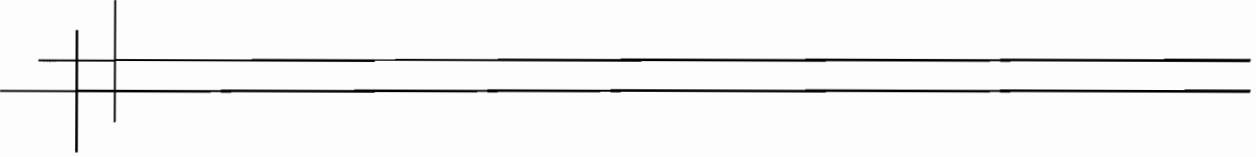




STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**

**ANNUAL FINANCIAL REPORT**  
June 30, 2007

**De'Aun Willoughby CPA, PC**  
Certified Public Accountant  
Melrose, New Mexico



STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
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 For the Year Ended June 30, 2007

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**Council Members**

Susan Livermore	Member
Kim Delgado	Member
Cindy McLeod	Member
Ricky Serns	Member

**Staff Members**

Dr. Ruben Cordova	Director
Dr. Carol Winkle	Head Teacher

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(575) 253-4313

Independent Auditor's Report

Mr. Hector Balderas  
State Auditor of the State of New Mexico  
Board Members of the Bridge Academy Charter High School

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of BRIDGE ACADEMY CHARTER HIGH SCHOOL, (School), as of and for the year ended June 30, 2007, which collectively comprise the School's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the School's nonmajor governmental funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2007, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2007, 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 conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the School as of June 30, 2007, and the respective changes in financial position and the respective budgetary comparisons for the major capital projects fund and the nonmajor 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 a report dated June 23, 2009, on our consideration of the 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 Governmental Auditing Standards and should be considered in assessing the results of our audit.

The School has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements and the combining and individual financial statements and budgetary comparisons presented as supplemental information.

Our audit was conducted for the purpose of forming opinions on the financial statements and on the combining and individual fund financial statements and the respective budgetary comparisons. The additional schedules listed as "other supplemental information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the School. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*De'Ann Willoughby CPA PC*

June 23, 2009

## FINANCIAL SECTION

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
 Government-Wide Statement of Net Assets  
 June 30, 2007

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 13,458
Security Deposit	3,300
Due from Grantor	<u>19,519</u>
Total Current Assets	<u>36,277</u>
Noncurrent Assets	
Capital Assets	75,658
Less: Accumulated Depreciation	<u>(54,965)</u>
Total Noncurrent Assets	<u>20,693</u>
Total Assets	<u>56,970</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	<u>0</u>
Total Current Liabilities	<u>0</u>
Total Liabilities	<u>0</u>
<b>NET ASSETS</b>	
Invested in Capital Assets	20,693
Unrestricted	<u>36,277</u>
Total Net Assets	<u>\$ 56,970</u>

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



STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
 Government-Wide Statement of Activities  
 For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Governmental Activities</b>					
Instruction	\$ 289,513	\$ 0	\$ 85,936	\$ 0	\$ (203,577)
Support Services-Instruction	40	0	0	0	(40)
Support Services-Students	2,130	0	0	0	(2,130)
General Administration	12,338	0	0	0	(12,338)
School Administration	54,026	0	0	0	(54,026)
Central Services	34,784	0	0	0	(34,784)
Operation of Plant	54,136	0	18,198	0	(35,938)
Net Program (Expenses) Revenues	<u>446,967</u>	<u>0</u>	<u>104,134</u>	<u>0</u>	<u>(342,833)</u>
<b>General Revenues</b>					
Federal and State aid not restricted to specific purpose					
General				\$	333,007
Capital					14,000
Miscellaneous					<u>7,546</u>
Subtotal, General Revenues					<u>354,553</u>
Change in Net Assets					11,720
Net Assets - beginning					<u>45,250</u>
Net Assets - ending				\$	<u>56,970</u>

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
 GOVERNMENTAL FUNDS  
 Balance Sheet  
 June 30, 2007

	General Fund		Partnerships in Character 24129
	Operational 11000	Instructional Materials 14000	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 7,069	\$ 5,740	\$ 0
Receivables			
Security Deposit	3,300	0	0
Interfund Balance	19,519	0	0
Due from Grantor	0	0	7,257
Total Assets	<u>\$ 29,888</u>	<u>\$ 5,740</u>	<u>\$ 7,257</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Interfund Balance	\$ 0	\$ 0	\$ 7,257
Accounts Payable	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>7,257</u>
<b>Fund Balances</b>			
Unreserved, Undesignated, reported in:			
General Fund	29,888	5,740	0
Special Revenue	0	0	0
Total Fund Balances	<u>29,888</u>	<u>5,740</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$ 29,888</u>	<u>\$ 5,740</u>	<u>\$ 7,257</u>

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
 GOVERNMENTAL FUNDS  
 Balance Sheet  
 June 30, 2007

	Family & Youth Resource Program 27140	PSCOC 31200	Other Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 649
Receivables			
Security Deposit	0	0	0
Interfund Balance	0	0	0
Due from Grantor	6,433	4,550	1,279
<b>Total Assets</b>	<b>\$ 6,433</b>	<b>\$ 4,550</b>	<b>\$ 1,928</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Interfund Balance	\$ 6,433	\$ 4,550	\$ 1,279
Accounts Payable	0	0	0
<b>Total Liabilities</b>	<b>6,433</b>	<b>4,550</b>	<b>1,279</b>
<b>Fund Balances</b>			
Unreserved, Undesignated, reported in:			
General Fund	0	0	0
Special Revenue	0	0	649
<b>Total Fund Balances</b>	<b>0</b>	<b>0</b>	<b>649</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,433</b>	<b>\$ 4,550</b>	<b>\$ 1,928</b>

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
 GOVERNMENTAL FUNDS  
 Balance Sheet  
 June 30, 2007

	<u>Total Governmental Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 13,458
Receivables	
Security Deposit	3,300
Interfund Balance	19,519
Due from Grantor	19,519
Total Assets	<u>\$ 55,796</u>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Interfund Balance	\$ 19,519
Accounts Payable	<u>0</u>
Total Liabilities	<u>19,519</u>
Fund Balances	
Unreserved, Undesignated, reported in:	
General Fund	35,628
Special Revenue	<u>649</u>
Total Fund Balances	<u>36,277</u>
Total Liabilities and Fund Balances	<u>\$ 55,796</u>

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
 Reconciliation of the Governmental Funds  
 Balance Sheet to the Statement of Net Assets  
 June 30, 2007

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

Total Fund Balance - Governmental Funds	\$	36,277
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
The cost of capital assets	\$	75,658
Accumulated depreciation is		<u>(54,965)</u>
		<u>20,693</u>
Total net assets - governmental activities	\$	<u><u>56,970</u></u>

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and Changes  
in Fund Balance  
For the Year Ended June 30, 2007

