

State of New Mexico

Aldo Leopold High School Charter School  
**Component Unit of**  
**Silver Consolidated School District No. 1**  
**FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITORS'**  
**REPORT THEREON**

For The Fiscal Year Ended June 30, 2008

Aldo Leopold High School Charter School  
Component Unit of Silver Consolidated School District No. 1  
**TABLE OF CONTENTS**  
June 30, 2008

	<u>PAGE</u>
<b>INTRODUCTORY SECTION:</b>	
Directory of officials	1
<b>FINANCIAL SECTION:</b>	
INDEPENDENT AUDITORS' REPORT	2-3
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets	4
Statement of Activities	5-6
<i>Fund Financial Statements:</i>	
Balance Sheet--Governmental Funds	7
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	8
Statement of Revenues, Expenditures, and Changes in Fund Balances--Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (NON-GAAP Budgetary Basis) General and Major Special Revenue Funds:	
General fund	11
Youth Conservation	12
Statement of Fiduciary Assets And Liabilities--Agency Funds	13
Notes to Basic Financial Statements	14-24

OTHER SUPPLEMENTARY INFORMATION:

Fund Descriptions	25
Combining Balance Sheet--Nonmajor Governmental Funds	26
Combining Statement of Revenues, Expenditures and Changes in Fund Balances--Nonmajor Governmental Funds	27
Combining Balance Sheet--General Fund	28
Combining Statement of Revenues, Expenditures and Changes in Fund Balances--General Fund	29
Statement of Revenues, Expenditures and Changes in Fund Balances--Budget and Actual (NON-GAAP Budgetary Basis):	
General Fund:	
Operational	30
Instructional Materials	31
Instructional Support	32
Special Revenue Funds:	
Charter School Grant	33
Teacher Mentoring	34
Outdoor Classroom	35
PSCOC	36

OTHER SUPPLEMENTAL DATA

Schedule of Changes in Assets and Liabilities--Agency Funds	37
Schedule of Depository Collateral	38
Schedule of Individual Deposit Accounts and Investments	39
Schedule of Cash Receipts and Disbursements--by School District Classification	40-41

ADDITIONAL REPORTING REQUIREMENTS:

Summary Schedule of Prior Audit Findings	42
Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	43-45
Schedule of Findings	46-48

Aldo Leopold High School Charter School  
Component Unit of Silver Consolidated School District No. 1  
**DIRECTORY OF OFFICIALS**  
June 30, 2008

**GOVERNING COUNCIL**

Connie Adler	Member
Juanita Escobedo	Member
Janet Lydia Gilchrist	Member
Karyn Neil	Member
Howard M. Ottenheimer	Member
Connie Powers	Member
Deb Preusch	Member

**SCHOOL OFFICIALS**

Craig DeYoung	Director
Harry Browne	Business Manager

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

RYAN MONTOYA, C.P.A.

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

## INDEPENDENT AUDITORS' REPORT

Hector H. Balderas, State Auditor  
and  
Governing Council  
Aldo Leopold High School Charter School  
Silver City, New Mexico

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Aldo Leopold High School Charter School, (School) a component unit of Silver Consolidated School District No. 1 as of and for the year ended June 30, 2008, which collectively comprise the School's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the School's nonmajor governmental funds presented as other supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, 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 Aldo Leopold High School Charter School, a component unit of Silver Consolidated School District No. 1 as of June 30, 2008, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparisons for the General Fund, and the Youth Conservation Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of Aldo Leopold High School Charter School, a component unit of Silver Consolidated School District No. 1 as of June 30, 2008, and the respective changes in

financial position, where applicable, thereof and the respective budgetary comparisons for the components of the General Fund, and the nonmajor Special Revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2009, on our consideration of Aldo Leopold High School Charter School, a component unit of Silver Consolidated School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Aldo Leopold High School Charter School, a component unit of Silver Consolidated School District No. 1, has not presented Management's Discussion and Analysis that is required by accounting principles generally accepted in the United States of America to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements, and on the combining, individual fund and budgetary comparisons statements presented as other supplementary information. The accompanying financial information listed as other supplemental data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The other supplemental data have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Stone, McGee & Co CPAs

April 6, 2009

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**STATEMENT OF NET ASSETS**  
June 30, 2008

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 156,385
Due from other governments	21,239
Capital assets:	
Furniture and fixtures and equipment	14,422
Less accumulated depreciation	(4,772)
Total capital assets, net of depreciation	\$ 9,650
Total assets	\$ 187,274
<b>Liabilities</b>	
Accounts payable	\$ 14,190
Accrued expenses	-
Total liabilities	\$ 14,190
<b>Net Assets</b>	
Invested in capital assets	\$ 9,650
Restricted for:	
Other purposes	-
Unrestricted	163,434
Total net assets	\$ 173,084

The accompanying notes are an integral part of these financial statements

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>
Governmental activities:		
Instruction	\$ 595,575	\$ 10,321
Support services - Students	117,450	
Support services - Instruction	7,154	
General administration	13,493	
School administration	199,461	
Central services	43,000	
Community services	6,761	
Operation of plant	171,064	
	171,064	
Total governmental activities	\$ 1,153,958	\$ 10,321

