

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, 2009

Aldo Leopold High School Charter School
 Component Unit of Silver Consolidated School District No. 1
TABLE OF CONTENTS
 June 30, 2009

	<u>PAGE</u>
INTRODUCTORY SECTION:	
Directory of officials	1
FINANCIAL SECTION:	
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	7-8
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	9
Statement of Revenues, Expenditures, and Changes in Fund Balances--Governmental Funds	10-11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (NON-GAAP Budgetary Basis) General and Major Special Revenue Funds:	
General fund	13
Entitlement	14
2008 Library Bonds	15
PSCOC	16
Youth Conservation	17
Statement of Fiduciary Assets And Liabilities--Agency Funds	18
Notes to Basic Financial Statements	19-31

OTHER SUPPLEMENTARY INFORMATION:

Fund Descriptions	32
Combining Balance Sheet--General Fund	33
Combining Statement of Revenues, Expenditures and Changes in Fund Balances--General Fund	34
Statement of Revenues, Expenditures and Changes in Fund Balances--Budget and Actual (NON-GAAP Budgetary Basis): General Fund:	
Operational	35
Instructional Materials	36
Instructional Support	37

OTHER SUPPLEMENTAL DATA

Schedule of Changes in Assets and Liabilities--Agency Funds	38
Schedule of Depository Collateral	39
Schedule of Individual Deposit Accounts and Investments	40
Schedule of Cash Receipts and Disbursements--by School District Classification	41-42

ADDITIONAL REPORTING REQUIREMENTS:

Summary Schedule of Prior Audit Findings	43
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>	44-45
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, 2009

GOVERNING COUNCIL MEMBERS

Shauna McCosh	Chairperson
Anthony Howell	Member
Cherie Salmon	Member
Mary Lynne Newell	Member
Magdaleno Manzanarez	Member

STAFF

Harry Browne	Finance Director
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MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
KELLEY WYATT, C.P.A.

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INDEPENDENT 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, a component unit of Silver Consolidated School District No. 1 (School) as of and for the year ended June 30, 2009, 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 general fund's sub-funds presented as other supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, each major fund, and the aggregate remaining fund information of Aldo Leopold High School Charter School, a component unit of Silver Consolidated School District No. 1 as of June 30, 2009, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the General, Entitlement, 2008 Library Bonds, PSCOC and Youth Conservation 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 sub-fund of the general fund of Aldo Leopold High School Charter School, a component unit of Silver Consolidated School District No. 1 as of June 30, 2009, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparisons for the sub-funds of the general fund 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 October 27, 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 sub-funds of the general fund and budgetary comparisons statements presented as other supplementary information. In addition, the accompanying financial information listed as other supplemental data in the table of contents is also presented for purposes of additional analysis and is not a required part of the financial statements. The other supplemental data 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.

Stone, McGee & Co., CPAs

October 27, 2009

Aldo Leopold High School
Charter School
Component Unit of Silver Consolidated School District No. 1
STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 131,287
Due from other governments	62,615
Capital assets:	
Furniture and fixtures and equipment	14,422
Less accumulated depreciation	(6,600)
Total capital assets, net of depreciation	\$ 7,822
Total assets	\$ 201,724
Liabilities	
Accounts payable	\$ 5,497
Accrued expenses	-
Total liabilities	\$ 5,497
Net Assets	
Invested in capital assets	\$ 7,822
Restricted for:	
Other purposes	271
Unrestricted	188,134
Total net assets	\$ 196,227

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, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>
Governmental activities:		
Instruction	\$ 584,539	\$ 9,434
Support services - Students	133,918	
Support services - Instruction	1,138	
General administration	37,107	
School administration	196,074	
Central services	73,731	
Community services	15,375	
Operation of plant	110,421	
	<u>\$ 1,152,303</u>	<u>\$ 9,434</u>
Total governmental activities		

