	\$ (21,809)
Entitlement - IDEA B	-		(14,661)	(14,661)

NOTE 12. Concentrations

The Charter depends on financial resources flowing from, or associated with, both the Federal Government and the State of New Mexico. Because of this dependency, the Charter is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State Appropriations.

NOTE 13. Commitments

The Charter had multiple construction projects ongoing as of the year ended June 30, 2017 that are to continue into the following fiscal year. These projects are as follows:

	<u>Expected Total Project</u>
Demign High School	\$ 7,367,503
Deming Intermediate School	16,256,986
Total Commitments	<u>\$ 23,624,489</u>

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 14. Deferred Compensation Plan

The Charter offers its employees a deferred compensation plan created in accordance with Internal Revenue code Section 403 (b). The plan, available to all Charter employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All assets and income of the plan are held in trust of the exclusive benefit of the participants and their beneficiaries.

NOTE 15. Restricted Net Position

The government-wide statement of net position reports \$1,534 of restricted net position, all of which is restricted by enabling legislation. For descriptions of the related restrictions for net position restricted for special revenue see pages 35 and 66.

NOTE 16. Subsequent Events

The date to which events occurring after June 30, 2017, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is November 10, 2017, which is the date on which the financial statements were issued.

NOTE 17. Subsequent Pronouncements

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The Charter expects this pronouncement to have a material effect on the financial statements.

In March 2016, GASB Statement No. 81 *Irrevocable Split-Interest Agreements* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The Charter is still evaluating how this pronouncement will affect the financial statements.

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The Charter is still evaluating how this pronouncement will affect the financial statements.

In January 2017, GASB Statement No. 84 *Fiduciary Activities* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The Charter is still evaluating how this pronouncement will affect the financial statements.

In March 2017, GASB Statement No. 85 *Omnibus 2017* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The Charter is still evaluating how this pronouncement will affect the financial statements.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to the Financial Statements
June 30, 2017

NOTE 17. Subsequent Pronouncements (continued)

In May 2017, GASB Statement No. 86 *Certain Debt Extinguishment Issues* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The Charter is still evaluating how this pronouncement will affect the financial statements.

In June 2017, GASB Statement No. 87 *Leases* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Charter is still evaluating how this pronouncement will affect the financial statements.

(This page intentionally left blank.)

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO

Schedule I

Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Schedule of Proportionate Share of the Net Pension Liability
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	2017	2016	2015
	Measurement	Measurement	Measurement
	Date (As of and	Date (As of and	Date (As of and
	for the Year	for the Year	for the Year
	Ended June 30,	Ended June 30,	Ended June 30,
	2016)	2015)	2014)
Deming Public Schools proportion of the net pension liability (asset)	0.02999%	0.02286%	0.0294%
Deming Public Schools proportionate share of the net pension liability (asset)	\$ 2,158,210	\$ 1,480,695	\$ 1,676,905
Deming Public Schools covered-employee payroll	\$ 1,173,986	\$ 649,885	\$ 1,412,787
Deming Public Schools proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	184%	228%	119%
Plan fiduciary net position as a percentage of the total pension liability	63.97%	63.97%	66.34%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Deming Public Schools will present information for those years for which information is available.

See independent auditors' report.
See notes to required supplementary information.

STATE OF NEW MEXICO

Schedule II

Cesar Chavez Charter High School
 A Component Unit of Deming Public Schools
 Schedule of Contributions
 Educational Retirement Board (ERB) Pension Plan
 Last 10 Fiscal Years*

	As of and for the Year Ended June 30, 2017	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
Contractually required contribution	\$ 134,299	\$ 163,184	\$ 90,334
Contributions in relation to the contractually required contribution	<u>134,299</u>	<u>163,184</u>	<u>90,334</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deming Public Schools covered-employee payroll	\$ 966,178	\$ 1,173,986	\$ 649,885
Contribution as a percentage of covered-employee payroll	13.90%	13.90%	13.90%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Deming Public Schools will present information for those years for which information is available.

