



REPORT OF INDEPENDENT AUDITORS,
FINANCIAL STATEMENTS,
AND SUPPLEMENTARY INFORMATION

EL CAMINO REAL ACADEMY
**(A Component Unit of Albuquerque Municipal
School District No. 12)**

June 30, 2022



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El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Official Roster (unaudited)
June 30, 2022

El Camino Real Academy Governing Council

Jim Nettle, President

Marsha Majors, Vice President

Rachel S. Query, Secretary/Treasurer

Thomas Collins, Member

Charlie Padilla, Member

El Camino Real Academy Administration

Jennifer Mercer, Executive Director

Mary Scofield, Business Manager

Report of Independent Auditors

The Governing Council
El Camino Real Academy
and
Mr. Brian S. Colón, Esq.
New Mexico State Auditor

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and major special revenue funds of El Camino Real Academy (the School), a component unit of Albuquerque Municipal School District No. 12, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and major special revenue funds of El Camino Real Academy as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Substantial Doubt About the Entity's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Entity will continue as a going concern. As discussed in Note 12 to the financial statements, the current charter for the School is only through June 30, 2022, leaving uncertainty regarding the longevity of the School and raising substantial doubt about the Schools ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 12. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Reporting Entity

As discussed in Note 1, the financial statements present only the School and do not purport to, and do not, present fairly the financial position of the Albuquerque Public Schools as of June 30, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of proportionate share of the net pension liability and contributions and schedule of proportionate share of the net OPEB liability and contributions on pages 5 through 10 and 51 through 54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Camino Real Academy's basic financial statements. The supplementary information as presented in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as presented in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2022 on our consideration of El Camino Real Academy'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 solely 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 effectiveness of El Camino Real Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in El Camino Real Academy's internal control over financial reporting and compliance.



Albuquerque, New Mexico
October 24, 2022

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Management's Discussion and Analysis
Year Ended June 30, 2022

This section of El Camino Real Academy's (the School) financial report represents our discussion and analysis of the financial performance of the School for the year ended June 30, 2022. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

The School's average daily membership (ADM) for the fiscal year ended June 30, 2022 was 295 students, an increase of 15 students over the 2021 ADM of 280. This is also reflective of COVID-19 recovery. Our average student attendance in the school year 2021-2022 was 90.46% compared with historic attendance rates of 97%.

Overview of the Financial Statements

The audited financial statements of the School consist of five sections. They are as follows:

- Report of Independent Auditors
- Management's Discussion and Analysis (required supplementary information)
- Basic Financial Statements
- Required supplemental section that presents required schedules
- Supplementary information required by the New Mexico State Audit Rule

The Basic Financial Statements include two types of statements that present different views of the School's finances. The first is the Government-Wide Statements. The government-wide statements are presented on the full accrual basis of accounting and include the statement of net position and the statement of activities. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities and deferred inflows of resources. The statement of activities summarizes the School's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

The second set of statements included in the basic financial statements is the Fund Financial Statements, which are presented for the School's governmental funds. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The fund financial statements focus on the School's most significant funds. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The government-wide statements provide information about the School as an economic unit while the fund financial statements provide information on each of the financial resources of each of the School's major funds.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Management's Discussion and Analysis
Year Ended June 30, 2022

Government-Wide Statements

The government-wide statements report information about the unit as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School's net position and how they have changed. Net position is the difference between the School's assets and deferred outflows of resources and the liabilities and deferred inflows of resources. This is one way to measure the unit's financial health or position.

Over time, increases or decreases in the School's net position is an indicator of whether its financial position is improving or deteriorating.

To assess the School's overall health, you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of its school buildings and other physical assets.

The School's activities are shown in the following category in the government-wide statements:

- *Governmental Activities:* Most of the School's basic services are included here, such as regular and special education, transportation, and administration. State and federal aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's funds, focusing on its most significant or "major" funds—not the unit as a whole. Funds are accounting devices the School uses to keep track of specific sources of funding and spending on particular programs.

The School has established other funds to control and manage money for a particular purpose or to show that it is properly using certain revenues.

Governmental Funds: Most of the School's basic services are included in the governmental funds, which generally focus on two things: 1) how cash and other assets that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information, in the form of a reconciliation, explains the relationship (or differences) between the government-wide and the fund financial statements. The School has several governmental funds which include but are not all encompassing: the General Fund, the Legislative Capital Outlay, and other special revenue funds.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Management's Discussion and Analysis
Year Ended June 30, 2022

Financial Analysis of the School as a Whole

Net position is an indicator of the fiscal health of the School. Total assets and deferred outflows of resources decreased by \$2,722,455 when compared to prior year. This decrease is due to a significant decrease in pension related deferred outflows. Total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$9,249,152 as of June 30, 2022. This deficit is primarily related to the net pension liability of \$4,604,018 and net other post-employment benefit liability of \$1,418,799 and their related deferred inflows.

Changes in the School's Net Position is an indicator of total government wide expenditures, including the recognition of changes in pension and other post-employment benefit liabilities. Amounts reflected for direct instruction are misleading due to the recognition of pension liability increases in fiscal year 2021 and decreases in fiscal year 2022.

Table A-1
The School's Net Position

	FY 2022	FY 2021	Amount Change	Total % Change
Assets				
Current and other assets	\$ 715,582	\$ 646,817	\$ 68,765	11%
Capital and noncurrent assets	8,451,575	8,660,284	(208,709)	-2%
Total assets	9,167,157	9,307,101	(139,944)	-2%
Deferred outflows of resources	4,493,588	7,076,099	(2,582,511)	-36%
Total assets and deferred outflows of resources	<u>\$ 13,660,745</u>	<u>\$ 16,383,200</u>	<u>\$ (2,722,455)</u>	<u>-17%</u>
Liabilities				
Current liabilities	\$ 684,771	\$ 601,322	\$ 83,449	14%
Noncurrent liabilities	14,962,088	24,128,330	(9,166,242)	-38%
Total liabilities	15,646,859	24,729,652	(9,082,793)	-37%
Deferred inflows of resources	7,263,038	852,078	6,410,960	752%
Net position				
Net investment in capital assets	(823,107)	(751,128)	(71,979)	10%
Restricted	195,446	172,178	23,268	14%
Unrestricted (deficit)	(8,621,491)	(8,619,580)	(1,911)	0%
Total net position (deficit)	<u>(9,249,152)</u>	<u>(9,198,530)</u>	<u>(50,622)</u>	<u>1%</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 13,660,745</u>	<u>\$ 16,383,200</u>	<u>\$ (2,722,455)</u>	<u>-17%</u>

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Management's Discussion and Analysis
Year Ended June 30, 2022

Table A-2
Changes in the School's Net Position

	FY 2022	FY 2021	Amount Change	Total % Change
Revenues				
Program revenues				
Charges for services	\$ -	\$ 349	\$ (349)	-100%
Operating grants and contributions	1,146,373	913,102	233,271	26%
Capital grants and contributions	231,273	324,705	(93,432)	-29%
Total program revenues	<u>1,377,646</u>	<u>1,238,156</u>	<u>139,490</u>	<u>11%</u>
General revenues				
State equalization guarantee	3,307,358	2,890,741	416,617	14%
Miscellaneous	105,051	5,085	99,966	1966%
Property taxes	346,865	394,579	(47,714)	-12%
Total general revenue	<u>3,759,274</u>	<u>3,290,405</u>	<u>468,869</u>	<u>14%</u>
Total revenues	<u>5,136,920</u>	<u>4,528,561</u>	<u>608,359</u>	<u>13%</u>
Expenses				
Instruction	2,288,732	4,938,000	(2,649,268)	-54%
Support services	1,951,254	1,555,378	395,876	25%
Operation of non-instructional services	160,830	86,562	74,268	86%
Facilities, material, supplies, and other services	356,144	368,389	(12,245)	-3%
Debt service - interest expense	430,582	434,090	(3,508)	-1%
Total expenses	<u>5,187,542</u>	<u>7,382,419</u>	<u>(2,194,877)</u>	<u>-30%</u>
Change in net position	<u>(50,622)</u>	<u>(2,853,858)</u>	<u>2,803,236</u>	<u>-98%</u>
Net position, beginning of year (deficit)	(9,198,530)	(6,347,559)	(2,850,971)	45%
Adoption of GASB 84	-	2,887	(2,887)	-100%
Net position (deficit), beginning of year, as restated	-	(6,344,672)	6,344,672	-100%
Net position, end of year (deficit)	<u>\$ (9,249,152)</u>	<u>\$ (9,198,530)</u>	<u>\$ (50,622)</u>	<u>1%</u>

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Management's Discussion and Analysis
Year Ended June 30, 2022

Financial Analysis of the School's Funds

Governmental Funds: The focus of the School's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the School's financing requirements.

The School's governmental funds reported a combined fund balance of \$366,222 at June 30, 2022, an increase of \$39,714 from the \$326,508 reported at June 30, 2021. The School's General Fund reported an increase in fund balance for the year of \$17,005. There was an increase in general fund revenue due to student enrollment and unit value. There was a corresponding increase in expenses, primarily in direct instruction and support services. During 2022, the federal food services program returned to onsite services increasing revenues and expenditures for this program.

The Non-Major funds change annually based on a set of criteria. In 2022, most funds remained comparable to 2021, a COVID-19 fund CARES ACT was fully expended in 2021 and ARP ESSER III funds moved to major. Thereby resulting in lower Non-Major funds for 2022. Public School Capital Outlay, and most state and federal reimbursement funds (Non-Major funds) do not carry fund balance. All revenues are expended in the year received. The Capital Improvements and Title XIX Medicaid have fund balances. Program revenues remained fairly consistent and reflects the gradual use of the federal funding for assisting schools with increased social and emotional supports, and expenditures needed to deal with COVID-19 and related testing to stay programs.

General Fund Budgetary Highlights

For the year, the School's General Fund reported an increase in fund balance of \$17,005. Revenues to the School for the local operating budget increased \$454,712, or 15.8%, from the prior year. Total General Fund expenditures increased \$477,660, or 16.7%. The increase in revenues was primarily due to increase in total student enrollment and increases in unit value from legislative appropriations. The School worked with parents and staff to offer an attendance choice depending on parent's comfort level and individual student needs. The choices included fully on-site, fully remote or a hybrid model where students spent four day a week remote and the fifth day was on-site. Expenditure increases in the General Fund were primarily attributed to increases in operational salaries, additional support personnel to address social, emotional needs of students and staff and expenditures needed to deal with COVID-19 and related testing to stay programs.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Management's Discussion and Analysis
Year Ended June 30, 2022

Capital Assets

Total primary government net capital assets were \$8,451,575 at June 30, 2022 compared to \$8,660,284 at June 30, 2021, a decrease of 2.4%. The following is a summary of the School's capital assets, net of depreciation, at June 30, 2022 and 2021.

