



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, 2021

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El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Official Roster (unaudited)
June 30, 2021

El Camino Real Academy Governing Council

Marsha Majors, President

Jim Nettle, Vice President

Rachel S. Query, Secretary/Treasurer

Thomas Collins, Member

Keiko Harris, Member

El Camino Real Academy Administration

Jennifer Mercer, Executive Director/Principal

Mary Scofield, Business Manager

Report of Independent Auditors

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons 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, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School as of June 30, 2021, and the respective changes in financial position and the budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Reporting Entity

As discussed in Note 1, the financial statements of the School are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Albuquerque Public Schools that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of the Albuquerque Public Schools as of June 30, 2021, and the changes in 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.

Implementation of GASB No. 84

During the year ended June 30, 2021, the School adopted the provisions of Governmental Accounting Standards Board (GASB) No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the School reported a restatement for change in accounting principle (see Note 13). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-10 and the schedule of proportionate share of the net pension liability and contributions and schedule of proportionate shares of the OPEB liability and contributions on pages 49-52 be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The combining nonmajor fund financial statements and the 2.2.2 NMAC required schedules, presented as supplementary schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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. Such 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the School'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 considering School's internal control over financial reporting and compliance.

Mess Adams LLP

Albuquerque, New Mexico
November 1, 2021

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Management's Discussion and Analysis
Year Ended June 30, 2021

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, 2021. 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, 2021 was 280 students, a decrease of 52 students over the 2020 ADM of 332.

Overview of the Financial Statements

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

- Independent Auditors' Report
- 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.

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.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Management's Discussion and Analysis
Year Ended June 30, 2021

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, 2021

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 increased by \$5,925,544 when compared to prior year. This increase is due to a significant increase in pension related deferred outflows. Total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$9,198,530 as of June 30, 2021. This deficit is primarily related to the net pension liability of \$13,189,041 and net other post-employment benefit liability of \$1,808,890.

Table A-1
The School's Net Position

	FY 2021	FY 2020	Amount Change	Total % Change
Assets				
Current and other assets	\$ 646,817	\$ 523,050	\$ 123,767	24%
Capital and noncurrent assets	<u>8,660,284</u>	<u>8,977,393</u>	<u>(317,109)</u>	<u>-4%</u>
Total assets	9,307,101	9,500,443	(193,342)	-2%
Deferred outflows of resources	<u>7,076,099</u>	<u>957,213</u>	<u>6,118,886</u>	<u>639%</u>
Total assets and deferred outflows of resources	<u>\$ 16,383,200</u>	<u>\$ 10,457,656</u>	<u>\$ 5,925,544</u>	<u>57%</u>
Liabilities				
Current liabilities	\$ 601,322	\$ 589,547	\$ 11,775	2%
Noncurrent liabilities	<u>24,128,330</u>	<u>15,033,798</u>	<u>9,094,532</u>	<u>60%</u>
Total liabilities	<u>24,729,652</u>	<u>15,623,345</u>	<u>9,106,307</u>	<u>58%</u>
Deferred inflows of resources	<u>852,078</u>	<u>1,181,870</u>	<u>(329,792)</u>	<u>-28%</u>
Net position				
Net investment in capital assets	(751,128)	(702,578)	(48,550)	7%
Restricted	172,178	101,460	70,718	70%
Unrestricted (deficit)	<u>(8,619,580)</u>	<u>(5,746,441)</u>	<u>(2,873,139)</u>	<u>50%</u>
Total net position (deficit)	<u>(9,198,530)</u>	<u>(6,347,559)</u>	<u>(2,850,971)</u>	<u>45%</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 16,383,200</u>	<u>\$ 10,457,656</u>	<u>\$ 5,925,544</u>	<u>57%</u>

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Management's Discussion and Analysis
Year Ended June 30, 2021

