

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, 2014

Cesar Chavez High School  
Charter School  
Component Unit of Deming Public Schools  
**TABLE OF CONTENTS**  
June 30, 2014

	<b>PAGE</b>
<b>INTRODUCTORY SECTION:</b>	
Directory of officials	1
<b>FINANCIAL SECTION:</b>	
INDEPENDENT AUDITOR'S REPORT	2-4
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	5
Statement of Activities	6-7
<i>Fund Financial Statements:</i>	
Balance Sheet--Governmental Funds	8-9
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	10
Statement of Revenues, Expenditures, and Changes in Fund Balances--Governmental Funds	11-12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (NON-GAAP Budgetary Basis) General and Major Special Revenue Funds:	
General fund	14
Title I	15
TANF/GRADS	16
Title I School Improvement	17
Statement of Fiduciary Assets and Liabilities--Agency Funds	18
Notes to Basic Financial Statements	19-32

OTHER SUPPLEMENTARY INFORMATION:

Fund Descriptions	33
Combining Balance Sheet-Non-Major Governmental Funds	34-35
Combining Statement of Revenues, Expenditures and Changes in Fund Balance-Non-Major Governmental Funds	36
Combining Balance Sheet--General Fund	37
Combining Statement of Revenues, Expenditures and Changes in Fund Balances--General Fund	38
Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (NON-GAAP Budgetary Basis):	
General Fund:	
Operational	39
Instructional Materials	40
Microsoft Settlement	41
Special Revenue Funds:	
Title I Stimulus	42
Teacher Mentoring	43
Entitlement	44
Capital Projects:	
Public School Capital Outlay	45

OTHER SUPPLEMENTAL DATA

Schedule of Changes in Assets and Liabilities--Agency Funds	46
Schedule of Depository Collateral	47
Schedule of Individual Deposit Accounts and Investments	48
Schedule of Cash Receipts and Disbursements--by School District Classification	49-51

ADDITIONAL REPORTING REQUIREMENTS:

Summary Schedule of Prior Audit Findings	52
Independent Auditor's 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>	53-54
Schedule of Findings and Responses	55-57

Cesar Chavez High School Charter School  
Component Unit of Deming Public Schools  
**DIRECTORY OF OFFICIALS**  
June 30, 2014

**GOVERNING COUNCIL**

Gloria Lopez

President

Rose Perez

Treasurer

Neima Higuera

Secretary

**SCHOOL OFFICIALS**

Paul Reeves

Principal

Chris Masters

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.

RYAN MONTOYA, C.P.A.

1311 N. GRANT ST.  
P.O. BOX 2828  
SILVER CITY, NEW MEXICO 88062  
TELEPHONE (575) 388-1777  
(575) 538-3795  
FAX (575) 388-5040  
E-MAIL: stonemcgee@qwestoffice.net

### INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas, State Auditor  
And  
Governing Council  
Cesar Chavez High School Charter School  
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 the Cesar Chavez High School Charter School, a component unit of Deming Public Schools (School), as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the School's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the Cesar Chavez High School Charter School, a component unit of Deming Public Schools' nonmajor governmental funds, the components of the general fund and the budgetary comparisons for the components of the general fund, the nonmajor special revenue funds, and the capital projects funds presented as other supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

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

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

#### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cesar Chavez High School Charter School, a component unit of Deming Public Schools as of June 30, 2014, 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. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund and the components of the general fund of the Cesar Chavez High School Charter School, a component unit of Deming Public Schools as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparisons for the components of the general fund, the nonmajor special revenue funds and the capital projects funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted management's 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 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the Cesar Chavez High School Charter School, a component unit of Deming Public Schools' financial statements that collectively comprise the School's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedules presented as other supplemental data as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental data is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental data is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2014, on our consideration of the Cesar Chavez High School Charter School, a component unit of Deming Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cesar Chavez High School Charter School, a component unit of Deming Public Schools' internal control over financial reporting and compliance.

*Stone, McGee & Co., CPAs*

Silver City, New Mexico  
November 3, 2014

*Stone, McGee & Co.*  
*Certified Public Accountants*

Cesar Chavez High School Charter School  
Component Unit of Deming Public Schools  
**STATEMENT OF NET POSITION**  
June 30, 2014

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 1,169,924
Due from other governments	234,417
Capital assets:	
Furniture and fixtures and equipment	320,478
Less accumulated depreciation	(96,827)
Total capital assets, net of depreciation	\$ 223,651
Total assets	\$ 1,627,992
<b>Liabilities</b>	
Accounts payable	\$ 43,823
Total liabilities	\$ 43,823
<b>Deferred Inflows of Resources</b>	
Unavailable revenue	\$ 33,410
Total deferred inflows of resources	\$ 33,410
<b>Net Position</b>	
Net investment in capital assets	\$ 223,651
Restricted for:	
Capital outlay	21,298
Other purposes	4,271
Unrestricted	1,301,539
Total net position	\$ 1,550,759