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Land	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
Buildings and improvements	10,280,855	74,089	-	10,354,944
Furniture, fixtures, and equipment	443,110	-	-	443,110
Right to use leased assets	-	181,469	-	181,469
Less: accumulated depreciation and amortization	<u>(3,563,681)</u>	<u>(464,267)</u>	<u>-</u>	<u>(4,027,948)</u>
Capital assets, net	<u>\$ 8,660,284</u>	<u>\$ (208,709)</u>	<u>\$ -</u>	<u>\$ 8,451,575</u>

Debt Outstanding

The School entered into a lease purchase agreement in May 2012 to purchase the facility and land they have occupied since inception. As of June 30, 2022, the principal balance of the long-term debt was \$9,130,399. This represents a decrease of \$281,013 from the June 30, 2021 balance of \$9,411,412.

Economic Factors

The State of New Mexico continues to experience high levels of Oil and Gas revenues. In addition, tax collections have continued at high levels. This has allowed the State to allocate funds to support public school expenditures and to continue programs, such as added days to the school calendar and significant increases in public education salaries. The State has also aggressively funded "rainy day funds" to attempt to level out funding to schools during economic downturns.

Educational Foundation

The School is supported by a 501c(3) foundation, El Camino Real Education Foundation, Inc. However, it is not included in the financial statement presentation.

Requests for Information

This report is intended to provide a summary of the financial condition of the School. Questions or requests for additional information should be addressed to:

Business Manager
El Camino Real Academy
3713 Isleta Boulevard SW
Albuquerque, NM 87105

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Statement of Net Position
June 30, 2022

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS	
Current assets	
Cash and cash equivalents	\$ 401,949
Due from other governments	313,633
Total current assets	715,582
Noncurrent assets	
Capital assets	
Land	1,500,000
Building/leasehold improvements	10,354,944
Furniture, fixtures, and equipment	443,110
Right to use leased assets	181,469
Less: accumulated depreciation and amortization	(4,027,948)
Total noncurrent assets	8,451,575
Total assets	9,167,157
DEFERRED OUTFLOWS OF RESOURCES	
Related to net pension liability	3,975,577
Related to other post-employment benefits	518,011
Total deferred outflows of resources	4,493,588
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 13,660,745
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
LIABILITIES	
Current liabilities	
Accounts payable	\$ 46,560
Accrued liabilities	302,800
Current portion of long-term debt - lease purchase	294,045
Current portion of long-term debt - lease payable	41,366
Total current liabilities	684,771
Noncurrent liabilities	
Net pension liability	4,604,018
Other post-employment benefits liability	1,418,799
Long-term debt - lease purchase	8,836,354
Long-term debt - lease payable	102,917
Total noncurrent liabilities	14,962,088
Total liabilities	15,646,859
DEFERRED INFLOWS OF RESOURCES	
Related to net pension liability	6,440,191
Related to other post-employment benefits	822,847
Total deferred inflows of resources	7,263,038
NET POSITION (DEFICIT)	
Net investment in capital assets	(823,107)
Restricted (see Note 1)	195,446
Unrestricted (deficit)	(8,621,491)
Total net position (deficit)	(9,249,152)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 13,660,745

See accompanying notes to these financial statements.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net Revenues (Expenses) and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 2,288,732	\$ -	\$ 381,514	\$ -	\$ (1,907,218)
Support services					
Students	599,354	-	291,246	-	(308,108)
Instruction	77,825	-	5,652	-	(72,173)
General administration	258,201	-	-	-	(258,201)
School administration	176,503	-	117,853	-	(58,650)
Central services	337,736	-	31,721	-	(306,015)
Operation and maintenance of plant	501,635	-	91,928	-	(409,707)
Operating of non-instructional services					
Food services operations	160,830	-	226,459	-	65,629
Facilities, supplies, and materials	356,144	-	-	231,273	(124,871)
Debt service - interest expense	430,582	-	-	-	(430,582)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 5,187,542	\$ -	\$ 1,146,373	\$ 231,273	(3,809,896)
GENERAL REVENUES					
State equalization guarantee					3,307,358
Miscellaneous					105,051
Property taxes					346,865
Total general revenues					<u>3,759,274</u>
CHANGE IN NET POSITION					
					(50,622)
NET (DEFICIT), BEGINNING OF YEAR					<u>(9,198,530)</u>
NET (DEFICIT), END OF YEAR					<u>\$ (9,249,152)</u>

See accompanying notes to these financial statements.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Balance Sheets – Governmental Funds
June 30, 2022

	11000	Major Fund 21000	Major Fund 24330	Non-Major Funds	Governmental Funds Total
	General	Food Services	ARP - ESSER III		
ASSETS					
Current assets					
Cash and cash equivalents	\$ 226,156	\$ 58,132	\$ -	\$ 117,661	\$ 401,949
Due from other governments	-	36,589	95,288	181,756	313,633
Due from other funds	207,141	-	-	-	207,141
TOTAL ASSETS	\$ 433,297	\$ 94,721	\$ 95,288	\$ 299,417	\$ 922,723
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Current liabilities					
Accounts payable	\$ 16,077	\$ 29,088	\$ -	\$ 1,395	\$ 46,560
Accrued liabilities	245,885	-	13,564	43,351	302,800
Due to other funds	-	-	82,283	124,858	207,141
Total liabilities	261,962	29,088	95,847	169,604	556,501
FUND BALANCES					
Restricted (see Note 1)	-	65,633	-	129,813	195,446
Assigned (see Note 1)	75,000	-	-	-	75,000
Unassigned	96,335	-	(559)	-	95,776
Total fund balances	171,335	65,633	(559)	129,813	366,222
TOTAL LIABILITIES AND FUND BALANCES	\$ 433,297	\$ 94,721	\$ 95,288	\$ 299,417	\$ 922,723

See accompanying notes to these financial statements.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
June 30, 2022

Total Fund Balance - Governmental Funds (Governmental Fund Balance Sheet)	<u>\$ 366,222</u>
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

The cost of capital assets is	12,479,523
Accumulated depreciation is	(3,981,853)
Accumulated amortization is	<u>(46,095)</u>

Total capital assets	8,451,575
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Deferred inflows and outflows of resources related to the net pension liability and not reported in the funds.

Deferred outflows of resources	3,975,577
Deferred inflows of resources	<u>(6,440,191)</u>

Deferred inflows and outflows of resources related to the net other post-employment benefits liability and not reported in the funds.

Deferred outflows of resources	518,011
Deferred inflows of resources	<u>(822,847)</u>

Long-term and certain other liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term and other liabilities at year end consist of:

Net pension liability	(4,604,018)
Net other post-employment benefits liability	(1,418,799)
Long-term debt - lease purchase	(9,130,399)
Long-term debt - leases payable	<u>(144,283)</u>

Net Position of Governmental Activities (Statement of Net Position)	<u><u>\$ (9,249,152)</u></u>
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See accompanying notes to these financial statements.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
Year Ended June 30, 2022

	11000	Major Fund 21000	Major Fund 24330		
	General	Food Services	ARP ESSER III	Non-Major Funds	Governmental Funds Total
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ 346,865	\$ 346,865
Local and county sources	1,344	-	-	7,354	8,698
State sources	3,347,932	-	-	322,660	3,670,592
Federal sources	-	209,046	334,925	470,441	1,014,412
Total revenues	3,349,276	209,046	334,925	1,147,320	5,040,567
EXPENDITURES					
Current					
Instruction	1,813,373	-	114,784	231,249	2,159,406
Support services					
Students	305,750	-	156,113	137,491	599,354
Instruction	72,173	-	-	5,652	77,825
General administration	254,753	-	-	3,448	258,201
School administration	58,650	-	13,143	104,710	176,503
Central services	280,845	-	31,721	2,232	314,798
Operations and maintenance of plant	383,487	-	19,723	72,205	475,415
Operation of non-instructional services					
Food services operations	-	143,417	-	17,413	160,830
Facilities, supplies, and materials	-	-	-	29,740	29,740
Debt service - principal payments	84,021	-	-	234,178	318,199
Debt service - interest payments	79,219	-	-	351,363	430,582
Total expenditures	3,332,271	143,417	335,484	1,189,681	5,000,853
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	17,005	65,629	(559)	(42,361)	39,714
FUND BALANCES, BEGINNING OF YEAR	154,330	4	-	172,174	326,508
FUND BALANCES, END OF YEAR	\$ 171,335	\$ 65,633	\$ (559)	\$ 129,813	\$ 366,222

See accompanying notes to these financial statements.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances – Governmental Funds to the Statement of Activities
Year Ended June 30, 2022

Net Changes in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances)	\$ 39,714
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Amounts reported for governmental activities in the Statement of Activities are different because:

In the Statement of Activities, certain operating expenses are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amounts of financial resources used (essentially, the amounts actually paid).