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

	FY 2021	FY	Amount Change	Total % Change
Revenues				
Program revenues				
Charges for services	\$ 349	\$ 345	\$ 4	1%
Operating grants and contributions	913,102	2,495,355	(1,582,253)	-63%
Capital grants and contributions	324,705	277,286	47,419	17%
Total program revenues	1,238,156	2,772,986	(1,534,830)	-55%
General revenues				
State equalization guarantee	2,890,741	3,297,272	(406,531)	-12%
Miscellaneous	5,085	27,922	(22,837)	-82%
Property taxes	394,579	341,166	53,413	16%
Total general revenue	3,290,405	3,666,360	(375,955)	-10%
Total revenues	4,528,561	6,439,346	(1,910,785)	-30%
Expenses				
Instruction	4,938,000	2,087,229	2,850,771	137%
Support services	1,555,378	1,451,770	103,608	7%
Operation of non-instructional services	86,562	195,836	(109,274)	-56%
Facilities, material, supplies, and other services	368,389	403,894	(35,505)	-9%
Debt service - interest expense	434,090	445,993	(11,903)	-3%
Total expenses	7,382,419	4,584,722	2,797,697	61%
Change in net position	(2,853,858)	1,854,624	(4,708,482)	-254%
Net position, beginning of year (deficit)	(6,347,559)	(8,202,183)	1,854,624	-23%
Adoption of GASB 84	2,887	-	2,887	100%
Net position (deficit), beginning of year, as restated	(6,344,672)	(8,202,183)	1,857,511	-23%
Net position, end of year (deficit)	\$ (9,198,530)	\$ (6,347,559)	\$ (2,850,971)	45%

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Management's Discussion and Analysis
Year Ended June 30, 2021

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 \$326,508 at June 30, 2021, an increase of \$121,559 from the \$204,949 reported at June 30, 2020. The School's General Fund reported an increase in fund balance for the year of \$39,953. There was a decrease in the amount of operational funds used to pay for the lease purchase agreement and a decrease in the state equalization guarantee from student enrollment and unit value. The School realized a decrease in some support costs due to available federal funding to pay for certain costs related to serving students in a distance learning environment, increased social and emotional supports, and expenditures needed to deal with COVID-19.

The Non-Major funds change annually based on a set of criteria. In 2021 these funds are comprised of Capital Improvements HB-33, SB-9 local and state match, Title XIX Medicaid, non-CRRSA Act ESSER II federal and other state reimbursement funds, this is a slightly difference set of funds from the year ended June 30, 2020. 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, not including fiscal year 20 pension and OPEB revenues, increased by \$386,360 for the fiscal year ended June 30, 2021 due primarily to a new federal funding for assisting schools with serving students in a distance learning environment, increased social and emotional supports, and expenditures needed to deal with COVID-19.

General Fund Budgetary Highlights

For the year, the School's General Fund reported an increase in fund balance of \$39,953. Revenues to the School for the local operating budget decreased \$430,690, or 13%, from the prior year. Total General Fund expenditures decreased \$468,161, or 14%. The decrease in revenues was primarily due to decreases in total student enrollment primarily due to COVID-19 parental concerns, changes in the mix of student population, especially special education student population, offset by an increase in unit value from the State of New Mexico. Expenditure decreases in the General Fund were primarily attributed to decreases in operational payment of the school's lease purchase agreement, and federal assistance to pay for costs serving students in a distance learning environment, increased social and emotional supports, and expenditures needed to deal with COVID-19.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Management's Discussion and Analysis
Year Ended June 30, 2021

Capital Assets

Total primary government net capital assets were \$8,660,284 at June 30, 2021 compared to \$8,977,393 at June 30, 2020, a decrease of 4%. The following is a summary of the School's capital assets, net of depreciation, at June 30, 2021 and 2020.

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Land	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
Buildings and improvements	10,280,855	-	-	10,280,855
Furniture, fixtures, and equipment	358,435	84,675	-	443,110
Less: accumulated depreciation	(3,161,897)	(401,784)	-	(3,563,681)
Capital assets, net	\$ 8,977,393	\$ (317,109)	\$ -	\$ 8,660,284

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, 2021, the principal balance of the long-term debt was \$9,411,412. This represents a decrease of \$268,559 from the June 30, 2020 balance of \$9,679,971.