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
\$ 22,935	\$ -	\$ (552,170)
55,762		(78,156)
271		(867)
		(37,107)
		(196,074)
		(73,731)
15,375		-
58,647		(51,774)
<u>\$ 152,990</u>	<u>\$ -</u>	<u>\$ (989,879)</u>

\$ 1,011,583
550
889
<u>\$ 1,013,022</u>
\$ 23,143
173,084
<u>\$ 196,227</u>

Aldo Leopold High School
Charter School
Component Unit of Silver Consolidated School District No. 1
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2009

	General Fund	Entitlement	2008 Library Bonds
Assets			
Cash and investments	\$ 131,016	\$ -	\$ 271
Interfund receivable	62,615		
Due from other governments		14,110	
Total assets	\$ 193,631	\$ 14,110	\$ 271
Liabilities and Fund Balance			
Accounts payable	\$ 5,497	\$ -	\$ -
Interfund payable		14,110	
Total liabilities	\$ 5,497	\$ 14,110	\$ -
Fund balance:			
Unreserved, reported in:			
General fund	\$ 188,134	\$ -	\$ -
Special revenue funds			271
Total fund balance	\$ 188,134	\$ -	\$ 271
Total liabilities and fund balance	\$ 193,631	\$ 14,110	\$ 271

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

<u>Youth Conservation</u>	<u>PSCOC</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 131,287
<u>33,843</u>	<u>14,662</u>	<u>62,615</u>
<u>\$ 33,843</u>	<u>\$ 14,662</u>	<u>\$ 256,517</u>
\$ -	\$ -	\$ 5,497
<u>33,843</u>	<u>14,662</u>	<u>62,615</u>
<u>\$ 33,843</u>	<u>\$ 14,662</u>	<u>\$ 68,112</u>
\$ -	\$ -	\$ 188,134
<u>-</u>	<u>-</u>	<u>271</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,405</u>
<u>\$ 33,843</u>	<u>\$ 14,662</u>	<u>\$ 256,517</u>

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, 2009

Total governmental fund balances	\$ 188,405
<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>7,822</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$ 196,227</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, 2009

	<u>General Fund</u>	<u>Entitlement</u>	<u>2008 Library Bonds</u>
Revenues:			
Fees and charges	\$ 9,434	\$ -	\$ -
State aid	1,020,408		271
Federal aid		14,110	
Earnings on investments	889		
Miscellaneous	550		
	<u>1,031,281</u>	<u>14,110</u>	<u>271</u>
Total revenues	\$ 1,031,281	\$ 14,110	\$ 271
Expenditures:			
Current:			
Instruction	\$ 568,601	\$ 14,110	
Support services - Students	78,156		
Support services - Instruction	1,138		
General administration	37,107		
School administration	196,074		
Central services	73,731		
Community services			
Operation of plant	51,774		
	<u>1,006,581</u>	<u>14,110</u>	<u>-</u>
Total expenditures	\$ 1,006,581	\$ 14,110	\$ -
Net change in fund balances	\$ 24,700	\$ -	\$ 271
Fund balance, July 1, 2008	<u>163,434</u>		
Fund balance, June 30, 2009	<u>\$ 188,134</u>	<u>\$ -</u>	<u>\$ 271</u>

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

<u>Youth Conservation</u>	<u>PSCOC</u>	<u>Governmental Funds Total</u>
\$ -	\$ -	\$ 9,434
71,137	58,647	1,150,463
		14,110
		889
		550
<u>\$ 71,137</u>	<u>\$ 58,647</u>	<u>\$ 1,175,446</u>
\$ -	\$ -	\$ 582,711
55,762		133,918
		1,138
		37,107
		196,074
		73,731
15,375		15,375
	58,647	110,421
<u>\$ 71,137</u>	<u>\$ 58,647</u>	<u>\$ 1,150,475</u>
\$ -	\$ -	\$ 24,971
		163,434
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,405</u>

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, 2009

Net change in fund balances - total governmental funds	\$	24,971
 <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		(1,828)
		(1,828)
 <i>Change in Net Assets of Governmental Activities</i>	 \$	 23,143
		23,143