Expenditures related to the net pension liability not reported in the funds.	(193,589)
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Income related to the net other post-employment benefits liability not reported in the funds.	175,232
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Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. In the current period, these amounts were:

Capital outlay	255,558
Amortization expense	(46,095)
Depreciation expense	<u>(418,172)</u>

Excess of depreciation and amortization expense over capital outlay	(208,709)
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Lease payable related to adoption of GASB 87 - <i>Leases</i>	(181,469)
Principal payments on long-term debt	<u>318,199</u>

Change in Net Position of Governmental Activities (Statement of Activities)	<u><u>\$ (50,622)</u></u>
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El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
General Fund (Fund 11000)
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local and county sources	\$ -	\$ 1,344	\$ 1,344	\$ -
State sources	3,316,231	3,347,933	3,347,932	(1)
Total revenues	<u>3,316,231</u>	<u>3,349,277</u>	<u>3,349,276</u>	<u>(1)</u>
EXPENDITURES				
Current				
Instruction	1,851,303	1,873,005	1,813,373	59,632
Support services				
Students	440,483	307,168	305,750	1,418
Instruction	104,585	68,585	67,638	947
General administration	214,173	258,173	254,753	3,420
School administration	-	63,315	58,650	4,665
Central services	227,453	308,797	300,715	8,082
Operation and maintenance of plant	413,234	405,234	398,207	7,027
Operation of non-instructional services				
Food services operations	-	-	-	-
Capital outlay	140,000	140,000	117,108	22,892
Total expenditures	<u>3,391,231</u>	<u>3,424,277</u>	<u>3,316,194</u>	<u>108,083</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(75,000)	(75,000)	33,082	108,082
DESIGNATED CASH				
	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>
NET CHANGES IN FUND BALANCE				
	<u>\$ -</u>	<u>\$ -</u>	33,082	<u>\$ 33,082</u>
RECONCILIATION TO GAAP BASIS				
Adjustments to revenues			-	
Adjustments to expenditures			<u>(16,077)</u>	
NET CHANGES IN FUND BALANCE				
			<u>\$ 17,005</u>	

See accompanying notes to these financial statements.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Food Services Fund (Fund 21000)
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Federal	\$ 284,738	\$ 284,738	\$ 177,263	\$ (107,475)
Total revenues	284,738	284,738	177,263	(107,475)
EXPENDITURES				
Current				
Operation of non-instructional services				
Food services operations	284,738	284,738	119,865	164,873
Capital outlay	-	-	-	-
Total expenditures	284,738	284,738	119,865	164,873
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	57,398	57,398
NET CHANGES IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	57,398	<u>\$ 57,398</u>
RECONCILIATION TO GAAP BASIS				
Adjustments to revenues			31,783	
Adjustments to expenditures			(23,552)	
NET CHANGES IN FUND BALANCE			<u>\$ 65,629</u>	

See accompanying notes to these financial statements.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
ARP – ESSER III Fund (Fund 24330)
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Federal Sources	\$ -	\$ 761,559	\$ 239,637	\$ (521,922)
Total revenues	-	761,559	239,637	(521,922)
EXPENDITURES				
Current				
Instruction	-	369,559	114,784	254,775
Support services				
Students	-	239,000	156,113	82,887
School administration	-	14,000	13,143	857
Central services	-	32,000	31,721	279
Operation and maintenance of plant	-	107,000	19,723	87,277
Total expenditures	-	761,559	335,484	426,075
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	-	-	(95,847)	(95,847)
NET CHANGES IN FUND BALANCE				
	\$ -	\$ -	(95,847)	\$ (95,847)
RECONCILIATION TO GAAP BASIS				
Adjustments to revenues			95,288	
Adjustments to expenditures			-	
NET CHANGES IN FUND BALANCE				
			\$ (559)	

See accompanying notes to these financial statements.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

El Camino Real Academy (the School or ECRA), organized under the laws of the State of New Mexico, operates under the governing council-director form of government. The School is a component unit of the Albuquerque Municipal School District No. 12. As the district is the authorizer of the School, however, the operations of the entities are separate and distinct. As a community school that focuses on Science, Technology, Engineering & Math, the School serves students and families by fostering student awareness of their personal learning potential through academic and social-emotional intervention. ECRA serves grades K-12. This unique grade configuration allows families the opportunity to educate their children for their entire pre-college program on one site.

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter, if present, are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The School does have a foundation; however, it was not material or required to be audited. The School has no other component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment such as the collection of cafeteria fees and lost books, etc. and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment such as in Title I and IDEA-B or state programs such as HB-33 and SB-9.

Taxes and other items not properly included among program revenues are reported instead as general revenues. The School does not have any tax abatements; as such, no GASB No. 77 disclosure is necessary.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Those revenues susceptible to accrual are property taxes, state shared taxes, investment income and charges for services. In accordance with applicable accounting standards, estimated property, and other taxes that are not available are called unavailable revenue and shown as a deferred inflow of resources. All other revenues are recognized when they are received and are not susceptible to accrual, because they are usually not measurable until payment is actually received. Expenditures are recorded as liabilities when they are incurred.

Property taxes are collected by the Bernalillo and Sandoval County Treasurers and remitted to the School. Property tax revenue is recognized at the time of receipt or earlier if accrual criteria are met. The School's accounting policy is to defer property taxes that are not collected within 60 days after fiscal year end since delinquent property taxes are not available to finance current fiscal year School operations. Delinquent property taxes collected in future periods will be recognized as revenue when collected.

Unavailable revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues arise when resources are received by the School before it has a legal claim to them, as when grant monies are received prior to incurring the qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the School has a legal claim to the resources, the revenue is recognized.

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 capital assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*. Property taxes are recognized as revenues in the period for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Mill levy and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received.

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

The General Fund is the primary operating fund of the School, and accounts for all financial resources, except those required to be accounted for in other funds.

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

The Capital Projects Funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Under the requirements of GASB No. 34, the School is required to present certain of its governmental funds as major funds based upon certain criteria.

The General Fund (11000) is the primary operating fund of the School, and accounts for all financial resources, except those required to be accounted for in other funds.

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

The Food Services Fund (21000) is used to account for the cost of operating a student breakfast and lunch programs and is financed with fees paid by program users and with funds from USDA. Authority for the creation of this fund is NMSA 22-13-13. **This is a major fund.**

Student Activity Funds (Fund 23000) relate primarily to the activities of individual schools. While these funds are under the supervision of the School and enhance the School's educational programs, they are funds of the individual schools and/or their student bodies and are managed by the School but not available for use by the School.

The Title I – IASA Fund (24101) is used to establish a framework for comprehensive, standards-based education reform for all students.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

The Entitlement IDEA-B Fund (24106) is used to account for federal resources administered by the public education department to provide for special educational needs of handicapped 6-21 years old under Public Law (PL) 91-230, 93-380, 94-142, 99-457, 100-637, and 100-476.

The Fresh Fruit and Vegetables Fund (24118) – Funds will be used to acquire, prepare and serve fresh fruits and vegetables to students, during the school day.

The English Language Acquisition Fund (24153) – Funds will be used to support Alternative Language Services. Funding will support professional development for teachers and principals, English as a Second Language summer schools and consulting services. (PL 100-77)

Teacher/Principal Training and Recruiting (24154) – To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students.

Title I-Comprehensive Support and Improvement (CSI) (24190) – To provide targeted, planned intervention in state identified schools, in order to promote school wide positive results.

The CRRSA Act – ESSER II Fund (24308) – Funds will be used to address the impact that the Novel Coronavirus Disease 2019 (COVID-19) has had, and continues to have, on elementary and secondary schools.

The CRRSA Act – ESSER II Air Quality Fund (24316) – Funds will be used for air quality improvements specifically related to COVID-19.

The CRRSA Act – ARP ESSER III Fund (24330) – Funds will be used to help schools to return safely to in-person instruction, maximize in-person instructional time, sustain the safe operation of schools, and address the academic, social, emotional, and mental health impacts of the COVID-19 pandemic on New Mexico's students. **This is a major fund.**

The Title XIX MEDICAID 3/21 years Fund (25153) – To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children.

The Library GO Bonds Fund (27107) is used to account for the monies received from the State General Obligation Bonds for equipment, library furniture, fixtures and supplemental library resource acquisitions, including print, non-print and electronic resources, collaborative library resources and information technology projects, and for the purchase and installation of broadband internet equipment and infrastructure at school libraries.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

The Open Sci Ed Expansion Initiative Fund (27202) – The funding is to be used specifically for curriculum kits, science materials and teacher stipends, and to support high-quality science instruction in middle-schools.

The COVID-19 Testing Program Fund (28211) – Funds provided by the New Mexico Department of Health (NMDOH) will be used to support the prevention, mitigation, and response of COVID-19 through screen and testing of students and staff.

Capital Projects Funds – Capital Projects Funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The Public School Capital Outlay Fund (31200) is used to account for monetary assistance received by the public school capital outlay council for educational facility lease/rent payments.

The Capital Improvements HB-33 Fund (31600) is used to account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided a special tax levy as authorized by the Public School District Capital Improvements Act. (22-25-1 to 22-25-10, NMSA 1978).

The Capital Improvements SB-9 Fund (31701) – The fund is used to account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico’s State Equalization Matching and a special tax levy as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10, NMSA 1978). Per the New Mexico Public Education Department state SB-9 funds will be separated by local and state funding sources. Local SB-9 funds will use fund number 31701.

The Capital Improvements SB-9 State Match Allocations Fund (31703) – The fund is used to account erecting, remodeling, making additions to, providing equipment for or furnishing public school buildings and pre-kindergarten classroom facilities and purchasing or improving public school or pre-kindergarten grounds. Financing is provided by the NM Public Education Department, Public School Capital Improvement Act, NM Laws of 2001, Chapter 338, Section 1, Item (C)).

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

Cash and Cash Equivalents

Policies regarding cash and cash equivalents are approved by the School's Governing Council and are governed by New Mexico statute. Such policies allow deposits or investments in certificates of deposit, savings accounts, overnight repurchase agreements, various obligations of the U.S. Government or its agencies and the New Mexico State Treasurer's Local Government Short Term Investment Fund. Such deposits and investments must be made through a State or Federally chartered bank or savings and loan association which is insured by the Federal Deposit Insurance Commission (FDIC) and which is within the geographic boundaries of the School, or with the New Mexico State Treasurer. The School's cash and cash equivalents are considered to be cash on hand and demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Collateral is required for at least 50% of deposits that are not insured by the FDIC, with the exception of repurchase agreements. These are required to have collateral of at least 102%. Obligations that may be pledged as collateral are obligations of the U.S. Government, its agencies, and state and local governments. Collateral is held in safekeeping at depository institutions in the name of the School.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as interfund receivables and interfund payables.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The allowance for doubtful accounts is based on management's assessment of the collectability of specific accounts, the aging of accounts receivable and historical experience.

Certain special revenue funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance.

Capital Assets

Capital assets costing more than \$5,000 are recorded at historical cost and depreciated over their estimated useful lives (with no salvage value). Donated capital assets valued at more than \$5,000 are recorded at the time of acquisition at estimated fair value plus ancillary charges. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. 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.

Capital assets include land and land improvements, buildings and building improvements, furniture, fixtures, equipment, machinery and vehicles. Capital assets are used in operations and have a useful life of more than one year and a cost exceeding established capitalization thresholds. The School does not own any infrastructure assets such as roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Capital assets are reported net of accumulated depreciation in the statement of net position. Capital assets that are not being depreciated, such as land, are reported separately for significant amounts.