Economic Factors

Oil and Gas revenues are a significant source in the funding of the State and the State's economic outlook directly affects the school's revenues. Although there was anticipation of reduced revenues in 2021 due to economic troubles caused by the COVID-19 pandemic. The reality was very different, oil and gas revenues recovered, tax collections were up and the federal government stepped in assist governmental entities with increased costs. This assistance will be continuing into 2022 and beyond.

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, 2021

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS	
Current assets	
Cash and cash equivalents	\$ 263,144
Due from other governments	383,673
Total current assets	646,817
Noncurrent assets	
Capital assets	
Land	1,500,000
Building/leasehold improvements	10,280,855
Furniture, fixtures, and equipment	443,110
Less: accumulated depreciation	(3,563,681)
Total noncurrent assets	8,660,284
Total assets	9,307,101
DEFERRED OUTFLOWS OF RESOURCES	
Related to net pension liability	6,461,231
Related to other post-employment benefits	614,868
Total deferred outflows of resources	7,076,099
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 16,383,200
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
LIABILITIES	
Current liabilities	
Accounts payable	\$ 5,536
Accrued liabilities	314,773
Current portion of long-term debt - lease purchase	281,013
Total current liabilities	601,322
Noncurrent liabilities	
Net pension liability	13,189,041
Other post-employment benefits liability	1,808,890
Long-term debt - lease purchase	9,130,399
Total noncurrent liabilities	24,128,330
Total liabilities	24,729,652
DEFERRED INFLOWS OF RESOURCES	
Related to net pension liability	147,233
Related to other post-employment benefits	704,845
Total deferred inflows of resources	852,078
NET POSITION	
Net investment in capital assets	(751,128)
Restricted	172,178
Unrestricted (deficit)	(8,619,580)
Total net position (deficit)	(9,198,530)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 16,383,200

See accompanying notes to these financial statements.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Statement of Activities
June 30, 2021

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	\$ 4,938,000	\$ 349	\$ 451,483	\$ -	\$ (4,486,168)
Support services					
Students	567,646	-	248,152	-	(319,494)
Instruction	92,562	-	-	-	(92,562)
General administration	218,497	-	-	-	(218,497)
Central services	266,668	-	1,715	-	(264,953)
Operation and maintenance of plant	410,005	-	51,088	-	(358,917)
Operating of non-instructional services					
Food services operations	86,562	-	76,254	-	(10,308)
Facilities, supplies, and materials	368,389	-	-	75,110	(293,279)
Debt service - interest expense	434,090	-	84,410	249,595	(100,085)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 7,382,419	\$ 349	\$ 913,102	\$ 324,705	(6,144,263)
GENERAL REVENUES					
State equalization guarantee					2,890,741
Miscellaneous					5,085
Property taxes					394,579
Total general revenues					<u>3,290,405</u>
CHANGE IN NET POSITION					
					(2,853,858)
NET (DEFICIT), BEGINNING OF YEAR					(6,347,559)
ADOPTION OF GASB 84					<u>2,887</u>
NET POSITION, BEGINNING OF YEAR AS RESTATED					<u>(6,344,672)</u>
NET (DEFICIT), END OF YEAR					<u>\$ (9,198,530)</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, 2021

	11000	Major Fund		Governmental Funds Total
		24308		
	General	CRRSA Act ESSER II		
ASSETS				
Current assets				
Cash and cash equivalents	\$ 103,507	\$ -	\$ 159,637	\$ 263,144
Due from other governments	-	218,133	165,540	383,673
Due from other funds	318,704	-	-	318,704
TOTAL ASSETS	\$ 422,211	\$ 218,133	\$ 325,177	\$ 965,521
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Current liabilities				
Accounts payable	\$ -	\$ -	\$ 5,536	\$ 5,536
Accrued liabilities	267,881	20,183	26,709	314,773
Due to other funds	-	197,950	120,754	318,704
Total liabilities	267,881	218,133	152,999	639,013
FUND BALANCES				
Restricted	-	-	172,178	172,178
Assigned	75,000	-	-	75,000
Unassigned (deficit)	79,330	-	-	79,330
Total fund balances	154,330	-	172,178	326,508
TOTAL LIABILITIES AND FUND BALANCES	\$ 422,211	\$ 218,133	\$ 325,177	\$ 965,521

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, 2021

Total Fund Balance - Governmental Funds (Governmental Fund Balance Sheet)	<u>\$ 326,508</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	12,223,965
Accumulated depreciation is	<u>(3,563,681)</u>
 Total capital assets	 8,660,284

Deferred inflows and outflows of resources related to the net pension liability and not reported in the funds.