	General Fund		Partnerships in Character 24129
	Operational 11000	Instructional Materials 14000	
Revenues			
Fees	\$ 0	\$ 0	\$ 0
State Grants	333,007	5,387	0
Federal Grants	0	0	11,009
Miscellaneous	7,546	0	0
Total Revenues	<u>340,553</u>	<u>5,387</u>	<u>11,009</u>
Expenditures			
Current			
Instruction	185,347	1,213	11,009
Support Services-Instruction	0	40	0
Support Services-Students	2,130	0	0
Support Services-General Administration	12,338	0	0
Support Service-School Administration	54,026	0	0
Central Services	34,784	0	0
Operation & Maintenance of Plant	35,938	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>324,563</u>	<u>1,253</u>	<u>11,009</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>15,990</u>	<u>4,134</u>	<u>0</u>
Fund Balances at Beginning of Year	<u>13,898</u>	<u>1,606</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 29,888</u>	<u>\$ 5,740</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and Changes  
in Fund Balance  
For the Year Ended June 30, 2007

	Family & Youth Resource Program 27140	PSCOC 31200	Other Governmental Funds
<b>Revenues</b>			
Fees	\$ 0	\$ 0	\$ 0
State Grants	15,010	18,198	31,878
Federal Grants	0	0	36,652
Miscellaneous	0	0	0
Total Revenues	<u>15,010</u>	<u>18,198</u>	<u>68,530</u>
<b>Expenditures</b>			
Current			
Instruction	15,010	0	59,806
Support Services-Instruction	0	0	0
Support Services-Students	0	0	0
Support Services-General Administration	0	0	0
Support Service-School Administration	0	0	0
Central Services	0	0	0
Operation & Maintenance of Plant	0	18,198	0
Capital Outlay	0	0	14,000
Total Expenditures	<u>15,010</u>	<u>18,198</u>	<u>73,806</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>(5,276)</u>
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>5,925</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 649</u>

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
 GOVERNMENTAL FUNDS  
 Statement of Revenues, Expenditures and Changes  
 in Fund Balance  
 For the Year Ended June 30, 2007

	Total Governmental Funds
Revenues	
Fees	\$ 0
State Grants	403,480
Federal Grants	47,661
Miscellaneous	7,546
Total Revenues	<u>458,687</u>
Expenditures	
Current	
Instruction	272,385
Support Services-Instruction	40
Support Services-Students	2,130
Support Services-General Administration	12,338
Support Service-School Administration	54,026
Central Services	34,784
Operation & Maintenance of Plant	54,136
Capital Outlay	14,000
Total Expenditures	<u>443,839</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>14,848</u>
Fund Balances at Beginning of Year	<u>21,429</u>
Fund Balance End of Year	<u>\$ 36,277</u>

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



STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
 Reconciliation of the Governmental Funds  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 To the Statement of Activities  
 June 30, 2007

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Excess (Deficiency) of Revenues Over Expenditures \$ 14,848

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital

	\$	(17,128)	
Depreciation expense		14,000	
Capital Outlays		(3,128)	
Change in Net Assets of Governmental Activities	\$	11,720	

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

STATE OF NEW MEXICO

**BRIDGE ACADEMY CHARTER HIGH SCHOOL**

GENERAL-OPERATIONAL FUND-11000

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Fees	\$ 0	\$ 0	\$ 0	\$ 0
State Grant	333,000	333,000	333,007	7
Miscellaneous	0	0	7,546	7,546
Total Revenues	<u>333,000</u>	<u>333,000</u>	<u>340,553</u>	<u>7,553</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	133,813	125,813	115,653	10,160
Employee Benefits	49,121	43,366	38,480	4,886
Professional & Tech Services	0	0	6,306	(6,306)
Purchased Property Services	0	112	474	(362)
Other Purchased Services	4,000	24,375	21,181	3,194
Supplies	1,000	2,765	3,253	(488)
Total Instruction	<u>187,934</u>	<u>196,431</u>	<u>185,347</u>	<u>11,084</u>
<b>Support Services-Students</b>				
Other Purchased Services	4300	2800	2,061	0
Supplies	200	200	69	131
Total Support Services-Students	<u>4,500</u>	<u>3,000</u>	<u>2,130</u>	<u>131</u>
<b>Support Services-General Administration</b>				
Personnel Services	53,250	35,087	7,250	27,837
Employee Benefits	19,554	19,433	610	18,823
Professional & Tech Services	600	600	0	600
Purchased Property Services	1,400	1,400	0	1,400
Other Purchased Services	1,000	5,121	3,967	1,154
Supplies	1,000	1,000	511	489
Total Support Services-General Administration	<u>\$ 76,804</u>	<u>\$ 62,641</u>	<u>\$ 12,338</u>	<u>\$ 50,303</u>

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
GENERAL-OPERATIONAL FUND-11000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Support Services-School Administration				
Personnel Services	\$ 0	\$ 0	\$ 33,250	\$ (33,250)
Employee Benefits	0	0	14,241	(14,241)
Professional & Tech Services	0	8,083	5,767	2,316
Other Purchased Services	0	0	409	(409)
Supplies	0	0	359	(359)
Total Support Services-School Administration	0	8,083	54,026	(45,943)
Central Services				
Personnel Services	18,000	6,167	6,167	0
Employee Benefits	4,022	1,494	1,494	0
Professional & Tech Services	0	16,083	16,000	83
Other Purchased Services	3,033	5,313	3,076	2,237
Supplies	7,500	8,047	8,046	1
Total Central Services	32,555	37,104	34,783	2,321
Operation & Maintenance of Plant				
Purchased Property Services	25,651	25,651	23,928	1,723
Other Purchased Services	9,082	9,105	11,138	(2,033)
Supplies	706	706	873	(167)
Total Operation & Maintenance of Plant	35,439	35,462	35,939	(477)
Total Expenditures	337,232	342,721	324,563	17,419
Excess (Deficiency) of Revenues Over Expenditures	(4,232)	(9,721)	15,990	24,972
Cash Balance Beginning of Year	10,598	10,598	10,598	0
Cash Balance End of Year	\$ 6,366	\$ 877	\$ 26,588	\$ 24,972
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 15,990	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 15,990	

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
GENERAL-INSTRUCTIONAL MATERIALS-14000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grants	\$ 5,387	\$ 5,387	\$ 5,387	\$ 0
Total Revenues	<u>5,387</u>	<u>5,387</u>	<u>5,387</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	2,652	2,652	1,213	1,439
Total Instruction	<u>2,652</u>	<u>2,652</u>	<u>1,213</u>	<u>1,439</u>
<b>Support Services-Instruction</b>				
Supplies	0	0	40	0
Total Support Services-Instruction	<u>0</u>	<u>0</u>	<u>40</u>	<u>0</u>
Total Expenditures	<u>2,652</u>	<u>2,652</u>	<u>1,253</u>	<u>1,439</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,735</u>	<u>2,735</u>	<u>4,134</u>	<u>1,399</u>
Cash Balance Beginning of Year	<u>1,606</u>	<u>1,606</u>	<u>1,606</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 4,341</u>	<u>\$ 4,341</u>	<u>\$ 5,740</u>	<u>\$ 1,399</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 4,134	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 4,134</u>	