The following are the School's estimated useful lives:

Computer Equipment and Business Machines	5 Years	Improvements to Land	20 Years
General Equipment and Musical Instruments	8 Years	Improvements to Buildings	20 Years
Vehicles, Trucks, and Trailers	8 Years	Portable School Buildings	25 Years
Furniture, Major Appliances, Large Equipment	5 Years	Buildings	30 Years

Depreciation was allocated to the various functions based upon originating purchasing source where identifiable. Unallocated depreciation was recorded in the statement of activities.

Leases

The School recognizes lease contracts or equivalents that have a term exceeding one year that meet the definition of an other than short-term lease. The School uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the School's incremental borrowing rate at start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred.

Accrued Salaries

Certain employees of the School (primarily schoolteachers and support staff) work 10-months of the 12-month fiscal year. The School disburses payroll to such employees throughout the entire 12-month period. Accordingly, salaries payable included as accrued liabilities in the accompanying financial statements include accrued salaries for services performed through June 30, 2022 for these employees. The accrued salaries will be paid within two months after the end of the fiscal year.

Compensated Absences

The School does not pay out accrued sick and vacation leave.

Long-Term Obligations

In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. During the year, the School recognized \$430,582 in interest expense on long term debt as of June 30, 2022.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School is reporting \$3,975,577 related to the pension plan and \$518,011 related to other post-employment benefits in this category as of June 30, 2022.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School reported deferred inflows that amounted to \$6,440,191 related to the pension plan and \$822,847 related to other post-employment benefits at June 30, 2022.

Fund Balance

The difference between assets and liabilities in the governmental fund financial statements are among the most widely and frequently used information in state and local government financial reports.

GASB Statement No. 54 distinguishes fund balances based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts are reported in the following classifications:

- *Nonspendable* – portion of net resources that cannot be spent because they are either a) not in a spendable form or b) legally or contractually required to be maintained intact.
- *Restricted* – amounts constrained by external parties, constitutional provision, or enabling legislation.
- *Committed* – amounts constrained by a government using its highest level of decision-making authority. The Governing Council is the highest level of decision making authority. Formal Governing Council action, through a resolution creates a commitment.
- *Assigned* – amounts a government intends to use for a particular purpose. Intent should be expressed by a) the governing body or b) a body or official who has been delegated. The School intends to use assigned amounts to fund 2023 operating expenditures.
- *Unassigned* – amounts that are not constrained at all will be reported in the general fund.

Net Position

The government-wide statements utilize a net position presentation categorized as follows:

Net Investment In Capital Assets – This category reflects the portion of net position that are associated with net capital assets less outstanding capital asset related debt.

Restricted Net Position – For the government-wide statement of net position, net position is reported as restricted when constraints placed on its use are either:

1. Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. Imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category reflects net position of the School not restricted for any project or other purpose.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

The School's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The School's restricted fund balances for capital projects represent those imposed by law through enabling legislation. When an expenditure is incurred for which committed, assigned, and/or unassigned amounts of funding are available, funds are applied in that respective order.

Interfund Transactions

Reciprocal and non-reciprocal 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 interfund transactions, except reciprocal and non-reciprocal transactions and reimbursements, are reported as transfers.

Estimates

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

State Equalization Guarantee

School districts and Charter Schools in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district or charter school to ensure that the school district's or charter school operating revenue, including its local and federal revenues as defined (22-8-25, NMSA 1978) is at least equal to the school district's or charter school's program cost.

A school district's charter school's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) membership/program; 2) special education; 3) bilingual-multicultural education; 4) fine arts education; 5) Elementary P.E. Program; 6) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The School received \$3,307,358 in state equalization guarantee distributions during the year ended June 30, 2022.

Revenues

Property Tax

The School receives mill levy revenues primarily for lease purchase payments and capital outlay purposes. Revenues are recognized for governmental purposes when they are assessed and for fund purposes when they are measurable and available. The School records only the portion of the taxes considered to be 'measurable' and 'available'. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes. An enforceable lien is attached on property as of January 1st. Tax notices are sent to property owners by November 1st of each year, to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects County, City, and School taxes and distributes collections to each fund once per month.

El Camino Real Academy
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Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Public School Capital Outlay

Under the provisions of Chapter 22, Article 24, NMSA 1978, a public school capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program, and capital outlay expenditures are limited to the purchase, or construction of temporary or permanent classrooms.

The council shall approve an application for grant assistance from the fund when the council determines that:

1. A critical need exists requiring action;
2. The residents of the school district or charter school have provided all available resources to the district to meet its capital outlay requirements;
3. The school district or charter school has used its resources in a prudent manner;
4. The district is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified by the property tax division; and
5. The school district or charter school has provided insurance for buildings of the school district or charter school in accordance with the provisions of Section 13-5-3, NMSA 1978.

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district or charter school has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis. Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved. Allocations received from the State for the year ended June 30, 2022 totaled \$212,665.

Federal Grants

The School receives revenues from various federal departments, which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operated under its own budget, which has been approved by the Federal Department or the flow through agency (usually the New Mexico Department of Education). The various budgets are approved by the School's Governing Council.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension income, information about the fiduciary net position of the Educational Retirement Plan (ERP) and additions to/deductions from ERP's fiduciary net position have been determined on the same basis as they are reported by ERP, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

El Camino Real Academy
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Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB income, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms.

Budgetary Information

The following procedures are utilized to establish the School's budget:

1. Subsequent to January 31, and prior to June 1, School management submits to the Governing Council a proposed budget for the fiscal year which commences on July 1. The budget includes an estimate of revenues and a proposed expenditure plan.
2. The proposed budget is presented at meetings subject to the Open Meetings Act of New Mexico, and the public is invited to comment.
3. The School is required to submit to the State of New Mexico, Public Education Department School Budget & Financial Analysis Unit (SBFAU) a balanced budget for the fiscal year which commences on July 1.
4. Based on criteria set by the SBFAU, the School undergoes either a formal technical review of the proposed budget or a more informal phone review each year. Subsequent to this review, the local Governing Council approves a budget resolution to adopt the proposed budget subject to any technical adjustments by SBFAU. The final budget as approved by SBFAU is provided to the Governing Council for information purposes only.
5. The budget is adjusted throughout the fiscal year based upon changes in programmatic needs. Budgetary control is at the function level (1000, 2000, 3000, 4000); over-expenditure of a function is not allowed per NMAC 6.20.2.9.A.
6. Budgets for the General Fund, Special Revenue Funds and Capital Projects Funds are adopted on a basis consistent with the Supplement 1 Budget Preparation and Maintenance of the "Manual of Procedures for Uniform Financial Accounting and Budgeting for School Districts". Budgetary amounts for the Debt Service Fund are based upon the issuance of general obligation bonds.
7. Budgeted amounts are as originally adopted or as amended by the SBFAU.

For budgetary purposes, expenditures include amounts paid in the fiscal year, adjusted for the effects of liabilities paid within ten days of fiscal year-end and unpaid salaries and benefits attributable to services provided during the school year. The Governing Council must approve amendments to the appropriated budget when the budgeted fund balance differs from the actual fund balance at the end of the fiscal year. New Mexico state law prohibits a Governmental Agency from exceeding the appropriated budget.

The Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

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Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

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 resultant basis, perspective, equity and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2022 is presented with each major fund's Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual.

Budgetary comparisons are presented in the balanced presentation format whereby the excess (deficiency) of revenues over expenditures is reflected as Beginning Fund Balance for budgetary purposes. The major differences between the budgetary basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP); and
2. Generally, expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP). However, budgetary expenditures include amounts for salaries and benefits attributable to services provided during the fiscal year.

New Accounting Pronouncements

GASB Statement No. 87 – Leases

The School adopted GASB No. 87, *Leases* (GASB 87) as of July 1, 2021. The School evaluated contracts that were formerly accounted for as operating leases to determine whether they meet the definition of a lease as defined in GASB No. 87. The contracts to lease copiers and phone equipment met the definition of a lease and the School calculated and recognized right-to-use leased assets of \$181,469 and lease liabilities \$181,469 as of July 1, 2021 (see Note 8).

Note 2 – Cash and Cash Equivalents

State statutes authorize the investment of charter school funds in a wide variety of instruments, including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the charter schools properly followed State investment requirements as of June 30, 2022.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the charter school. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

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Notes to Financial Statements

Note 2 – Cash and Cash Equivalents (continued)

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The collateral pledged is listed on Schedule I of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the FDIC, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest-bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Deposits

New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Schools for at least one-half of the amount on deposit with the institution. The Schedule I listed in the financial statements for the School will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits. All of the School's deposits are held in non-interest bearing accounts.

Custodial Credit Risk

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 School does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2022, the School is not exposed to custodial credit risk as all deposits are either insured or collateralized.

Note 3 – Accounts Receivable

As of June 30, 2022, accounts receivable consists of the following:

Intergovernmental	\$ 313,633
Total	<u>\$ 313,633</u>

The above receivables are deemed to be fully collectible.

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Notes to Financial Statements

Note 4 – Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2022 follows:

Primary Government Activities	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Cost				
Land	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
Building/leasehold improvements	10,280,855	74,089	-	10,354,944
Furniture, fixtures, and equipment	443,110	-	-	443,110
Right to use leased assets	-	181,469	-	181,469
Total	<u>12,223,965</u>	<u>255,558</u>	<u>-</u>	<u>12,479,523</u>
Accumulated Depreciation and Amortization				
Building/leasehold improvements	(3,310,855)	(354,718)	-	(3,665,573)
Furniture, fixtures, and equipment	(252,826)	(63,454)	-	(316,280)
Right to use leased assets	-	(46,095)	-	(46,095)
Total	<u>(3,563,681)</u>	<u>(464,267)</u>	<u>-</u>	<u>(4,027,948)</u>
Net total - primary government	<u>\$ 8,660,284</u>	<u>\$ (208,709)</u>	<u>\$ -</u>	<u>\$ 8,451,575</u>

Depreciation and amortization expense for the year ended June 30, 2022 was charged to the following functions:

Instruction	\$ 14,616
Support services	
Central services	22,938
Operations and maintenance of plant	26,220
Facilities, supplies, and materials	<u>400,493</u>
Total	<u>\$ 464,267</u>

Note 5 – Pensions

General Information about the Pension Plan

Plan Description

The New Mexico Educational Retirement Act (ERA) was enacted in 1957. The act created the Educational Employees Retirement Plan (Plan) and, to administer it, the New Mexico Educational Retirement Board (NMERB). The Plan is included in NMERB's comprehensive annual financial report. The report can be found on NMERB's website at https://www.nmerb.org/Annual_reports.html.