See independent auditors' report.
 See notes to required supplementary information.

STATE OF NEW MEXICO
Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Notes to Required Supplementary Information
June 30, 2017

Changes of benefit terms.

The COLA and retirement eligibility benefits changes in recent years are described in the Benefits Provided subsection of the financial statement note disclosure Pension Plan – Educational Retirement Board, General Information on the Pension Plan.

Changes of assumptions.

The Board of Trustees approved the following economic and demographic assumptions used in the fiscal year 2015 actuarial calculation of the total pension liability on June 12, 2015:

- 1) Lower wage inflation from 4.25% to 3.75%
- 2) Update the mortality tables to incorporate generational improvements
- 3) Update demographic assumptions to use currently published tables, which may result in minor calculation changes
- 4) Maintain in current 3.00% inflation assumption
- 5) Retain net 4.75% real return assumption
- 6) Retain 7.75% nominal return assumption
- 7) No change to COLA assumption of 2.00% per year
- 8) Maintain current payroll growth assumption of 3.50%
- 9) Maintain experience-based rates for members who joined NMERB by June 30, 2010
- 10) Remove population growth assumption for projections
- 11) Lower population growth from .50% to zero (no impact on valuation results)

Assumption changes increased the Education Retirement Board's total pension liability by \$299,084,856 for fiscal year ending June 30, 2015 as a result of the changes of assumptions described above.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

(This page intentionally left blank.)

NONMAJOR GOVERNMENTAL FUNDS

(This page intentionally left blank.)

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Nonmajor Governmental Fund Descriptions
June 30, 2017

Special Revenue Funds

Microsoft Settlement (26170) – On November 6, 2001, the United States and Microsoft tentatively agreed to the entry of a revised proposed Final Judgment to resolve the United States’ civil antitrust case against Microsoft. The settlement included the purchase of qualifying hardware, and non-custom software used with the hardware acquired through the use of General Purpose Vouchers or “Professional Development Services” or “IT Support Services” used in connection with the hardware or software acquired through the use of the General Purpose Vouchers and/or Software Vouchers.

Teacher Mentoring (27154) – created by P.L. 107-110 to improve teacher and principal quality and ensure that all teachers are highly qualified.

City/County Grant (29107) – To provide support for a health education program within the school and to provide workbooks, materials for educational demonstrations and funds to support nutrition -focused event for the school.

Capital Projects Fund

Public School Capital Outlay (31200) – To account for the state resources to provide reimbursement for rent facilities.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Combining Balance Sheet
Governmental Funds
June 30, 2017

	Microsoft Settlement Funds 26170	Beginning Teacher Mentoring Program 27154	City/County Grants 29107
<i>Assets</i>			
Cash and cash equivalents	\$ 1,727	\$ 4,271	\$ -
<i>Total assets</i>	<u>\$ 1,727</u>	<u>\$ 4,271</u>	<u>\$ -</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accrued payroll	-	-	85
Due to other funds	-	-	108
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>193</u>
<i>Deferred inflows of resources</i>			
Unavailable revenue - grants	-	4,271	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>4,271</u>	<u>-</u>
<i>Fund balances</i>			
Restricted for:			
Education	1,727	-	-
Unassigned	-	-	(193)
<i>Total fund balances</i>	<u>1,727</u>	<u>-</u>	<u>(193)</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,727</u>	<u>\$ 4,271</u>	<u>\$ -</u>

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

Public School Capital Outlay 31200	Total Nonmajor Governmental Funds
\$ -	\$ 5,998
<u>\$ -</u>	<u>\$ 5,998</u>
-	85
-	108
<u>-</u>	<u>193</u>
-	4,271
<u>-</u>	<u>4,271</u>
-	1,727
<u>-</u>	<u>(193)</u>
<u>-</u>	<u>1,534</u>
<u>\$ -</u>	<u>\$ 5,998</u>