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
SPECIAL REVENUE FUND-PARTNERSHIPS IN CHARACTER-24129  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 15,331	\$ 15,331	\$ 8,083	\$ (7,248)
Total Revenues	<u>15,331</u>	<u>15,331</u>	<u>8,083</u>	<u>(7,248)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	7,500	7,500	7,736	(236)
Employee Benefits	3,000	3,000	2,995	5
Professional & Tech Services	0	0	0	0
Purchased Property Services	0	0	0	0
Other Purchased Services	150	150	148	2
Supplies	350	350	130	220
Total Instruction	<u>11,000</u>	<u>11,000</u>	<u>11,009</u>	<u>(9)</u>
Total Expenditures	<u>11,000</u>	<u>11,000</u>	<u>11,009</u>	<u>(9)</u>
Excess (Deficiency) of Revenues Over Expenditures	4,331	4,331	(2,926)	(7,257)
Cash Balance Beginning of Year	<u>(4,331)</u>	<u>(4,331)</u>	<u>(4,331)</u>	<u>(4,331)</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(7,257)</u>	\$ <u>(11,588)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (2,926)	
Net change in Receivables			<u>2,926</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
SPECIAL REVENUE FUND-FAMILY & YOUTH RESOURCE PROGRAM-27140  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 15,000	\$ 15,000	\$ 8,577	\$ (6,423)
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>8,577</u>	<u>(6,423)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	9,000	9,000	8,988	12
Employee Benefits	<u>6,000</u>	<u>6,000</u>	<u>6,022</u>	<u>(22)</u>
Total Instruction	<u>15,000</u>	<u>15,000</u>	<u>15,010</u>	<u>(10)</u>
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>15,010</u>	<u>(10)</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(6,433)	(6,433)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (6,433)</u>	<u>\$ (6,433)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (6,433)	
Net change in Receivables			<u>6,433</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the BRIDGE ACADEMY CHARTER HIGH SCHOOL (School) a component unit of LAS VEGAS CITY SCHOOLS (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the School's accounting policies are described below.

**Financial Reporting Entity**

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the School is considered a component unit, since its budget is approved by Taos Municipal Schools elected officials. GASB Statement No. 14 defines a component unit as who is not fiscally independent meaning that the School may not, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

The School has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected School members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the School has a significant relationship.

The accounts of the School are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

***Governmental Funds***

Governmental funds are used to account for the School's general government activities, including the collection and disbursement of specific or legally restricted monies and the acquisition or construction of capital assets.

General Fund - The General Fund is the general operating fund of the School and accounts for all revenues and expenditures of the School not encompassed within other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all resources for the acquisition of capital facilities by the School.

**Major Funds**

The School reports the following major governmental funds:

**GENERAL FUND (11000)(141000)**

The General Fund consist of two sub funds. The first is the operational fund to account for resources and expenditures that are not required to be accounted for in another fund. The Instructional Materials fund accounts for a state grant to provide text books for students in the School.

**SPECIAL REVENUE FUND**

Partnership in Character (24129)

To account for a federal grant to teach character ideal to the students. The fund was established by grant authority.

Family & Youth Resource Program (27140)

To account for a grant to promote family and youth activities. The fund was established by grant authority.

Capital Projects

Public School Capital Outlay (31200)

The revenues are derived from a state legislative grant. The expenditures are restricted to capital improvements.

**Measurement Focus and Basis of Accounting**

***Government-Wide Financial Statements (GWFS)***

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

**Program Revenues**

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include: 1) charges for services to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions, and 3) program specific capital grants and contributions.



Expenses

Some functions, such as general government, support services, or administration, include expenses that are, in essence, indirect expenses of other functions. Governments are not required to allocate those indirect expenses among functions. It is the policy of this District not to allocate indirect expenses to functions.

***Fund Financial Statements (FFS)***

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable": means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the district-wide

Revenues

Ad valorem taxes are susceptible to full accrual on the government wide financial statements. Property Tax revenues recognize revenues net of estimated refunds and uncollectible accounts in the period for which the taxes are levied.

*Entitlement and shared revenues* (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, the susceptible to accrual criteria have been met and all of the eligibility requirements have been met.

*Other receipts* become measurable and available when cash is received by the District and are recognized as revenue at that time.

Expenditures

*Salaries* are recorded as paid. Salaries for nine-month employees are paid prior to the end of the fiscal year and therefore are not accrued.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Basis of Budgeting

Formal budgetary integration is employed as a management control device during the year.

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
Notes to the Financial Statements  
June 30, 2007

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Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on the non-GAAP budgetary basis.

The School follows the following procedures in establishing data reflected in the financial statements:

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the School for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the School shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the School for the ensuing fiscal year.
3. The "operating" budget will be used by the School until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. The School shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAU.
5. No board member or officer or employee of the School shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the School and approved by the SBFAU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the School has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
Notes to the Financial Statements  
June 30, 2007

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Cash and Cash Equivalents

The School's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The School is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

Investments

All money not immediately necessary for the public uses of the School may be invested in :

(a) bonds or negotiable securities of the United States, the state or any county, municipality or school which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or

(b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

(c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

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**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
Notes to the Financial Statements  
June 30, 2007

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Capital Assets

Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the School as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on 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.

If there are any construction projects funded by the NM Public School Facilities Authority they are included in the appropriate capital projects fund and in the capital assets.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Buildings & Improvements	20-50 Years
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	3-15 Years

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet. There are no outstanding Capital Leases.

Restricted Net Assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net assets use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available it will first be applied to restricted resources.

Fund Balances of Fund Financial Statements

Reserved fund balance indicates that portion of fund equity which has been segregated for specific purposes.

Unreserved fund balance indicates that portion of fund equity which is available for budgeting in future

STATE OF NEW MEXICO  
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Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

Deferred Revenue

The School reports deferred revenues on its Statement of Net Assets and Fund Balance Sheet. Deferred revenues arise when resources are received by the School before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the School has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized. Deferred revenues also occur in the fund financial statements when revenue is earned but is not available. The revenue becomes available if received within 30 days of the fiscal year end.

Compensated Absences

The School contracts all employees on an annual basis. A terminated employee is paid through the date of dismissal in accordance with their contract. Due to this practice, there are no compensated absences

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: CASH AND INVESTMENTS**

The School is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

<b>First Community Bank</b>	Balance	Reconciled	Type
<u>Name of Account</u>	<u>Per Bank</u>	<u>Balance</u>	
	<u>06-30-07</u>	<u>Balance</u>	
Bridge Academy Charter High School	\$ 29,978	\$ 13,458	Checking
TOTAL Deposited	29,978	<u>13,458</u>	
Less: FDIC Coverage	<u>(29,978)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	<u>\$ 0</u>		

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

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June 30, 2007

**Custodial Credit Risk-Deposits**

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 29,978
Collateralized:	
Collateral held by the pledging bank in School's name	0
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 29,978</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2007 none of the School's bank balance of \$29,978 was exposed to custodial credit risk.

