

State of New Mexico

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT THEREON**

For the Fiscal Year Ended June 30, 2012

Cesar Chavez High School
Charter School
Component Unit of Deming Public Schools
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June 30, 2012

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Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
DIRECTORY OF OFFICIALS
June 30, 2012

GOVERNING COUNCIL

Antoinette Zunich	President
Paul Galindo	Vice President
Rosa Perez	Member
Gloria Lopez	Member

SCHOOL OFFICIALS

Paul Reeves	Principal
Stephen Duran	Accountant

MIKE STONE, C.P.A.
LINDA STONE McGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
KELLEY WYATT, C.P.A.

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INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas, State Auditor
and
Governing Council
Cesar Chavez High School Charter School
Deming, New Mexico

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 Cesar Chavez High School Charter School, a component unit of Deming Public Schools (School) as of and for the year ended June 30, 2012, which collectively comprise the School's basic financial statements as listed in the table of contents. We have also audited the combining financial statements of the School's General Fund components, and the budgetary comparisons for the components of the general fund, and the capital projects funds presented as other supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, each major fund, and the aggregate remaining fund information of Cesar Chavez High School Charter School, a component unit of Deming Public Schools as of June 30, 2012, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the General, Title I, TANF/GRADS, Entitlement, Education Jobs, and Teacher Mentoring funds for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each component of the general fund of Cesar Chavez High School Charter School, a component unit of Deming Public Schools as of June 30, 2012, and the respective

changes in financial position, where applicable, thereof and the respective budgetary comparisons for the components of the general fund, and the capital projects funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2012, on our consideration of Cesar Chavez High School Charter School, a component unit of Deming Public School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Cesar Chavez High School Charter School, a component unit of Deming Public Schools, has not presented Management's Discussion and Analysis that is required by accounting principles generally accepted in the United States of America to supplement, although not required to be a part of, 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. Our opinion on the basic financial statements is not affected by this missing information.

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

Stone, McGee & Co CPAs

November 10, 2012

Stone, McGee & Co.
Certified Public Accountants

Cesar Chavez High School Charter School
Component Unit of Deming Schools
STATEMENT OF NET ASSETS
June 30, 2012

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 986,621
Due from other governments	41,445
Capital assets:	
Furniture and fixtures and equipment	320,478
Less accumulated depreciation	(64,611)
Total capital assets, net of depreciation	\$ 255,867
Total assets	\$ 1,283,933
Liabilities	
Accounts payable	\$ 13,347
Deferred revenue	55,765
Total liabilities	\$ 69,112
Net Assets	
Invested in capital assets	\$ 255,867
Restricted for:	
Capital projects	21,199
Other purposes	4,271
Unrestricted	933,484
Total net assets	\$ 1,214,821

The accompanying notes are an integral part of these financial statements

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Charges for Services</u>
Governmental activities:		
Instruction	\$ 608,611	\$ -
Support services - Students	99,010	
Support services - Instruction		
General administration	52,645	
School administration	202,405	
Central services	90,512	
Operation of plant	209,638	
Other support services		
	\$ 1,262,821	\$ -

General revenues:

- State aid - formula grants
- Refunds and recoveries
- Donations and contributions
- Unrestricted investment earnings

Total general revenues and special items

Change in net assets

Net assets - beginning

Net assets - ending

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

<u>Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
\$ 162,446	\$ -	\$ (446,165)
		(99,010)
		-
		(52,645)
		(202,405)
		(90,512)
	137,737	(71,901)
		-
<u>\$ 162,446</u>	<u>\$ 137,737</u>	<u>\$ (962,638)</u>

\$ 1,465,215
50,485
<u>2,839</u>
<u>\$ 1,518,539</u>
\$ 555,901
<u>658,920</u>
<u><u>\$ 1,214,821</u></u>

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2012

	General Fund	Title I	TANF GRADS	Teacher Mentoring
Assets				
Cash and investments	\$ 905,386	\$ 22,355	\$ 33,410	\$ 4,271
Interfund receivable	41,445			
Due from other governments				
Total assets	\$ 946,831	\$ 22,355	\$ 33,410	\$ 4,271
 Liabilities and Fund Balance				
Interfund payable	\$ -	\$ -	\$ -	\$ -
Accounts payable	13,347			
Deferred revenue		22,355	33,410	
Total liabilities	\$ 13,347	\$ 22,355	\$ 33,410	\$ -
 Fund balance:				
Restricted for:				
Education	\$ -	\$ -	\$ -	\$ 4,271
Capital projects				
Unassigned	933,484			
Total fund balance	\$ 933,484	\$ -	\$ -	\$ 4,271
Total liabilities and fund balance	\$ 946,831	\$ 22,355	\$ 33,410	\$ 4,271

