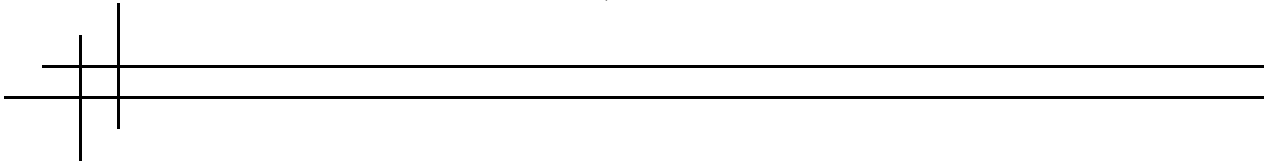




STATE OF NEW MEXICO  
**ANANSI CHARTER SCHOOL**

**ANNUAL FINANCIAL REPORT**  
June 30, 2008

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



	<u>Page</u>
Official Roster.....	4
Independent Auditor's Report.....	5-6
<b>FINANCIAL SECTION</b>	
Basic Financial Statements	
Government Wide Financial Statements	
Statement of Net Assets.....	8
Statement of Activities.....	9
Fund Financial Statements	
Government Funds - Balance Sheet.....	10-12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	14-16
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities.....	17
<b>General Fund - 11000</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	18-19
<b>Instructional Material-14000</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	20
<b>Charter School-24146</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance- Budget and Actual (Budgetary Basis).....	21
Notes to Financial Statements.....	22-33

	<u>Page</u>
<b>SUPPLEMENTAL INFORMATION RELATED TO NON MAJOR FUNDS</b>	
<b>Public School Capital Outlay-31200</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	34
<b>Education Technology-31900</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	35
<b>OTHER SUPPLEMENTAL INFORMATION</b>	
<b>Libraries GO Bonds</b>	
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).....	38
Cash Reconciliations-All Funds.....	40-42
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> .....	43-44
Findings and Responses.....	45

**GOVERNING COUNCIL**

Vicky Diamond	President
Teresa Tomashot	Vice President
Karina Gersten	Treasurer
Paige Gerling	Secretary
Lucy Perera Adams	Member

**SCHOOL OFFICIALS**

Michele Hunt	Director
Domingo Sanchez	Business Manager

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

Independent Auditor's Report

Mr. Hector H. Balderas  
State Auditor of the State of New Mexico  
Governing Council Members of the Anansi Charter School

Mr. Balderas and Members of the Board

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Anansi Charter School, (School), 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 also have audited the financial statements of the School's nonmajor governmental fund 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 with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School as of June 30, 2008, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue 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 the School as of June 30, 2008, and the respective changes in financial position and the respective budgetary comparisons for capital project funds and the nonmajor 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 a report dated November 15, 2008, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

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

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

*De'Ann Willoughby, CPA PC*

November 15, 2008

## **FINANCIAL SECTION**

STATE OF NEW MEXICO  
**ANANSI CHARTER SCHOOL**  
Statement of Net Assets  
June 30, 2008

	Governmental Activities	Component Unit Friends of Anansi Charter School
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 79,508	\$ 7,894
Due from Grantor	19,305	0
Total Current Assets	<u>98,813</u>	<u>7,894</u>
Noncurrent Assets		
Restricted Cash	0	100
Capital Assets	93,844	0
Less: Accumulated Depreciation	(55,030)	0
Total Noncurrent Assets	<u>38,814</u>	<u>100</u>
Total Assets	<u>137,627</u>	<u>7,994</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	12,269	0
Total Current Liabilities	<u>12,269</u>	<u>0</u>
Total Liabilities	<u>12,269</u>	<u>0</u>
<b>NET ASSETS</b>		
Invested in Capital Assets	38,814	0
Unrestricted	86,544	7,994
Total Net Assets	<u>\$ 125,358</u>	<u>\$ 7,994</u>