Cesar Chavez High School Charter School  
Component Unit of Deming Public Schools  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Charges for Services</u>
Governmental activities:		
Instruction	\$ 875,645	\$ -
Support services - Students	112,293	
Support services - Instruction		
General administration	63,407	
School administration	331,134	
Central services	101,783	
Operation of plant	132,254	
Other support services	102,624	
	<u>\$ 1,719,140</u>	<u>\$ -</u>
Total governmental activities		

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

  Total general revenues and special items

  Change in net position

Net position - beginning

Net position - ending

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

<u>Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
\$ 135,348	\$ -	\$ (740,297)
		(112,293)
		-
		(63,407)
		(331,134)
		(101,783)
		(132,254)
		(102,624)
<u>\$ 135,348</u>	<u>\$ -</u>	<u>\$ (1,583,792)</u>

\$ 1,462,790  
275,844

4,286

\$ 1,742,920

\$ 159,128

1,391,631

\$ 1,550,759

Cesar Chavez High School Charter School  
Component Unit of Deming Public Schools  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2014

	General Fund	Title I	TANF GRADS	School Improvement
<b>Assets</b>				
Cash and investments	\$ 1,110,945	\$ -	\$ 33,410	\$ -
Interfund receivable	234,417			
Due from other governments		124,290		108,038
Total assets	<u>\$ 1,345,362</u>	<u>\$ 124,290</u>	<u>\$ 33,410</u>	<u>\$ 108,038</u>
<b>Liabilities</b>				
Interfund payable	\$ -	\$ 124,290	\$ -	\$ 108,038
Accounts payable	43,823			
Total liabilities	<u>\$ 43,823</u>	<u>\$ 124,290</u>	<u>\$ -</u>	<u>\$ 108,038</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	\$ -	\$ -	\$ 33,410	\$ -
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,410</u>	<u>\$ -</u>
<b>Fund balance:</b>				
Restricted for:				
Education	\$ -	\$ -	\$ -	\$ -
Capital projects				
Unassigned	1,301,539			
Total fund balance	<u>\$ 1,301,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,345,362</u>	<u>\$ 124,290</u>	<u>\$ 33,410</u>	<u>\$ 108,038</u>

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

<u>Other Funds</u>	<u>Governmental Funds Total</u>
\$ 25,569	\$ 1,169,924
	234,417
<u>2,089</u>	<u>234,417</u>
<u>\$ 27,658</u>	<u>\$ 1,638,758</u>
\$ 2,089	\$ 234,417
	43,823
<u>2,089</u>	<u>278,240</u>
\$ -	\$ 33,410
\$ -	\$ 33,410
\$ 4,271	\$ 4,271
21,298	21,298
	<u>1,301,539</u>
<u>25,569</u>	<u>\$ 1,327,108</u>
<u>\$ 27,658</u>	<u>\$ 1,638,758</u>

Cesar Chavez High School Charter School  
Component Unit of Deming Public Schools  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
June 30, 2014

Total governmental fund balances	\$	1,327,108
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		223,651
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		-
 <i>Net Posisiton of Governmental Activities</i>	 \$	 <u><u>1,550,759</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, 2014

	<u>General Fund</u>	<u>Title I</u>	<u>TANF GRADS</u>	<u>School Improvement</u>
<b>Revenues:</b>				
Federal sources	\$ -	\$ 68,873	\$ -	\$ 44,087
State sources	1,484,119			
Miscellaneous	275,844			
Earnings from investments	4,286			
<b>Total revenues</b>	<b>\$ 1,764,249</b>	<b>\$ 68,873</b>	<b>\$ -</b>	<b>\$ 44,087</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	\$ 748,231	\$ 68,873	\$ -	\$ 44,087
Support services - Students	112,293			
Support services - Instruction				
General administration	63,407			
School administration	331,134			
Central services	101,783			
Operation of plant	132,254			
Other support services	102,624			
Capital outlay				
<b>Total expenditures</b>	<b>\$ 1,591,726</b>	<b>\$ 68,873</b>	<b>\$ -</b>	<b>\$ 44,087</b>
<b>Net change in fund balance</b>	<b>\$ 172,523</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund balance, July 1, 2013</b>	<b>1,129,016</b>			
<b>Fund balance, June 30, 2014</b>	<b>\$ 1,301,539</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

Other Funds		Governmental Funds Total
\$ 1,059	\$	114,019
		1,484,119
		275,844
		4,286
<hr/>		
\$ 1,059	\$	1,878,268
<hr/>		
\$ 1,059	\$	862,250
		112,293
		-
		63,407
		331,134
		101,783
		132,254
		102,624
		-
<hr/>		
\$ 1,059	\$	1,705,745
<hr/>		
\$ -	\$	172,523
25,569		1,154,585
<hr/>		
\$ 25,569	\$	1,327,108
<hr/> <hr/>		