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

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	Microsoft Settlement	Beginning Teacher	City/County Grants
<i>Revenues</i>			
Intergovernmental revenue:			
Local sources	\$ -	\$ -	\$ 14,731
State direct	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>14,731</u>
<i>Expenditures</i>			
Current:			
Instruction	13,497	-	-
Operation and maintenance of plant	-	-	14,924
<i>Total expenditures</i>	<u>13,497</u>	<u>-</u>	<u>14,924</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(13,497)</u>	<u>-</u>	<u>(193)</u>
<i>Net change in fund balances</i>	(13,497)	-	(193)
<i>Fund balances - beginning of year</i>	<u>15,224</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u><u>\$ 1,727</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (193)</u></u>

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

<u>Public School Capital Outlay</u>	<u>Total Nonmajor Governmental</u>
\$ -	\$ 14,731
80,988	80,988
<u>80,988</u>	<u>95,719</u>
-	13,497
80,988	95,912
<u>80,988</u>	<u>109,409</u>
-	<u>(13,690)</u>
-	(13,690)
-	15,224
<u>\$ -</u>	<u>\$ 1,534</u>

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

(This page intentionally left blank.)

GENERAL FUND

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Combining Balance Sheet
General Fund
June 30, 2017

Statement C-1

	Operating 11000	Instructional Materials 14000	Total
<i>Assets</i>			
Cash and cash equivalents	\$ 558,193	\$ 12,768	\$ 570,961
Investments	-	-	-
Receivables:			
Property taxes	-	-	-
Other	-	-	-
Due from other funds	78,108	-	78,108
<i>Total assets</i>	\$ 636,301	\$ 12,768	\$ 649,069
 <i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 3,438	\$ -	\$ 3,438
Accrued payroll	66,784	-	66,784
<i>Total liabilities</i>	70,222	-	70,222
 <i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	-	-	-
<i>Total deferred inflows of resources</i>	-	-	-
 <i>Fund Balances</i>			
<i>Spendable:</i>			
<i>Restricted for:</i>			
Instructional materials	-	12,768	12,768
<i>Committed for:</i>			
Subsequent year's expenditures	219,202	-	219,202
Unassigned	346,877	-	346,877
<i>Total fund balances</i>	566,079	12,768	578,847
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 \$ 636,301	 \$ 12,768	 \$ 649,069

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

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2016

Statement C-2

	Operating 11000	Instructional Materials 14000	Total
<i>Revenues</i>			
Intergovernmental revenue			
State direct	\$ 1,355,087	\$ 8,377	\$ 1,363,464
Investment income	2,896	-	2,896
Miscellaneous	48	-	48
<i>Total revenues</i>	<u>1,358,031</u>	<u>8,377</u>	<u>1,366,408</u>
<i>Expenditures</i>			
Current			
Instruction	827,293	4,638	831,931
Support services - students	132,659	-	132,659
Support services - general administrati	88,422	-	88,422
Support services - school administratio	403,469	-	403,469
Central services	109,265	-	109,265
Operation and maintenance plant	199,276	-	199,276
<i>Total expenditures</i>	<u>1,760,384</u>	<u>4,638</u>	<u>1,765,022</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(402,353)</u>	<u>3,739</u>	<u>(398,614)</u>
<i>Net change in fund balances</i>	(402,353)	3,739	(398,614)
<i>Fund balances - beginning of year</i>	<u>968,432</u>	<u>9,029</u>	<u>977,461</u>
<i>Fund balances - end of year</i>	<u>\$ 566,079</u>	<u>\$ 12,768</u>	<u>\$ 578,847</u>

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

STATE OF NEW MEXICO

Statement C-3

Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Operating Fund (11000)