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



STATE OF NEW MEXICO  
**ANANSI CHARTER SCHOOL**  
Statement of Activities  
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expenses)		Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets		
<b>Governmental Activities</b>							
Instruction	\$ 327,398	\$ 14,649	\$ 19,715	\$ 0	\$ (293,034)	\$ 0	0
Support Services-Instruction	888	0	887	0	(1)	0	0
Support Services-Students	38,125	0	0	0	(38,125)	0	0
Support Services-General	3,524	0	0	0	(3,524)	0	0
Support Services-School	127,350	0	0	0	(127,350)	0	0
Operation of Plant	43,032	0	33,950	0	(9,082)	0	0
Total Governmental Activities	<u>540,317</u>	<u>14,649</u>	<u>54,552</u>	<u>0</u>	<u>(471,116)</u>	<u>0</u>	<u>0</u>
<b>Component Unit</b>							
Friends of Anansi Charter School	18,585	0	0	0	0	0	(18,585)
<b>General Revenues</b>							
Federal and State aid not restricted to specific purpose							
General					\$ 477,768	\$ 19,403	
Interest and investment earnings					853	14	
Miscellaneous					1,555	1,598	
Bond Proceeds					48,264	0	
Subtotal, General Revenues					<u>528,440</u>	<u>21,015</u>	
Change in Net Assets							
					57,324	2,430	
Net Assets - beginning							
					<u>68,034</u>	<u>5,564</u>	
Net Assets - ending							
					<u>\$ 125,358</u>	<u>\$ 7,994</u>	

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

STATE OF NEW MEXICO  
**ANANSI CHARTER SCHOOL**  
 GOVERNMENTAL FUNDS  
 Balance Sheet  
 June 30, 2008

	General Fund		
	Operational 11000	Instructional Materials 14000	Charter School 24146
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 27,573	\$ 3,649	\$ 0
Receivables			
Interfund Balances	19,305	0	0
Due from Grantor	0	0	13,455
<b>Total Assets</b>	<b>\$ 46,878</b>	<b>\$ 3,649</b>	<b>\$ 13,455</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 12,269	\$ 0	\$ 0
Interfund Balances	0	0	13,455
<b>Total Liabilities</b>	<b>12,269</b>	<b>0</b>	<b>13,455</b>
<b>Fund Balances</b>			
Reserved for:			
Capital Improvements	0	0	0
Unreserved, Undesignated, reported in:			
General Fund	34,609	3,649	0
Special Revenue	0	0	0
<b>Total Fund Balances</b>	<b>34,609</b>	<b>3,649</b>	<b>0</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 46,878</b>	<b>\$ 3,649</b>	<b>\$ 13,455</b>

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

STATE OF NEW MEXICO  
**ANANSI CHARTER SCHOOL**  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2008

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	<u>PSCOC</u> <u>31200</u>	<u>Ed Tech</u> <u>31900</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 0	\$ 48,264	\$ 22
Receivables			
Interfund Balances	0	0	0
Due from Grantor	<u>5,850</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 5,850</u>	<u>\$ 48,264</u>	<u>\$ 22</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Accounts Payable	\$ 0	\$ 0	\$ 0
Interfund Balances	<u>5,850</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>5,850</u>	<u>0</u>	<u>0</u>
Fund Balances			
Reserved for:			
Capital Improvements	0	48,264	0
Unreserved, Undesignated, reported in:			
General Fund	0	0	0
Special Revenue	<u>0</u>	<u>0</u>	<u>22</u>
Total Fund Balances	<u>0</u>	<u>48,264</u>	<u>22</u>
Total Liabilities and Fund Balances	<u>\$ 5,850</u>	<u>\$ 48,264</u>	<u>\$ 22</u>

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

STATE OF NEW MEXICO  
**ANANSI CHARTER SCHOOL**  
 GOVERNMENTAL FUNDS  
 Balance Sheet  
 June 30, 2008

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	Total Governmental Funds
	<u>          </u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 79,508
Receivables	
Interfund Balances	19,305
Due from Grantor	<u>19,305</u>
Total Assets	<u>\$ 118,118</u>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accounts Payable	\$ 12,269
Interfund Balances	<u>19,305</u>
Total Liabilities	<u>31,574</u>
Fund Balances	
Reserved for:	
Capital Improvements	48,264
Unreserved, Undesignated, reported in:	
General Fund	38,258
Special Revenue	<u>22</u>
Total Fund Balances	<u>86,544</u>
Total Liabilities and Fund Balances	<u>\$ 118,118</u>

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

STATE OF NEW MEXICO  
**ANANSI CHARTER SCHOOL**

Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Assets  
June 30, 2008

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

Total Fund Balance - Governmental Funds	\$	86,544
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Capital assets used in governmental activities are not  
financial resources and therefore are not reported as assets  
in governmental funds.