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

<u>Public School Capital Outlay</u>	<u>SB-9</u>	<u>Governmental Funds Total</u>
\$ 21,199	\$ -	\$ 986,621
		41,445
	41,445	41,445
<u>\$ 21,199</u>	<u>\$ 41,445</u>	<u>\$ 1,069,511</u>
\$ -	\$ 41,445	\$ 41,445
		13,347
		55,765
<u>\$ -</u>	<u>\$ 41,445</u>	<u>\$ 110,557</u>
\$ -	\$ -	\$ 4,271
21,199		-
		933,484
<u>\$ 21,199</u>	<u>\$ -</u>	<u>\$ 958,954</u>
<u>\$ 21,199</u>	<u>\$ 41,445</u>	<u>\$ 1,069,511</u>

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**
June 30, 2012

Total governmental fund balances	\$ 958,954
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	255,867
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds: Intergovernmental grants subject to the 60 day availability period	<u>-</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$ 1,214,821</u></u>

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

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**
For the Fiscal Year Ended June 30, 2012

	<u>General Fund</u>	<u>Title I</u>	<u>Entitlement</u>	<u>Education Job Fund</u>
Revenues:				
Federal sources	\$ -	\$ 136,845	\$ 19,182	\$ 587
State sources	1,471,047			
Miscellaneous	50,485			
Earnings from investments	2,839			
Total revenues	<u>\$ 1,524,371</u>	<u>\$ 136,845</u>	<u>\$ 19,182</u>	<u>\$ 587</u>
Expenditures:				
Current:				
Instruction	\$ 437,851	\$ 131,450	\$ 19,182	\$ 587
Support services - Students	99,010			
Support services - Instruction				
General administration	52,645			
School administration	202,405			
Central services	90,512			
Operation of plant	113,346			
Other support services				
Capital outlay	47,294	5,395		
Total expenditures	<u>\$ 1,043,063</u>	<u>\$ 136,845</u>	<u>\$ 19,182</u>	<u>\$ 587</u>
Net change in fund balance	\$ 481,308	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	<u>452,176</u>			
Fund balance, June 30, 2012	<u>\$ 933,484</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

<u>Teacher Mentoring</u>	<u>Public School Capital Outlay</u>	<u>SB-9</u>	<u>Governmental Funds Total</u>
\$ -	\$ - 96,292	\$ - 41,445	\$ 156,614 1,608,784 50,485 2,839
<u>\$ -</u>	<u>\$ 96,292</u>	<u>\$ 41,445</u>	<u>\$ 1,818,722</u>
\$ -	\$ - 96,292	\$ - 41,445	\$ 589,070 99,010 - 52,645 202,405 90,512 209,638 - 94,134
<u>\$ -</u>	<u>\$ 96,292</u>	<u>\$ 41,445</u>	<u>\$ 1,337,414</u>
\$ -	\$ -	\$ -	\$ 481,308
<u>4,271</u>	<u>21,199</u>		<u>477,646</u>
<u>\$ 4,271</u>	<u>\$ 21,199</u>	<u>\$ -</u>	<u>\$ 958,954</u>

Cesar Chavez High School Charter School
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**
June 30, 2012

Net change in fund balances-total governmental funds	\$	481,308
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change during the year:		
Intergovernmental grants subject to the 60 day availability period		-
 Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense:		
Capital outlay		94,134
Depreciation expense		(19,541)
		94,134
		(19,541)
 <i>Change in Net Assets of Governmental Activities</i>	 \$	 555,901

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

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	1,343,099	955,495	1,441,743	486,248
Local sources	<u> </u>	<u> </u>	<u>53,324</u>	<u>53,324</u>
 Total revenues	 <u>\$ 1,343,099</u>	 <u>\$ 955,495</u>	 <u>\$ 1,495,067</u>	 <u>\$ 539,572</u>
 Expenditures:				
Instruction	\$ 814,623	\$ 784,724	\$ 440,851	\$ 343,873
Support services - Students	180,175	154,156	99,010	55,146
Support services - Instruction				-
General administration	55,000	52,500	24,761	27,739
School administration	378,130	288,602	201,973	86,629
Central services	130,546	98,878	90,382	8,496
Operation of plant	408,192	200,202	148,730	51,472
Food services				-
Other support services				-
Non-operating				-
 Total expenditures	 <u>\$ 1,966,666</u>	 <u>\$ 1,579,062</u>	 <u>\$ 1,005,707</u>	 <u>\$ 573,355</u>
 Net change in fund balance	 \$ (623,567)	 \$ (623,567)	 \$ 489,360	 \$ 1,112,927
 Fund balance, July 1, 2011	 <u>623,567</u>	 <u>623,567</u>	 <u>457,471</u>	 <u>(166,096)</u>
 Fund balance, June 30, 2012	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 946,831</u>	 <u>\$ 946,831</u>
 Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 481,308	
Revenue accruals (net)			(29,304)	
Expenditure accruals (net)			<u>37,356</u>	
 Net change in fund balance, NON-GAAP budgetary basis			 <u>\$ 489,360</u>	