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, 2014

Net change in fund balances-total governmental funds	\$	172,523
 <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		
Depreciation expense		(13,395)
 <i>Change in Net Position of Governmental Activities</i>		 \$ 159,128

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	1,405,052	1,423,145	1,454,863	31,718
Local sources	3,700	275,346	280,130	4,784
<b>Total revenues</b>	<b>\$ 1,408,752</b>	<b>\$ 1,698,491</b>	<b>\$ 1,734,993</b>	<b>\$ 36,502</b>
<b>Expenditures:</b>				
Instruction	\$ 1,014,837	\$ 1,117,930	\$ 723,160	\$ 394,770
Support services - Students	191,000	191,000	112,293	78,707
Support services - Instruction				-
General administration	150,000	173,589	40,821	132,768
School administration	432,400	442,400	325,661	116,739
Central services	164,300	164,300	99,796	64,504
Operation of plant	450,850	500,850	123,388	377,462
Other support services		103,057	102,624	433
Non-operating				-
<b>Total expenditures</b>	<b>\$ 2,403,387</b>	<b>\$ 2,693,126</b>	<b>\$ 1,527,743</b>	<b>\$ 1,165,383</b>
<b>Net change in fund balance</b>	<b>\$ (994,635)</b>	<b>\$ (994,635)</b>	<b>\$ 207,250</b>	<b>\$ 1,201,885</b>
<b>Fund balance, July 1, 2013</b>	<b>994,635</b>	<b>994,635</b>	<b>1,138,112</b>	<b>143,477</b>
<b>Fund balance, June 30, 2014</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,345,362</b>	<b>\$ 1,345,362</b>
<b>Budgetary reconciliation:</b>				
Net change in fund balance, GAAP basis			\$ 172,523	
Revenue accruals (net)			(29,256)	
Expenditure accruals (net)			63,983	
<b>Net change in fund balance, NON-GAAP budgetary basis</b>			<b>\$ 207,250</b>	

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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ 61,180	\$ 61,180	\$ -	\$ (61,180)
Total revenues	<u>\$ 61,180</u>	<u>\$ 61,180</u>	<u>\$ -</u>	<u>\$ (61,180)</u>
Expenditures:				
Current:				
Instruction	\$ 61,180	\$ 61,180	\$ 68,873	\$ (7,693)
Support services - Students				-
Total expenditures	<u>\$ 61,180</u>	<u>\$ 61,180</u>	<u>\$ 68,873</u>	<u>\$ (7,693)</u>
Net change in fund balance	\$ -	\$ -	\$ (68,873)	\$ (68,873)
Fund balance, July 1, 2013	<u>-</u>	<u>-</u>	<u>(55,417)</u>	<u>(55,417)</u>
Fund balance, June 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (124,290)</u></u>	<u><u>\$ (124,290)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(68,873)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (68,873)</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 - 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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-
Total expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	-	-	33,410	33,410
Fund balance, June 30, 2014	\$ -	\$ -	\$ 33,410	\$ 33,410
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  
**SPECIAL REVENUE FUND - TITLE I SCHOOL IMPROVEMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

	<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	\$ -	\$ -	\$ 55,037	\$ (55,037)
Support services - Students				-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,037</u>	<u>\$ (55,037)</u>
Net change in fund balance	\$ -	\$ -	\$ (55,037)	\$ (55,037)
Fund balance, July 1, 2013	<u>-</u>	<u>-</u>	<u>(53,001)</u>	<u>(53,001)</u>
Fund balance, June 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (108,038)</u></u>	<u><u>\$ (108,038)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(44,087)	
Expenditure accruals (net)			<u>(10,950)</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (55,037)</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 FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
June 30, 2014

	<u>Agency</u>
<b>Assets</b>	
Cash and investments	<u>\$ 2,612</u>
Total assets	<u><u>\$ 2,612</u></u>
<b>Liabilities</b>	
Deposits held for others	<u>\$ 2,612</u>
Total liabilities	<u><u>\$ 2,612</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, 2014

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). 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 Generally Accepted Accounting Principles, 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 Generally Accepted Accounting Principles, the School had no component units.

**B. BASIS OF PRESENTATION**

*Government-wide Financial Statements:*

The Statement of Net Position 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 School 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 School 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

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 position and changes in net position 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/School Improvement – 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.

### **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 Position 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, deferred outflows of resources, liabilities and deferred inflows of resources 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 position (or cost recovery), and financial position. All assets, liabilities, deferred outflows of resources, and



deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Revenues, expenses, gains, losses, assets, deferred outflows of revenues, liabilities and deferred inflows of resources resulting from non-exchange transactions are recognized when the earnings process is completed.