**NOTE C: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Loans from General Fund to:

27145-Go Library Bonds	\$ 350
27154-Beginning Teacher Mentoring	929
24129-Partnership in Character	7,257
27140-Family & Youth Resource Program	6,433
31200-PSCOC	4,550
Totals	<u>\$ 19,519</u>

Loans were made from the General fund to above funds to cover the cash balances while awaiting reimbursements from PED. All loans are expected to be repaid within one year.

**NOTE D: CAPITAL ASSETS**

Capital Assets Balances and Activity for the Year Ended June 30, 2007, is as follows:

	<u>Balance 6/30/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/07</u>
<b>Governmental Activities</b>				
Capital Assets not being Depreciated				
Land	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital Assets not being Depreciated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Capital Assets, being Depreciated				
Buildings & Improvements	0	0	0	0
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	<u>61,658</u>	<u>14,000</u>	<u>0</u>	<u>75,658</u>
Total Capital Assets, being Depreciated	<u>61,658</u>	<u>14,000</u>	<u>0</u>	<u>75,658</u>
Total Capital Assets	<u>\$ 61,658</u>	<u>\$ 14,000</u>	<u>\$ 0</u>	<u>\$ 75,658</u>

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
Notes to the Financial Statements  
June 30, 2007

**Less Accumulated Depreciation**

Buildings & Improvements	\$	0	\$	0	\$	0	\$	0
Equipment, Vehicles, Information Technology Equipment, Software & Library Books		37,837		17,128		0		54,965
Total Accumulated Depreciation		<u>37,837</u>		<u>17,128</u>		<u>0</u>		<u>54,965</u>
Capital Assets, net	\$	<u>23,821</u>	\$	<u>(3,128)</u>	\$	<u>0</u>	\$	<u>20,693</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$	<u>17,128</u>
Total depreciation expenses	\$	<u>17,128</u>

**NOTE E: PENSION PLAN**

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

Plan members are required to contribute 7.42% of their gross salary. The District is required to contribute 10.9% of the gross covered salary. Effective July 1, 2008, plan members are required to contribute 7.9% of their gross salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The employer contributions to ERA for the year's ending June 30, 2007 was unable to be determined, see schedule of findings and responses, 2006 were \$18,350.46, respectively, equal to the amount of the required contributions for each year.

**NOTE F: RETIREE HEALTH CARE ACT CONTRIBUTIONS**

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

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

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

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 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. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary.

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

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

For the fiscal year ended June 30, 2007 the amount remitted was unable to to be determined, see schedule of findings and responses, June 30, 2006, the School remitted \$2,537.83, in employer contributions and \$1,268.91, in employee contributions to the Retiree Health Care Authority.

**NOTE G: RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS STATEMENTS**

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:



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**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
 Notes to the Financial Statements  
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- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are as follows disclosed on each Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

**NOTE H: INSURANCE COVERAGE**

The School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; and injuries to employees; and natural disasters. The School, as a New Mexico Public School, is insured through the New Mexico Public Schools Insurance Authority (NMPSIA). Annual premiums are paid by the School to NMPSIA for coverage provided in the following areas:

- Workers Compensation
- Property and Automobile Liability and Physical Damage
- Liability and Civil Rights and Personal Injury
- Contract School Bus Coverage; and
- Crime

**NOTE I: SURETY BOND**

The officials and certain employees of the School are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation. Due to the lack of documentation we were unable to determine if this school was covered.

**NOTE Q: BUDGETARY AUTHORITY**

The District exceeded budgetary authority in the following functional categories:

**GENERAL-OPERATIONAL FUND-11000**

Instruction		
Professional & Tech Services	\$	(6,306)
Purchased Property Services		(362)
Supplies		(488)
Support Services-School Administration		
Personnel Services		(33,250)
Employee Benefits		(14,241)
Other Purchased Services		(409)
Operation & Maintenance of Plant		
Other Purchased Services		(2,033)
Supplies	\$	(167)

STATE OF NEW MEXICO

**BRIDGE ACADEMY CHARTER HIGH SCHOOL**

Notes to the Financial Statements

June 30, 2007

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SPECIAL REVENUE FUND-PARTNERSHIPS IN CHARACTER-24129

Instruction

Personnel Services	\$	(236)
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SPECIAL REVENUE FUND-FAMILY & YOUTH RESOURCE PROGRAM-27140

Instruction

Employee Benefits		(22)
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SPECIAL REVENUE FUND-FOREIGN LANGUAGE ASSISTANT-25142

Instruction

Personnel Services		(732)
Supplies		(61)

SPECIAL REVENUE FUND-GO LIBRARY BONDS-27145

Instruction

Supplies		(350)
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SPECIAL REVENUE FUND-BRIDGE NUTRITION PROJECT-29102

Instruction

Personnel Services		(640)
Employee Benefits	\$	(126)

**SUPPLEMENTAL INFORMATION RELATED TO  
MAJOR FUNDS**

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
 CAPITAL PROJECTS FUND-PUBLIC SCHOOL CAPITAL OUTLAY-31200  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
<b>State &amp; Local Sources</b>				
State Grant	\$ 27,707	\$ 27,707	\$ 23,157	\$ (4,550)
Total State & Local Sources	<u>27,707</u>	<u>27,707</u>	<u>23,157</u>	<u>(4,550)</u>
Total Revenues	<u>27,707</u>	<u>27,707</u>	<u>23,157</u>	<u>(4,550)</u>
<b>Expenditures</b>				
<b>Operation &amp; Maintenance of Plant</b>				
Purchased Property Services	<u>18,198</u>	<u>18,198</u>	<u>18,198</u>	<u>0</u>
Total Operation & Maintenance of Plant	<u>18,198</u>	<u>18,198</u>	<u>18,198</u>	<u>0</u>
Total Expenditures	<u>18,198</u>	<u>18,198</u>	<u>18,198</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>9,509</u>	<u>9,509</u>	<u>4,959</u>	<u>(4,550)</u>
Cash Balance Beginning of Year	<u>(9,509)</u>	<u>(9,509)</u>	<u>(9,509)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (4,550)</u>	<u>\$ (4,550)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 4,959	
Net change in Receivables			<u>(4,959)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

**SUPPLEMENTAL INFORMATION RELATED TO  
NON MAJOR FUNDS**

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
NONMAJOR GOVERNMENT FUNDS  
Combining Balance Sheet - By Fund Type  
June 30, 2007