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue				
Federal flowthrough	-	-	-	-
Local sources	-	-	83,962	83,962
State direct	(1,228,438)	(1,354,542)	1,355,087	2,709,629
Investment income	(4,000)	(4,000)	2,896	6,896
<i>Total revenues</i>	<u>(1,232,438)</u>	<u>(1,358,542)</u>	<u>1,441,993</u>	<u>2,800,535</u>
<i>Expenditures</i>				
Current				
Instruction	859,841	961,841	759,836	202,005
Support services - students	196,400	215,400	132,659	82,741
Support services - instruction	-	-	-	-
Support services - general administration	243,250	216,127	87,394	128,733
Support services - school administration	446,250	478,477	402,480	75,997
Central services	147,500	147,500	109,265	38,235
Operation and maintenance of plant	402,290	402,290	199,049	203,241
Student transportation	-	-	-	-
Other support services	-	-	-	-
<i>Total expenditures</i>	<u>2,295,531</u>	<u>2,421,635</u>	<u>1,690,683</u>	<u>730,952</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,527,969)</u>	<u>(3,780,177)</u>	<u>(248,690)</u>	<u>3,531,487</u>
<i>Other financing sources (uses)</i>				
Designated cash balance (budgeted increase in cash)	3,527,969	3,780,177	-	(3,780,177)
Proceeds from sale of capital assets	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,527,969</u>	<u>3,780,177</u>	<u>-</u>	<u>(3,780,177)</u>
<i>Net change in fund balance</i>	-	-	(248,690)	(248,690)
<i>Fund balance - beginning of year</i>	-	-	884,726	884,726
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 636,036</u>	<u>\$ 636,036</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (248,690)
Adjustments to revenues for taxes and intergovernmental revenue				(83,962)
Adjustments to expenditures for supplies and payroll expenditures				(69,701)
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ (402,353)</u>

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

STATE OF NEW MEXICO

Statement C-4

Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Instructional Materials Fund (14000)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable) Final to Actual</u>
<i>Revenues</i>				
Intergovernmental revenue				
State direct	\$ (6,336)	\$ (6,202)	\$ 8,377	\$ 14,579
<i>Total revenues</i>	<u>(6,336)</u>	<u>(6,202)</u>	<u>8,377</u>	<u>14,579</u>
<i>Expenditures</i>				
Current				
Instruction	14,281	14,147	4,638	9,509
<i>Total expenditures</i>	<u>14,281</u>	<u>14,147</u>	<u>4,638</u>	<u>9,509</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(20,617)</u>	<u>(20,349)</u>	<u>3,739</u>	<u>24,088</u>
<i>Other financing sources (uses)</i>				
Designated cash balance (budgeted increase in cash)	20,617	20,349	-	(20,349)
<i>Total other financing sources (uses)</i>	<u>20,617</u>	<u>20,349</u>	<u>-</u>	<u>(20,349)</u>
<i>Net change in fund balance</i>	-	-	3,739	3,739
<i>Fund balance - beginning of year</i>	-	-	9,029	9,029
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,768</u>	<u>\$ 12,768</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 3,739
No adjustments to revenues or expenditures				-
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ 3,739</u>

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

(This page intentionally left blank.)

SUPPORTING SCHEDULES

(This page intentionally left blank.)

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Schedule of Deposits
June 30, 2017

<u>Bank Account Type/ Name</u>	<u>First New Mexico Bank</u>
Operational - Checking	\$ 620,910
Total	620,910
Reconciling items	<u>(8,514)</u>
<i>Reconciled balance June 30, 2017</i>	<u><u>\$ 612,396</u></u>
Less: agency cash per Exhibit D-1	<u>\$ (3,500)</u>
<i>Cash and cash equivalents per Exhibit A-1</i>	<u><u>\$ 608,896</u></u>

See independent auditors' report.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Cash Reconciliation
For the Year Ended June 30, 2017