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 1,032,671	\$ 1,000,218	\$ 1,000,176	\$ (42)
Local sources		-	9,984	9,984
Interest income		1,087	889	(198)
Total revenues	\$ 1,032,671	\$ 1,001,305	\$ 1,011,049	\$ 9,744
Expenditures:				
Current:				
Instruction	\$ 606,977	\$ 639,722	\$ 574,294	\$ 65,428
Support services - Students	70,252	83,339	81,172	2,167
Support services - Instruction	2,050	5,506	1,733	3,773
General administration	16,713	18,713	18,348	365
School administration	207,403	207,403	194,730	12,673
Central services	85,345	85,345	73,596	11,749
Operation of plant	113,087	71,767	51,169	20,598
Capital outlay	69,457	55,457		55,457
Total expenditures	\$ 1,171,284	\$ 1,167,252	\$ 995,042	\$ 172,210
Net change in fund balance	\$ (138,613)	\$ (165,947)	\$ 16,007	\$ 181,954
Fund balance, July 1, 2008	165,947	165,947	177,624	11,677
Fund balance, June 30, 2009	\$ 27,334	\$ -	\$ 193,631	\$ 193,631

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 - ENTITLEMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 For the Fiscal Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ -	\$ 16,000	\$ -	\$ (16,000)
Expenditures:				
Current:				
Instruction	\$ -	\$ 16,000	\$ 14,110	\$ 1,890
Operation of plant	-	-	-	-
Total expenditures	\$ -	\$ 16,000	\$ 14,110	\$ 1,890
Net change in fund balance	\$ -	\$ -	\$ (14,110)	\$ (14,110)
Fund balance, July 1, 2008	-	-	-	-
Fund balance, June 30, 2009	\$ -	\$ -	\$ (14,110)	\$ (14,110)

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 - 2008 Library Bonds
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ -	\$ 271	\$ 271
Expenditures:				
Current:				
Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ 271	\$ 271
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 271</u></u>	<u><u>\$ 271</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 - PSCOC
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 58,647	\$ 43,985	\$ (14,662)
Expenditures:				
Current:				
Operation of plant	<u>\$ -</u>	<u>\$ 58,647</u>	<u>\$ 58,647</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ -	\$ (14,662)	\$ (14,662)
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (14,662)</u></u>	<u><u>\$ (14,662)</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 - 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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ 71,062	\$ 58,533	\$ (12,529)
 Expenditures:				
Current:				
Support services - Students	\$ -	\$ 69,686	\$ 55,762	\$ 13,924
Community services		1,376	15,375	(13,999)
Operation of plant	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ -</u>	<u>\$ 71,062</u>	<u>\$ 71,137</u>	<u>\$ (75)</u>
Net change in fund balance	\$ -	\$ -	\$ (12,604)	\$ (12,454)
Fund balance, July 1, 2008	<u>-</u>	<u>-</u>	<u>(21,239)</u>	<u>(21,239)</u>
Fund balance, June 30, 2009	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (33,843)</u></u>	<u><u>\$ (33,693)</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 FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2009

Assets

Cash and investments	<u>\$ 2,695</u>
Total assets	<u><u>\$ 2,695</u></u>

Liabilities and Fund Equity

Deposits held for others	<u>\$ 2,695</u>
Total liabilities	<u><u>\$ 2,695</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, 2009

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. The Operational Sub-Fund, the Primary Operating Fund, the Instructional Materials Sub-Fund, used to account for State funds used to purchase textbooks, and the non-instructional student support sub-fund, used to fund other activities, are all accounted for in this fund.

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. Non-major funds are summarized into a single column.

The School's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose an agency). Since by definition these assets are being held for the benefit of 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.

Entitlement – to account for federal resources administered by NMSDE to provide assistance to educationally deprived students in low income area of the District. Authorization (P.L. 103-382). This is a Special Revenue Fund.