General revenues:

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

    Total general revenues and special items

    Change in net assets

Net assets - beginning

Net assets - ending

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



Program Revenues		Net (Expense) Revenue and Changes in Net Assets
Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
\$ 63,726	\$ -	\$ (521,528)
36,927		(80,523)
3,330		(3,824)
901		(12,592)
335		(199,126)
412		(42,588)
6,761		-
<u>59,707</u>		<u>(111,357)</u>
<u>\$ 172,099</u>	<u>\$ -</u>	<u>\$ (971,538)</u>

\$ 1,150,402  
190  
680

\$ 1,151,272

\$ 179,734

(6,650)

\$ 173,084

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**BALANCE SHEETS**  
**GOVERNMENTAL FUNDS**  
June 30, 2008

	General Fund	Youth Conservation	Other Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 156,385	\$ -	\$ -	\$ 156,385
Interfund receivable	21,239			21,239
Due from other governments		21,239		21,239
	<u>\$ 177,624</u>	<u>\$ 21,239</u>	<u>\$ -</u>	<u>\$ 198,863</u>
<b>Liabilities and Fund Balance</b>				
Accounts payable	\$ 14,190	\$ -	\$ -	\$ 14,190
Interfund payable		21,239		21,239
Accrued liabilities				-
	<u>\$ 14,190</u>	<u>\$ 21,239</u>	<u>\$ -</u>	<u>\$ 35,429</u>
Fund balance:				
Unreserved, reported in:				
General fund	\$ 163,434	\$ -	\$ -	\$ 163,434
Special revenue funds				-
	<u>\$ 163,434</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,434</u>
Total liabilities and fund balance	<u>\$ 177,624</u>	<u>\$ 21,239</u>	<u>\$ -</u>	<u>\$ 198,863</u>

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

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**  
June 30, 2008

Total governmental fund balances	\$ 163,434
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>9,650</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$ 173,084</u></u>

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

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**  
June 30, 2008

	<u>General Fund</u>	<u>Youth Conservation</u>	<u>Other Funds</u>	<u>Governmental Funds Total</u>
<b>Revenues:</b>				
Fees and charges	\$ 10,321	\$ -	\$ -	\$ 10,321
State aid	1,195,579	43,269	61,054	1,299,902
Federal aid	10,721		11,950	22,671
Earnings on investments	608			608
Miscellaneous	190			190
	<u>1,217,419</u>	<u>43,269</u>	<u>73,004</u>	<u>1,333,692</u>
<b>Total revenues</b>	<b>\$ 1,217,419</b>	<b>\$ 43,269</b>	<b>\$ 73,004</b>	<b>\$ 1,333,692</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	\$ 585,827	\$ -	\$ 7,900	\$ 593,727
Support services - Students	80,523	35,997	930	117,450
Support services - Instruction	3,824		3,330	7,154
General administration	12,592		901	13,493
School administration	199,126		335	199,461
Central services	42,588		412	43,000
Community services		6,761		6,761
Operation of plant	119,607	511	50,946	171,064
	<u>1,044,087</u>	<u>43,269</u>	<u>64,754</u>	<u>1,152,110</u>
<b>Total expenditures</b>	<b>\$ 1,044,087</b>	<b>\$ 43,269</b>	<b>\$ 64,754</b>	<b>\$ 1,152,110</b>
<b>Net change in fund balances</b>	<b>\$ 173,332</b>	<b>\$ -</b>	<b>\$ 8,250</b>	<b>\$ 181,582</b>
Fund balance, July 1, 2007	<u>(9,898)</u>	<u>-</u>	<u>(8,250)</u>	<u>(18,148)</u>
<b>Fund balance, June 30, 2008</b>	<b><u>\$ 163,434</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 163,434</u></b>

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

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**  
June 30, 2008

Net change in fund balances - total governmental funds	\$	181,582
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense.		
Capital outlay		-
Depreciation expense		(1,848)
		(1,848)
 <i>Change in Net Assets of Governmental Activities</i>	 \$	 179,734
		179,734

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

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 591,230	\$ 1,174,736	\$ 1,195,579	\$ 20,843
Local sources	15,591	12,665	10,511	(2,154)
Interest income			608	608
<b>Total revenues</b>	<b>\$ 606,821</b>	<b>\$ 1,187,401</b>	<b>\$ 1,206,698</b>	<b>\$ 19,297</b>
Expenditures:				
Current:				
Instruction	\$ 369,181	\$ 679,738	\$ 656,045	\$ 23,693
Support services - Students	13,184	69,898	79,932	(10,034)
Support services - Instruction	3,071	2,350	3,168	(818)
General administration	11,761	14,550	12,592	1,958
School administration	112,341	188,690	199,166	(10,476)
Central services	53,458	77,498	42,588	34,910
Operation of plant	58,757	139,460	120,639	18,821
Capital outlay		35,000		35,000
<b>Total expenditures</b>	<b>\$ 621,753</b>	<b>\$ 1,207,184</b>	<b>\$ 1,114,130</b>	<b>\$ 93,054</b>
Net change in fund balance	\$ (14,932)	\$ (19,783)	\$ 92,568	\$ 112,351
Fund balance, July 1, 2007	14,932	14,932	84,999	70,067
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ (4,851)</u>	<u>\$ 177,567</u>	<u>\$ 182,418</u>