Deferred outflows of resources	6,461,231
Deferred inflows of resources	<u>(147,233)</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	614,868
Deferred inflows of resources	<u>(704,845)</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	(13,189,041)
Net other post-employment benefits liability	(1,808,890)
Long-term debt-Lease purchase	<u>(9,411,412)</u>

Net Position of Governmental Activities (Statement of Net Position)	<u><u>\$ (9,198,530)</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, 2021

	11000	Major Fund		Governmental Funds Total
		General	24308 CRRSA Act ESSER II	
REVENUES				
Property taxes	\$ -	\$ -	\$ 394,579	\$ 394,579
Local and county sources	3,823	-	1,611	5,434
State sources	2,890,741	-	324,705	3,215,446
Federal sources	-	218,133	694,969	913,102
Total revenues	2,894,564	218,133	1,415,864	4,528,561
EXPENDITURES				
Current				
Instruction	1,472,760	69,699	452,406	1,994,865
Support services				
Students	319,498	124,629	123,519	567,646
Instruction	92,562	-	-	92,562
General administration	214,568	-	3,929	218,497
Central services	260,747	-	1,714	262,461
Operations and maintenance of plant	357,141	23,805	27,285	408,231
Operation of non-instructional services				
Food services operations	8,727	-	76,254	84,981
Facilities, supplies, and materials	-	-	75,110	75,110
Debt service - principal payments	49,155	-	219,404	268,559
Debt service - interest payments	79,453	-	354,637	434,090
Total expenditures	2,854,611	218,133	1,334,258	4,407,002
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	39,953	-	81,606	121,559
FUND BALANCES, BEGINNING OF YEAR	114,377	-	87,685	202,062
ADOPTION OF GASB 84	-	-	2,887	2,887
FUND BALANCES, END OF YEAR	\$ 154,330	\$ -	\$ 172,178	\$ 326,508

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
June 30, 2021

Net Changes in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances)	<u>\$ 121,559</u>
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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.	(3,030,248)
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Income related to the net other post-employment benefits liability not reported in the funds.	103,381
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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 expense. In the current period, these amounts were:

Capital outlay	84,675
Depreciation expense	<u>(401,784)</u>

Excess of depreciation expense over capital outlay	(317,109)
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Lease purchase principal payments	<u>268,559</u>
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Change in Net Position of Governmental Activities (Statement of Activities)	<u><u>\$ (2,853,858)</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)
General Fund (Fund 11000)
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local and county sources	\$ -	\$ 3,783	\$ 3,823	\$ 40
State sources	3,581,402	2,890,741	2,890,741	-
Total revenues	3,581,402	2,894,524	2,894,564	40
EXPENDITURES				
Current				
Instruction	2,064,211	1,482,312	1,472,760	9,552
Support services				
Students	514,738	393,093	319,498	73,595
Instruction	-	97,910	92,562	5,348
General administration	206,541	214,641	214,568	73
School administration	-	-	-	-
Central services	375,897	261,327	260,747	580
Operation and maintenance of plant	355,667	381,980	357,141	24,839
Operation of non-instructional services				
Food services operations	-	10,000	8,727	1,273
Capital outlay	140,000	128,913	128,608	305
Total expenditures	3,657,054	2,970,176	2,854,611	115,565
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(75,652)	(75,652)	39,953	115,605
DESIGNATED CASH				
	75,652	75,652	-	(75,652)
NET CHANGES IN FUND BALANCE				
	\$ -	\$ -	39,953	\$ 39,953
RECONCILIATION TO GAAP BASIS				
Adjustments to revenues			-	
Adjustments to expenditures			-	
NET CHANGES IN FUND BALANCE				
			\$ 39,953	

See accompanying notes to these financial statements.