### **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. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchanges and non-exchange like transactions are recognized when the exchange takes place.

**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 deferred outflows of resources by the provider and deferred inflows of resources by the recipient. Grant revenues not collected within 60 days of year end are recorded as receivables and deferred inflows of resources. Such amounts are recorded net of estimated uncollectible accounts.

In the government-wide Statement of Net Position, 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 position are reported in three parts – net investment in capital assets, net of related debt; restricted net position; and unrestricted net position. The School first utilized restricted resources when an expense is incurred and for purposes for which both restricted and unrestricted net position are 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 position 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 budget 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, 2013.

**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. At June 30, 2013 the School had no significant compensated absence liability.

**H. EQUITY CLASSIFICATIONS**

*Governments-wide Statements*

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

- a. Net investment 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 position – consists of net position 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 position – all other net position that do not meet the definition of “restricted” or “net investment 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. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the Statement of Financial Position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period, and so will not be recognized as an outflow or resource (expenses/expenditures) until then. The Government had no items that qualify for reporting in this category.

In addition to liabilities, the Statement of Financial Position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Government has only one type of item, which arises under both the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in both the statement of net position and the governmental funds balance sheet. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Government reports unavailable revenue from the following sources.

21<sup>st</sup> Century Fund

Advances received under expenditure driven grants	\$	33,410
---	----	--------

## K. 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, 2014 \$0.00 of the School's bank balance of \$1,229,575 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ <u>-0-</u>
Total	\$ <u>-0-</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	979,575	922,536
Uninsured and uncollateralized	<u>-0-</u>	<u>-0-</u>
	<u>\$ 1,229,575</u>	<u>\$ 1,172,536</u>

### Note C Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Capital assets being depreciated				
Other capital assets:				
Furniture and equipment	\$ 148,403	\$ -0-	\$ -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>\$ 320,478</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 320,478</u>
Less accumulated depreciation for:				
Furniture and equipment	\$ (57,497)	\$ (9,953)	\$ -0-	\$ (67,450)
Leasehold improvements	<u>(25,935)</u>	<u>(3,442)</u>	<u>-0-</u>	<u>(29,377)</u>

Total accumulated depreciation	\$ (83,432)	\$ (13,395)	\$ -0-	\$ (96,827)
Total capital assets, net	\$ 237,046	\$ (13,395)	\$ -0-	\$ 223,651

Depreciation expense was charged to the governmental activities as follows:

Instruction	\$ 13,395
-------------	-----------

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](http://www.nmerb.org).

Funding Policy

Member Contributions

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

Employer Contributions

In fiscal year 2014, the Cesar Chavez High School Charter School was required to contribute 13.15% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 13.15% of the gross covered salary for employees whose annual salary is more than \$20,000.

In the future Cesar Chavez High School Charter School will contribute the following percentages of the gross covered salary of employees: 13.9% of gross covered salary in fiscal year 2015.

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, 2014, 2013, and 2012, were \$185,779, \$141,456, and \$105,172, 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](http://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 members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans, 3, 4, or 5; municipal fire member coverage plan 3, 4, or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act). For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the Authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Cesar Chavez High School Charter School contributions to the RHCA for the years ended June 30, 2014, 2013 and 2012 were \$16,638, \$14,533 and \$15,510, 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 School pays an annual premium to New Mexico Public Schools Insurance Authority for its general insurance coverage, and all risk of loss is transferred. No losses exceeded insurance in the past three years.

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.

During the year ending June 30, 2015, the School will be required to report a material liability for pension plan participation, due to the adoption of new reporting standards. Currently, the amount is not estimable.

Note H Restricted Net Position

At June 30, 2014, assets restricted for other purposes were the following Special Revenue Funds:

Teacher Mentoring	<u>\$ 4,271</u>
-------------------	-----------------

The School reports \$25,569 in restricted assets, of which \$25,569 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, 2014.

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 \$96,000 in rent to Deming Public Schools during the year ended June 30, 2014.

Note K Inter-fund Activity

Inter-fund balances at June 30, 2014, consisted of the following:

<u>Inter-fund Receivable</u>	<u>Inter-Fund Payable</u>			
	<u>Other Funds</u>	<u>Title I</u>	<u>School Improvement</u>	<u>Total</u>
General	<u>\$ 2,089</u>	<u>\$ 124,290</u>	<u>\$ 108,038</u>	<u>\$ 234,417</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.

Note L Evaluation of Subsequent Events

The School has evaluated subsequent events through November 3, 2014, the date which the financial statements were available to be issued.

Note M Budgetary Authority

The School expended funds in excess of budgetary authority in the following funds and functions:

Title I - Instruction	\$ 7,693
Title I School Improvement – Instruction	55,037
General Fund Instructional Materials	14,031

The School intends to revise its budget policies to prevent such occurrences in the future.