The cost of capital assets	\$	93,844	
Accumulated depreciation is		<u>(55,030)</u>	
			<u>38,814</u>

Total net assets - governmental activities	\$	<u><u>125,358</u></u>
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The notes to the financial statements are an integral part of this statement..

STATE OF NEW MEXICO  
**ANANSI CHARTER SCHOOL**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and Changes  
in Fund Balance  
For the Year Ended June 30, 2008

	General Fund		
	Operational 11000	Instructional Materials 14000	Charter School 24146
<b>Revenues</b>			
Investment Income	\$ 853	\$ 0	\$ 0
Fees	14,649	0	0
State Grant	477,768	6,260	0
Federal Grant	0	0	13,455
Miscellaneous	1,555	0	0
Total Revenues	<u>493,270</u>	<u>6,260</u>	<u>13,455</u>
<b>Expenditures</b>			
Current			
Instruction	296,240	2,588	13,455
Support Services-Instruction	0	23	0
Support Service-Students	38,125	0	0
Support Services-General Administration	3,524	0	0
Support Service-School Administration	127,350	0	0
Operation & Maintenance of Plant	43,032	0	0
Capital Outlay	0	0	0
Total Expenditures	<u>508,271</u>	<u>2,611</u>	<u>13,455</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(15,001)</u>	<u>3,649</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>			
School's Portion of Sale of Ed Tech Bonds	0	0	0
Total Other Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(15,001)	3,649	0
Fund Balances at Beginning of Year	<u>48,055</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 33,054</u>	<u>\$ 3,649</u>	<u>\$ 0</u>

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

STATE OF NEW MEXICO  
**ANANSI CHARTER SCHOOL**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and Changes  
in Fund Balance  
For the Year Ended June 30, 2008

	PSCOC 31200	Ed Tech 31900	Other Governmental Funds
<b>Revenues</b>			
Investment Income	\$ 0	\$ 0	\$ 0
Fees	0	0	0
State Grant	33,950	0	887
Federal Grant	0	0	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<u>33,950</u>	<u>0</u>	<u>887</u>
<b>Expenditures</b>			
Current			
Instruction	0	0	0
Support Services-Instruction	0	0	865
Support Service-Students	0	0	0
Support Services-General Administration	0	0	0
Support Service-School Administration	0	0	0
Operation & Maintenance of Plant	0	0	0
Capital Outlay	33,950	0	0
<b>Total Expenditures</b>	<u>33,950</u>	<u>0</u>	<u>865</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>0</u>	<u>0</u>	<u>22</u>
<b>Other Financing Sources (Uses)</b>			
School's Portion of Sale of Ed Tech Bonds	0	48,264	0
<b>Total Other Sources (Uses)</b>	<u>0</u>	<u>48,264</u>	<u>0</u>
<b>Net Change in Fund Balance</b>	0	48,264	22
<b>Fund Balances at Beginning of Year</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u>\$ 0</u>	<u>\$ 48,264</u>	<u>\$ 22</u>

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

STATE OF NEW MEXICO  
**ANANSI CHARTER SCHOOL**  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures and Changes  
in Fund Balance  
For the Year Ended June 30, 2008

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	Total Governmental Funds
	<u>                    </u>
Revenues	
Investment Income	\$          853
Fees	14,649
State Grant	518,865
Federal Grant	13,455
Miscellaneous	1,555
Total Revenues	<u>549,377</u>
Expenditures	
Current	
Instruction	312,283
Support Services-Instruction	888
Support Service-Students	38,125
Support Services-General Administration	3,524
Support Service-School Administration	127,350
Operation & Maintenance of Plant	43,032
Capital Outlay	33,950
Total Expenditures	<u>559,152</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(9,775)</u>
Other Financing Sources (Uses)	
School's Portion of Sale of Ed Tech Bonds	48,264
Total Other Sources (Uses)	<u>48,264</u>
Net Change in Fund Balance	38,489
Fund Balances at Beginning of Year	<u>48,055</u>
Fund Balance End of Year	<u>\$ 86,544</u>

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



STATE OF NEW MEXICO

**ANANSI CHARTER SCHOOL**

Reconciliation of the Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balance

To the Statement of Activities

June 30, 2008

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Net Change in Fund Balance-Governmental Funds \$ 38,489