	Special Revenue	Capital Projects	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 649	\$ 0	\$ 649
Receivables			
Due From Grantor	1,279	0	1,279
<b>Total Assets</b>	<b>\$ 1,928</b>	<b>\$ 0</b>	<b>\$ 1,928</b>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balance	\$ 1,279	\$ 0	\$ 1,279
<b>Total Liabilities</b>	<b>1,279</b>	<b>0</b>	<b>1,279</b>
Fund Balance			
Unreserved, Undesignated for			
Special Revenue	649	0	649
Capital Projects	0	0	0
<b>Total Fund Balance</b>	<b>649</b>	<b>0</b>	<b>649</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,928</b>	<b>\$ 0</b>	<b>\$ 1,928</b>

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
NONMAJOR GOVERNMENTAL FUNDS  
Combining Statement of Revenues, Expenditures and Changes in  
Fund Balance - By Fund Type  
For the Year Ended June 30, 2007

	Special Revenue	Capital Projects	Total
Revenues			
State Grants	\$ 17,878	\$ 14,000	\$ 31,878
Federal Grants	36,652	0	36,652
Total Revenues	<u>54,530</u>	<u>14,000</u>	<u>68,530</u>
Expenditures			
Current			
Instruction	59,806	0	59,806
Capital Outlay	0	14,000	14,000
Total Expenditures	<u>59,806</u>	<u>14,000</u>	<u>73,806</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,276)	0	(5,276)
Fund Balances at Beginning of Year	<u>5,925</u>	<u>0</u>	<u>5,925</u>
Fund Balance End of Year	<u>\$ 649</u>	<u>\$ 0</u>	<u>\$ 649</u>

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

**NONMAJOR FUNDS**

**Food Services (21000).** To account for revenue and expenditures associated with the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements. Authority for creation of this fund is NMSA 22-13-13.

**Charter Schools (24146)**

To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions.

**Foreign Language Assistance (25142)**

To account for funds received from a Federal grant to establish, improve, or expand innovative foreign language programs for elementary and secondary school students. The fund was created by the authority of federal grant provisions.

**Microsoft (26170)**

To account for funds received from a settlement with Microsoft. Funds can be spent for technology. The fund was created by grant provisions.

**Library GO Bonds (27145)**

To account for revenues and expenditures from a state grant to provide for public school and juvenile detention libraries. The funding made available to update and expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by the State of New Mexico.

**Beginning Teacher Mentoring (27154)**

To account for revenues and expenditures from a state grant provided for beginning teacher mentoring programs. The fund was created by state grant provisions.

**Bridge Nutrition Project (29102)**

To account for private grant received for the nutrition of students. The fund was created by grant provisions.

**McCune (29114)**

To account for a grant received from the McCune Charitable Foundation to teach communication, self-esteem and problem solving skills. The fund was created by provisions in a contract.



STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 2007

	Food Service 21000	Charter School's 24146	Foreign Language Assistant 25142
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 649	\$ 0	\$ 0
Receivable			
Due from Grantor	0	0	0
Total Assets	<u>\$ 649</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 0
Total Liabilities from Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance			
Unreserved, Undesignated	649	0	0
Total Fund Balance	<u>649</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Balance	<u>\$ 649</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 2007

	Microsoft 26170	Go Library Bonds 27145	Beginning Teacher Mentoring 27154
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0
Receivable			
Due from Grantor	0	350	929
<b>Total Assets</b>	<u>\$ 0</u>	<u>\$ 350</u>	<u>\$ 929</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balance	\$ 0	\$ 350	\$ 929
<b>Total Liabilities from Other Funds</b>	<u>0</u>	<u>350</u>	<u>929</u>
Fund Balance			
Unreserved, Undesignated	0	0	0
<b>Total Fund Balance</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 0</u>	<u>\$ 350</u>	<u>\$ 929</u>

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Balance Sheet  
June 30, 2007

	Bridge Nutrition Project 29102	McCune 29114	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 649
Receivable			
Due from Grantor	0	0	1,279
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,928</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Interfund Balance	\$ 0	\$ 0	\$ 1,279
Total Liabilities from Other Funds	<u>0</u>	<u>0</u>	<u>1,279</u>
Fund Balance			
Unreserved, Undesignated	0	0	649
Total Fund Balance	<u>0</u>	<u>0</u>	<u>649</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,928</u>

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
 NONMAJOR SPECIAL REVENUE FUNDS  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 For the Year Ended June 30, 2007

	Food Service 21000	Charter School's 24146	Foreign Language Assistant 25142
<b>Revenues</b>			
State & Local Grants	\$ 0	\$ 0	\$ 0
Federal Grants	0	0	36,652
Total Revenues	<u>0</u>	<u>0</u>	<u>36,652</u>
<b>Expenditures</b>			
Current			
Instruction	0	410	36,652
Total Expenditures	<u>0</u>	<u>410</u>	<u>36,652</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(410)	0
Fund Balances at Beginning of Year	<u>649</u>	<u>410</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 649</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2007

	Microsoft 26170	Go Library Bonds 27145	Beginning Teacher Mentoring 27154
Revenues			
State & Local Grants	\$ 7,226	\$ 350	\$ 929
Federal Grants	0	0	0
Total Revenues	<u>7,226</u>	<u>350</u>	<u>929</u>
Expenditures			
Current			
Instruction	<u>7,226</u>	<u>350</u>	<u>929</u>
Total Expenditures	<u>7,226</u>	<u>350</u>	<u>929</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balances at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
NONMAJOR SPECIAL REVENUE FUNDS  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
For the Year Ended June 30, 2007

	Bridge Nutrition Project 29102	McCune 29114	Total
Revenues			
State & Local Grants	\$ 4,373	\$ 5,000	\$ 17,878
Federal Grants	0	0	36,652
Total Revenues	<u>4,373</u>	<u>5,000</u>	<u>54,530</u>
Expenditures			
Current			
Instruction	<u>9,239</u>	<u>5,000</u>	<u>59,806</u>
Total Expenditures	<u>9,239</u>	<u>5,000</u>	<u>59,806</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,866)	0	(5,276)
Fund Balances at Beginning of Year	<u>4,866</u>	<u>0</u>	<u>5,925</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 649</u>

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
SPECIAL REVENUE FUND-FOOD SERVICE-21000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
<b>Food Service Operations</b>				
Supplies	0	0	0	0
Total Food Service Operations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>649</u>	<u>649</u>	<u>649</u>	<u>0</u>
Cash Balance End of Year	\$ <u>649</u>	\$ <u>649</u>	\$ <u>649</u>	\$ <u>0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
SPECIAL REVENUE FUND-CHARTER SCHOOL-24146  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Federal Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	410	410	410	0
Total Instruction	<u>410</u>	<u>410</u>	<u>410</u>	<u>0</u>
Total Expenditures	<u>410</u>	<u>410</u>	<u>410</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(410)</u>	<u>(410)</u>	<u>(410)</u>	<u>0</u>
Cash Balance Beginning of Year	<u>410</u>	<u>410</u>	<u>410</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>(410)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>(410)</u>	