Cesar Chavez High School Charter School  
Component Unit of Deming Public Schools  
**FUND DESCRIPTIONS**  
June 30, 2014

**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  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
June 30, 2014

	Special Revenue Funds			Capital Projects Funds
	Entitlement	Title I Stimulus	Teacher Mentoring	PSCO
<b>Assets</b>				
Cash and investments	\$ -	\$ -	\$ 4,271	\$ 21,298
Interfund receivable				
Due from other governments	1,059	1,030		
<b>Total assets</b>	<b>\$ 1,059</b>	<b>\$ 1,030</b>	<b>\$ 4,271</b>	<b>\$ 21,298</b>
<b>Liabilities</b>				
Interfund payable	\$ 1,059	\$ 1,030	\$ -	\$ -
Accounts payable				
<b>Total liabilities</b>	<b>\$ 1,059</b>	<b>\$ 1,030</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	\$ -	\$ -	\$ -	
<b>Total deferred inflows of resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund balance:</b>				
Restricted for:				
Education	\$ -	\$ -	\$ 4,271	\$ -
Capital projects				21,298
Unassigned				
<b>Total fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,271</b>	<b>\$ 21,298</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,059</b>	<b>\$ 1,030</b>	<b>\$ 4,271</b>	<b>\$ 21,298</b>

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

Total

\$ 25,569  
-  
2,089  
\$ 27,658

\$ 2,089  
-  
\$ 2,089

\$ -  
-  
\$ -

\$ 4,271  
21,298  
-  
\$ 25,569  
\$ 27,658

Cesar Chavez High School Charter School  
Component Unit of Deming Public Schools  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
For The Fiscal Year Ended June 30, 2014

	Special Revenue Funds		Capital Projects Funds	
	Entitlement	Teacher Mentoring	PSCO	Total
Revenues:				
Federal sources	\$ 1,059	\$ -	\$ -	\$ 1,059
State aid				-
Miscellaneous				-
Total revenues	\$ 1,059	\$ -	\$ -	\$ 1,059
Expenditures:				
Current:				
Instruction	\$ 1,059	\$ -	\$ -	\$ 1,059
Operation of plant				-
Capital outlay				-
Total expenditures	\$ 1,059	\$ -	\$ -	\$ 1,059
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources:				
Operating transfers in (out)				-
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013		4,271	21,298	25,569
Fund balance, June 30, 2014	\$ -	\$ 4,271	\$ 21,298	\$ 25,569

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**  
**COMBINING BALANCE SHEETS**  
June 30, 2014

	Operational	Instructional Materials	Microsoft Settlement	Total General Fund
<b>Assets</b>				
Cash and investments	\$ 1,087,189	\$ 1,080	\$ 22,676	\$ 1,110,945
Interfund receivable	234,417			234,417
Due from other governments				-
	<u>\$ 1,321,606</u>	<u>\$ 1,080</u>	<u>\$ 22,676</u>	<u>\$ 1,345,362</u>
<b>Liabilities</b>				
Accounts payable	\$ 43,823	\$ -	\$ -	\$ 43,823
	<u>\$ 43,823</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,823</u>
Fund balance:				
Unassigned	\$ 1,277,783	\$ 1,080	\$ 22,676	\$ 1,301,539
	<u>\$ 1,277,783</u>	<u>\$ 1,080</u>	<u>\$ 22,676</u>	<u>\$ 1,301,539</u>
Total liabilities and fund balance	<u>\$ 1,321,606</u>	<u>\$ 1,080</u>	<u>\$ 22,676</u>	<u>\$ 1,345,362</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, 2014

	Operational	Instructional Materials	Microsoft Settlement	Total General Fund
<b>Revenues:</b>				
State sources	\$ 1,473,066	\$ 11,053	\$ -	\$ 1,484,119
Miscellaneous	275,844			275,844
Earnings from investments	4,286			4,286
	<b>\$ 1,753,196</b>	<b>\$ 11,053</b>	<b>\$ -</b>	<b>\$ 1,764,249</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	\$ 726,383	\$ 21,848	\$ -	\$ 748,231
Support services - Students	112,293			112,293
General administration	63,407			63,407
School administration	331,134			331,134
Central services	101,783			101,783
Operation of plant	132,254			132,254
Other support services	102,624			102,624
Capital outlay				-
	<b>\$ 1,569,878</b>	<b>\$ 21,848</b>	<b>\$ -</b>	<b>\$ 1,591,726</b>
Revenues over (under) expenditures	\$ 183,318	\$ (10,795)	\$ -	\$ 172,523
<b>Other financing sources:</b>				
Operating transfers in (out)				-
Net change in fund balances	\$ 183,318	\$ (10,795)	\$ -	\$ 172,523
Fund balance, July 1, 2013	1,094,465	11,875	22,676	1,129,016
Fund balance, June 30, 2014	<b>\$ 1,277,783</b>	<b>\$ 1,080</b>	<b>\$ 22,676</b>	<b>\$ 1,301,539</b>