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

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
SPECIAL REVENUE FUND - TITLE I
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 70,645	\$ 93,000	\$ 22,355
Total revenues	\$ -	\$ 70,645	\$ 93,000	\$ 22,355
Expenditures:				
Current:				
Instruction	\$ -	\$ 136,845	\$ 136,845	\$ -
Support services - Students	-	-	-	-
Total expenditures	\$ -	\$ 136,845	\$ 136,845	\$ -
Net change in fund balance	\$ -	\$ (66,200)	\$ (43,845)	\$ 22,355
Fund balance, July 1, 2011	-	66,200	66,200	-
Fund balance, June 30, 2012	\$ -	\$ -	\$ 22,355	\$ 22,355
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(43,845)	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (43,845)	

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

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
SPECIAL REVENUE FUND - TANF/GRADS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Current:				
Instruction	\$ 33,410	\$ 33,410	\$ -	\$ 33,410
Capital outlay				-
Total expenditures	<u>\$ 33,410</u>	<u>\$ 33,410</u>	<u>\$ -</u>	<u>\$ 33,410</u>
Net change in fund balance	\$ (33,410)	\$ (33,410)	\$ -	\$ 33,410
Fund balance, July 1, 2011	<u>33,410</u>	<u>33,410</u>	<u>33,410</u>	<u>-</u>
Fund balance, June 30, 2012	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,410</u></u>	<u><u>\$ 33,410</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
SPECIAL REVENUE FUND - ENTITLEMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 15,004	\$ 15,004	\$ -
Total revenues	<u>\$ -</u>	<u>\$ 15,004</u>	<u>\$ 15,004</u>	<u>\$ -</u>
Expenditures:				
Current:				
Instruction	\$ -	\$ 19,182	\$ 19,182	\$ -
Support services - Students	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ -</u>	<u>\$ 19,182</u>	<u>\$ 19,182</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ (4,178)	\$ (4,178)	\$ -
Fund balance, July 1, 2011	<u>-</u>	<u>4,178</u>	<u>4,178</u>	<u>-</u>
Fund balance, June 30, 2012	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(4,178)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (4,178)</u></u>	

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

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
SPECIAL REVENUE FUND - EDUCATION JOB FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 587	\$ 587	\$ -
Total revenues	<u>\$ -</u>	<u>\$ 587</u>	<u>\$ 587</u>	<u>\$ -</u>
Expenditures:				
Current:				
Instruction	\$ -	\$ 587	\$ 587	\$ -
Support services - Students				-
Total expenditures	<u>\$ -</u>	<u>\$ 587</u>	<u>\$ 587</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2012	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			<u> </u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
SPECIAL REVENUE FUND - TEACHER MENTORING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2011	-	-	4,271	4,271
Fund balance, June 30, 2012	\$ -	\$ -	\$ 4,271	\$ 4,271
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2012

	<u>Agency</u>
Assets	
Cash and investments	<u>\$ 2,251</u>
Total assets	<u><u>\$ 2,251</u></u>
Liabilities	
Deposits held for others	<u>\$ 2,251</u>
Total liabilities	<u><u>\$ 2,251</u></u>

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

Cesar Chavez High School Charter School
COMPONENT UNIT OF DEMING PUBLIC SCHOOLS
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2012

Note A **Summary of Significant Accounting Policies**

Cesar Chavez High School Charter School, organized under the laws of the State of New Mexico, operates under the governing council-Director form of government. The System provides public 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 School is a component unit of Deming Public Schools. Deming Public Schools is the sponsoring organization for Cesar Chavez High School Charter School, however, the operation of the entities is separate and distinct.

The School's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the School are discussed below:

A. REPORTING ENTITY

These financial statements present the School (the primary government). As defined by GASBS No. 14, component units are legally separate entities that are included in the School's reporting entity because of the significance of their operating or financial relationships with the School. Based on the criterion in GASBS No. 14, the School had no component units.

B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into two major categories: governmental, and fiduciary. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Other funds the District believes should be presented as major funds.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the School and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. Included in the General fund are sub-funds; Operational, the Unrestricted District Fund; Instructional Materials, which accounts for State Source Funds used to purchase textbooks; Charter Planning, which accounts for federal funds to charter schools; and Microsoft Settlement, which accounts for funds received in settlement which are unrestricted.

Special Revenue Funds

Special Revenue Funds are used to account for revenue sources restricted to a specific use.

Capital Outlay Funds

Capital Outlay Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for capital purposes.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support School programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

Agency Funds account for assets held in a purely custodial capacity. Since agency funds are custodial in nature (i.e.) assets equal liabilities, they do not involve the measurements of results of operations. Agency Funds typically hold funds for clubs, classes, and other student organizations.

The emphasis in fund financial statements is on the major funds in the governmental category. Non-major funds are summarized into a single column.

The School's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated in to the government-wide statements.

Major Fund Descriptions

General – See above description.

Special Revenue Funds

Title I – accounts for the federal assistance provided to the District for the improvement of educational opportunities to deprived children. (Authority, P.L. 103-382).

TANF/Grads – accounts 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. Social Security Act, Title IV, Part A, as amended; Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193. The fund was created by state grant provision.

Teacher Mentoring – accounts for the federal resources intended to improve teacher quality. (No Child Left Behind Act). (Title II Part A).