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



STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
SPECIAL REVENUE FUND-FOREIGN LANGUAGE ASSISTANT-25142  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 36,015	\$ 36,015	\$ 36,667	\$ 652
Total Revenues	<u>36,015</u>	<u>36,015</u>	<u>36,667</u>	<u>652</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	15,000	15,000	15,732	(732)
Employee Benefits	5,000	5,000	4,887	113
Other Purchased Services	16,000	16,000	15,972	28
Supplies	0	0	61	(61)
Total Instruction	<u>36,000</u>	<u>36,000</u>	<u>36,652</u>	<u>(652)</u>
Total Expenditures	<u>36,000</u>	<u>36,000</u>	<u>36,652</u>	<u>(652)</u>
Excess (Deficiency) of Revenues Over Expenditures	15	15	15	0
Cash Balance Beginning of Year	<u>(15)</u>	<u>(15)</u>	<u>(15)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 15	
Net change in Receivables			<u>(15)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
SPECIAL REVENUE FUND-MICROSOFT-26170  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 8,000	\$ 8,000	\$ 7,226	\$ (774)
Total Revenues	<u>8,000</u>	<u>8,000</u>	<u>7,226</u>	<u>(774)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	8,000	8,000	7,226	774
Total Instruction	<u>8,000</u>	<u>8,000</u>	<u>7,226</u>	<u>774</u>
Total Expenditures	<u>8,000</u>	<u>8,000</u>	<u>7,226</u>	<u>774</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
SPECIAL REVENUE FUND-GO LIBRARY BONDS-27145  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 294	\$ 294	\$ 294	\$ 0
Total Revenues	<u>294</u>	<u>294</u>	<u>294</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	0	0	350	(350)
Total Instruction	<u>0</u>	<u>0</u>	<u>350</u>	<u>(350)</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>350</u>	<u>(350)</u>
Excess (Deficiency) of Revenues Over Expenditures	294	294	(56)	(350)
Cash Balance Beginning of Year	<u>(294)</u>	<u>(294)</u>	<u>(294)</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (350)</u>	<u>\$ (350)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (56)	
Net change in Receivables			<u>56</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
SPECIAL REVENUE FUND-BEGINNING TEACHER MENTORING-27154  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 0	\$ 929	\$ 0	\$ (929)
Total Revenues	<u>0</u>	<u>929</u>	<u>0</u>	<u>(929)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Supplies	<u>0</u>	<u>929</u>	<u>929</u>	<u>0</u>
Total Instruction	<u>0</u>	<u>929</u>	<u>929</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>929</u>	<u>929</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	(929)	(929)
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (929)</u>	<u>\$ (929)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (929)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (929)</u>	

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
SPECIAL REVENUE FUND-BRIDGE NUTRITION PROJECT-29102  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 4,634	\$ 4,634	\$ 4,373	\$ (261)
Total Revenues	<u>4,634</u>	<u>4,634</u>	<u>4,373</u>	<u>(261)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	0	640	(640)
Employee Benefits	0	0	126	(126)
Other Purchased Services	<u>9,500</u>	<u>9,500</u>	<u>8,473</u>	<u>1,027</u>
Total Instruction	<u>9,500</u>	<u>9,500</u>	<u>9,239</u>	<u>261</u>
Total Expenditures	<u>9,500</u>	<u>9,500</u>	<u>9,239</u>	<u>261</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,866)	(4,866)	(4,866)	0
Cash Balance Beginning of Year	<u>4,866</u>	<u>4,866</u>	<u>4,866</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (4,866)	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ (4,866)</u>	

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
SPECIAL REVENUE FUND-McCUNE-29114  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
State Grant	\$ 5,000	\$ 5,000	\$ 5,000	\$ 0
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Other Purchased Services	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total Instruction	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 0	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

**CAPITAL PROJECTS FUND**

**Special Capital Outlay-State (31400)**

To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of upgrading buildings.

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
 CAPITAL PROJECTS FUND-SPECIAL CAPITAL OUTLAY-STATE-31400  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
Special Capital Outlay	\$ 14,000	\$ 14,000	\$ 14,000	\$ 0
Total Revenues	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>	<u>0</u>
<b>Expenditures</b>				
<b>Capital Outlay</b>				
Fixed Assets	14,000	14,000	14,000	0
Total Capital Outlay	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>	<u>0</u>
Total Expenditures	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>0</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

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



**OTHER SUPPLEMENTAL INFORMATION**

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
 Cash Reconciliations - All Funds  
 For the Year Ended June 30, 2007

	Operational 11000	Instructional Materials 14000	Food Service 21000
Net Cash in Bank 6/30/06			
Cash in Bank	\$ 10,598	\$ 1,606	\$ 649
Balance 6/30/06	<u>10,598</u>	<u>1,606</u>	<u>649</u>
Add: 2006-07			
Revenues	<u>340,553</u>	<u>5,387</u>	<u>0</u>
	<u>340,553</u>	<u>5,387</u>	<u>0</u>
Less: 2006-07			
Loan to Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL Cash 6/30/07</b>	<b>\$ <u>351,151</u></b>	<b>\$ <u>6,993</u></b>	<b>\$ <u>649</u></b>

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
 Cash Reconciliations - All Funds  
 For the Year Ended June 30, 2007

	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000
Net Cash in Bank 6/30/06			
Cash in Bank	\$ (3,922)	\$ (15)	\$ 0
Balance 6/30/06	<u>(3,922)</u>	<u>(15)</u>	<u>0</u>
Add: 2006-07			
Revenues	8,083	36,667	7,226
	<u>8,083</u>	<u>36,667</u>	<u>7,226</u>
Less: 2006-07			
Loan to Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
 TOTAL Cash 6/30/07	 <u>\$ 4,161</u>	 <u>\$ 36,652</u>	 <u>\$ 7,226</u>

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
 Cash Reconciliations - All Funds  
 For the Year Ended June 30, 2007

	State Flowthrough 27000	Combined State/Local 29000	PSCOC 31200
Net Cash in Bank 6/30/06			
Cash in Bank	\$ (294)	\$ 4,866	\$ (9,509)
Balance 6/30/06	<u>(294)</u>	<u>4,866</u>	<u>(9,509)</u>
Add: 2006-07			
Revenues	8,871	9,373	23,157
	<u>8,871</u>	<u>9,373</u>	<u>23,157</u>
Less: 2006-07			
Loan to Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL Cash 6/30/07	\$ <u>8,577</u>	<u>14,239</u>	\$ <u>13,648</u>

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

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
 Cash Reconciliations - All Funds  
 For the Year Ended June 30, 2007

	Special Capital Outlay State 31400	Totals
Net Cash in Bank 6/30/06		
Cash in Bank	\$ 0	\$ 3,979
Balance 6/30/06	<u>0</u>	<u>3,979</u>
Add: 2006-07		
Revenues	14,000	453,317
	<u>14,000</u>	<u>453,317</u>
Less: 2006-07		
Loan to Other Funds		0
	<u>0</u>	<u>0</u>
 TOTAL Cash 6/30/07	 <u>14,000</u>	 <u>\$ 457,296</u>

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

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(575) 253-4313

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*

Mr. Hector H. Balderas  
State Auditor of the State of New Mexico  
Board Members of the Bridge Academy Charter High School

Mr. Balderas and Members of the Board

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue fund, and the combining individual funds presented as supplemental information of the BRIDGE ACADEMY CHARTER HIGH SCHOOL, (School), as of and for the year ended June 30, 2007, and have issued our report thereon dated June 23, 2009. 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

In planning and performing our audit, we considered the 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 School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, a combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be 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 the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 05-05, 06-08, 07-01, 07-02, 07-03, 07-04, 07-05, 07-06, 07-07, 07-08, 07-09, 07-10, 07-11, 07-12, 07-13 and 07-14.