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ -	\$ -	\$ -
State sources	1,405,052	1,415,328	1,443,810	28,482
Local sources	3,700	275,346	280,130	4,784
 Total revenues	 \$ 1,408,752	 \$ 1,690,674	 \$ 1,723,940	 \$ 33,266
Expenditures:				
Current:				
Instruction	\$ 1,014,837	\$ 1,110,113	\$ 701,312	\$ 408,801
Support services - Students	191,000	191,000	112,293	78,707
Support services - Instruction				-
General administration	150,000	173,589	36,359	137,230
School administration	432,400	442,400	330,123	112,277
Central services	164,300	164,300	99,796	64,504
Operation of plant	450,850	500,850	123,388	377,462
Other support services		103,057	102,624	433
Capital outlay				-
 Total expenditures	 \$ 2,403,387	 \$ 2,685,309	 \$ 1,505,895	 \$ 1,179,414
Revenues over (under) expenditures	\$ (994,635)	\$ (994,635)	\$ 218,045	\$ 1,212,680
Other financing sources (uses):				
Transfers out				-
Net change in fund balance	\$ (994,635)	\$ (994,635)	\$ 218,045	\$ 1,212,680
Fund balance, July 1, 2013	994,635	994,635	1,103,561	108,926
Fund balance, June 30, 2014	\$ -	\$ -	\$ 1,321,606	\$ 1,321,606
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 183,318	
Revenue accruals (net)			(29,256)	
Expenditure accruals (net)			63,983	
Expenditure accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ 218,045	

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, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 7,817	\$ 11,053	\$ 3,236
Local sources	-	-	-	-
Total revenues	\$ -	\$ 7,817	\$ 11,053	\$ 3,236
Expenditures:				
Current:				
Instruction	\$ -	\$ 7,817	\$ 21,848	\$ (14,031)
Support services - Instruction	-	-	-	-
Total expenditures	\$ -	\$ 7,817	\$ 21,848	\$ (14,031)
Net change in fund balance	\$ -	\$ -	\$ (10,795)	\$ (10,795)
Fund balance, July 1, 2013	-	-	11,875	11,875
Fund balance, June 30, 2014	\$ -	\$ -	\$ 1,080	\$ 1,080
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (10,795)	
Revenue accruals (net)				
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (10,795)	

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, 2014

	<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	\$ -	\$ -	\$ -	\$ -
Support services - Students				-
General administration				-
School administration				-
Central services				-
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013			<u>22,676</u>	<u>22,676</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,676</u>	<u>\$ 22,676</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>	

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 STIMULUS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

	<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	\$ -	\$ -	\$ -	\$ -
Support services - Students	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	<u>-</u>	<u>-</u>	<u>(1,030)</u>	<u>(1,030)</u>
Fund balance, June 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1,030)</u></u>	<u><u>\$ (1,030)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			<u>-</u>	
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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2013	<u>-</u>	<u>-</u>	<u>4,271</u>	<u>4,271</u>
Fund balance, June 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,271</u></u>	<u><u>\$ 4,271</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 - ENTITLEMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Federal sources	\$ -	\$ 10,825	\$ -	\$ (10,825)
Total revenues	<u>\$ -</u>	<u>\$ 10,825</u>	<u>\$ -</u>	<u>\$ (10,825)</u>
Expenditures:				
Current:				
Instruction	\$ -	\$ 10,825	\$ 1,059	\$ 9,766
Support services - Students				-
Total expenditures	<u>\$ -</u>	<u>\$ 10,825</u>	<u>\$ 1,059</u>	<u>\$ 9,766</u>
Net change in fund balance	\$ -	\$ -	\$ (1,059)	\$ (1,059)
Fund balance, July 1, 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2014	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1,059)</u></u>	<u><u>\$ (1,059)</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			(1,059)	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (1,059)</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Current:				
Operation	\$ -	\$ -	\$ -	\$ -
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, June 30, 2013	<u>-</u>	<u>-</u>	\$ 21,298	\$ 21,298
Fund balance, June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,298</u>	<u>\$ 21,298</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  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
June 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>Assets</b>				
Cash and investments:				
Cesar Chavez Charter School	\$ 3,237	\$ 2,453	\$ 3,078	\$ 2,612
Total assets	<u>\$ 3,237</u>	<u>\$ 2,453</u>	<u>\$ 3,078</u>	<u>\$ 2,612</u>
<b>Liabilities</b>				
Deposits held for others:				
Cesar Chavez Charter School	\$ 3,237	\$ 2,453	\$ 3,078	\$ 2,612
Total liabilities	<u>\$ 3,237</u>	<u>\$ 2,453</u>	<u>\$ 3,078</u>	<u>\$ 2,612</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, 2014