The accompanying notes are an integral part of these financial statements

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**SPECIAL REVENUE FUND - YOUTH CONSERVATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources		\$ 62,009	\$ 51,792	\$ (10,217)
Expenditures:				
Current:				
Support services - Students		\$ 14,000	\$ 35,997	\$ (21,997)
Community services		48,009	6,761	41,248
Operation of plant		-	511	(511)
Total expenditures	\$ -	\$ 62,009	\$ 43,269	\$ 18,740
Net change in fund balance	\$ -	\$ -	\$ 8,523	\$ (28,957)
Fund balance, July 1, 2007	-	-	(29,762)	(29,762)
Fund balance, June 30, 2008	\$ -	\$ -	\$ (21,239)	\$ (58,719)

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

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
June 30, 2008

<b>Assets</b>	
Cash and investments	<u>\$ 1,738</u>
Total assets	<u><u>\$ 1,738</u></u>
<b>Liabilities and Fund Equity</b>	
Deposits held for others	<u>\$ 1,738</u>
Total liabilities	<u><u>\$ 1,738</u></u>

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



Aldo Leopold High School Charter School  
Component Unit of Silver Consolidated School District No. 1  
**NOTES TO FINANCIAL STATEMENTS**  
For The Fiscal Year Ended June 30, 2008

Note 1      **Summary of Significant Accounting Policies**

Aldo Leopold High School Charter School, organized under the laws of the State of New Mexico, operates under the school board-superintendent form of government. The System provides public education opportunities for children from first through twelfth grade, including but not limited to classroom and vocational studies; as well as school oriented social and athletic activities.

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

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
  - \*\* A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.
  - \*\* Financial statements prepared using full accrual accounting for all of the School's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

The School implemented GASB 34 effective July 1, 2006. As a part of GASB's Statement No. 34, there is a new reporting requirement regarding the local government's infrastructure (roads, bridges, etc.). The School does not own any infrastructure assets and therefore is unaffected by this provision.

## A. REPORTING ENTITY

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

## B. BASIS OF PRESENTATION

### *Government-wide Financial Statements:*

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

### *Fund Financial Statements:*

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

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

The funds of the financial reporting entity are described below:

### **Governmental Funds**

#### *General Fund*

The General Fund is the primary operating fund of the School and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

#### *Special Revenue Funds*

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

### *Fiduciary Funds*

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

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

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

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

### *Major Fund Descriptions*

General – See above description.

Youth Conservation – to account for the federal resources to help youth acquire educational and occupational skills. Authority for creation of this fund is P.L. 105-220, and is reported as a special revenue fund.

## **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

### **Measurement Focus**

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

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statements utilize an “economic resources”

measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

### **Basis of Accounting**

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

#### **1. Accrual:**

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

#### **2. Modified Accrual:**

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

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

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

In the government-wide Statement of Net Assets, the governmental activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The School’s net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The School first utilizes restricted resources when an expense is incurred and for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities reports both the gross and net cost of each of the School’s functions. The functions are also supported by general government revenues (certain intergovernmental revenues and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Charges for services include revenues based on exchange or exchange-like transactions. These revenues arise from charges to

customers or applicants who purchase use or directly benefit from the goods, services or privileges provided. Revenues in this category include fees charged for specific services, such as attendance at athletic events, food service, copies and auxiliary services. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

The School does not allocate indirect costs.

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

#### **D. BUDGETS**

Budgets for the General and Special Revenue Funds are prepared by management and approved by the local governing council and the Public Education Department.

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

Actual expenditures may not exceed the budget on a functional category basis. Budgets may be amended in two ways. If a budget transfer is necessary within a function, this may be accomplished with only local governing council approval. If a transfer between functions or a budget increase is required, approval must also be obtained from Public Education Department.

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

Line item expenditures presented in budgetary comparison statements include sub-functions for presentation purposes. Although some sub-functions may be over-expended, no functions as a whole were over-expended.

#### **E. CASH AND INVESTMENTS**

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

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

## F. INVENTORIES

Except for U.S.D.A. commodities, which are shown at estimated value, inventories are valued at cost (first-in, first-out). Inventory in the Cafeteria Fund consists mainly of food items. Inventories, in other governmental fund types, consist primarily of supply-type assets.

## G. CAPITAL ASSETS

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

Buildings	20-50 years
Software and library resources	03-05 years
Machinery and equipment	5-10 years
Improvements	10-20 years

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

## H. COMPENSATED ABSENCES

The School's policies, regarding vacation time, permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. These liabilities have typically been liquidated from general fund resources. The School had no significant liability for compensated absences at June 30, 2008.