El Camino Real Academy
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Notes to Financial Statements

Note 5 – Pensions (continued)

The Plan is a cost-sharing, multiple-employer pension plan established to provide retirement and disability benefits for certified teachers and other employees of the state’s public schools, institutions of higher learning, and state agencies providing educational programs. Additional tenets of the ERA can be found in Section 22-11-1 through 22-11-52, NMSA 1978, as amended.

The Plan is a pension trust fund of the State of New Mexico. The ERA assigns the authority to establish and amend benefit provisions to a seven-member Board of Trustees (Board); the state legislature has the authority to set or amend contribution rates and other terms of the Plan. NMERB is self-funded through investment income and educational employer contributions. The Plan does not receive General Fund Appropriations from the State of New Mexico.

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined in Section 22-11-2, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, technical-vocational institutions, state special schools, charter schools, and state agencies providing an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

Pension Benefit

A member’s retirement benefit is determined by a formula which includes three component parts: 1) the member’s final average salary (FAS), 2) the number of years of service credit, and 3) a multiplier. The FAS is the average of the member’s salaries for the last five years of service or any other consecutive five-year period, whichever is greater.

For members hired on or before June 30, 2019 (Tiers 1-3 members) the multiplier is 2.35%. For members hired after June 30, 2019, the multiplier accrues as follows:

<u>Years of Service</u>	<u>Benefit Percentage Earned</u>
10 or less	1.35%
10.25 to 20	2.35%
20.25 to 30	3.35%
30.25 plus	2.40%

FAS is the average of the member’s fiscal annual earnings for the last 20 calendar service quarters (60 months) prior to retirement or the highest average fiscal annual earning for any 20 consecutive calendar quarters.

El Camino Real Academy
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Notes to Financial Statements

Note 5 – Pensions (continued)

Summary of Plan Provisions for Retirement Eligibility

Tier 1: Membership prior to July 1, 2010

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs:

- The member's age and earned service credit add up to the sum of 75 or more,
- The member is at least 65 years of age and has five or more years of earned service credit, or
- The member has service credit totaling 25 years or more.

Tier 2: Membership on or after July 1, 2010, but prior to July 1, 2013

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on, or after, July 1, 2010 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 refunded all member contributions and then becomes re-employed after July 1, 2010 is as follows:

- The member's age and earned service credit add up to the sum of 80 or more,
- The member is at least 67 years of age and has five or more years of earned service credit, or
- The member has service credit totaling 30 years or more.

Tier 3: Membership beginning on or after July 1, 2013, but prior to July 1, 2019

Section 22-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions, and returned to work for an ERB employer on or after July 1, 2013. These members must meet one of the following requirements.

- The member's minimum age is 55, and has earned 30 or more years of service credit. (Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.)
- The member's minimum age and earned service credit add up to the sum of 80 or more. (Those who retire under the age of 65, and who have fewer than 30 years of earned service credit receive reduced retirement benefits.)
- Or the member's age is 67, and the member has earned five or more years of service credit.

El Camino Real Academy
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Notes to Financial Statements

Note 5 – Pensions (continued)

Tier 4: Membership beginning on or after July 1, 2019

Section 22-11-23.3, NMSA 1978, added eligibility requirements for new members who were first employed on or after July 1, 2019 — and had, before that date, been refunded all member contributions and had not restored all refunded contributions and interest before July 1, 2019. A member in this tier must meet one of the following requirements.

- The member's minimum age must be 58, and the member has earned 30 or more years of service credit. (A member who retires earlier than age 58 receives a reduction in benefits equal to the actuarial equivalent of retiring at age 58.)
- The member's minimum age and earned service credit add up to the sum of 80 or more. (Those who retire under the age of 65, and who have fewer than 30 years of earned service credit, receive reduced retirement benefits.)
- Or the member's age is 67, and the member has earned five or more years of service credit.

Forms of Payment

The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary.

Benefit Options

The Plan has three benefit options available.

- **Option A – Straight Life Benefit** – The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.
- **Option B – Joint 100% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.
- **Option C – Joint 50% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

El Camino Real Academy
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Notes to Financial Statements

Note 5 – Pensions (continued)

Disability Benefit

An NMERB member is eligible for disability benefits if they have acquired at least ten years of earned service credit and is found totally disabled. The disability benefit is equal to 2% of the member's Final Average Salary (FAS) multiplied by the number of years of total service credits. However, the disability benefit shall not be less than the smaller of (a) one-third of the member's FAS or (b) 2% of the member's FAS multiplied by total years of service credit projected to age 60.

Cost of Living Adjustment (COLA)

All retired members and beneficiaries receiving benefits may receive an adjustment in their benefit on July 1 following the year a member retires or July 1 following the year a member reaches the age below, whichever is later.

<u>Membership</u>	<u>Age Eligible for COLA</u>
Tier 1	65
Tier 2	65
Tier 3	67
Tier 4	67

If a member is eligible for a COLA, the amount depends on the annual change in the Consumer Price Index (CPI) and whether the fund is fully funded (that is, the fund's funded ratio is 100%). Accordingly, if there is no increase in the CPI, or the CPI is negative, the amount of the COLA will be zero (if the CPI is negative, retirement benefits will not be decreased).

When CPI has increased and the fund is fully funded, the COLA will be the same amount as the increase in the CPI except as follows: If the increase in the CPI is 2% or greater, the COLA will be one-half of the CPI increase, not to exceed 4% or to be less than 2%.

However, while the fund is not fully funded, the COLA for retirees will be reduced based on the median annual retirement benefit, calculated after the end of each fiscal year:

- When the funded ratio is 90% or less, the COLA for retirees whose annuity is at or below the median and who have 25 or more years of service credit at retirement will be reduced by 10%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 20%.
- When the funded ratio exceeds 90% but is less than 100%, the COLA for retirees whose annuity is at or below the median adjusted annuity and who had 25 or more years of service credit at retirement and will be reduced by 5%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 10%.

El Camino Real Academy
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Notes to Financial Statements

Note 5 – Pensions (continued)

Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

Refund of Contributions

Members may withdraw their contributions only when they terminate covered employment in the State and their former employer(s) certification determination has been received by NMERB. Interest is paid to members when they withdraw their contributions following termination of employment at a rate set by the Board. Interest is not earned on contributions credited to accounts prior to July 1, 1971, or for contributions held for less than one year.

Contributions

For the fiscal years ended June 30, 2022 and 2021, educational employers contributed to the Plan based on the following rate schedule.

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2022	7/1/2021 to 6/30/2022	Over \$24k	10.70%	15.15%	25.85%	1.00%
2022	7/1/2021 to 6/30/2022	\$24k or less	7.90%	15.15%	23.05%	1.00%
2021	7/1/2020 to 6/30/2021	Over \$24k	10.70%	14.15%	24.85%	0.25%
2021	7/1/2020 to 6/30/2021	\$24k or less	7.90%	14.15%	22.05%	0.25%

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal year ended June 30, 2022, the School paid employee and employer contributions of \$342,086, which equal the amount of the required contributions for the fiscal year.

Pension Liabilities, Pension Income, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the School reported a liability of \$4,604,018 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2021, using generally accepted actuarial principles. On April 17, 2020, NMERB's Board of Trustees adopted new assumptions presented in the 2020 Actuarial Experience Study. Those new assumptions have been reflected in the roll-forward and in the projections used to determine the single discount rate.

The School's proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions at June 30, 2021, actuarially determined. At June 30, 2021, the School's proportion was 0.06496%, which was a decrease of 0.00012% from its proportion measured as of June 30, 2020.

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Notes to Financial Statements

Note 5 – Pensions (continued)

For the year ended June 30, 2022, the School recognized pension expense of \$193,589. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 361,756	\$ 11,338
Changes of assumptions	3,064,670	5,243,245
Net difference between projected and actual earnings on pension plan investments	-	1,144,926
Changes in proportion and differences between the employer's contributions and proportionate share of contributions	207,065	40,682
Employer's contributions subsequent to the measurement date	<u>342,086</u>	<u>-</u>
Total	<u><u>\$ 3,975,577</u></u>	<u><u>\$ 6,440,191</u></u>

Deferred outflows of resources related to pensions includes \$342,086 resulting from the School's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2023	\$ (54,840)
2024	(1,335,960)
2025	(1,033,880)
2026	(382,020)

El Camino Real Academy
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Notes to Financial Statements

Note 5 – Pensions (continued)

Actuarial Assumptions

Actuarial assumptions and methods are set by the Plan's Board of Trustees, based upon recommendations made by the Plan's actuary. On April 17, 2020, the Board adopted the new assumptions presented in the 2020 Actuarial Experience Study.

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.00% composed of 2.30% inflation, plus a 0.70% productivity increase rate, plus a step-rate promotional increase for members with less than 5 years of service.
Investment rate of return	7.00% compounded annually, net of expenses. This is composed of an assumed 2.30% inflation rate and a 4.70% real rate of return.
Mortality	<i>Healthy Males:</i> 2020 GRS Southwest Region Teacher Mortality Table, set back one year and scaled at 95%. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. <i>Healthy Females:</i> 2020 GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block approach that includes the following:

- Rate of return projections that are the sum of current yield plus projected changes in price (valuations, defaults, etc.)
- Application of key economic projections (inflation, real growth, dividends, etc.)
- Structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.

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Notes to Financial Statements

Note 5 – Pensions (continued)

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	31%	
Fixed income	24%	
Alternative investments	44%	
Cash	1%	
	<u>100%</u>	<u>7.00%</u>
Total	<u>100%</u>	<u>7.00%</u>

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability as of June 30, 2021. This is an increase of 3.11% from June 30, 2020. The 7.00% single discount rate was based on a long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 1.92%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were sufficient to finance all projected future benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine the single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

Proportionate Share of Net Pension Liability		
1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 6,518,778	\$ 4,604,018	\$ 3,021,661

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued NMERB'S financial reports. The reports can be found on NMERB's website at https://www.nmerb.org/Annual_reports.html.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 6 – Commitments and Liabilities

The School leases facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2022 was \$23,338. Commitments for lease obligations for the following periods as of June 30, 2022 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2023	\$ 16,929
2024	16,929
2025	16,929
2026	2,175
	<u>\$ 52,962</u>

Note 7 – Long-Term Debt

The School entered into a lease purchase agreement in May 2012 to purchase the facility and land they have occupied since inception. As of June 30, 2022, the principal balance of the long-term debt was \$9,130,399. This represents a decrease of \$281,013 from the June 30, 2021 balance of \$9,411,412.