There are no responses from the School to the findings identified in our audit, the school had closed.

This report is intended solely for the information and use of the administration, the board members, the Public Education Department, the Office of the State Auditor, the New Mexico State Legislature and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*De'Ann Willoughby CPA PC*

June 23, 2009

STATE OF NEW MEXICO  
**BRIDGE ACADEMY CHARTER HIGH SCHOOL**  
 Schedule of Findings and Responses  
 For the Year Ended June 30, 2007

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**Prior Year Audit Findings**

	<u>Status</u>
05-05 Department of Labor Payments	Repeated & Modified
06-01 Bank Accounts - Overdrawn	Resolved
06-02 Payment of personal items	Resolved
06-03 Payment of personal items	Resolved
06-04 Mentoring Grant	Resolved
06-05 Procurement-Contract payment to foreign origin	Resolved
06-06 Travelers check	Resolved
06-07 Incorrect Signatures	Resolved
06-08 No Payroll Contracts	Repeated

**Current Year Audit Findings**

**05-05 Department of Labor**

**Condition**

There were no provided documents to prove that the gross salaries paid to the employees was also the same amount reported to the Department of Labor.

**Criteria**

According to New Mexico Department of Labor regulations all wages paid to employees are to reported quarterly. Also, any wages paid over the taxable base rate of \$17,900 are to be considered excess wages and reported as such on the quarterly report.

**Effect**

The school could be subject to additional taxes and penalties.

**Cause**

Documents were not kept in a orderly fashion and the employee was unable to locate the documents.

**Recommendation**

We recommend that the school staff keeps important documents in organized and designated area to be easily found when requested.

**Response**

None. The School is closed.

**06-08 No Payroll Contracts**

**Condition**

Upon request by the auditor, payroll contracts could not be provided.

**Criteria**

The Regulation of Public School and Accounting and Budgeting Handbook, Chapter 14 states that School Districts shall maintain and have available for inspection employee record documentation to include employment contracts, contracts for stipends, personnel/payroll action form, certification records, employment eligibility verification, federal and state withholding allowance certificates.



**Effect**

Payroll contracts are the source of documentation to prove payment; schedules and reports.

**Cause**

Inadequate internal controls has caused a loss of paperwork, including payroll contracts.

**Recommendation**

The internal control process should be reviewed, corrected, and followed.

**Response**

None. The School is closed.

**07-01 Failure to File Tax Form 941****Condition**

The school did not file tax form 941 on time for the fiscal year ending June 30, 2007.

**Criteria**

IRS Tax Code Title 29 requires the filing of Form 941 after each quarter reporting wages paid employer payroll taxes to be paid.

**Effect**

The School is in violation of the IRS Tax Code Title 29 and subject to the penalties set within for failure to file Form 941.

**Cause**

The School failed to file the Form 941 on time and prior to receiving notice from the Internal Revenue Service.

**Recommendation**

The School must implement controls to ensure that compliance to all IRS Tax Code requirements are adhere to completely.

**Response**

None. The School is closed.

**07-02 Failure to Submit ERB Payments Timely****Condition**

The school did not file and submit payment to ERB on time in 2007.

**Criteria**

Per 2 NMAC 82.9, entitled "Public Finance, Educational Retirement, Administrative Unit Reports and Remittances," Section 8.3 states, "Reports and contributions shall be postmarked no later than the fifteenth (15th) of the month following the end of the month covered by the report."

**Effect**

The School is in violation of the NMAC 82.9 and subject to the penalties set within for failure to submit reports and contributions on time.

**Cause**

The School failed to file the reports and submit contributions on time, prior to receiving notice from the Educational Retirement Board on June 8, 2007.

**Recommendation**

The School must implement controls to ensure that compliance to all ERB requirements are adhere to completely.

**Response**

None. The School is closed.

**07-03 Failure to Submit RHCA Payments Timely****Condition**

The school did not make payments on time as required to the New Mexico Retiree Healthcare Board for their employees throughout the year.

**Criteria**

Per 10-7C-15 NMSA 1978 as a condition of employment, participation employer's shall deduct RHCA contributions from the participating employee's salary and shall remit it to the board as provided by any procedures the board may require. Per discussion with NMRHCA if an employee is covered by ERA they are also a member of RHCA.

**Effect**

As a result of the late filings with the RHCA the school had absorb additional expenditures due to the penalties of unpaid late penalty assessment transactions.

**Cause**

The School failed to file the reports and submit contributions on time, due to the lack of training.

**Recommendation**

The School must implement controls to ensure that compliance to all RHCA requirements are adhere to completely.

**Response**

None. The School is closed.

**07-04 Inadequate Maintenance of Deductions, Pay Schedules, Personnel Files****Condition**

During our test work of payroll and payroll related reports we noted all employees did not include proper I-9 form documentation, W-4's and authorized deductions. The school was paying employees before they actually worked all of the hours.

**Criteria**

NMAC 6.20.2.18 states the local board shall establish written policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. The School shall maintain and have available for inspection the following record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations (W-4), pay or position change notices, and Educational Retirement Act plan application. Additionally, pay rates must be calculated correctly according to the contract amount, and all deductions, including FICA, Medicare, and medical insurance, must be calculated and deducted at the correct rate as determined by the entity the deductions will be paid to.

**Effect**

The School is not in compliance with the Immigration Reform & Control Act of 1986 and could be subject to penalties and fines.

**Cause**

The School did not maintain proper documentation relating to the personnel files of employees. This is an indication that the school did not maintain proper internal controls over the personnel or payroll functions.

**Recommendation**

The School must require all employees to complete the necessary forms and retain the necessary documents in each employee's personnel file. In addition, the School should make periodic checks to

**Response**

None. The School is closed.

**07-05 Expenditures Over Budget****Condition**

The school incurred expenditures in excess of the approved budget in the following funds.

<u>Fund</u>	Approved Budget	Actual Expenditures	Amount over Expended
<u>General Fund</u>			
Support Services-School Administration	8,083	54,026	(45,943)
Operation & Maintenance of Plant	35,462	35,939	(477)
<u>Special Revenue</u>			
Go Library Bonds	0	350	(350)
Foreign Language Assistant	36,000	36,652	(652)
Family & Youth Resource	15,000	15,010	(10)
Partnership in Character	11,000	11,009	(9)

**Criteria**

According to NMSA 1978 Section 22-8-11 B all fiscal agents of public monies have a responsibility to monitor spending to comply with established budget guidelines. A budget is a proposed plan of financial operations for a given period of time. The annual budget authorizes and provides the basis for control of financial operations during the fiscal year. The budget should be analyzed monthly to insure expenditures remain within the legally adopted budget and revisions should be made whenever necessary.