## I. EQUITY CLASSIFICATIONS

### *Government-wide Statements*

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

- a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings

that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

*Fund Statements*

Equity is classified as fund balance and displayed in two components:

- a. Reserved – Consists of governmental fund balances that are not appropriable, legally segregated for specific usage, or commitments to outside third parties.
- b. Unreserved – Consists of designations of amounts representing tentative management plans for governmental fund balances, but subject to change (designated), and undesignated, for which no restrictions or designations exist.

**J. INTERFUND ACTIVITY**

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

**K. USE OF ESTIMATES**

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

Note 2 Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the School’s deposits may not be returned to it. The School does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2008 \$-0- of the School’s bank balance of \$226,423 was exposed to custodial credit risk as follows:

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

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits by custodial risk category:		
Insured	\$ 100,000	\$ 100,000
Collateral held by the pledging bank's agent in the School's name	<u>126,423</u>	<u>58,123</u>
	<u>\$ 226,423</u>	<u>\$ 158,123</u>

Note 3 Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
Other capital assets:				
Furniture and equipment	\$ 14,422	\$ -0-	\$ -0-	\$ 14,422
Total other capital assets at historical cost	<u>\$ 14,422</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 14,422</u>
Less accumulated depreciation for:				
Furniture and equipment	\$ (2,924)	\$ (1,848)	\$ -0-	\$ (4,772)
Total accumulated depreciation	<u>\$ (2,924)</u>	<u>\$ (1,848)</u>	<u>\$ -0-</u>	<u>\$ (4,772)</u>
Total capital assets, net	<u>\$ 11,498</u>	<u>\$ (1,848)</u>	<u>\$ -0-</u>	<u>\$ 9,650</u>

Depreciation expense was charged to the governmental activities as follows:

Instruction	\$ 1,848
Total	<u>\$ 1,848</u>

Note 4 Pension Plan – Educational Retirement Board

Plan Description

Substantially all of the Aldo Leopold High School Charter School full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11 NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. ERA issues a separate, publicly available financial report that includes financial statements



and required supplementary information. That report may be obtained by writing to ERA, P.O. Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

#### Funding Policy

Plan members are required to contribute 7.825% of their gross salary. The District is required to contribute 10.9% of the gross covered salary. The contribution requirements of plan members and the Aldo Leopold High School Charter School are established in State statute under Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Aldo Leopold High School Charter School contributions to ERB for the fiscal years ending June 30, 2008 and 2007, and 2006 were \$113,995, \$68,935 and \$44,878 respectively, equal to the amount of the required contributions for each year.

#### Note 5 Post-Employment Benefits – State Retiree Health Care Plan

##### Plan Description

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

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

The Retiree Health Care Authority issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority, 4308 Carlisle Blvd., N.E., Ste. 104, Albuquerque, New Mexico 87107

##### Funding Policy

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

their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The 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.

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.

The Aldo Leopold High School Charter School contributions to the RHCA for the years ended June 30, 2008, 2007 and 2006 were \$11,764, \$6,974 and \$5,262, respectively, which equal the required contributions for each year.

#### Note 6 Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Because the District was unable to obtain general liability insurance at a cost it considered to be economically justifiable, it joined together with other school districts in the State and obtained insurance coverage with New Mexico Public Schools Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for member school districts. The District pays an annual premium to New Mexico Public Schools Insurance Authority for its general insurance coverage, and all risk of loss is transferred.

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

#### Note 7 Contingent Liabilities

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

Note 8 Budgetary Reconciliations

The Statements of Revenues, Expenditures and Changes in Fund Balance Budget (NON-GAAP Budgetary Basis) and Actual, General and Major Special Revenue Funds present comparisons of legally adopted budgets with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of revenues and other sources over (under) expenditures and other uses by General and Major Special Revenue Funds for the year ended

June 30, 2008 is as follows:

	<u>General</u>	<u>Youth Conservation</u>
Revenues and other sources over (under) expenditures and other uses GAAP basis	\$ 173,332	\$ -0-
Increases (decreases):		
Revenue accruals (net)	(10,721)	8,523
Expenditure accruals (net)	<u>(70,043)</u>	<u>          </u>
Revenues and other sources over (under) expenditures and other uses (NON-GAAP budgetary basis)	<u>\$ 92,568</u>	<u>\$ 8,523</u>

Note 9 Interfund Activity

Interfund balances at June 30, 2008, consisted of the following:

	<u>Interfund Payable</u>	
	<u>Youth Conservation</u>	<u>Total</u>
<u>Interfund Receivable</u>		
General Fund	<u>\$ 21,239</u>	<u>\$ 21,239</u>
Total	<u>\$ 21,239</u>	<u>\$ 21,239</u>

The purpose of these loans was to fund ongoing operations until cost-reimbursements are received. All balances are expected to be repaid within one year.

Aldo Leopold High School Charter School  
Component Unit of Silver Consolidated School District No. 1

**FUND DESCRIPTIONS**

June 30, 2008

**GENERAL FUND**

**General Fund** – to account for resources traditionally associated with governments that are not required to be accounted for in another fund.