The changes to long-term debt are as follows.

<u>Primary Government</u>	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>	<u>Amounts Due Within One Year</u>
Lease to purchase	\$ 9,411,412	\$ -	\$ (281,013)	\$ 9,130,399	\$ 294,045

Typically, the General Fund and capital project funds have been used to liquidate long term liabilities.

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 294,045	\$ 408,604	\$ 702,649
2024	307,681	394,968	702,649
2025	321,949	380,700	702,649
2026	336,880	365,770	702,650
2027	352,502	350,147	702,649
2028-2032	2,023,416	1,489,830	3,513,246
2033-2037	2,538,171	975,075	3,513,246
2038-2042	2,955,755	330,617	3,286,372
	<u>\$ 9,130,399</u>	<u>\$ 4,695,711</u>	<u>\$ 13,826,110</u>

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 8 – Leases

The School is a lessee for two noncancellable leases for office copiers and phone equipment with lease terms through 2026. There are no residual value guarantees included in the measurement of School's lease liability nor recognized as an expense for the year ended June 30, 2022. The School does not have any commitments that were incurred at the commencement of the leases.

The School has the following right-to-use assets included in capital assets on the statement net position:

<u>Primary Government</u>	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>	<u>Amounts Due Within One Year</u>
Copier Lease	\$ -	\$ 77,575	\$ (17,602)	\$ 59,973	\$ 19,595
Phone System Lease	-	103,894	(19,584)	84,310	21,771
	<u>\$ -</u>	<u>\$ 181,469</u>	<u>\$ (37,186)</u>	<u>\$ 144,283</u>	<u>\$ 41,366</u>

The School recognized \$46,095 in amortization expense included in the Central Services and Operations & Maintenance of Plant expenses on the Statement of Activities.

The future principal and interest lease payments as of June 30, 2022, were as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 41,366	\$ 7,537	\$ 48,903
2024	46,928	4,910	51,838
2025	46,145	1,972	48,117
2026	9,844	123	9,967
	<u>\$ 144,283</u>	<u>\$ 14,542</u>	<u>\$ 158,825</u>

The School evaluated the right-to-use assets for impairment and determined there was no impairment for the year ended June 30, 2022.

Note 9 – OPEB

General Information about the OPEB

Plan Description

Employees of the School are provided with OPEB through the Retiree Health Care Fund (the Fund) – a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 9 – OPEB (continued)

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA's financial information is included with the financial presentation of the State of New Mexico.

Benefits Provided

The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Employees Covered by Benefit Terms

At June 30, 2021, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	53,092
Inactive and eligible for deferred benefit	11,754
Current active members	92,484
	<hr/>
	157,330
	<hr/> <hr/>
Active membership	
State general	18,691
State police and corrections	1,919
Municipal general	20,357
Municipal police	1,573
Municipal fire	756
Education retirement board	49,188
	<hr/>
	92,484
	<hr/> <hr/>

Contributions

Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the School were \$45,160 for the year ended June 30, 2021.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 9 – OPEB (continued)

OPEB Liabilities, OPEB Income, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the School reported a liability of \$1,418,799 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2021. At June 30, 2021, the School's proportion was 0.04312%.

For the year ended June 30, 2022, the School recognized OPEB income of \$175,232. At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 20,745	\$ 226,269
Changes of assumptions	284,056	512,946
Net difference between projected and actual earnings on OPEB plan investments	-	40,669
Employer's contributions subsequent to the measurement date	45,160	-
Changes in proportion	<u>168,050</u>	<u>42,963</u>
Total	<u>\$ 518,011</u>	<u>\$ 822,847</u>

Deferred outflows of resources totaling \$45,160 represent the School contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB income as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2023	\$ (179,414)
2024	(101,952)
2025	(36,775)
2026	26,936
2027	<u>(58,791)</u>
	<u>\$ (349,996)</u>

El Camino Real Academy
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Notes to Financial Statements

Note 9 – OPEB (continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions:

Valuation date	June 30, 2021
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.30% for ERB members; 2.50% for PERA members
Projected payroll increases	3.25% to 13.00%, based on years of service, including inflation
Investment rate of return	7.00%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8.00% graded down to 4.50% over 14 years for Non-Medicare medical plan costs and 7.50% graded down to 4.50% over 12 years for Medicare medical plan costs
Mortality	<i>ERB Members:</i> 2020 GRS Southwest Region Teacher Mortality Table, set back one year (and scaled at 95% for males). Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020. <i>PERA Members:</i> Headcount-Weighted RP-2014 Blue Collar Annuitant Mortality, set forward one year for females, projected generationally with Scale MP-2017 times 60%.

Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 9 – OPEB (continued)

The best estimates for the long-term expected rate of return is summarized as follows:

<u>Asset Class</u>	<u>Long-Term Rate of Return</u>
U.S. core fixed income	0.40%
U.S. equity - large cap	6.60%
Non U.S. - emerging markets	9.20%
Non U.S. - developed equities	7.30%
Private equity	10.60%
Credit and structured finance	3.10%
Real estate	3.70%
Absolute return	2.50%
U.S. equity - small/mid cap	6.60%

Discount Rate

The discount rate used to measure the Fund's total OPEB liability is 3.62% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2052. Thus, the 7.00% discount rate was used to calculate the net OPEB liability through 2052. The index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher was used beyond 2052, resulting in a blended discount rate of 3.62%.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current discount rate:

<u>Proportionate Share of Net Pension Liability</u>		
Current		
1% Decrease <u>(2.62%)</u>	Discount Rate <u>(3.62%)</u>	1% Increase <u>(4.62%)</u>
\$ 1,782,688	\$ 1,418,799	\$ 1,135,733

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 9 – OPEB (continued)

The following presents the net OPEB liability of the School, as well as what the School's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Proportionate Share of Net Pension Liability		
1% Decrease	Current Trend Rates	1% Increase
\$ 1,141,171	\$ 1,418,799	\$ 1,642,372

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in NMRHCA's audited financial statements for the year ended June 30, 2021.

Note 10 – Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures as part of the combined statements of certain information concerning individual funds, including:

- A. Receivables and payables from inter-fund transactions as of June 30, 2022 are listed below. Funds which inter-fund transactions were affected or created due to cash overdrafts are represented.

	Due to Other Funds	Due from Other Funds
General	\$ 207,141	\$ -
Title I - IASA	-	15,927
Entitlement IDEA-B	-	6,842
Fresh Fruit and Vegetables	-	8,161
English Language Acquisition	-	2,900
Teacher/Principal Training and Recruiting	-	12,452
CRSSA Act - ESSER II	-	12,187
CRRSA Act - ESSER II Air Quality	-	3,588
ARP - ESSER III	-	82,283
2012 GO Library SB66	-	5,652
Open Science	-	6,800
COVID-19 Testing Program	-	50,349
Total	\$ 207,141	\$ 207,141

- B. Deficit fund balance of individual funds.
Fund 24330 reported a fund balance deficit for the year ended June 30, 2022 in the amount of \$559.
- C. Excess of expenditures over appropriations.
No funds exceeded budgetary authority for the year ended June 30, 2022.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 11 – Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors; errors and omissions; injuries to employees; and natural disasters. Because the School 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 School pays an annual premium to New Mexico Public Schools Insurance Authority for its general insurance coverage, and all risk of loss is transferred. No losses exceeded insurance in the past three years.

The New Mexico Public Schools Insurance Authority is self-insured for property and liability losses below \$250,000 and purchases excess insurance above 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 12 – Management’s Plans-Going Concern

The current charter for El Camino Real Academy with Albuquerque Public Schools is through June 30, 2023. The School is in the process of renewing their charter to continue serving the ECRA community. The School believes their charter will be renewed for an additional 3-5 years as the School has many positive indicators including a 4 year cohort graduation rate of 94.6%.

Note 13 – Subsequent Accounting Standard Pronouncements

GASB has issued the following statements, which are applicable in future years. At this time, management is evaluating the impact, if any, on the School.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*

Effective date: The provisions in Statement 96 are effective for reporting periods beginning after June 15, 2022.

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 13 – Subsequent Accounting Standard Pronouncements (continued)

GASB Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*

Effective date: The requirements Statement 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

This Statement prescribes the accounting and financial reporting for each type of accounting change and error corrections. This Statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and changes in accounting estimates be reported prospectively by recognizing the change in the current period.

GASB Statement No. 101 – *Compensated Absences*

Effective date: The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements.

Required Supplementary Information

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Schedule of Proportionate Share of the Net Pension Liability and Contributions
(Required Supplementary Information)
June 30, 2022

SCHEDULE OF EL CAMINO REAL ACADEMY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Educational Retirement Board (ERB) Plan – Last 10 Fiscal Years *

	Measurement Date							
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Proportion of the net pension liability	0.06496%	0.06508%	0.05785%	0.05993%	0.05847%	0.05836%	0.03356%	0.03128%
Proportionate share of the net pension liability	\$ 4,604,018	\$ 13,189,041	\$ 4,383,469	\$ 7,126,475	\$ 6,498,045	\$ 2,255,454	\$ 2,173,771	\$ 1,784,753
Covered payroll	\$ 2,461,050	\$ 2,120,000	\$ 2,119,532	\$ 1,673,201	\$ 1,805,388	\$ 1,045,014	\$ 1,014,165	\$ 954,072
Proportionate share of the net pension liability as a percentage of its covered payroll	187.08%	622.12%	206.81%	425.92%	359.93%	215.83%	214.34%	187.07%
Plan fiduciary net position as a percentage of the total pension liability	69.77%	39.11%	64.13%	52.17%	52.95%	61.58%	63.97%	66.54%

*Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the School is not available prior to fiscal year 2015, the year the statement's requirements became effective.