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

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

Depreciation expense	\$ (15,115)	
Capital Outlays	<u>33,950</u>	<u>18,835</u>

Change in Net Assets of Governmental Activities \$ 57,324

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

## STATE OF NEW MEXICO

**ANANSI CHARTER SCHOOL**

## GENERAL FUND-OPERATIONAL-11000

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

## Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
<b>Local Sources</b>				
Investment Income	\$ 400	\$ 400	\$ 853	\$ 453
Fees	10,000	10,000	14,648	4,648
Other Revenue	0	0	1,555	1,555
Total Local Sources	<u>10,400</u>	<u>10,400</u>	<u>17,056</u>	<u>6,656</u>
<b>State Sources</b>				
State Equalization Guarantee	461,155	477,768	477,769	(1)
Total State Sources	<u>461,155</u>	<u>477,768</u>	<u>477,769</u>	<u>(1)</u>
Total Revenues	<u>471,555</u>	<u>488,168</u>	<u>494,825</u>	<u>6,657</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	205,588	207,198	207,198	0
Employee Benefits	77,770	78,023	78,023	0
Other Purchased Services	2,925	4,760	4,760	0
Supplies	6,800	16,102	6,259	9,843
Total Instruction	<u>293,083</u>	<u>306,083</u>	<u>296,240</u>	<u>9,843</u>
<b>Support Services-Students</b>				
Personnel Services	6,000	10,000	8,303	1,697
Employee Benefits	498	2,887	686	2,201
Professional & Tech Services	29,525	29,136	29,136	0
Total Support Services-Students	<u>36,023</u>	<u>42,023</u>	<u>38,125</u>	<u>3,898</u>
<b>Support Services-General Administration</b>				
Professional & Tech Services	2,000	2,000	0	2,000
Purchased Services	1,300	3,800	3,524	276
Total Support Services-General Administration	<u>3,300</u>	<u>5,800</u>	<u>3,524</u>	<u>2,276</u>
<b>Support Services-School Administration</b>				
Personnel Services	80,828	80,828	80,713	115
Employee Benefits	34,137	34,435	34,435	0
Professional & Tech Services	500	865	865	0
Other Purchased Services	12,600	12,600	9,825	2,775
Supplies	5,000	4,337	1,512	2,825
Total Support Services-School Administration	<u>133,065</u>	<u>133,065</u>	<u>127,350</u>	<u>5,715</u>

## STATE OF NEW MEXICO

**ANANSI CHARTER SCHOOL**

## GENERAL FUND-OPERATIONAL-11000

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

## Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Operation & Maintenance of Plant	28,705	41,112	34,862	6,250
Purchased Property Services	4,772	4,478	4,478	0
Other Purchased Services	3,000	3,692	3,692	0
Total Operation & Maintenance of Plant	<u>36,477</u>	<u>49,282</u>	<u>43,032</u>	<u>6,250</u>
Total Expenditures	\$ <u>501,948</u>	\$ <u>536,253</u>	\$ <u>508,271</u>	\$ <u>27,982</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u>(30,393)</u>	\$ <u>(48,085)</u>	\$ <u>(13,446)</u>	\$ <u>34,639</u>
Other Financing Sources and Uses				
Loans to Other Funds	0	7,350	7,350	0
Accrues Payroll Taxes	0	2,234	2,234	0
Total Other Sources (Uses)	<u>0</u>	<u>9,584</u>	<u>9,584</u>	<u>0</u>
Change in Cash Balance	(30,393)	(38,501)	(3,862)	34,639
Cash Balance Beginning of Year	<u>44,890</u>	<u>44,890</u>	<u>44,890</u>	<u>0</u>
Cash Balance End of Year	\$ <u><u>14,497</u></u>	\$ <u><u>6,389</u></u>	\$ <u><u>41,028</u></u>	\$ <u><u>34,639</u></u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ <u>(13,446)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u><u>(13,446)</u></u>	