**SPECIAL REVENUE FUNDS**

**Charter Schools Grant** – to account for the federal resources to be used to support planning, development, and implementation of charter schools. Authority for creation of this fund is the Elementary and Secondary Education Act of 1965.

**Youth Conservation** – to account for the federal resources to help youth acquire educational and occupational skills. Authority for creation of this fund is P.L. 105-220.

**Public School Capital Outlay** – to account for funding which is to be used by the District to promote the comprehensive integration of advanced technologies in education setting, through the conduct of technical assistance, professional development, information and resource dissemination and collaboration activities. Authorization is NMSA 22-15A-1.

**Teacher Mentoring** – to account for revenues received to enhance and improve skills for beginning teachers. Authorization is State grant provisions and the governing council.

**Outdoor Classroom** - to account for the resources to be utilized to enhance the educational experience by providing outdoor activities for students. Authorization is State grant provisions and the governing council.

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
June 30, 2008

		Total
<b>Assets</b>		
Cash and investments	\$ -	\$ -
Due from other governments	-	-
	-	-
Total assets	\$ -	\$ -
<b>Liabilities and Fund Balances</b>		
Interfund payable	\$ -	\$ -
Total liabilities	\$ -	\$ -
Fund balances:		
Unreserved, reported in:		
Special revenue funds	\$ -	\$ -
Total fund balances	\$ -	\$ -
Total liabilities and fund balances	\$ -	\$ -

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

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
For The Fiscal Year Ended June 30, 2008

	Special Revenue Funds				Total
	Charter School	Teacher Mentoring	Outdoor Classroom	PSCOC	
Revenues:					
State aid	\$ -	\$ 1,858	\$ 896	\$ 58,300	\$ 61,054
Federal aid	11,950				11,950
<b>Total revenues</b>	<b>\$ 11,950</b>	<b>\$ 1,858</b>	<b>\$ 896</b>	<b>\$ 58,300</b>	<b>\$ 73,004</b>
Expenditures:					
Current:					
Instruction	\$ 6,042	\$ 1,858	\$ -	\$ -	\$ 7,900
Support services - Students	930				930
Support services - Instruction	3,330				3,330
General administraton	901				901
School administration	335				335
Central services	412				412
Operation of plant			896	50,050	50,946
<b>Total expenditures</b>	<b>\$ 11,950</b>	<b>\$ 1,858</b>	<b>\$ 896</b>	<b>\$ 50,050</b>	<b>\$ 64,754</b>
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ 8,250	\$ 8,250
Fund balance, July 1, 2007	-	-	-	(8,250)	(8,250)
Fund balance, June 30, 2008	\$ -	\$ -	\$ -	\$ -	\$ -

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

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**GENERAL FUND**  
**COMBINING BALANCE SHEETS**  
June 30, 2008

	Operational	Instructional Materials	Non Instructional Support	Total General Fund
<b>Assets</b>				
Cash and investments	\$ 128,994	\$ 27,334	\$ 57	\$ 156,385
Interfund receivable	21,239			21,239
Total assets	<u>\$ 150,233</u>	<u>\$ 27,334</u>	<u>\$ 57</u>	<u>\$ 177,624</u>
 <b>Liabilities and Fund Balance</b>				
Accounts payable	\$ 14,190	\$ -	\$ -	\$ 14,190
Accrued liabilities	-			-
Total liabilities	<u>\$ 14,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,190</u>
Fund balance:				
Unreserved, reported in:				
General fund	\$ 136,043	\$ 27,334	\$ 57	\$ 163,434
Total fund balance	<u>\$ 136,043</u>	<u>\$ 27,334</u>	<u>\$ 57</u>	<u>\$ 163,434</u>
Total liabilities and fund balance	<u>\$ 150,233</u>	<u>\$ 27,334</u>	<u>\$ 57</u>	<u>\$ 177,624</u>

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

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**GENERAL FUND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
June 30, 2008

	<u>Operational</u>	<u>Instructional Materials</u>	<u>Non instructional Support</u>	<u>Total General Fund</u>
Revenues:				
Fees and charges	\$ 10,321	\$ -	\$ -	\$ 10,321
Federal aid	10,721			10,721
State aid	1,150,402	45,177		1,195,579
Earnings on investments	608			608
Miscellaneous	190			190
	<u>1,172,242</u>	<u>45,177</u>	<u>-</u>	<u>1,217,419</u>
Total revenues				
Expenditures:				
Current:				
Instruction	\$ 568,973	\$ 16,854	\$ -	\$ 585,827
Support services - Students	80,523			80,523
Support services - Instruction	3,168	656		3,824
General administration	12,592			12,592
School administration	199,126			199,126
Central services	42,588			42,588
Operation of plant	119,607			119,607
	<u>1,026,577</u>	<u>17,510</u>	<u>-</u>	<u>1,044,087</u>
Total expenditures				
Net change in fund balances	\$ 145,665	\$ 27,667	\$ -	\$ 173,332
Fund balance, July 1, 2007	<u>(9,622)</u>	<u>(333)</u>	<u>57</u>	<u>(9,898)</u>
Fund balance, June 30, 2008	<u>\$ 136,043</u>	<u>\$ 27,334</u>	<u>\$ 57</u>	<u>\$ 163,434</u>