2008 Library – to account for funds to upgrade libraries, books and equipment (NMPED Laws of 2004). This is a Special Revenue Fund.

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. This is 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 operation 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 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.

C. 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.

D. CASH AND INVESTMENTS

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

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

E. INVENTORIES

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

F. CAPITAL ASSETS

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

the following estimated useful lives:

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

G. 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, 2009.

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

Fund Statements

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.

I. INTERFUND ACTIVITY

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

J. USE OF ESTIMATES

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

Note 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, 2009 \$-0- of the School's bank balance of \$257,307 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -0-
Total	\$ -0-

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits by custodial risk category:		
Insured	\$ 250,000	\$ 133,982
Collateral held by the pledging bank's agent in the School's name	<u>7,307</u>	<u>-0-</u>
	<u>\$ 257,307</u>	<u>\$ 133,982</u>

Note 3 Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
Other capital assets:				
Furniture/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/equipment	\$ 4,772	\$ (1,828)	\$ -0-	\$ 6,600
Total accumulation depreciation	<u>\$ 4,772</u>	<u>\$ (1,828)</u>	<u>\$ -0-</u>	<u>\$ 6,600</u>
Total capital assets, net	<u>\$ 9,650</u>	<u>\$ (1,828)</u>	<u>\$ -0-</u>	<u>\$ 7,822</u>

Depreciation expense was charged to the governmental activities as follows:

Instruction	<u>\$ 1,828</u>
Total	<u>\$ 1,828</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 district, 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.

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, 2009 and 2008, and 2007 were \$119,043, \$113,995 and \$68,935 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 retire 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.

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 1/1/1998 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 1/1/1998 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, 2009, 2008 and 2007 were \$12,552, \$11,764 and \$6,974, 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, 2009 is as follows:

	<u>General</u>	<u>2008 Library Bonds</u>	<u>Entitlement</u>	<u>PSCOC</u>	<u>Youth Conservation</u>
Revenues and other sources over (under) expenditures and other uses GAAP basis	\$ 24,700	\$ 271	\$ -0-	\$ -0-	\$ -0-
Increases (decreases):					
Revenue accruals (net)	(20,232)	-0-	(14,110)	(14,662)	(12,604)
Expenditure accruals (net)	<u>11,539</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Revenues and other sources over (under) expenditures and other uses (NON-GAAP budgetary basis)	<u>\$ 16,007</u>	<u>\$ 271</u>	<u>\$ (14,110)</u>	<u>\$ (14,662)</u>	<u>\$ (12,604)</u>

Note 9 Inter-fund Activity

Inter-fund balances at June 30, 2009, consisted of the following:

	<u>Inter-fund Payable</u>			
	<u>Entitlement</u>	<u>PSCOS</u>	<u>Youth Conservation</u>	<u>Total</u>
<u>Inter-fund Receivable</u>				
General Fund	\$ 14,110	\$ 14,662	\$ 33,843	\$ 62,615
Total	<u>\$ 14,110</u>	<u>\$ 14,662</u>	<u>\$ 33,843</u>	<u>\$ 62,615</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.

Note 10 Budgetary Authority

The School had expenditures in excess of budgetary authority of \$75 in the Youth Conservation Fund, including \$13,999 in the Community Services function.

The School intends to continue to monitor its expenditures compared to budget, and make the appropriate budget adjustments.

Aldo Leopold High School Charter School
Component Unit of Silver Consolidated School District No. 1
FUND DESCRIPTIONS
June 30, 2009

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

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.

Entitlement – to account for the federal resources administered by NMSDE to provide assistance to educationally deprived students in low-income areas of the District. Authorization (P.L. 103-382).