Entitlement – Used to account for federal resources administered by the New Mexico State Department of Education to provide for the special education needs of handicapped children. Required by the *New Mexico Department of Education Manual of Procedures for New Mexico School Districts* to be accounted for as a separate fund within the Special Revenue Funds. (P.L. 94-142 and P.L. 99-457).

Education Job Fund – Used to account for federal funds given to states to assist local education agencies in saving or creating education jobs. (P.L. 111-126).

Capital Projects Funds

Public School Capital Outlay – accounts for the state resources for various capital projects.

SB-9 – accounts for the state resources to be used for specific construction projects.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item “b” below.

In the fund financial statements, the “current financial resources” measurement focus is used.

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statements utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recover), and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available.

“Available” means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Substantially all governmental fund revenues are accrued. In applying GASBS No. 33 to grant revenues, the provider recognized liabilities and expenses and the recipient recognized receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

In the government-wide Statement of Net Assets, the governmental activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognized all long-term assets and receivables as well as long-term debt and obligations. The School’s net assets

are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The School first utilized restricted resources when an expense is incurred and for purposes for which both restricted and unrestricted net assets area available.

The government-wide Statement of Activities reports both the gross and net cost of each of the School’s functions. The functions are also supported by general government revenues (certain intergovernmental revenues and charges, etc.) The

Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Charges for services include revenues based on exchange or exchange-like transactions. These revenues arise from charges to customers or applicants who purchase use or directly benefit from the goods, services or privileges provided. Revenues in this category include fees charged for specific services, such as attendance at athletic events, food service, copies and auxiliary services. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (intergovernmental revenues, interest income, etc.).

The School does not allocate indirect costs.

This government-wide focus is more on the sustainability of the School as an entity and the change in the School’s net assets resulting from the current year’s activities.

C. BUDGETS

Budget for the General, Special Revenue and Capital Projects Funds are prepared by management and approved by the local governing council and the Public Finance School Division of the Department of Education.

These budgets are prepared on the NON-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be reappropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget on a functional category basis, i.e., each budgeted expenditure must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a “series”, this may be accomplished with only local governing council approval. If a transfer between “series” or a budge increase is required, approval must also be obtained from Public Education Department.

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

D. CASH AND INVESTMENTS

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest-bearing accounts with local financial institutions and the State Treasurer Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the District. The pledged securities remain in the name of the financial institution. Repurchase agreements are required to be collateralized 102%.

E. INVENTORIES

Except for U.S.D.A. commodities, which are shown at estimated value, inventories are valued at cost (first-in, first-out). Inventory in the Cafeteria Fund consists mainly of food items. Inventories, in other governmental fund types, consist primarily of supply-type assets. The School had no inventory at June 30, 2012.

F. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000.00 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20- 50 years
Software and library resources	03-05 years
Machinery and equipment	05-10 years
Improvements	10-20 years

The accounting treatment over property, plant and equipment depends on whether they are reported in the government-wide financial statements or fund financial statement. In the government-wide financial statements, capital assets are accounted for as capital assets. In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

G. COMPENSATED ABSENCES

The School’s policies, regarding vacation time, permit employees to accumulate earned but unusual vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt

is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. These liabilities have typically been liquidated from general fund resources.

H. EQUITY CLASSIFICATIONS

Governments-wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets:
- b. Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

During the year ended June 30, 2011, the School implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to remain intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change its constraints.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the government body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Education established (and modifies or rescinds) fund balance commitments by adoption of a resolution or a vote of the Board. This is typically done through the adoption and amendment of the budget. Assigned fund balance is established by the Board of Education through adoption or amendment of the budget as intended for a specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

I. INTERFUND ACTIVITY

Inter-fund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as inter-fund 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 inter-fund transactions are treated as transfers. Inter-fund activity between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

J. USE OF ESTIMATES

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

Note B Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the School's deposits may not be returned to it. The School does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2012 \$0.00 of the School's bank balance of \$1,002,859 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>-0-</u>
Total	\$ <u><u>-0-</u></u>

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits by custodial risk category:		
Insured	\$ 250,000	\$ 250,000
Collateral held by the pledging bank's agent in the District's names	752,859	738,872
Uninsured and uncollateralized	<u>-0-</u>	<u>-0-</u>
	<u>\$ 1,002,859</u>	<u>\$ 988,872</u>

Note C Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Capital assets being depreciated				
Other capital assets:				
Furniture and equipment	\$ 54,269	\$ 94,134	\$ -0-	\$ 148,403
Leasehold improvements	<u>172,075</u>	<u>-0-</u>	<u>-0-</u>	<u>172,075</u>
Total other capital assets at historical cost	<u>\$ 226,344</u>	<u>\$ 94,134</u>	<u>\$ -0-</u>	<u>\$ 320,478</u>
Less accumulated depreciation for:				
Furniture and equipment	\$ (39,329)	\$ (11,663)	\$ -0-	\$ (50,992)
Leasehold improvements	<u>(5,741)</u>	<u>(7,878)</u>	<u>-0-</u>	<u>(13,619)</u>
Total accumulated depreciation	<u>\$ (45,070)</u>	<u>\$ (19,541)</u>	<u>\$ -0-</u>	<u>\$ (64,611)</u>
Total capital assets, net	<u>\$ 181,274</u>	<u>\$ 74,593</u>	<u>\$ -0-</u>	<u>\$ 255,867</u>