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

STATE OF NEW MEXICO  
**ANANSI CHARTER SCHOOL**  
GENERAL FUND-INSTRUCTIONAL MATERIALS-14000  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Sources				
State Grant	\$ 4,737	\$ 4,737	\$ 6,260	\$ 1,523
Total State Sources	<u>4,737</u>	<u>4,737</u>	<u>6,260</u>	<u>1,523</u>
Total Revenues	<u>4,737</u>	<u>4,737</u>	<u>6,260</u>	<u>1,523</u>
Expenditures				
Instruction				
Supplies	<u>4,353</u>	<u>4,353</u>	<u>2,588</u>	<u>1,765</u>
Total Instruction	<u>4,353</u>	<u>4,353</u>	<u>2,588</u>	<u>1,765</u>
Support Services				
Supplies	<u>384</u>	<u>384</u>	<u>23</u>	<u>361</u>
Total Support Services	<u>384</u>	<u>384</u>	<u>23</u>	<u>361</u>
Total Expenditures	<u>4,737</u>	<u>4,737</u>	<u>2,611</u>	<u>2,126</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>3,649</u>	<u>3,649</u>
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,649</u>	<u>\$ 3,649</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			<u>\$ 3,649</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 3,649</u>	

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

STATE OF NEW MEXICO  
**ANANSI CHARTER SCHOOL**  
SPECIAL REVENUE FUND-CHARTER SCHOOL-24146  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
<b>Federal Sources</b>				
Federal Grant	\$ 0	\$ 200,000	\$ 0	\$ (200,000)
Total Federal Sources	<u>0</u>	<u>200,000</u>	<u>0</u>	<u>(200,000)</u>
Total Revenues	<u>0</u>	<u>200,000</u>	<u>0</u>	<u>(200,000)</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Personnel Services	0	66,560	0	66,560
Employee Benefits	0	400	0	400
Other Purchased Services	0	130,202	13,273	116,929
Supplies	<u>0</u>	<u>2,838</u>	<u>182</u>	<u>2,656</u>
Total Instruction	<u>0</u>	<u>200,000</u>	<u>13,455</u>	<u>186,545</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>(13,455)</u>	<u>(13,455)</u>
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (13,455)</u>	<u>\$ (13,455)</u>
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ (13,455)	
Net change in Due from Grantor			<u>13,455</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 0</u>	

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

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

The financial statements of the ANANSI CHARTER (Charter) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued prior to November 30, 1989 that do not conflict with or contradict GASB pronouncements. The more significant of the Charter's accounting policies are described 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*. Some of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD & A) providing an analysis of the Charter's overall financial position and results of operations.
- Financial Statements prepared using full-accrual accounting for all the Charter's activities.
- A change in fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements) as of June 30, 2008.

In addition, in June 2001, the GASB issued Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus* - an amendment of GASB Statement No. 21 and No. 34 and Statement No. 38, *Certain Financial Note Disclosures*. These two statements clarify, modify, establish and rescind certain disclosure requirements under GASB No. 34. Both statements are being implemented in conjunction with GASB Statement No. 34. These statements do not have an impact on the results of operations or the financial position of the Charter.

**Financial Reporting Entity**

The Charter has been in existence since August of 2001, and is currently operating under the provisions of the Public Charter Code, Chapter 22, of the New Mexico Statutes Annotated, 1978 Compilation. The Charter operates with a local board - director form of government and provides a supervised program of instruction designed to educate students at the elementary level.

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

The Charter is a component unit of the Taos Municipal Charters as defined by GASB Statement No. 14 as other legally separate organizations for which the elected Charter members are financially accountable. The Charter Board Members are financially accountable to Taos Municipal Charters as Taos Municipal Charters approves the budget of the Charter. Anansi Charter has no component units.

The School has a discretely presented component unit, Friends of Anansi Charter School, a foundation, as defined by GASB Statement No. 14. The Foundation is responsible to the School as their governing boards are closely related. The Foundation will obtain financing and construct a school building housing part of the Charter. The Foundation is applying for a loan from USDA and is required to be audited this fiscal year.

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

#### ***Governmental Funds***

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

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

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

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

#### **Major Funds**

The Charter reports the following major governmental funds:

##### **GENERAL FUND (11000)(14000)**

The General Fund consists of two sub funds. The first is the operational fund of the Charter and accounts for all revenues and expenditures of the Charter not encompassed within other funds. The Instructional Materials fund accounts for a state grant to provide text books for students in the Charter.

## **MAJOR SPECIAL REVENUE FUNDS**

### **Charter School 24146**

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

## **MAJOR CAPITAL PROJECT FUNDS**

### **Public Charter Capital Outlay (31200)**

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

### **Ed Tech Equipment (31900)**

Revenues are derived from a bond issue used for the purchase of technology equipment.