**Effect**

State statute may have been violated subjecting those responsible to the penalty provisions of the statute.

**Cause**

Purchases were approved in excess of available budget or budget adjustments were not approved to cover the expenditures approved.

**Recommendation**

We recommend that purchases not be approved which would cause the budget to be exceeded. We also recommend that timely budget adjustments be prepared when necessary.

**Response**

None. The School is closed.

**07-06 Purchase Orders Required****Condition**

Twenty-five out of seventy-five paid invoices chosen had no approved purchase orders attached.

**Criteria**

According to PED regulations purchase orders are to be used as part of the internal control process. They are used to ensure the purchase has been authorized, cash and budget are available and correct fund and line item have been charged.

**Effect**

PED regulations have not been followed.

**Cause**

Management was not able or was careless with their recordkeeping responsibilities.

**Recommendation**

The school should use purchase orders as per PED regulations.

**Response**

None. The School is closed.

**07-07 1099 Forms Not Prepared****Condition**

It appears that the school did not prepare 1099's for the contract services performed.

**Criteria**

According to IRS regulations any entity paid over \$600 (that is not paid through payroll) is required to have a 1099 form prepared and a copy sent to the IRS.

**Effect**

IRS regulations were not followed. IRS could assess a \$50 penalty per 1099 form not prepared. These penalties are not budgeted for.

**Cause**

School personnel did not ensure a review of all payments made was done so that all contract labor was prepared a 1099.

**Recommendation**

The school should implement a review process at the end of the year to ensure that all contract labor requiring a 1099 actually receives one.

**Response**

None. The School is closed.

#### 07-08 IRS W-3 Form

**Condition**

There was no W-3 provided to compare amounts reported as wages, social security wages, medicare wages, social security taxes withheld and medicare taxes withheld could not be matched/traced to the 941 quarterly reports.

**Criteria**

The IRS W-3 form is prepared based on the 4 quarterly 941 reports.

**Effect**

If these forms do not match the IRS will send notices requesting information as to why. Also, the IRS could impose interest and penalties for the incorrect portion that wasn't paid.

**Cause**

School personnel is not complying with IRS procedures to ensure that the W-3 form is available and that it can be traced to the 4 quarterly 941 reports.

**Recommendation**

The school should ensure that these procedures are performed to ensure these reports match and are available for review.

**Response**

None. The School is closed.

#### 07-09 Bank Account Reconciliation

**Condition**

The school did not properly reconcile the bank accounts for the fiscal year. We had to wait till June of 2009 for them to have their reconciliations done.

**Criteria**

The bank account should be reconciled monthly upon receiving the bank statement. This is to comply with 6-6-3 NMSA 1978.

**Effect**

Cash could be misstated.

**Cause**

The school personnel did not complete this procedure.

**Recommendation**

The school should hire staff that are adequately trained in reconciling bank statement. Review bank reconciliation reports for the bank account and compare to actual balances in the general ledger. Any errors or variances should be researched and corrected.

**Response**

None. The School is closed.

## 07-10 Checks Issued

### Condition

During our sampling of cancelled checks and paid bills, we noted that the checks do not have "void after one year from date" written on the face of the checks.

### Criteria

According to NMAC 6.20.2.14 cash control standard, each warrant or check issued is required to have printed on its face the words, "void after one year from date." Whenever any warrant or check is unpaid for one year, the fiscal officer shall cancel it in accordance with section 6-10-57 (A), NMSA 1978.

### Effect

The school could be liable for checks potentially cancelled.

### Cause

The school does not order checks with required words on face.

### Recommendation

We recommend that the school order checks that have the appropriate wording, "void after one year from date" printed clearly on the face of them.

### Response

None. The School is closed.

## 07-11 Cash Disbursements

### Condition

Documentation could not be located for 3 out of 78 expenditures. The purchase orders were less than the expenditure for 3 out of 78 items. Checks were not voided 2 out of 78 expenditures.

### Criteria

NMAC 6.20.2.17 states that each school shall establish and implement written policies and procedures for purchasing, which shall be in compliance with the procurement code section 13-1-21, NMSA 1978.

### Effect

The proper maintenance of supporting documentation relating to financial transaction is necessary to mitigate possible dual payments and invoices, resolution of disputes with vendors, etc.

### Cause

Management was not able or was careless with their recordkeeping responsibilities.

### Recommendation

We recommend the school follows all policies and procedures.

### Response

None. The School is closed.

## 07-12 SAS 112 Compliance

### Condition

The individuals responsible for the accounting and reporting functions for the Charter lack the skills and knowledge to apply generally accepted accounting principles in preparing the entity's financial statements. The accounting management has not obtained training to adequately apply generally accepted accounting principles, which includes GASB 34 and subsequent pronouncements.

### Criteria

Statement on Auditing Standards (SAS) 112, Communication of Internal Control Related Matters Identified in an Audit, requires that management clearly accept responsibility for preparing all financial information and company's financial statements.

### Effect

The Charter, without the aid of its auditors, is unable to accurately prepare financial statements in accordance with governmental accounting standards with regard to applying generally accepted accounting principles.

### Cause

Individual's responsible for the accounting and reporting functions for the Charter have not received training in preparing government financial statements in accordance with GASB (Governmental Accounting Standards Board) Statement No. 34 and subsequent pronouncements.

### Recommendation

We recommend the Charter's accounting management receive the training relating to the preparation of the Charter's financial statements in accordance with generally accepted accounting principles. This would give the individuals responsible for the accounting and reporting functions the skills and knowledge to apply generally accepted accounting principles to the financial statements.

### Response

None. The School is closed.

## 07-13 Late Audit Report

### Condition

The audit report was submitted to the State Auditor after the required deadline of November 15, 2007. The report was received on June 30, 2009.

### Criteria

School audits are to be submitted to the State Auditor by November 15 as required by NMAC 2.2.2.9A (1) (d).

### Effect

The field work was completed after the November 15 deadline.

### Cause

The Schools records were not auditable. Had to wait on the school to get their books in a state where we could audit them.

### Recommendation

The audit should be filed timely.

### Response

None. The School is closed.

#### **07-14 Exit Conference**

##### **Condition**

There was no exit conference held due to the fact that the school is no longer in existence.

##### **Criteria**

According to SAO rule 2.2.2.10 J, the IPA must hold an exit conference with representatives of the school's governing body and top management.

##### **Effect**

We are unable to communicate the findings with the governing council and management.

##### **Cause**

The school is no longer in existence, the members of the council have disbanded and some of the management is residing overseas.

##### **Recommendation**

None.

##### **Response**

None. The School is closed.

#### **Financial Statement Preparation**

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

#### **Exit Conference**

An exit conference was not held due to the school has closed.