	Operational 11000	Instructional Materials 14000	Non-Instructional Support 23000	Federal Flowthrough 24000
PED cash				
June 30, 2016	\$ 968,432	\$ 9,029	\$ 1,811	\$ (93,548)
Add:				
2016-2017 receipts	<u>1,441,993</u>	<u>8,377</u>	<u>-</u>	<u>93,548</u>
Total cash available	<u>2,410,425</u>	<u>17,406</u>	<u>1,811</u>	<u>-</u>
Less:				
2016-2017 expenditures	<u>(1,769,746)</u>	<u>(4,638)</u>	<u>-</u>	<u>(82,128)</u>
Cash per PED	<u>640,679</u>	<u>12,768</u>	<u>1,811</u>	<u>(82,128)</u>
Add / Less:				
Loans for negative cash	(78,108)		-	78,000
Modified Accrual Adjustment	-	-	-	4,128
Audit Adjustemnt	<u>(4,378)</u>	<u>-</u>	<u>1,689</u>	<u>-</u>
<i>Cash per financial statement</i>	<u><u>\$ 558,193</u></u>	<u><u>\$ 12,768</u></u>	<u><u>\$ 3,500</u></u>	<u><u>\$ -</u></u>

See independent auditors' report.

Federal Direct 25000	Local Grants 26000	State Flowthrough 27000	State Direct 29000	Public School Capital Outlay Account 31200	Total
\$ 31,937	\$ 15,224	\$ 4,271	\$ -	\$ (93,291)	\$ 843,865
-	-	-	14,731	174,279	1,732,928
31,937	15,224	4,271	14,731	80,988	2,576,793
-	(13,498)	-	(14,924)	(80,988)	(1,965,922)
31,937	1,726	4,271	(193)	-	610,871
-	-	-	108	-	-
-	-	-	85	-	4,213
-	1	-	-	-	(2,688)
<u>\$ 31,937</u>	<u>\$ 1,727</u>	<u>\$ 4,271</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 612,396</u>

Cash balance above	\$ 612,396
Less: agency cash per Exhibit D-1	<u>(3,500)</u>
<i>Cash and restricted cash per Exhibit B-1</i>	<u>\$ 608,896</u>

See independent auditors' report.

STATE OF NEW MEXICO

Schedule V

Deming Cesar Chavez Charter High School
 A Component Unit of Deming Public Schools
 Schedule of Collateral Pledged by Depository for Public Funds
 June 30, 2017

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market June 30, 2017</u>
First New Mexico Bank		8/1/2021	843789EH7	262,188
		9/15/2017	899172HFO	220,983
	Total First New Mexico Bank			<u>483,171</u>
Name and location of safekeeper for above pledged collateral: The Independent Banker's Bank - Dallas, Texas				
	<i>Total pledged collateral</i>			<u>\$ 483,171</u>

See independent auditors' report.

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Schedule of Changes in Assets and Liabilities - Agency Funds
For the Year Ended June 30, 2017

Schedule VI

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
Assets				
Cash	\$ 1,811	\$ 1,689	\$ -	\$ 3,500
Total assets	<u>\$ 1,811</u>	<u>\$ 1,689</u>	<u>\$ -</u>	<u>\$ 3,500</u>
Liabilities				
Deposits held for other	\$ 1,811	\$ 1,689	\$ -	\$ 3,500
Total Liabilites	<u>\$ 1,811</u>	<u>\$ 1,689</u>	<u>\$ -</u>	<u>\$ 3,500</u>

See independent auditors' report.

(This page intentionally left blank.)

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***

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor and
The Governing Council
Deming Cesar Chaves Charter High School
A Component Unit of Deming Public Schools
Deming, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the budgetary comparisons of the General Fund and major special revenue funds of the Cesar Chaves High School Charter School (the "Charter"), as of and for the year ended June 30, 2017 June 30, 2017, and the related notes to the financial statements, which collectively comprise the Charter's basic financial statements, and have issued our report thereon dated November 10, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as CU FS 2017-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter's financial statements are free from 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*.

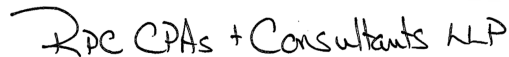
We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as items CU NM 2016-006, CU NM 2017-001, CU NM 2017-002, CU NM 2017-003, and CU NM 2017-004.