2008 Library Bonds – to account for funds to upgrade libraries, books and equipment (NMPED Laws of 2004).

Aldo Leopold High School
Charter School
Component Unit of Silver Consolidated School District No. 1
GENERAL FUND
COMBINING BALANCE SHEETS
June 30, 2009

	Operational	Instructional Materials	Non Instructional Support	Total General Fund
Assets				
Cash and investments	\$ 108,974	\$ 21,985	\$ 57	\$ 131,016
Interfund receivable	62,615			62,615
Total assets	\$ 171,589	\$ 21,985	\$ 57	\$ 193,631
Liabilities and Fund Balance				
Accounts payable	\$ 5,497	\$ -	\$ -	\$ 5,497
Accrued liabilities				-
Total liabilities	\$ 5,497	\$ -	\$ -	\$ 5,497
Fund balance:				
Unreserved, reported in:				
General fund	\$ 166,092	\$ 21,985	\$ 57	\$ 188,134
Total fund balance	\$ 166,092	\$ 21,985	\$ 57	\$ 188,134
Total liabilities and fund balance	\$ 171,589	\$ 21,985	\$ 57	\$ 193,631

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, 2009

	<u>Operational</u>	<u>Instructional Materials</u>	<u>Non instructional Support</u>	<u>Total General Fund</u>
Revenues:				
Fees and charges	\$ 9,434	\$ -	\$ -	\$ 9,434
State aid	1,011,583	8,825		1,020,408
Earnings on investments	703	186		889
Miscellaneous	550			550
Total revenues	\$ 1,022,270	\$ 9,011	\$ -	\$ 1,031,281
Expenditures:				
Current:				
Instruction	\$ 554,241	\$ 14,360	\$ -	\$ 568,601
Support services - Students	78,156			78,156
Support services - Instruction	1,138			1,138
General administration	37,107			37,107
School administration	196,074			196,074
Central services	73,731			73,731
Operation of plant	51,774			51,774
Total expenditures	\$ 992,221	\$ 14,360	\$ -	\$ 1,006,581
Net change in fund balances	\$ 30,049	\$ (5,349)	\$ -	\$ 24,700
Fund balance, July 1, 2008	136,043	27,334	57	163,434
Fund balance, June 30, 2009	\$ 166,092	\$ 21,985	\$ 57	\$ 188,134

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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 1,032,671	\$ 991,351	\$ 991,351	\$ -
Local sources	-	-	9,984	9,984
Interest income	-	1,087	703	(384)
Total revenues	\$ 1,032,671	\$ 992,438	\$ 1,002,038	\$ 9,600
Expenditures:				
Current:				
Instruction	\$ 606,977	\$ 606,977	\$ 561,617	\$ 45,360
Support services - Students	70,252	83,339	81,172	2,167
Support services - Instructic	2,050	2,050	50	2,000
General administration	16,713	18,713	18,348	365
School administration	207,403	207,403	194,730	12,673
Central services	85,345	85,345	73,596	11,749
Operation of plant	113,087	71,767	51,169	20,598
Capital outlay	69,457	55,457		55,457
Total expenditures	\$ 1,171,284	\$ 1,131,051	\$ 980,682	\$ 150,369
Net change in fund balance	\$ (138,613)	\$ (138,613)	\$ 21,356	\$ 159,969
Fund balance, July 1, 2008	138,613	138,613	150,233	11,620
Fund balance, June 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,589</u>	<u>\$ 171,589</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 30,049	
Revenue accruals (net)			(20,232)	
Expenditure accruals (net)			<u>11,539</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 21,356</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-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, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
State sources	\$ -	\$ 8,867	\$ 8,825	\$ (42)
Interest income			186	186
Total revenues	<u>\$ -</u>	<u>\$ 8,867</u>	<u>\$ 9,011</u>	<u>\$ 144</u>
Expenditures:				
Current:				
Instruction	\$ -	\$ 32,745	\$ 12,677	\$ 20,068
Support services - Instruction		3,456	1,683	1,773
Total expenditures	<u>\$ -</u>	<u>\$ 36,201</u>	<u>\$ 14,360</u>	<u>\$ 21,841</u>
Net change in fund balance	\$ -	\$ (27,334)	\$ (5,349)	\$ 21,985
Fund balance, July 1, 2008	<u>27,334</u>	<u>27,334</u>	<u>27,334</u>	<u>-</u>
Fund balance, June 30, 2009	<u><u>\$ 27,334</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 21,985</u></u>	<u><u>\$ 21,985</u></u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (5,349)	
Revenue accruals (net)				
Expenditure accruals (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u><u>\$ (5,349)</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
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, 2009