	<u>First NM Bank</u>	<u>Total</u>
Checking and CD's	<u>\$ 1,229,575</u>	<u>\$ 1,229,575</u>
Total on deposit	\$ 1,229,575	\$ 1,229,575
Less: FDIC insurance	<u>(250,000)</u>	<u>(250,000)</u>
Total uninsured public funds	<u>\$ 979,575</u>	<u>\$ 979,575</u>
50 % collateral	\$ 489,788	\$ 489,788
Pledged Collateral;		
Mora, NM Ind. School 616412EJ7 7/1/16	267,560	267,560
FNMA 899172HF0 9/15/17	236,111	236,111
So. Sandoval, NM 843789EH7 8/1/21	268,257	268,257
Tularosa, NM 899172HA1 1/1/16	<u>209,906</u>	<u>209,906</u>
Total pledged securities	<u>\$ 981,834</u>	<u>\$ 981,834</u>
Pledged securities over (under) requirement	<u>\$ 492,047</u>	<u>\$ 492,047</u>

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, 2014

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>First NM Bank</u>			
Agency	Checking	\$ 2,612	\$ 2,612
Operational	Checking	<u>1,226,963</u>	<u>1,169,924</u>
Total cash		<u><u>\$ 1,229,575</u></u>	<u><u>\$ 1,172,536</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, 2014

	Operational	Instructional Materials	Federal Flowthrough	Federal Direct
Total cash and investments as of July 1, 2013	\$ 1,103,562	\$ 11,875	\$ (109,448)	\$ 33,410
Add: Current year receipts	1,723,939	11,053		
Prior year warrants voided				
Less: Current year expenditures	(1,542,706)	(21,848)	(124,969)	
Chargebacks/(Overdrafts)				
Receivables/payables				
Transfers				
Total cash and investments as of June 30, 2014 per cash report	\$ 1,284,795	\$ 1,080	\$ (234,417)	\$ 33,410
Audit adjustment	36,811			
Cash and investments per audit report	\$ 1,321,606	\$ 1,080	\$ (234,417)	\$ 33,410

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, 2014

	Local Grants	State Flowthrough	State Direct	Public School Capital Outlay	SB-9
Total cash and investments as of July 1, 2013	\$ 22,676	\$ 4,271	\$ -	\$ 21,298	\$ -
Add: Current year receipts					
Prior year warrants voided					
Less: Current year expenditures					
Abatements					
Receivables/payables					
Transfers					
Total cash and investments as of June 30, 2014 per cash repor	\$ 22,676	\$ 4,271	\$ -	\$ 21,298	\$ -
Audit adjustment					
Cash and investments per audit report	\$ 22,676	\$ 4,271	\$ -	\$ 21,298	\$ -

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, 2014

	Agency	Total
Total cash and investments as of July 1, 2013	\$ 3,237	\$ 1,090,881
Add: Current year receipts	2,453	1,737,445
Prior year warrants voided		-
Less: Current year expenditures	(3,078)	(1,692,601)
Abatements		-
Receivables/payables		-
Transfers		-
	\$ 2,612	\$ 1,135,725
Total cash and investments as of June 30, 2014 per cash report		
Audit adjustment		36,811
Cash and investments per audit report	\$ 2,612	\$ 1,172,536

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, 2014

<b>Findings – Financial Statement Audit</b>	<u>Current Status</u>
2013-001(2013-1) Cash in Bank does not agree to final report submitted to New Mexico Public Education Department	Repeated
2013-002 I-9 forms not properly maintained	Resolved
2013-003(2013-3) Travel reimbursement request not paid according to the Per Diem and Mileage Act	Repeated
2013-004(2013-4) Expenditures incurred in excess of budgetary authority	Repeated
2013-5 Recommendation for audit services not submitted timely to the New Mexico State Auditor	Resolved

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.

RYAN MONTOYA, C.P.A.

1311 N. GRANT ST.  
P.O. BOX 2828  
SILVER CITY, NEW MEXICO 88062  
TELEPHONE (575) 388-1777  
(575) 538-3795  
FAX (575) 388-5040  
E-MAIL: stonemcgee@qwestoffice.net

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

**INDEPENDENT AUDITOR'S REPORT**

Hector H. Balderas, State Auditor  
And  
Governing Council  
Cesar Chavez High School Charter School  
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, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Cesar Chavez High School Charter School, a component unit of Deming Public Schools as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Cesar Chavez High School Charter School, a component unit of Deming Public Schools' basic financial statements, and the combining and individual fund financial statements and related budgetary comparisons of the School presented as other supplementary information, and have issued our report thereon dated November 3, 2014.