The Charter's Response to Findings

The Charter's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Charter'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 results of that testing, and not to provide an opinion on the effectiveness of the Charter'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 Charter's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
November 10, 2017

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Schedule of Findings and Responses
For the Year Ended June 30, 2017

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements? | None noted |

SECTION II – FINANCIAL STATEMENT FINDINGS

CU FS 2017-001 Design Deficiencies in Internal Control - Significant Deficiency

Condition: Management has not adopted sound accounting policies, established or maintained internal control that would initiate, authorize, record, processes and report transactions consistent with management's assertions embodied in the financial statements. Adequate controls for access to computer programs and data have not been established by management for physical security and access to programs and data. Lack of such controls exist in the following areas:

1. Configuration of Access Rules/Access Administration

Criteria: The COSO 2013 Internal Control Integrated Framework provides guidelines for designing and implementing a system of internal controls that incorporates five necessary components of internal controls. These five components consist of the control environment, risk assessment, control activities, information and communication, and monitoring. Good accounting practices require the District to implement and follow sound accounting and internal control policies and procedures. The lack of records available for management review, audit and reporting results in an inability to determine where and how District funds are utilized.

Effect: Adequate controls are not in place to prevent or detect intentional misstatements of accounting information and fraudulent access to computer systems.

Cause: In the Apta accounting software, the Business Manager has access to create vendors, enter new employees and print check within the system.

Auditors' Recommendations: The Charter should update the policies and procedures manual to include access rules restricting user access to those areas that are necessary in the performance of duties. In addition, the Charter should restrict employees who are allowed to create vendor and enter new employees.

Agency Response: As of July 2017, the school has changed accounting software. Three positions have been trained in the software and form a more appropriate manner of control through separation of duties. The software builders are in New Mexico and provide access control for each user. The Business Manager will meet with the software builders to ensure appropriate access level for each position for the school by February 2018.

Responsible Officials: Business Manager

SECTION III – SECTION 12-6-5 NMSA 1978 FINDINGS

CU NM 2016-006 Cash Disbursements – Other Noncompliance (Repeated and modified)

Condition: We noted two purchase orders were approved on June, 22 2017 for travel that had occurred on June 10, 2017 in the amount of \$612.

Progress on resolution of prior year finding:

Criteria: Public Schools Accounting & Budgeting Supplement 13-Purchasing states that "the preparation and execution of duly authorized purchase order must precede the placement of any order for goods, services or construction."

Effect: The District did not approve employee travel until after the travel had occurred.

Cause: The travel reimbursement request form was not approved until June 22, 2017 after the travel had already occurred.

Auditors' Recommendation: We recommend that the Charter review policies and procedures and that all purchase orders be properly completed and approved before purchase.

Agency Response: The Director will ensure Governing Council travel is identified and submitted for encumbrance prior to travel taking place. The Business Manager will establish a system that will be used to communicate travel to the Administrative Assistant prior to departure while ensuring such travel costs are encumbered. This system will be in place by January 2018.

Responsible Officials: Director and Business Manager

CU NM 2017-001 – Employee Contract Variance – Other Noncompliance

Condition: The Charter did not maintain an employee's contract and amendment for all increments of the employee's contract.

Criteria: Per the Charter's Accounting Procedures Manual, 'Compensation records kept by the Deming Cesar Chavez Charter High School office will reflect an accurate history of the compensation and related benefits accorded each employee.'

Effect: The Charter paid an employee more than the contract amount supported in their personnel file. The employee in question received \$78.12 more per pay period compared to the recalculation of approved pay in the employee's file during the year of the valuation of the Charter's net pension liability.

Cause: The Charter did not have all increments for this employee kept intact in their personnel file.

Auditors' Recommendations: We recommend that the District implement a review of contract amount when they are entered into the payroll system to ensure that all contract increments/amendments are held in each employee's personnel file.

SECTION III – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)

CU NM 2017-001 – Employee Contract Variance – Other Noncompliance (Continued)

Agency Response: The employee file cited was last employed by the school in August 2014. The Director since designated the Administrative Assistant and Business Manager to maintain personnel records and ensure continuity within the employment process. The Director has implemented a practice and process of employee file review and self-assessment as of September 2017. This process includes the Administrative Assistant and Business Manager conducting a cross-review of file requirements ensuring appropriate documentation for contract, wages, T and E reporting, and other requirements.