Depreciation expense was charged to the governmental activities as follows:

Instruction	<u>\$ 19,541</u>
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Note D Retirement Plan

Plan Description

Substantially all of the Cesar Chavez High School Charter School full-time employees participate in a public employee retirement system authorized under the Educational

Retirement Act (Chapter 22, Article 11 NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERB issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy

Plan members earning \$20,000 or less annually are required by statute to contribute 7.9% of their gross salary. Plan members earning over \$20,000 annually were required to contribute 11.15% of their gross salary in fiscal year 2012 and will be required to contribute 9.40% of their gross salary in fiscal year 2013. The Cesar Chavez High School Charter School has been and is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, in fiscal years 2012 and 2013. In fiscal year 2012 the Cesar Chavez High School Charter School contributed 9.15% of the gross covered salary of employees earning more than \$20,000 annually. In fiscal year 2013 the Cesar Chavez High School Charter School will contribute 10.9% of the gross covered salary of employees earning more than \$20,000 annually. The contribution requirements of plan members and the Cesar Chavez High School Charter School are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Cesar Chavez High School Charter School's contributions to ERB for the fiscal years ending June 30, 2012, 2011 and 2010, were \$105,172, \$138,927, and \$150,942, respectively, which equal the amount of the required contributions for each fiscal year.

Note E Retiree Health Care Act Contributions

Plan Description

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

Eligible retirees are: (1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the Retiree Health Care Act on the person's behalf, unless that person retires before the employer's NMRHCA 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; and 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The Retiree Health Care Authority 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 N.E., Suite 104, Albuquerque, New Mexico 87107.

Funding Policy

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 1.834% of each participating employee’s annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal year ending June 30, 2013 the contribution rates for employees and employers will rise as follows:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY2013	2.000%	1.000%

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

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

The Cesar Chavez High School Charter School contributions to the RHCA for the years ended June 30, 2012, 2011 and 2010 were \$15,510, \$12,025 and \$10,521, respectively, which equal the required contributions for each year.

Note F Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters.

Because the District was unable to obtain general liability insurance at a cost it considered to be economically justifiable, it joined together with other school districts in the State and obtained insurance coverage with New Mexico Public Schools Insurance Authority, a public entity is risk pool currently operating as a common risk management and insurance program for member school districts. The District pays an annual premium to New Mexico Public Schools Insurance Authority for its general insurance coverage, and all risk of loss is transferred.

The New Mexico Public Schools Insurance Authority is self-insured for property and liability losses below \$250,000 and purchased excess insurance above the self-insured retention. The self-insured retention aggregate for property is set at \$2,000,000 with a \$1,000,000 stop loss. The self-insured retention aggregate for liability is \$3,000,000 with a \$1,000,000 stop loss.

Note G Contingent Liabilities

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

Note H Restricted Net Assets

At June 30, 2012, assets restricted for other purposes were the following Special Revenue Funds:

Teacher Mentoring	<u>\$ 4,271</u>
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The School reports \$25,470 in restricted assets, of which \$25,470 is restricted by enabling legislation.

Note I Fund Balance Deficits

Fund balance deficits occur through the application of modified accrual accounting to cash basis budgeting. As funds are received in the subsequent year, the deficit fund balance will be reduced. The School had no deficits at June 30, 2012.

Note J The Charter School leases a school building from Deming Public Schools. The lease is renegotiated annually, and currently requires payment annually of \$700 times the average full-time-equivalent enrollment on the eightieth and one hundred twentieth day of the prior school year.

The Charter School paid \$96,324 in rent to Deming Public Schools during the year ended June 30, 2012.

Note K Interfund Activity

Interfund balances at June 30, 2012, consisted of the following:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>
	<u>SB-9</u>
General	<u>\$ 41,445</u>

All amounts are expected to be repaid within one year. The purpose of this loan was to provide temporary funds in anticipation of grant revenues.

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
FUND DESCRIPTIONS
June 30, 2012

CAPITAL PROJECTS FUNDS

Public School Capital Outlay – to account for the state resources for various capital projects.

Special Capital Outlay State – to account for the state resources to be used for specific construction projects.

AGENCY FUNDS

Agency Fund – to account for monies held in custodial account (assets equal liabilities) for the benefit of others. Individual accounts are identified by name in the supporting schedule section of this report.