## **Measurement Focus and Basis of Accounting**

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

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole.

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

Financial Statements for Fiduciary or Component units, that are Fiduciary in nature are not included.

### **Program Revenues**

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



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

#### Governmental Funds

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

#### Revenues

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

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

#### Expenditures

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

#### Other Financing Sources (Uses)

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

#### Basis of Budgeting

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

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

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

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

#### Cash and Cash Equivalents

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

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

#### Investments

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

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

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

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

#### Receivables and Payables

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

#### Elimination and Reclassifications of Certain Receivables and Payables

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

Capital Assets

Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the Charter as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

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

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

Capital Leases

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

Short -Term Debt

Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The Charter does not have any activity in short-term debt.

Long-Term Liabilities

For Charter-wide reporting, the costs associated with the bonds are recognized over the life of the bond. As permitted by GASB Statement No. 34 the amortization of the costs of bonds will be amortized prospectively from the date of adoption of GASB Statement No. 34.

Restricted Net Assets

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

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

Imposed by law through constitutional provisions or enabling legislation.

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

#### Fund Balances of Fund Financial Statements

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

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

#### Interfund Transactions

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

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

#### Deferred Revenue

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

#### Compensated Absences

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

#### Estimates

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

**NOTE B: CASH AND INVESTMENTS**

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

<b>First State Bank</b>	Balance	Reconciled	Type
<u>Name of Account</u>	<u>Per Bank</u>	<u>Balance</u>	
	06-30-07		
Operational	\$ 99,567	\$ 79,407	Checking
TOTAL Deposited	99,567	<u>79,407</u>	
Less: FDIC Coverage	<u>(99,567)</u>		
Uninsured Amount	0		
50% collateral requirement	0		
Pledged securities	0		
Over (Under) requirement	<u>\$ 0</u>		

Cash reported in the Statement of Net Assets includes \$100 of petty cash.

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

**Custodial Credit Risk-Deposits**

<u>Depository Account</u>	<u>Bank</u>
	<u>Balance</u>
Insured	\$ 99,567
Collateralized:	
Collateral held by the pledging bank in	
Charter's name	0
Uninsured and uncollateralized	0
Total Deposits	<u>\$ 99,567</u>

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2008 none of the School's bank balance of \$56,162 was exposed to custodial credit risk.

**NOTE C: INTERFUND BALANCES**

	Charter School	PSCOC	Total
	24146	31200	
Loans from General Fund	<u>\$ 13,455</u>	<u>\$ 5,850</u>	<u>\$ 19,305</u>

Loans were made from the General fund to above funds to cover shortfall waiting on a reimbursement from the Grantor. The loans are expected to be repaid within one year.

**NOTE D: CAPITAL ASSETS**

Capital Assets Balances and Activity for the Year Ended June 30, 2008 is as follows:

	Balance 6/30/06	Additions	Deletions	Balance 6/30/07
<b>Governmental Activities</b>				
Capital Assets, being Depreciated				
Buildings & Improvements	0	0	0	0
Equipment, Vehicles, Information	59,893	33,951	0	93,844
Total Capital Assets, being	<u>59,893</u>	<u>33,951</u>	<u>0</u>	<u>93,844</u>
 Total Capital Assets	 <u>59,893</u>	 <u>33,951</u>	 <u>0</u>	 <u>93,844</u>
<b>Less Accumulated Depreciation</b>				
Buildings & Improvements				0
Equipment, Vehicles, Information	39,915	15,115	0	55,030
Total Accumulated Depreciation	<u>39,915</u>	<u>15,115</u>	<u>0</u>	<u>55,030</u>
Capital Assets, net	<u>\$ 19,978</u>	<u>\$ 18,836</u>	<u>\$ 0</u>	<u>\$ 38,814</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 15,115
Total depreciation expenses	<u>\$ 15,115</u>

**NOTE E: PENSION PLAN**

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

Plan members are required to contribute 7.42% of their gross salary. The District is required to contribute 10.9% of the gross covered salary. Effective July 1, 2008, plan members are required to contribute 7.9% of their gross salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2008 and 2007, were \$53,442, and \$53,442, respectively, which equal the amount of the required contributions for each fiscal year.

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

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

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

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary.