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



Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**GENERAL FUND-OPERATIONAL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 576,305	\$ 1,150,401	\$ 1,150,402	\$ 1
Local sources	15,591	12,665	10,511	(2,154)
Interest income			608	608
Total revenues	\$ 591,896	\$ 1,163,066	\$ 1,161,521	\$ (1,545)
Expenditures:				
Current:				
Instruction	\$ 354,816	\$ 639,201	\$ 639,191	\$ 10
Support services - Students	12,624	66,317	79,276	(12,959)
Support services - Instruction	3,071	2,350	3,168	(818)
General administration	11,761	14,550	12,592	1,958
School administration	112,341	188,690	199,166	(10,476)
Central services	53,458	77,498	42,588	34,910
Operation of plant	58,757	139,460	120,639	18,821
Capital outlay	-	35,000		35,000
Total expenditures	\$ 606,828	\$ 1,163,066	\$ 1,096,620	\$ 66,446
Net change in fund balance	\$ (14,932)	\$ -	\$ 64,901	\$ 64,901
Fund balance, July 1, 2007	14,932	14,932	85,332	70,400
Fund balance, June 30, 2008	\$ -	\$ 14,932	\$ 150,233	\$ 135,301
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 145,665	
Revenue accruals (net)			(10,721)	
Expenditure accruals (net)			(70,043)	
Net change in fund balance, NON-GAAP budgetary basis			\$ 64,901	

The accompanying notes are an integral part of these financial statements

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**GENERAL FUND/INSTRUCTIONAL MATERIALS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 14,925	\$ 44,118	\$ 45,177	\$ 1,059
Expenditures:				
Current:				
Instruction	\$ 14,365	\$ 40,537	\$ 16,854	\$ 23,683
Support services - Students	560	3,581	656	2,925
Total expenditures	\$ 14,925	\$ 44,118	\$ 17,510	\$ 26,608
Net change in fund balance	\$ -	\$ -	\$ 27,667	\$ 27,667
Fund balance, July 1, 2007	-	-	(333)	(333)
Fund balance, June 30, 2008	\$ -	\$ -	\$ 27,334	\$ 27,334
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 27,667	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 27,667	

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

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**GENERAL FUND/NON-INSTRUCTIONAL SUPPORT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>57</u>	<u>57</u>
Fund balance, June 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57</u>	<u>\$ 57</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ -</u>	

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

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**SPECIAL REVENUE FUND - CHARTER SCHOOLS GRANT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 12,246	\$ 58,488	\$ 46,242
Expenditures:				
Current:				
Instruction	\$ -	\$ 6,337	\$ 6,042	\$ 295
Support services - Students		931	930	1
Support services - Instruction		3,330	3,330	-
General administration		901	901	-
School administration		335	335	-
Central services		412	412	-
Operation of plant			-	-
Total expenditures	\$ -	\$ 12,246	\$ 11,950	\$ 296
Net change in fund balance	\$ -	\$ -	\$ 46,538	\$ 46,538
Fund balance, July 1, 2007	-	-	(46,538)	(46,538)
Fund balance, June 30, 2008	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			46,538	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 46,538	

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

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**SPECIAL REVENUE FUND - TEACHER MENTORING**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 1,858	\$ 1,858	\$ -
Expenditures:				
Current:				
Instruction	<u>\$ -</u>	<u>\$ 1,858</u>	<u>\$ 1,858</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2008	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ -</u></u>	

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

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**SPECIAL REVENUE FUND - OUTDOOR CLASSROOM**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 896	\$ 896	\$ -
Expenditures:				
Current:				
Operation of plant	\$ -	\$ 896	\$ 896	\$ -
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2007	-	-	-	-
Fund balance, June 30, 2008	\$ -	\$ -	\$ -	\$ -
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ -	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ -	

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

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**SPECIAL REVENUE FUND - PSCOC**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ 33,000	\$ 50,050	\$ 58,300	\$ 8,250
Expenditures:				
Current:				
Operation of plant	<u>\$ 33,000</u>	<u>\$ 50,050</u>	<u>\$ 50,050</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ 8,250	\$ 8,250
Fund balance, July 1, 2007	<u>-</u>	<u>-</u>	<u>(8,250)</u>	<u>(8,250)</u>
Fund balance, June 30, 2008	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 8,250	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ 8,250</u></u>	

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

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**AGENCY FUNDS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
June 30, 2008

	<u>Balance</u> <u>July 1, 2006</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2007</u>
<b>Assets</b>				
Cash and investments:				
Aldo Leopold High School	\$ 589	\$ 1,897	\$ 748	\$ 1,738
Total Assets	<u>\$ 589</u>	<u>\$ 1,897</u>	<u>\$ 748</u>	<u>\$ 1,738</u>
<b>Liabilities</b>				
Deposits held for others:				
Aldo Leopold High School	\$ 589	\$ 1,897	\$ 748	\$ 1,738
Total Liabilities	<u>\$ 589</u>	<u>\$ 1,897</u>	<u>\$ 748</u>	<u>\$ 1,738</u>