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
GENERAL FUND
COMBINING BALANCE SHEETS
June 30, 2012

	<u>Operational</u>	<u>Instructional Materials</u>	<u>Charter Planning</u>	<u>Microsoft Settlement</u>	<u>Total General Fund</u>
Assets					
Cash and investments	\$ 879,778	\$ 2,932	\$ -	\$ 22,676	\$ 905,386
Interfund receivable	41,445				41,445
Due from other governments					-
Total assets	<u>\$ 921,223</u>	<u>\$ 2,932</u>	<u>\$ -</u>	<u>\$ 22,676</u>	<u>\$ 946,831</u>
Liabilities and Fund Balance					
Accounts payable	\$ 13,347	\$ -	\$ -	\$ -	\$ 13,347
Total liabilities	\$ 13,347	\$ -	\$ -	\$ -	\$ 13,347
Fund balance:					
Unassigned	\$ 907,876	\$ 2,932		\$ 22,676	\$ 933,484
Total fund balance	\$ 907,876	\$ 2,932	\$ -	\$ 22,676	\$ 933,484
Total liabilities and fund balance	<u>\$ 921,223</u>	<u>\$ 2,932</u>	<u>\$ -</u>	<u>\$ 22,676</u>	<u>\$ 946,831</u>

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

Cesar Chavez Charter School
Component Unit of Deming Public Schools
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND FUND BALANCE
For the Fiscal Year Ended June 30, 2012

	<u>Operational</u>	<u>Instructional Materials</u>	<u>Charter Planning</u>	<u>Microsoft Settlement</u>	<u>Total General Fund</u>
Revenues:					
State sources	\$ 1,465,215	\$ 5,832	\$ -	\$ -	\$ 1,471,047
Miscellaneous	50,485				50,485
Earnings from investments	2,839				2,839
Total revenues	\$ 1,518,539	\$ 5,832	\$ -	\$ -	\$ 1,524,371
Expenditures:					
Current:					
Instruction	\$ 419,054	\$ 9,007	\$ -	\$ 9,790	\$ 437,851
Support services - Students	99,010				99,010
General administration	52,645				52,645
School administration	202,405				202,405
Central services	90,512				90,512
Operation of plant	113,346				113,346
Other support services					-
Capital outlay	47,294				47,294
Total expenditures	\$ 1,024,266	\$ 9,007	\$ -	\$ 9,790	\$ 1,043,063
Revenues over (under) expenditures	\$ 494,273	\$ (3,175)	\$ -	\$ (9,790)	\$ 481,308
Other financing sources:					
Operating transfers in (out)	(12,627)		12,627		-
Net change in fund balances	\$ 481,646	\$ (3,175)	\$ 12,627	\$ (9,790)	\$ 481,308
Fund balance, July 1, 2011	426,230	6,107	(12,627)	32,466	452,176
Fund balance, June 30, 2012	<u>\$ 907,876</u>	<u>\$ 2,932</u>	<u>\$ -</u>	<u>\$ 22,676</u>	<u>\$ 933,484</u>

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

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
GENERAL FUND\ OPERATIONAL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	1,334,156	949,663	1,435,911	486,248
Local sources	<u> </u>	<u> </u>	<u>53,324</u>	<u>53,324</u>
Total revenues	<u>\$ 1,334,156</u>	<u>\$ 949,663</u>	<u>\$ 1,489,235</u>	<u>\$ 539,572</u>
Expenditures:				
Current:				
Instruction	\$ 773,214	\$ 746,426	\$ 422,054	\$ 324,372
Support services - Students	180,175	154,156	99,010	55,146
Support services - Instruction				-
General administration	55,000	52,500	24,761	27,739
School administration	378,130	288,602	201,973	86,629
Central services	130,546	98,878	90,382	8,496
Operation of plant	408,192	200,202	148,730	51,472
Transportation				-
Other support services				-
Capital outlay				-
Total expenditures	<u>\$ 1,925,257</u>	<u>\$ 1,540,764</u>	<u>\$ 986,910</u>	<u>\$ 553,854</u>
Revenues over (under) expenditures	\$ (591,101)	\$ (591,101)	\$ 502,325	\$ 1,093,426
Other financing sources (uses):				
Transfers out			<u>(12,627)</u>	<u>(12,627)</u>
Net change in fund balance	\$ (591,101)	\$ (591,101)	\$ 489,698	\$ 1,080,799
Fund balance, July 1, 2011	<u>591,101</u>	<u>591,101</u>	<u>431,525</u>	<u>(159,576)</u>
Fund balance, June 30, 2012	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 921,223</u></u>	<u><u>\$ 921,223</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 481,646	
Revenue accruals (net)			(29,304)	
Expenditure accruals (net)			24,729	
Expenditure accruals (net)			<u>12,627</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 489,698</u></u>	

The accompanying notes are an integral part of these financial statements

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
GENERAL FUND \ INSTRUCTIONAL MATERIALS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 8,943	\$ 5,832	\$ 5,832	\$ -
Local sources	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 8,943</u>	<u>\$ 5,832</u>	<u>\$ 5,832</u>	<u>\$ -</u>
Expenditures:				
Current:				
Instruction	\$ 8,943	\$ 5,832	\$ 9,007	\$ (3,175)
Support services - Instruction	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 8,943</u>	<u>\$ 5,832</u>	<u>\$ 9,007</u>	<u>\$ (3,175)</u>
Net change in fund balance	\$ -	\$ -	\$ (3,175)	\$ (3,175)
Fund balance, July 1, 2011	<u> </u>	<u> </u>	<u>6,107</u>	<u>6,107</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,932</u>	<u>\$ 2,932</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (3,175)	
Revenue accruals (net)				
Expenditure accruals (net)			<u> </u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (3,175)</u>	