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2008	-	-	57	57
Fund balance, June 30, 2009	\$ -	\$ -	\$ 57	\$ 57
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
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
June 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>June 30, 2009</u>
Assets				
Cash and investments:				
Aldo Leopold High School	\$ 1,738	\$ 1,506	\$ 549	\$ 2,695
Total Assets	<u>\$ 1,738</u>	<u>\$ 1,506</u>	<u>\$ 549</u>	<u>\$ 2,695</u>
Liabilities				
Deposits held for others:				
Aldo Leopold High School	\$ 1,738	\$ 1,506	\$ 549	\$ 2,695
Total Liabilities	<u>\$ 1,738</u>	<u>\$ 1,506</u>	<u>\$ 549</u>	<u>\$ 2,695</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, 2009

	Ambank	Total
Checking and CD's	\$ 255,176	\$ 255,176
Total on deposit	\$ 255,176	\$ 255,176
Less: FDIC insurance	(250,000)	(250,000)
Total uninsured public funds	\$ 5,176	\$ 5,176
50% collateralization requirement (Section 6-10-17 NMSA)	\$ 2,588	\$ 2,588
FHLB 3136F8Y82 2-11-21	\$ 499,690	\$ 499,690
Alamogordo NM 011446EZ0 8-1-13	50,000	50,000
Socorro NM 83368PBD7 8-1-10	50,000	50,000
Total pledged securities	\$ 599,690	\$ 599,690
Pledged securities over (under) requirement	\$ 597,102	\$ 597,102

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, 2009

	<u>Type of Account</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<u>Ambank</u>			
State Funds	Checking	\$ 251,994	\$ 130,800
Federal Projects	Checking	<u>3,182</u>	<u>3,182</u>
Total cash and investments		<u><u>\$ 255,176</u></u>	<u><u>\$ 133,982</u></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, 2009

	<u>Operational</u>	<u>Instructional Materials</u>	<u>Non- Instructional Support</u>
Total cash and investments as of July 1, 2008	\$ 150,233	\$ 27,334	\$ 57
Add: Current year receipts	1,002,039	9,011	
Prior year warrants voided			
Less: Current year expenditures	(980,683)	(14,359)	
Chargebacks/(Overdrafts)			
Receivables/payables			
Transfers			
Total cash and investments as of June 30, 2009	<u>\$ 171,589</u>	<u>\$ 21,986</u>	<u>\$ 57</u>

<u>Federal Flowthrough</u>	<u>State Flowthrough</u>	<u>State Direct</u>	<u>PSCOC</u>	<u>Agency</u>	<u>Total</u>
\$ -	\$ - 271	\$ (21,239) 58,533	\$ - 43,985	\$ 1,738 1,506	\$ 158,123 1,115,345
(14,110)		(71,138)	(58,647)	(549)	(1,139,486)
					-
					-
					-
<u>\$ (14,110)</u>	<u>\$ 271</u>	<u>\$ (33,844)</u>	<u>\$ (14,662)</u>	<u>\$ 2,695</u>	<u>\$ 133,982</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, 2009

Findings – Financial Statement Audit

	<u>Condition</u>	<u>Current Status</u>
07-1	General ledger balances were not reconciled to cash in the bank	Resolved
06-1	Payroll reporting was inaccurate and not all required documents were available for inspection	Resolved
07-4	The audit report was not submitted by the State Auditor mandated deadline.	Resolved

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

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

We have audited the financial statements of the governmental activities and each major fund 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, 2009, 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 October 27, 2009. We have also audited the financial statements of each of the School's general fund sub-funds presented as other supplementary information as of and for the year ended June 30, 2009 and have issued our report thereon dated October 27, 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 the 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.