The accompanying notes are an integral part of these financial statements



Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**SCHEDULE OF DEPOSITORY COLLATERAL**  
June 30, 2008

	Ambank	Total
Checking and CD's	\$ 226,423	\$ 226,423
Total on deposit	\$ 226,423	\$ 226,423
Less: FDIC insurance	(100,000)	(100,000)
Total uninsured public funds	\$ 126,423	\$ 126,423
50% collateralization requirement (Section 6-10-17 NMSA)	\$ 63,212	\$ 63,212
FHLB 3136F8Y82 2-11-21	\$ 500,000	\$ 500,000
Alamogordo NM 011446EZ0 8-1-13	50,000	50,000
Socorro NM 83368PBD7 8-1-10	50,000	50,000
Total pledged securities	\$ 600,000	\$ 600,000
Pledged securities over (under) requirement	\$ 536,789	\$ 536,789

Pledged securities are held by the Federal Home Loan Bank in Dallas, Texas.  
Safekeeping receipts are held by the school.

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS**  
June 30, 2008

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>Ambank</u>			
State Funds	Checking	\$ 224,565	\$ 156,265
Federal Projects	Checking	<u>1,858</u>	<u>1,858</u>
Total cash and investments		<u>\$ 226,423</u>	<u>\$ 158,123</u>

Aldo Leopold High School  
Charter School  
Component Unit of Silver Consolidated School District No. 1  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**  
**ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION**  
For The Fiscal Year Ended June 30, 2008

	Operational	Instructional Materials	Non- Instructional Support
Total cash and investments as of July 1, 2007	\$ 85,332	\$ (333)	\$ 57
Add: Current year receipts	1,161,520	45,177	
Prior year warrants voided	2,568		
Less: Current year expenditures	(1,099,187)	(17,510)	
Chargebacks/(Overdrafts)			
Receivables/payables	(21,239)		
Transfers			
	\$ 128,994	\$ 27,334	\$ 57
Total cash and investments as of June 30, 2008			

<u>Federal Flowthrough</u>	<u>State Flowthrough</u>	<u>State Direct</u>	<u>PSCOC</u>	<u>Agency</u>	<u>Total</u>
\$ (46,538)	\$ -	\$ (29,762)	\$ (8,250)	\$ 589	\$ 1,095
58,488	1,858	52,688	58,300	1,897	1,379,928
596		73			3,237
(12,546)	(1,858)	(44,238)	(50,050)	(748)	(1,226,137)
		21,239			-
					-
					-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,738</u>	<u>\$ 158,123</u>

Aldo Leopold High School Charter School  
Component Unit of Silver Consolidated School District No. 1  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the Fiscal Year Ended June 30, 2008

**Findings - Financial Statement Audit**

<u>Condition</u>	<u>Current Status</u>
06-1 Federal immigration forms, I-9's, were not present in all employee files, and W-2's did not agree to quarterly payroll reports. Finally, remittances to the Educational Retirement board and the Retiree Health Care Authority were not always timely.	Repeated
07-1 General ledger cash balances did not agree to reconciled cash balances.	Repeated
07-3 Receipt books missing.	Resolved
07-4 Audit report not delivered by the New Mexico State Auditor mandated deadline.	Repeated
07-5 Expenditures incurred in excess of budgetary authority.	Resolved

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

RYAN MONTOYA, C.P.A.

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

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

Hector H. Balderas, State Auditor and  
Governing Council  
Aldo Leopold High School Charter School  
Silver City, New Mexico

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Aldo Leopold High School Charter School, a component unit of Silver Consolidated School District No. 1 as of and for the year ended June 30, 2008, which collectively comprise Aldo Leopold High School Charter School, a component unit of Silver Consolidated School District No. 1's basic financial statements and have issued our report thereon dated April 6, 2009. We have also audited the financial statements of each of the School's nonmajor governmental funds presented as other supplementary information as of and for the year ended June 30, 2008, and have issued our report thereon dated April 6, 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 Aldo Leopold High School Charter School, a component unit of Silver Consolidated School District No. 1'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 Aldo Leopold High School Charter School, a component unit of Silver Consolidated School District No. 1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Aldo Leopold High School Charter School, a component unit of Silver Consolidated School District No. 1's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be

significant deficiencies.

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, or a combination of control deficiencies, that adversely affects Aldo Leopold High School Charter School, a component unit of Silver Consolidated School District No. 1'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 Aldo Leopold High School Charter School, a component unit of Silver Consolidated School District No. 1's financial statements that is more than inconsequential will not be prevented or detected by Aldo Leopold High School Charter School, a component unit of Silver Consolidated School District No. 1's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. These deficiencies are described in the accompanying Schedule of Findings and Responses as items 06-1, 07-1 and 07-4.

A material weakness is a significant deficiency, or a 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 Aldo Leopold High School Charter School, a component unit of Silver Consolidated School District No. 1's internal control.

Our consideration of 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 internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 07-1 to be a material weakness.