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

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



The District's contributions to the RHCA for the years ended June 30, 2008, and 2007 were \$5,565 and \$5,230, respectively, which equal the required contributions for each year.

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

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

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

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

**NOTE H: INSURANCE COVERAGE**

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

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

**NOTE I. SURETY BOND**

The officials and certain employees of the Charter are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation.

STATE OF NEW MEXICO  
**ANANSI CHARTER SCHOOL**  
 CAPITAL PROJECTS FUND-PUBLIC SCHOOL CAPITAL OUTLAY-31200  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Sources				
State Grant	\$ 47,150	\$ 47,150	\$ 41,300	\$ (5,850)
Total State Sources	<u>47,150</u>	<u>47,150</u>	<u>41,300</u>	<u>(5,850)</u>
Total Revenues	<u>47,150</u>	<u>47,150</u>	<u>41,300</u>	<u>(5,850)</u>
Expenditures				
Capital Outlay				
Purchased Property Services	<u>33,950</u>	<u>33,950</u>	<u>33,950</u>	<u>0</u>
Total Capital Outlay	<u>33,950</u>	<u>33,950</u>	<u>33,950</u>	<u>0</u>
Total Expenditures	<u>33,950</u>	<u>33,950</u>	<u>33,950</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>13,200</u>	<u>13,200</u>	<u>7,350</u>	<u>(5,850)</u>
Other Financing Sources (Uses)				
Loans from Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Cash Balance	13,200	13,200	7,350	(5,850)
Cash Balance Beginning of Year	<u>(13,200)</u>	<u>(13,200)</u>	<u>(13,200)</u>	<u>0</u>
Cash Balance End of Year	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(5,850)</u>	\$ <u>(5,850)</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 7,350	
Net change in Due from Grantor			<u>(7,350)</u>	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ <u>0</u>	

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

STATE OF NEW MEXICO  
**ANANSI CHARTER SCHOOL**  
 CAPITAL PROJECTS FUND-EDUCATION TECHNOLOGY-31900  
 Statement of Revenues, Expenditures, and Changes in Cash Balance -  
 Budget and Actual (Budgetary Basis)  
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
<b>Revenues</b>				
<b>State Sources</b>				
State Grant	\$ 0	\$ 0	\$ 0	\$ 0
Total State Sources	0	0	0	0
Total Revenues	0	0	0	0
<b>Expenditures</b>				
<b>Capital Outlay</b>				
Purchased Property Services	0	0	0	0
Total Capital Outlay	0	0	0	0
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
<b>Other Financing Sources (Uses)</b>				
School's Portion of Sale of Ed Tech Bonds	0	0	48,264	48,264
Total Other Financing Sources (Uses)	0	0	48,264	48,264
Net Change in Cash Balance	0	0	48,264	48,264
Cash Balance Beginning of Year	0	0	0	0
Cash Balance End of Year	\$ 0	\$ 0	\$ 48,264	\$ 48,264
<b>Reconciliation of Budgetary Basis to GAAP Basis</b>				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 48,264	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			\$ 48,264	

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

**SUPPLEMENTAL INFORMATION RELATED TO  
NON MAJOR FUNDS**

**NONMAJOR SPECIAL REVENUE FUNDS**

Libraries Go Bonds (27145)

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

STATE OF NEW MEXICO  
**ANANSI CHARTER SCHOOL**  
SPECIAL REVENUE FUND-LIBRARIES GO BONDS-27145  
Statement of Revenues, Expenditures, and Changes in Cash Balance -  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
Revenues				
State Sources				
State Grant	\$ 931	\$ 931	\$ 887	\$ (44)
Total State Sources	<u>931</u>	<u>931</u>	<u>887</u>	<u>(44)</u>
Total Revenues	<u>931</u>	<u>931</u>	<u>887</u>	<u>(44)</u>
Expenditures				
Support Services-Instruction				
Supplies	<u>931</u>	<u>931</u>	<u>865</u>	<u>66</u>
Total Support Services-Instruction	<u>931</u>	<u>931</u>	<u>865</u>	<u>66</u>
Total Expenditures	<u>931</u>	<u>931</u>	<u>865</u>	<u>66</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>0</u>	<u>0</u>	<u>22</u>	<u>22</u>
Cash Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 22</u>	<u>\$ 22</u>
Reconciliation of Budgetary Basis to GAAP Basis				
Excess (Deficiency) of Revenues Over Expenditures-Cash Basis			\$ 22	
Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis			<u>\$ 22</u>	