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

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
GENERAL FUND/CHARTER PLANNING GRANT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Students				-
General administration				-
School administration				-
Central services				-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfers in			12,627	12,627
Net change in fund balance	\$ -	\$ -	\$ 12,627	\$ 12,627
Fund balance, July 1, 2011			(12,627)	(12,627)
Fund balance, June 30, 2012	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis		\$ 12,627		
Revenue accruals (net)				
Expenditure accruals (net)		-		
Net change in fund balance, NON-GAAP budgetary basis		\$ 12,627		

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

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
GENERAL FUND/MICROSOFT SETTLEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Current:				
Instruction	\$ 32,466	\$ 32,466	\$ 9,790	\$ 22,676
Support services - Students				-
General administration				-
School administration				-
Central services				-
Total expenditures	<u>\$ 32,466</u>	<u>\$ 32,466</u>	<u>\$ 9,790</u>	<u>\$ 22,676</u>
Net change in fund balance	\$ (32,466)	\$ (32,466)	\$ (9,790)	\$ 22,676
Fund balance, July 1, 2011	<u>32,466</u>	<u>32,466</u>	<u>32,466</u>	<u>-</u>
Fund balance, June 30, 2012	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 22,676</u></u>	<u><u>\$ 22,676</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (9,790)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (9,790)</u></u>	

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

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
CAPITAL PROJECTS FUND - PUBLIC SCHOOL CAPITAL OUTLAY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 96,292	\$ 96,292	\$ -
Total revenues	<u>\$ -</u>	<u>\$ 96,292</u>	<u>\$ 96,292</u>	<u>\$ -</u>
Expenditures:				
Current:				
Operation	\$ -	\$ 96,292	\$ 96,292	\$ -
Capital outlay				-
Total expenditures	<u>\$ -</u>	<u>\$ 96,292</u>	<u>\$ 96,292</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfers out				
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, June 30, 2011			<u>\$ 21,199</u>	<u>\$ 21,199</u>
Fund balance, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,199</u>	<u>\$ 21,199</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Other financing uses (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ -</u>	

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

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
CAPITAL PROJECTS FUND - SB-9
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 41,445	\$ 41,445	\$ -	\$ (41,445)
Total revenues	<u>\$ 41,445</u>	<u>\$ 41,445</u>	<u>\$ -</u>	<u>\$ (41,445)</u>
Expenditures:				
Current:				
Operation	\$ -	\$ -	\$ -	\$ -
Capital outlay	41,445	41,445	41,445	-
Total expenditures	<u>\$ 41,445</u>	<u>\$ 41,445</u>	<u>\$ 41,445</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ (41,445)	\$ (41,445)
Other financing sources (uses):				
Transfers IN	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance	\$ -	\$ -	\$ (41,445)	\$ (41,445)
Fund balance, June 30, 2011	<u> </u>	<u> </u>	<u> </u>	<u>\$ -</u>
Fund balance, June 30, 2012	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (41,445)</u></u>	<u><u>\$ (41,445)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(41,445)	
Expenditure accruals (net)			-	
Other financing uses (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (41,445)</u></u>	

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

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Balance</u> <u>June 30, 2012</u>
Assets				
Cash and investments:				
Cesar Chavez Charter School	\$ 2,020	\$ 375	\$ 144	\$ 2,251
Total assets	<u>\$ 2,020</u>	<u>\$ 375</u>	<u>\$ 144</u>	<u>\$ 2,251</u>
Liabilities				
Deposits held for others:				
Cesar Chavez Charter School	\$ 2,020	\$ 375	\$ 144	\$ 2,251
Total liabilities	<u>\$ 2,020</u>	<u>\$ 375</u>	<u>\$ 144</u>	<u>\$ 2,251</u>

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

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
SCHEDULE OF DEPOSITORY COLLATERAL
June 30, 2012

	First NM Bank	Total
Checking and CD's	\$ 1,002,859	\$ 1,002,859
Total on deposit	\$ 1,002,859	\$ 1,002,859
Less: FDIC insurance	(250,000)	(250,000)
Total uninsured public funds	\$ 752,859	\$ 752,859
50 % collateral	\$ 376,430	\$ 376,430
Pledged Collateral;		
Mora, NM Ind. School 616412EJ7 7/1/16	280,955	280,955
Lovington, NM 547473BT4 9/19/13	201,880	201,880
So. Sandoval, NM 843789EH7 8/1/21	280,920	280,920
Tularosa, NM 899172HA1 1/1/16	200,000	200,000
Total pledged securities	\$ 963,755	\$ 963,755
Pledged securities over (under) requirement	\$ 587,326	\$ 587,326

Securities pledged by First NM Bank are held by the Independent Bankers Bank in Dallas, Texas
Safekeeping receipts are held by the District.