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 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 a 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.

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 Aldo Leopold High School Charter School, a component unit of Silver Consolidated School District No. 1'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.

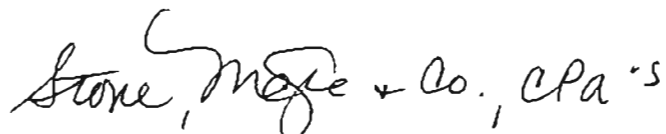
Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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, non-compliance 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*.

We noted certain matters that are required to be reported under *Government Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16 and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and responses as findings 09-1 through 09-3.

Aldo Leopold High School Charter School, a component unit of Silver Consolidated School District No. 1's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Aldo Leopold High School Charter School, a component unit of Silver Consolidated School District No. 1's responses and, accordingly, we express no opinion on them..

This report is intended solely for the information and use of the Governing Council, management, others within the organization, 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.


October 27, 2009

Stone, McGee & Co.
Certified Public Accountants

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, 2009

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. No 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 High School Charter School, a component unit of Silver Consolidated School District No. 1, expended less than \$500,000 in federal funds.

FINDINGS – FINANCIAL STATEMENT AUDIT

OTHER INSTANCES OF NONCOMPLIANCE

09-1 Training and Experience

Condition – The School had three instances where certified personnel's experience did not match the contracted payment; four instances where contract amounts did not agree to the School's approved salary schedule, and; three instances where experience was not verified for the certified personnel claiming the experience.

Criteria – The New Mexico public Education Department's *Manual of Procedures* requires that certified personnel be paid in accordance with an approved salary schedule, which matches pay rates to experience, and that experience be verified by School personnel.

Effect – Certified personnel were paid incorrect amounts, and there is an increased likelihood that experience not earned could be claimed as a means of increasing the pay rate.

Cause – School personnel did not review contracts to make sure that the proper amounts were in the contracts, and verification of personnel experience was overlooked.

Recommendation – We recommend that as a final step in the contracting process, the Director compare contract amounts to the approved salary schedule, and inspect personnel files to insure that experience has been verified.

Agency Response – The employee files are in the process of being reviewed, and payments will be made if necessary. In the future, the files and contracts will be reviewed by the appropriate personnel.

09-2 Employee Advances

Condition – The School advanced \$550 to an employee prior to the regular payday.

Criteria – Payments to employees can only be made after performance of services. Advances on future earnings is a violation of the Anti-Donation Clause, NM Constitution Article IX, Section 14.

Effect – The advance increases the risk that payments will be made and services may not be performed, as well as violating the NM Constitution.

Cause – The School personnel were unaware that this advance was a violation of state law.

Recommendation – We recommend that no advances on salary be made to any employee in the future.

Agency Response – The recommendation will be adopted.

09-3 Budgetary Controls

Condition – The School incurred expenditures in excess of budgetary authority of \$75 in the Youth Conservation Fund, including \$13,999 in the Community Services function.

Criteria – Sections 6-3-1 through 6-3-25 NMSA 1978 require, in part, that expenditures not exceed budgetary authority. The function is the legal level of budgetary control.

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

Cause – The School did not request the budget adjustments at year end to alleviate these budget overruns.

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

Agency Response – The policy is currently being followed, and these were unusual circumstances which were unforeseen. We posted certain expenses in a line item without sufficient budgetary authority, and did not transfer the appropriate amount of expenditures to the general fund to alleviate the over-expenditure of the entire fund. We will make the appropriate corrections in the current year.

OTHER – FINANCIAL STATEMENT PREPARATION

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

EXIT CONFERENCE

The contents of this report were discussed on November 4, 2009. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Magdaleno Manzanarez	Council Member	Aldo Leopold High School
Eric Ahner	Director	Aldo Leopold High School
Harry Browne	Finance Director	Aldo Leopold High School
Mike Stone	Shareholder	Stone, McGee & Co., CPA's