CU NM 2017-002 Posting of Financial Reporting - Other Noncompliance

Condition: The Charter has not posted the financial reports on the Charter's website.

Criteria: Per NMSA 22-8-13.2. Financial reporting. (A) Each local superintendent or person in charge of the fiscal management of a charter school shall provide quarterly reports on the financial position of the school district or charter school, as applicable, to the local school board of the school district or the governing body of the charter school for use in reviewing the financial status of the school district or charter school. The department shall develop the forms to be used for the financial reporting required under this section. The forms shall provide for at least the following: (1) a report on the budget status of the local school district or charter school, including the approved operating budget for revenues and expenses compared with year-to-date actual revenue and expenses; (2) a statement of any budget adjustment requests; (3) cash reports, including revenue, expenses, temporary loans and cash balances for operational, state and federal grants, capital outlay and debt service funds; (4) voucher reports, including a list of issued warrants or checks; (5) reports listing procurement, travel or gas card expenses; and (6) investment reports. (B) School districts and charter schools shall post the reports required under Subsection A of this section on the school district's or charter school's web site.

Effect: There is a lack of transparency related to public information.

Cause: The Charter was unaware of this requirement.

Auditor Recommendation: We recommend that the Charter ensure that all of the required reports that are reviewed by the governing body be posted on the Charter's website once approved.

Agency Response: The Business Manager will ensure that financial reports are posted to the website. The Business Manager will ensure this is completed by January 2018.

Responsible Official: Business Manager

STATE OF NEW MEXICO
 Deming Cesar Chavez Charter High School
 A Component Unit of Deming Public Schools
 Schedule of Findings and Responses
 For the Year Ended June 30, 2017

SECTION III – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)

CU NM 2017-003 – Cash Appropriations in Excess of Available Cash Balances – Other noncompliance

Condition: The Charter maintained a deficit budget in excess of available cash balances in the following funds:

Charter

	<u>Designated Cash</u>	<u>Beginning Year Cash & AR Available</u>	<u>Appropriation in Excess of Avaiable Cash</u>
Fund 11000 Operational	\$ 1,020,793	\$ 957,322	\$ 63,471
Fund 14000 Instructional Materials	14,147	9,029	5,118

Criteria: Section 2.2.2.10. (P) (1), NMAC, requires all School District funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the Public Education Department for approval. Cash balances rebudgeted to make up for deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

Effect: The Charter will have to supplement the budget deficits with other funds, which may lead to financial difficulties and deplete the budget in other funds.

Cause: The Charter has internal controls in place to monitor budget versus available cash, however these fund were missed in the process. The Charter did not budget revenue for this fund.

Auditors' Recommendations: Budget deficits for future years should be reviewed to insure all funds have adequate budget authority and sufficient cash balances for budgeted deficits. Greater attention should be given to the budget monitoring process end-of-the-year cash balance estimates.

Agency Response: The Business Manager will ensure any change in cash balances are appropriately submitted through the Budget Adjustment Request system. This will with the release of the previous year's audit and completed by February 2018. Noted is that the school has changed accounting systems for a more reliable measure of encumbrances and cash projection.

Responsible Official: Business Manager

SECTION III – SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)

CU NM 2017-004 Travel and Per Diem – Other noncompliance

Condition: The Charter reimbursed actual meals rates to two employees in the amount of \$51 per day instead of \$45 resulting in a difference of \$72.

Criteria: Per NMAC 2.24.2.9 B (2) Actual meals for meals are limited by Section 10.-8-4 (K) (2) NMSA 1978 (1995 Repl. Pamp.) to a maximum of \$30 for in-state travel and \$45 for out-of-state travel for a 24-hour period. NMAC 2.24.2.9 B (3) also requires employees to submit receipts for the actual meal expenses incurred.