**Internal Control Over financial Reporting**

In planning and performing our audit of the financial statements, we considered Cesar Chavez High School Charter School, a component unit of Deming Public Schools' 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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cesar Chavez High School Charter School, a component unit of Deming Public Schools' 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 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Cesar Chavez High School Charter School, a component unit of Deming Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items 2013-001, 2013-003, and 2013-004.

### **Cesar Chavez High School Charter School, a component unit of Deming Public Schools' Responses to Findings**

Cesar Chavez High School Charter School, a component unit of Deming Public Schools' responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The School's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Stone, McGee & Co., CPAs*

Silver City, New Mexico  
November 3, 2014

*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, 2014

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified 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 *Independent Auditor's 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**

2013-001(2013-1) Cash Reporting (Other)

Condition – The School's actual cash in bank was \$36,811 more than that reported to the New Mexico Public Education Department on the School's year-end cash report.

Criteria – Sound accounting practices and the New Mexico Public Education Department's *Manual of Procedures* requires that actual cash in bank be reconciled to general ledger amounts, and that the general ledger amounts, on a by fund basis, equal actual cash in bank.

Effect – Erroneous reporting of actual cash balancing can affect budget preparation, and does not allow proper analysis of the year-end reports by supervisory personnel, and the New Mexico Public Education Department.

Cause – The School was not able to identify and correct the difference in cash before the final year-end reports were prepared. The School's accounting system is designed to accrue liabilities that affect the reported expenditures. This has an effect on the by-fund cash balances, but cash has not yet been expended, so the cash basis report to the New Mexico Public Education Department contains expenditures that have not yet been made in cash.

Recommendation – We recommend that the School reconcile actual cash in bank to the general ledger reported amounts, and that the appropriate adjustments be made to the general ledger amounts monthly, prior to preparation of financial reports.

Agency Response – The School was aware of the discrepancy, and it was reported as such to the New Mexico Department of Education on our year-end reports. Now that the correct cash balances have been established, we believe that the actual cash balances will be reflected in general ledger amounts, and will be reconciled to year-end reports.

#### 2013-003(2013-3) Travel and Per Diem Rates (Other)

Condition – In a review of 25 travel reimbursement requests, we noted five instances where the School did not reimburse the employee at the approved rates. The total amount reimbursed in excess of approved rates for these five instances was \$24.

Criteria – The Per Diem and Mileage Act, sections 10-8-1 to 10-8-8 of NMSA 1978 and Regulations Governing the Per Diem and Mileage Act, 2.42.2 NMAC, establish rates for the reimbursement of travel costs. The School has adopted these rates as a matter of policy. These rates must be used to reimburse employees and board members for authorized travel.

Effect – The School has violated the aforementioned statutes and regulations, and over-expenditure of funds could result.

Cause – The partial day reimbursement regulation was interpreted incorrectly, and confusion existed as to the daily rate to be paid when the School was reimbursing meals only.

Recommendation – We recommend that the School reimburse for travel in accordance with the rates detailed in 2.42.2 NMAC.

Agency Response – The recommendation has been adopted. We have obtained the current rates, and will use them to determine reimbursement for employee travel.

#### 2013-004(2013-4) Budgetary Controls (Other)

Condition – The School incurred expenditures in excess of budgetary authority in the following funds and functions:

Title I – Instruction	\$ 7,693
Title I School Improvement – Instruction	55,037
General Fund instructional materials	14,031

Criteria – Sections 6-3-1 through 6-3-25 NMSA 1978 require, in part, that expenditures not exceed budgetary authority.

Effect – The internal controls established by adherence to budgets has been compromised, and excess spending could result. In addition, New Mexico statutes have been violated.

Cause – The District did not request the budget adjustments to alleviate these budget overruns. School personnel were unaware of the budget requirements related to pass-through funding from Deming Public Schools.

Recommendation – We recommend that the District adhere to their policy of reviewing expenditures and requesting budget adjustments where necessary.

Agency Response – The Title I expenditures pass through from Deming Public Schools, of which we are a component unit. We did not adopt budgets needed for these pass-through funds. The over-expenditure of functions in the other funds was an oversight, because we did

not make the appropriate budget adjustments at year end. In the future, we will adopt budgets for all funds, and review expenditures periodically to ensure adherence to budget constraints.

#### **OTHER – FINANCIAL STATEMENT PREPARATION**

The financial statements were prepared by Stone, McGee & Co., CPA's. However, the Schools' management has acknowledged and taken responsibility for the financials statements.

#### **EXIT CONFERENCE**

The contents of this report were discussed on October 24, 2014. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Bayne Anderson	Board President	Deming Public Schools
Rosa Perez	Council Member	Cesar Chavez High School
Ray Trejo	Acting Principal	Cesar Chavez High School
Dr. Dan Lere	Superintendent	Deming Public Schools
Ted Burr	Assoc. Supt. of Finance	Deming Public Schools
Mike Stone	Shareholder	Stone, McGee & Co., CPA's