### **Compliance And Other Matters**

As part of obtaining reasonable assurance about whether Aldo Leopold High School Charter School, a component unit of Silver Consolidated School District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The School's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the School's responses and, accordingly, we express no opinion on them.

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

*Stone, McGee & Co CPAs*

April 6, 2009



Aldo Leopold High School Charter School  
Component Unit of Silver Consolidated School District No. 1  
**SCHEDULE OF FINDINGS AND RESPONSES**  
For the Fiscal Year Ended June 30, 2008

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Aldo Leopold High School Charter School, a component unit of Silver Consolidated School District No. 1.
2. Three significant deficiencies relating to the audit of the financial statements are reported in the "Findings-Financial Statement Audit" section of this report.
3. No instances of noncompliance material to the financial statements of Aldo Leopold High School Charter School, a component unit of Silver Consolidated School District No. 1, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. Aldo Leopold Charter School, a component unit of Silver Consolidated School District No. 1, expended less than \$500,000 in federal funds.

**FINDINGS – FINANCIAL STATEMENT AUDIT**

**SIGNIFICANT DEFICIENCIES**

**07-1 General Ledger Reconciliations**

Condition – The School's general ledger balances were not reconciled to cash in the bank.

Criteria – Sound accounting practice requires that bank accounts be reconciled, and that these reconciled balances be reflected in the general ledger.

Effect – The School's books and records do not accurately reflect the actual cash balances, making management of the School's finances difficult. This lack of reconciliation is also a violation of the Public Education Department's regulations, and delayed the completion of the annual audit process.

Cause – The School's internal control procedures did not require reconciliation of cash amounts to general ledger amounts.

Recommendation – We recommend that the School adopt internal control policies requiring the reconciliation of cash amounts to general ledger amounts.

Agency Response – The recommendation has been adopted, and the reconciliation process is now being accomplished monthly.

#### 06-1 Aldo Leopold Charter School Payroll Records

Condition – The School's has not managed its payroll reporting system in accordance with federal regulations. W-2's did not match quarterly payroll reports by \$15,904. In 3 of fifteen payroll files tested, no I-9 was present. Finally, remittances to the Educational Retirement Board (ERB) and the Retiree Health Care Authority (RHCA) were not made timely.

Criteria – Immigration status forms (I-9's) are required by the federal government to be maintained for all employees. The Public Education Department's Manual of Procedures requires that remittances to the Retiree Health Care Authority and the Educational Retirement Board be made timely. Federal payroll regulations require that employee earnings and withholdings reported on quarterly reports match to W-2's

Effect – There is an increased likelihood that payroll reports could be filed with incorrect amounts, thereby incurring Internal Revenue Service penalties. Failure to maintain I-9's leaves the School in jeopardy of further penalties. Late remittances to the ERB and RHCA could affect the School's standing with those organizations, and jeopardize future participation, as well as incurring penalties.

Cause – The Charter School was not utilizing a computer payroll package to prepare payrolls. All reports were prepared from hand prepared payrolls, which increased the likelihood of human error. Late ERB and RHCA remittances were the result of cash flow problems related to the receipt of funds from funding sources. Lack of I-9's was an oversight.

Recommendation – We recommend that the School obtain a viable computer payroll reporting system, and establish the controls necessary to insure that payrolls are balanced. We further recommend that calendars be established so that ERB and RHCA remittances are made timely. Finally, we recommend annual review of employee payroll files to insure that the appropriate documentation is in each file.

Agency Response – We have obtained a computer payroll reporting package, which should alleviate the balancing problems. The calendaring and annual review recommendations are already in place, and should prevent further problems.

Agency Response - The recommendation is already in place, and steps will be taken to protect all source documentation.

#### 07-4 Late Audit Report

Condition – The audit report was mailed to the New Mexico State Auditor by common carrier on April 21, 2009.

Criteria – Section 2.2.2.9(A)(1) of the New Mexico State Auditor's Rule (2.2.2 NMAC 2008) requires that the audit report be delivered by November 15, 2008.

Effect – The use of the audit report is diminished with late delivery, and the entity's ability to respond to audit findings and other recommendations is delayed. In addition, the School has not complied with 2.2.2 NMAC 2007.

Cause – Records relating to reconciled cash and financial reports were not reconciled until after the mandated deadline.

Recommendation – We recommend that the aforementioned reconciliation be performed in a timely fashion, so that the records may be audited in accordance with 2.2.2 NMAC 2008.

Agency Response – The recommended reconciliation procedures are now in place, and it is anticipated that the 2009 audit will be timely filed.

## **OTHER – FINANCIAL STATEMENT PRESENTATION**

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

## **EXIT CONFERENCE**

The contents of this report were discussed on April 6, 2009. Present at these exit conferences were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Charlotte McGaughey	Board President	Silver Consolidated School District #1
Dick Pool	Superintendent	Silver Consolidated School District #1
Harry Browne	Business Manager	Aldo Leopold High School
James Murdock	Associate Superintendent of Finance	Silver Consolidated School District #1
Jan McWilliams	Governing Board Member	Aldo Leopold High School
Mike Stone	Shareholder	Stone, McGee & Co., C.P.A.'s