SCHEDULE OF EL CAMINO REAL ACADEMY'S CONTRIBUTIONS
Educational Retirement Board (ERB) Plan – Last 10 Fiscal Years *

	Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 342,086	\$ 294,680	\$ 294,615	\$ 232,575	\$ 250,949	\$ 145,257	\$ 140,969	\$ 132,616
Contributions in relation to the contractually required contribution	342,086	294,680	294,615	232,575	250,949	145,257	140,969	132,616
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,461,050	\$ 2,120,000	\$ 2,119,532	\$ 1,673,201	\$ 1,805,388	\$ 1,045,014	\$ 1,014,165	\$ 954,072
Contributions as a percentage of covered payroll	13.90%	13.90%	13.90%	13.90%	13.90%	13.90%	13.90%	13.90%

*Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the School is not available prior to fiscal year 2015, the year the statement's requirements became effective.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Required Supplementary Information
Year Ended June 30, 2022

Changes in Benefit Provisions

Other than the employer contribution increases attributable to Senate Bill 42, there were no modifications to the benefit provisions with an actuarial impact that were reflected in the actuarial valuation as of June 30, 2020.

Changes of Assumptions and Methods

Actuarial assumptions and methods are set by the Board of Trustees, based upon recommendations made by the Plan's actuary. The board adopted new assumptions on April 17, 2020 in conjunction with the six-year actuarial experience study period ending June 30, 2019. No changes have been made to the assumptions since the prior valuation. The calculation of the funding policy contribution has been updated to reflect an open group projection, recognizing new hire benefits as well as anticipated cost-of-living adjustments less than the assumed 1.80% while the plan is less than fully funded.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Schedule of Proportionate Share of the Net OPEB Liability and Contributions
(Required Supplementary Information)
June 30, 2022

**SCHEDULE OF EL CAMINO REAL ACADEMY'S
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Retiree Health Care Authority (RHCA) Plan
Last 10 Fiscal Years***

	Measurement Date				
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Proportion of the net OPEB liability	0.04312%	0.04308%	0.03821%	0.03928%	0.04021%
Proportionate share of the net OPEB liability	\$ 1,418,799	\$ 1,808,890	\$ 1,238,917	\$ 1,708,034	\$ 1,822,186
Covered payroll	\$ 1,989,662	\$ 1,851,629	\$ 1,594,476	\$ 1,685,354	\$ 1,675,007
Proportionate share of the net OPEB liability as a percentage of its covered payroll	71.31%	97.69%	77.70%	101.35%	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability	25.39%	16.50%	18.92%	13.14%	11.34%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years; however, until a full 10-year trend is compiled, the School will present information for those years for which information is available.

**SCHEDULE OF EL CAMINO REAL ACADEMY'S CONTRIBUTIONS
Retiree Health Care Authority (RHCA) Plan
Last 10 Fiscal Years***

	Year Ended June 30,				
	2022	2021	2020	2019	2018
Contractually required contributions	\$ 45,160	\$ 41,651	\$ 33,822	\$ 61,382	\$ 127,686
Contributions in relation to the contractually required contribution	45,160	41,651	33,822	60,632	64,084
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ 750	\$ 63,602
Covered payroll	\$ 1,989,662	\$ 1,851,629	\$ 1,594,476	\$ 1,685,354	\$ 1,675,007
Contributions as a percentage of covered payroll	2.27%	2.25%	2.12%	3.60%	3.83%

*This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, the School will present information for those years for which information is available.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Required Supplementary Information
Year Ended June 30, 2022

In the June 30, 2021 actuarial valuation and the total OPEB liability measured as of June 30, 2021, changes in assumptions include adjustments resulting from a decrease in the discount rate from 2.86% to 3.62%.

Supplementary Information

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Combining Balance Sheets – Non-Major Governmental Funds
June 30, 2022

	23000	24101	24106	24118	24153	24154
	Student Activity Fund	Title I IASA	Entitlement IDEA-B	Fresh Fruit and Vegetables	English Language Acquisition	Teacher/Principal Training & Recruiting
ASSETS						
Current assets						
Cash and cash equivalents	\$ 5,509	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable						
Due from other governments	-	32,653	12,578	8,161	2,900	12,452
Due from other funds	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
TOTAL ASSETS	\$ 5,509	\$ 32,653	\$ 12,578	\$ 8,161	\$ 2,900	\$ 12,452
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Current liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	16,726	5,736	-	-	-
Due to other funds	-	15,927	6,842	8,161	2,900	12,452
Total liabilities	-	32,653	12,578	8,161	2,900	12,452
FUND BALANCES						
Restricted	5,509	-	-	-	-	-
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	5,509	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,509	\$ 32,653	\$ 12,578	\$ 8,161	\$ 2,900	\$ 12,452

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Combining Balance Sheets – Non-Major Governmental Funds
June 30, 2022

	24190	24308	24316	25153	27107	27202
	Title I CSI	CRRSA Act - ESSER II	CRSA Act - ESSER II Air Quality	Title XIX Medicaid 0/2 Years	2012 GO Library SB66	Open Science
ASSETS						
Current assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 43,930	\$ -	\$ -
Accounts receivable						
Due from other governments	-	26,462	3,588	2,797	5,652	6,800
Due from other funds	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ 26,462	\$ 3,588	\$ 46,727	\$ 5,652	\$ 6,800
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Current liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 1,395	\$ -	\$ -
Accrued liabilities	-	13,385	-	2,618	-	-
Due to other funds	-	12,187	3,588	-	5,652	6,800
Total liabilities	-	25,572	3,588	4,013	5,652	6,800
FUND BALANCES						
Restricted	-	890	-	42,714	-	-
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	-	890	-	42,714	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 26,462	\$ 3,588	\$ 46,727	\$ 5,652	\$ 6,800

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Combining Balance Sheets – Non-Major Governmental Funds
June 30, 2022

	28211	31200	31600	31701	31703	
	COVID-19 Testing Program	Public School Capital Outlay	Capital Improvements HB-33	Capital Improvements SB-9 Local	Capital Improvements SB-9 (Cash)	Total
ASSETS						
Current assets						
Cash and cash equivalents	\$ -	\$ -	\$ 16,152	\$ 48,678	\$ 3,392	\$ 117,661
Accounts receivable						
Due from other governments	55,235	-	8,230	4,248	-	181,756
Due from other funds	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
TOTAL ASSETS	\$ 55,235	\$ -	\$ 24,382	\$ 52,926	\$ 3,392	\$ 299,417
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Current liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,395
Accrued liabilities	4,886	-	-	-	-	43,351
Due to other funds	50,349	-	-	-	-	124,858
TOTAL LIABILITIES	55,235	-	-	-	-	169,604
FUND BALANCES						
Restricted	-	-	24,382	52,926	3,392	129,813
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	-	-	24,382	52,926	3,392	129,813
TOTAL LIABILITIES AND FUND BALANCES	\$ 55,235	\$ -	\$ 24,382	\$ 52,926	\$ 3,392	\$ 299,417

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds
Year Ended June 30, 2022

	23000	24101	24106	24118	24153	24154
	Student Activity Fund	Title I IASA	Entitlement IDEA-B	Fresh Fruit and Vegetables	English Language Acquisition	Teacher/Principal Training & Recruiting
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local and county sources	7,354	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	138,862	66,820	17,413	2,900	12,452
Total revenues	7,354	138,862	66,820	17,413	2,900	12,452
EXPENDITURES						
Current						
Instruction	5,424	137,450	66,223	-	2,900	12,452
Support services						
Students	-	1,412	597	-	-	-
Instruction	-	-	-	-	-	-
General administration	-	-	-	-	-	-
School administration	-	-	-	-	-	-
Central services	-	-	-	-	-	-
Operations and maintenance of plant	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-
Other support services	-	-	-	-	-	-
Operation of non-instructional services						
Food services operations	-	-	-	17,413	-	-
Community services operations	-	-	-	-	-	-
Facilities, supplies, and materials	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-
Total expenditures	5,424	138,862	66,820	17,413	2,900	12,452
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	1,930	-	-	-	-	-
FUND BALANCES, BEGINNING OF YEAR (DEFICIT)	3,579	-	-	-	-	-
FUND BALANCES, END OF YEAR	\$ 5,509	\$ -	\$ -	\$ -	\$ -	\$ -

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds
Year Ended June 30, 2022

	24190	24308	24316	25153	27107	27202
	Title I CSI	CRRSA Act - ESSER II	CRRSA Act - ESSER II Air Quality	Title X1X Medicaid 0/2 Years	2012 GO Library SB66	Open Science
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local and county sources	-	-	-	-	-	-
State sources	-	-	-	-	5,652	6,800
Federal sources	-	180,292	7,198	44,504	-	-
Total revenues	-	180,292	7,198	44,504	5,652	6,800
EXPENDITURES						
Current						
Instruction	-	-	-	-	-	6,800
Support services						
Students	-	59,570	-	46,862	-	-
Instruction	-	-	-	-	5,652	-
General administration	-	-	-	-	-	-
School administration	-	104,710	-	-	-	-
Central services	-	-	-	2,232	-	-
Operations and maintenance of plant	-	15,122	7,198	-	-	-
Student transportation	-	-	-	-	-	-
Other support services	-	-	-	-	-	-
Operation of non-instructional services						
Food services operations	-	-	-	-	-	-
Community services operations	-	-	-	-	-	-
Facilities, supplies, and materials	-	-	-	-	-	-
Debt service - principal	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-
Total expenditures	-	179,402	7,198	49,094	5,652	6,800
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	-	890	-	(4,590)	-	-
FUND BALANCES, BEGINNING OF YEAR (DEFICIT)	-	-	-	47,304	-	-
FUND BALANCES, END OF YEAR (DEFICIT)	\$ -	\$ 890	\$ -	\$ 42,714	\$ -	\$ -