Effect: The Charter over reimbursed \$72.

Cause: The Charter was using GFA reimbursement rates instead of NMAC 2.24.29 B (2) rates.

Auditors' Recommendations: The Charter should reimburse rates based on the Mileage and Per Diem Act and not use the GFA rates.

Agency Response: The Business Manager will ensure the utilization of the Mileage and Per Diem Act. The General Services Administration rates for out of state travel will not be used. This will be effective immediately.

Responsible Officials: Business Manager

SECTION IV – PRIOR YEAR FINDINGS

2013-001A - NMPED Cash Reporting (Non-Compliance in Accordance with the New Mexico State Audit Rule, Does not Rise to the Level of Significant Deficiency)- Resolved

2013-004A - Budgetary Conditions (Non-Compliance in Accordance with the New Mexico State Audit Rule, Does not Rise to the Level of Significant Deficiency) - Resolved

2016-001A - Internal Control structure (Significant Deficiency) – Resolved

2016-002A- New Mexico Retiree Health Care Contributions (Non-Compliance in Accordance with the New Mexico State Audit Rule, Does not Rise to the Level of Significant Deficiency) - Resolved

2016-003A - Fixed Assets (Non-Compliance in Accordance with the New Mexico State Audit Rule, Does not Rise to the Level of Significant Deficiency) - Resolved

2016-004A - Stale Dated Checks (Non-Compliance in Accordance with the New Mexico State Audit Rule, Does not Rise to the Level of Significant Deficiency) - Resolved

2016-005A - Audit Committee (Non-Compliance in Accordance with the New Mexico State Audit Rule, Does not Rise to the Level of Significant Deficiency) - Resolved

2016-006A - Cash Disbursements (Non-Compliance in Accordance with the New Mexico State Audit Rule, Does not Rise to the Level of Significant Deficiency)- Repeated/Modified

2016-007A - Cash Control Standards (Non-Compliance in Accordance with the New Mexico State Audit Rule, Does not Rise to the Level of Significant Deficiency) - Resolved

2016-008A - Policies and Procedures over Background Checks (Non-Compliance in Accordance with the New Mexico State Audit Rule, Does not Rise to the Level of Significant Deficiency) - Resolved

2016-009A - Uniform Guidance Written Policies and Procedures (Non-Compliance in Accordance with the New Mexico State Audit Rule, Does not Rise to the Level of Significant Deficiency) - Resolved

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Schedule of Findings and Responses
For the Year Ended June 30, 2017

SECTION V – PRIOR YEAR FINDINGS (Continued)

2016-010A - 4th Quarter NMPED Reports (Non-Compliance in Accordance with the New Mexico State Audit Rule, Does not Rise to the Level of Significant Deficiency) - Resolved

2016-011A - Restatement (Material Weakness) - Resolved

2016-012A - Late Audit Submission (Non-Compliance in Accordance with the New Mexico State Audit Rule, Does not Rise to the Level of Significant Deficiency) - Resolved

STATE OF NEW MEXICO
Deming Cesar Chavez Charter High School
A Component Unit of Deming Public Schools
Other Disclosures
June 30, 2017

OTHER DISCLOSURES

Exit Conference

An exit conference was held on November 10, 2017. In attendance were the following:

Representing Deming Public Schools:

Arsenio Romero – Superintendent
Lesley Doyle – Executive Director of Finance
Joe Adcock - Controller
Bayne Anderson – Board Member

Representing Deming Cesar Chavez High School Charter Schools:

Stan Lyons – Director
Chris Masters – Business Manager
Dan Sanchez – Board Member

Representing RPC CPAs + Consultants, LLP:

Ray Roberts, CPA – Managing Partner
Vicki Dallas, CPA – Senior

Auditor Prepared Financial Statements

RPC CPAs + Consultants, LLP prepared the GAAP-basis financial statements and footnotes of Deming Public Schools from the original books and records provided to them by the management of the District. The responsibility for the financial statements remains with the District.