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

**OTHER SUPPLEMENTAL INFORMATION**

STATE OF NEW MEXICO  
**ANANSI CHARTER SCHOOL**  
 Cash Reconciliations - All Funds  
 For the Year Ended June 30, 2008

	Operational 11000	Instructional Materials 14000	Charter School 26146
Net Cash in Bank 6/30/07			
Cash in Bank	\$ 44,790	\$ 0	\$ 0
Balance 6/30/07	<u>44,790</u>	<u>0</u>	<u>0</u>
Add: 2007-08			
Revenues	494,825	6,260	0
Loan to other Funds	13,300		
Benefits Payables			
TOTAL Cash Available	<u>552,915</u>	<u>6,260</u>	<u>0</u>
Less: 2007-08			
Expenditures	508,271	2,611	13,455
Loan to other Funds			
Payroll Benefits Payable	(2,234)		
	<u>506,037</u>	<u>2,611</u>	<u>13,455</u>
TOTAL Cash 6/30/08	<u>\$ 46,878</u>	<u>\$ 3,649</u>	<u>\$ (13,455)</u>

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



STATE OF NEW MEXICO  
**ANANSI CHARTER SCHOOL**  
 Cash Reconciliations - All Funds  
 For the Year Ended June 30, 2008

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	Libraries GO Bonds 27145	PSCOC 31200	Ed Tech 31900
Net Cash in Bank 6/30/07			
Cash in Bank	\$ 0	\$ 0	\$ 0
Balance 6/30/07	<u>0</u>	<u>0</u>	<u>0</u>
Add: 2007-08			
Revenues	887	33,950	48,264
Loan to other Funds			
Benefits Payables			
TOTAL Cash Available	<u>887</u>	<u>33,950</u>	<u>48,264</u>
Less: 2007-08			
Expenditures	865	33,950	0
Loan to other Funds		5,850	
Payroll Benefits Payable			
	<u>865</u>	<u>39,800</u>	<u>0</u>
TOTAL Cash 6/30/08	<u>\$ 22</u>	<u>\$ (5,850)</u>	<u>\$ 48,264</u>

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

STATE OF NEW MEXICO  
**ANANSI CHARTER SCHOOL**  
 Cash Reconciliations - All Funds  
 For the Year Ended June 30, 2008

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	<u>Totals</u>
Net Cash in Bank 6/30/07	
Cash in Bank	\$ 44,790
Balance 6/30/07	<u>44,790</u>
 Add: 2007-08	
Revenues	584,186
Loan to other Funds	13,300
Benefits Payables	<u>0</u>
TOTAL Cash Available	<u>642,276</u>
 Less: 2007-08	
Expenditures	559,152
Loan to other Funds	5,850
Payroll Benefits Payable	<u>(2,234)</u>
	<u>562,768</u>
 TOTAL Cash 6/30/08	 \$ <u><u>79,508</u></u>

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

De'Aun Willoughby CPA, PC

Certified Public Accountant

P.O. Box 223 Melrose, NM 88124

(505) 253-4313

Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed  
In Accordance with *Government Auditing Standards*

Mr. Hector H. Balderas  
State Auditor of the State of New Mexico  
Governing Council Members of the Anansi Charter School

Mr. Balderas and Members of the Board

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund the aggregate remaining fund information, the budgetary comparisons for the general fund and major special revenue fund, and the combining and individual fund presented as supplemental information of the Anansi Charter School (School) as of and for the year ended June 30, 2008, and have issued our report thereon dated November 15, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, a combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control.

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

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

#### Compliance and Other Matters

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

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

 CPA PC

November 15, 2008

STATE OF NEW MEXICO  
**ANANSI CHARTER SCHOOL**  
Schedule of Findings and Responses  
For the Year Ended June 30, 2008

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**Prior Year Audit Findings**

There were no prior year audit findings

**Current Year Audit Findings**

There are no current year audit findings

**Frinds of Anansi Charter School**

**Current Year Audit Findings**

There are no current year audit findings

**Financial Statement Preparation**

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

**Exit Conference**

An exit conference was held on November 14, 2008. In attendance were Karina Gersten, Member, Michele Hunt, Director, Domingo Sanchez, Business Manager and De'Aun Willoughby, CPA.