Cesar Chavez High School Charter School
 Component Unit of Deming Public Schools
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS
 June 30, 2012

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>First NM Bank</u>			
Agency	Checking	\$ 2,251	\$ 2,251
Operational	Checking	<u>1,000,608</u>	<u>986,621</u>
Total cash		<u><u>\$ 1,002,859</u></u>	<u><u>\$ 988,872</u></u>

Cesar Chavez High School Charter School
Component Unit of Deming Schools
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2012

	<u>Operational</u>	<u>Instructional Materials</u>	<u>Federal Flowthrough</u>	<u>Federal Direct</u>
Total cash and investments as of July 1, 2011	\$ 431,526	\$ 6,107	\$ 57,751	\$ 33,410
Add: Current year receipts	1,489,236	5,832	108,004	587
Prior year warrants voided				
Less: Current year expenditures	(968,634)	(9,006)	(156,028)	(587)
Chargebacks/(Overdrafts)				
Receivables/payables				
Transfers	(12,627)		12,627	
Total cash and investments as of June 30, 2012 per cash report	<u>\$ 939,501</u>	<u>\$ 2,933</u>	<u>\$ 22,354</u>	<u>\$ 33,410</u>
Audit adjustment	(18,278)			
Cash and investments per audit report	<u><u>\$ 921,223</u></u>	<u><u>\$ 2,933</u></u>	<u><u>\$ 22,354</u></u>	<u><u>\$ 33,410</u></u>

Cesar Chavez High School Charter School
Component Unit of Deming Schools
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2012

	Local Grants	State Flowthrough	State Direct	Public School Capital Outlay	SB-9
Total cash and investments as of July 1, 2011	\$ 32,466	\$ 4,271	\$ -	\$ 21,199	\$ -
Add: Current year receipts				96,292	
Prior year warrants voided					
Less: Current year expenditures	(9,790)			(96,292)	(41,445)
Abatements					
Receivables/payables					
Transfers					
Total cash and investments as of June 30, 2012 per cash repor	\$ 22,676	\$ 4,271	\$ -	\$ 21,199	\$ (41,445)
Audit adjustment					
Cash and investments per audit report	\$ 22,676	\$ 4,271	\$ -	\$ 21,199	\$ (41,445)

Cesar Chavez High School Charter School
Component Unit of Deming Schools
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2012

	Agency	Total
Total cash and investments as of July 1, 2011	\$ 2,020	\$ 588,750
Add: Current year receipts	375	1,700,326
Prior year warrants voided		-
Less: Current year expenditures	(144)	(1,281,926)
Abatements		-
Receivables/payables		-
Transfers		-
	\$ 2,251	\$ 1,007,150
Total cash and investments as of June 30, 2012 per cash report		
Audit adjustment		(18,278)
Cash and investments per audit report	\$ 2,251	\$ 988,872

Cesar Chavez High School Charter School
Component Unit of Deming Public Schools
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2012

Findings – Financial Statement Audit

None

MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
KELLEY WYATT, C.P.A.

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

Hector H. Balderas, State Auditor
and
Governing Council
Cesar Chavez High School Charter School
Deming, New Mexico

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major special revenue funds of Cesar Chavez High School Charter School, a component unit of Deming Public Schools as of and for the year ended June 30, 2012, which collectively comprise Cesar Chavez High School Charter School, a component unit of Deming Public School's basic financial statements and have issued our report thereon dated November 10, 2012. We have also audited the financial statements of each of the School's general fund components, and the budgetary comparisons for the components of the general fund and the capital projects funds presented as other supplementary information as of and for the year ended June 30, 2012 and have issued our report thereon dated November 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Cesar Chavez High School Charter School, a component unit of Deming Public Schools, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Cesar Chavez High School Charter School, a component unit of Deming Public School's internal control over financial reporting as a basis for designing our auditing procedures 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 Cesar Chavez High School Charter School, a component unit of Deming Public School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cesar Chavez High School Charter School, a component unit of Deming Public School's internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cesar Chavez High School Charter School, a component unit of Deming Public School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Governing Council, others within the organization, the Public Education Department, the New Mexico State Auditor, the New Mexico Legislature, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Stone, McGee & Co CPAs

November 10, 2012

Stone, McGee & Co.
Certified Public Accountants

Cesar Chavez High School Charter School
Component unit of Deming Public Schools
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2012

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Cesar Chavez High School Charter School, a component unit of Deming Public Schools.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *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*.
3. No instances of noncompliance material to the financial statements of Cesar Chavez High School Charter School, a component unit of Deming Public Schools, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. Cesar Chavez High School Charter School, a component unit of Deming Public Schools, expended less than \$500,000 in federal funds.

FINDINGS – FINANCIAL STATEMENT AUDIT

None

OTHER – FINANCIAL STATEMENT PREPARATION

The financial statements were prepared by Stone, McGee & Co., CPA's

EXIT CONFERENCE

The contents of this report were discussed on October 31, 2012. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Eugene Sierra	Council Member	Cesar Chavez High School
Paul Reeves	Principal	Cesar Chavez High School
Stephen Duran	Accountant	Cesar Chavez High School
Harvielee Moore	Superintendent	Deming Public Schools
Ted Burr	Assoc. Supt. of Finance	Deming Public Schools
Mike Stone	Shareholder	Stone, McGee & Co., CPA's