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds
Year Ended June 30, 2022

	28211	31200	31600	31701	31703	
	COVID-19 Testing Program	Public School Capital Outlay	Capital Improvements HB-33	Capital Improvements SB-9 Local	Capital Improvements SB-9 (Cash)	Total
REVENUES						
Property taxes	\$ -	\$ -	\$ 229,000	\$ 117,865	\$ -	\$ 346,865
Local and county sources	-	-	-	-	-	7,354
State sources	78,935	212,665	-	-	18,608	322,660
Federal sources	-	-	-	-	-	470,441
Total revenues	78,935	212,665	229,000	117,865	18,608	1,147,320
EXPENDITURES						
Current						
Instruction	-	-	-	-	-	231,249
Support services						
Students	29,050	-	-	-	-	137,491
Instruction	-	-	-	-	-	5,652
General administration	-	-	2,277	1,171	-	3,448
School administration	-	-	-	-	-	104,710
Central services	-	-	-	-	-	2,232
Operations and maintenance of plant	49,885	-	-	-	-	72,205
Student transportation	-	-	-	-	-	-
Other support services	-	-	-	-	-	-
Operation of non-instructional services						
Food services operations	-	-	-	-	-	17,413
Community services operations	-	-	-	-	-	-
Facilities, supplies, one materials	-	-	-	14,524	15,216	29,740
Debt service - principal	-	85,052	105,946	43,180	-	234,178
Debt service - interest	-	127,613	158,963	64,787	-	351,363
Total expenditures	78,935	212,665	267,186	123,662	15,216	1,189,681
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	-	-	(38,186)	(5,797)	3,392	(42,361)
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	-	-	62,568	58,723	-	172,174
FUND BALANCES (DEFICITS), END OF YEAR	\$ -	\$ -	\$ 24,382	\$ 52,926	\$ 3,392	\$ 129,813

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Schedule of Collateral Pledged by Depository for Public Funds
(Required by 2.2.2 NMAC)
June 30, 2022

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Fair/Par Market Value June 30, 2022</u>	<u>Safekeeping Agent</u>
US Bank	3128MMVQ3 FHLMC Gold Pool G18622 with maturity date 12/01/2031	\$ 125,223	FHLMC
US Bank	3137B2SK7 FHLMC Gold REMIC 4212 QF with maturity date 06/15/2043	152,623	FHLMC
US Bank	3132DWBQ5 FR UMB Pool SD5147 with maturity date 05/01/2051	<u>88,298</u>	FHLMC
		<u>\$ 366,144</u>	
		<u>US Bank</u>	
	Total amount on deposit	\$ 473,945	
	Less: FDIC	<u>(250,000)</u>	
	Total uninsured public money	223,945	
	50% collateral requirement	111,973	
	Total pledged	<u>366,144</u>	
	Over pledged	<u>\$ 254,171</u>	

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Schedule of Cash and Cash Equivalents
(Required by 2.2.2 NMAC)
June 30, 2022

	Primary Government
Operating account - US Bank	\$ 465,262
Student activity account - US Bank	8,684
Petty cash	125
Total cash	474,071
Reconciling items	(72,122)
Reconciled balance at June 30, 2022	401,949
Balance per statement of net position	\$ 401,949

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Cash Reconciliation
(Required by 2.2.2 NMAC)
June 30, 2022

	Operational Account 11000	Food Services 21000	Student Activities 23000	Projects Account 24000	Direct Account 25000	State Flowthrough Fund 27000
June 30, 2021 Cash Balance	\$ 154,330	\$ 734	\$ 3,579	\$ (362,056)	\$ 40,896	\$ -
2021-2022 Revenue	3,349,276	177,263	7,354	928,837	48,115	-
2021-2022 Expenditures	(3,316,194)	(119,865)	(5,424)	(760,532)	(47,699)	(12,452)
Permanent cash transfers/revisions	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-
June 30, 2022 Cash Available to Budget	187,412	58,132	5,509	(193,751)	41,312	(12,452)
June 30, 2022 Payroll liabilities	245,885	-	-	49,411	2,618	-
June 30, 2022 Temporary interfundloans	(207,141)	-	-	144,340	-	12,452
June 30, 2022 Adjustments/reconciling differences	-	-	-	-	-	-
June 30, 2022 Cash (Book Balance)	<u>\$ 226,156</u>	<u>\$ 58,132</u>	<u>\$ 5,509</u>	<u>\$ -</u>	<u>\$ 43,930</u>	<u>\$ -</u>
Reconciliation to PED Cash Report Line 7						
June 30, 2022 Cash (book balance)	\$ 226,156	\$ 58,132	\$ 5,509	\$ -	\$ 43,930	\$ -
June 30, 2022 Payroll liabilities	(245,885)	-	-	(49,411)	(2,618)	-
June 30, 2022 Temporary interfund loans	207,141	-	-	(144,340)	-	(12,452)
Audit adjustments and reclassifications/other reconciling	-	-	-	-	-	-
Line 7 PED Cash Report June 30, 2022	<u>\$ 187,412</u>	<u>\$ 58,132</u>	<u>\$ 5,509</u>	<u>\$ (193,751)</u>	<u>\$ 41,312</u>	<u>\$ (12,452)</u>

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Cash Reconciliation
(Required by 2.2.2 NMAC)
June 30, 2022

	State Flowthrough Fund 28000	Public School Capital Outlay 31200	Special Capital Outlay 31400	Capital Improv. HB-33 31600	Capital Improv. State SB -9 Local 31701	Total Primary Government
June 30, 2021 Cash Balance	\$ -	\$ -	\$ -	\$ 55,622	\$ 55,266	\$ (51,629)
2021-2022 Revenue	23,700	212,665	-	227,716	117,074	5,086,908
2021-2022 Expenditures	(78,935)	(212,665)	-	(267,186)	(123,662)	(4,880,895)
Permanent cash transfers/revisions	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-
June 30, 2022 Cash Available to Budget	(55,235)	-	-	16,152	48,678	154,384
June 30, 2022 Payroll liabilities	4,886	-	-	-	-	297,914
June 30, 2022 Temporary interfundloans	50,349	-	-	-	-	(50,349)
June 30, 2022 Adjustments/reconciling differences	-	-	-	-	-	-
June 30, 2022 Cash (Book Balance)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,152</u>	<u>\$ 48,678</u>	<u>\$ 401,949</u>
Reconciliation to PED Cash Report Line 7						
June 30, 2022 Cash (book balance)	\$ -	\$ -	\$ -	\$ 16,152	\$ 48,678	\$ 401,949
June 30, 2022 Payroll liabilities	(4,886)	-	-	-	-	(297,914)
June 30, 2022 Temporary interfund loans	(50,349)	-	-	-	-	50,349
Audit adjustments and reclassifications/other reconciling	-	-	-	-	-	-
Line 7 PED Cash Report June 30, 2022	<u>\$ (55,235)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,152</u>	<u>\$ 48,678</u>	<u>\$ 154,384</u>

Report of Independent Auditors 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*

El Camino Real Academy
Governing Council
and
Mr. Brian S. Colón, Esq.
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and special revenue funds of El Camino Real Academy (the School) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 24, 2022.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from 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 financial statements. 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 a certain matter that is required to be reported per Section 12-6-5 NMSA 1978, that we have described in the schedule of findings and responses as items 2022-001 and 2022-002.

Response to Findings

The School's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The School's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Mess Adams LLP".

Albuquerque, New Mexico
October 24, 2022

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Summary of Auditor's Results (As Required by 2.2.2.10 NMAC (L)(1)(f))
June 30, 2022

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Compliance and other matters noted? Yes No

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Schedule of Findings and Responses
June 30, 2022

Section I – Financial Statement Findings

2022-001 – Educational Retirement Act payments (Other Non-Compliance)

Condition: During our audit, we noted the February 28, 2022 payment in the amount of \$43,315 was paid late on March 16, 2022. A penalty of \$10.28 was assessed for the late payment.

Criteria: Monthly ERB contributions are required to be remitted no later than the 15th of the following month per NMSA 1978 22-11-22.

Cause: Management oversight. The School follows a checklist with all monthly, quarterly, and year-end deadlines and make sure all applicable payments are being made timely. There was a replacement Business Manager who thought that this payment was submitted timely. The Business Manager processed the payment on March 16, 2022.

Effect: The School could owe penalties for submitting contributions late.

Repeat Finding: This is not a repeat finding.

Recommendation: The Business Manager should follow the established checklist and should complete all payments timely. Timely payments would help the School avoid any late fees or charges.

Agency Response: The established checklists are provided to the Business Manager for compliance with deadlines and are used by Executive Director to supervise the Business Manager's compliance with deadlines. The Executive Director started several days in advance of the deadline to inquire if payment had been made. It was this internal control that revealed to the Executive Director that the replacement Business Manager had not made payment on the due date. Action by the Executive Director resulted in the payment being made the day after the due date. Although the School recognizes that the payment was one day late, the Executive Director's action minimized the penalty incurred by the School. The Executive Director will continue using the checklists for supervision purposes and will require that the payment be made on or before the day before the deadline. Proof will be required to show payment was made timely. This will allow time to rectify payment issues within the statutory deadline.

Person Responsible: Business Manager for timely payments and Executive Director to verifying payments made timely.

Implementation by: August 2022

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Schedule of Findings and Responses
June 30, 2022

2022-002 – Grant Reconciliation (Other Non-Compliance)

Condition: During our audit, we noted funds 24308 carried unreconciled fund balances of \$890 caused by differences in the accrued payroll compared to actual payroll. The revenue was higher than the expenditure support at year-end.

Criteria: Per NMAC 6.20.2.11, every school shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with GAAP.

Cause: Lack of effective internal controls surrounding the year-end financial close and reporting process.

Effect: Potential misstatements of the financial statements.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend management update its policies and procedures to ensure payroll accruals are accurately reversed and matched to actual payroll paid.

Agency Response: The School concurs that there was an unreconciled modified accrual fund balance at year-end. This was discovered during audit financial statement preparation. The School will add comparing final total actual expenditures to the final requests for reimbursement for all grant funds to our annual task checklist. This will ensure that any last minutes changes due to final entries can be analyzed for correction to the general ledger or to the grant request for reimbursements as needed.

Person Responsible: Business Manager

Implementation by: October 31, 2022

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Summary Schedule of Prior Audit Findings
June 30, 2022

2021-001 – Accounts Payable (Other Non-Compliance)

Resolved.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Exit Conference
Year Ended June 30, 2022

An exit conference was held with the School on October 18, 2022. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

El Camino Real Academy

Rachel Query, Board Treasurer

Jim Nettle, Vice President

Jennifer Mercer, Executive Director

Mary Scofield, Business Manager

Albuquerque Public Schools

Roberta Velasquez, APS Charter Business Manager

Moss Adams LLP

Sheila Herrera, CPA, Senior Manager

Preparation of Financial Statements

The financial statements presented in this report have been prepared with the assistance of the independent auditor. However, they are the responsibility of management, as addressed in the Report of Independent Auditors. Management reviewed and approved the financial statements.