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
CRRSA Act – ESSER II Fund (Fund 24308)
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual
Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual	Variance From
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Federal	\$ -	\$ 398,425	\$ -	\$ (398,425)
Total revenues	<u>-</u>	<u>398,425</u>	<u>-</u>	<u>(398,425)</u>
EXPENDITURES				
Current				
Instruction	-	148,255	69,699	78,556
Support services				
Students	-	179,010	124,629	54,381
Operation and maintenance of plant	-	71,160	23,805	47,355
Total expenditures	<u>-</u>	<u>398,425</u>	<u>218,133</u>	<u>180,292</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(218,133)</u>	<u>(218,133)</u>
NET CHANGES IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(218,133)</u>	<u>\$ (218,133)</u>
RECONCILIATION TO GAAP BASIS				
Adjustments to revenues			218,133	
Adjustments to expenditures			<u>-</u>	
NET CHANGES IN FUND BALANCE			<u>\$ -</u>	

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 are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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)

Mil 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.

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.

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

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.

Charter School Grant (24146) – Federal flow-through finding geared towards promoting the setup, continuation, and thriving of charter schools.

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.

Elementary and Secondary School Relief Fund (CARES) (24301) is used to provide charter schools with emergency relief funds to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the Nation.

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. **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 Instructional Materials Special Appropriations Fund (27109) – is used to account for the monies received from the Public Education School (PED) for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of 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)

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 Special Capital Outlay Fund (31400) is used to account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996.

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

The Statement of Net Position and the Statement of Activities were prepared using 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*.

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.

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, 2021 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 \$434,090 in interest expense on long term debt as of June 30, 2021.

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 \$6,461,231 related to the pension plan and \$614,868 related to other post-employment benefits in this category as of June 30, 2021.

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 \$147,233 at June 30, 2021 related to the pension plan and \$704,845 related to other post-employment benefits.

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)

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.
- **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.

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.

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)

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 \$2,890,741 in state equalization guarantee distributions during the year ended June 30, 2021.

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.

Public School Capital Outlay

Under the provisions of Chapter 22, Article 24, 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.

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 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, 2021 totaled \$249,595.

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
(A Component Unit of Albuquerque Municipal School District No. 12)
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.

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)

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, 2021 is presented with each 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. 84 – *Fiduciary Activities*

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on:

1. Whether a government is controlling the assets of the fiduciary activity and
2. The beneficiaries with whom a fiduciary relationship exists.

Implementation of this standard resulted in reclassification of certain activities between government and fiduciary funds and also required a restatement of beginning net position and fund balances (see Note 13).

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, 2021.

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.

El Camino Real Academy
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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.

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, 2021, 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, 2021, accounts receivable consists of the following:

Intergovernmental	\$ 383,673
Total	<u>\$ 383,673</u>

The above receivables are deemed to be fully collectible.

El Camino Real Academy
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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, 2021 follows:

<u>Primary Government</u>	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Cost				
Land	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
Building/leasehold improvements	10,280,855	-	-	10,280,855
Furniture, fixtures, and equipment	358,435	84,675	-	443,110
Total	<u>12,139,290</u>	<u>84,675</u>	<u>-</u>	<u>12,223,965</u>
Accumulated Depreciation				
Building/leasehold improvements	(2,970,855)	(340,000)	-	(3,310,855)
Furniture, fixtures, and equipment	(191,042)	(61,784)	-	(252,826)
Total	<u>(3,161,897)</u>	<u>(401,784)</u>	<u>-</u>	<u>(3,563,681)</u>
Net total - primary government	<u>\$ 8,977,393</u>	<u>\$ (317,109)</u>	<u>\$ -</u>	<u>\$ 8,660,284</u>

Depreciation expense for the year ended June 30, 2021 was charged to the following functions:

Instruction	\$ 16,268
Support services	
Central services	4,207
Operations and maintenance of plant	1,774
Operation of non-instructional services	
Food services operations	1,581
Facilities, supplies, and materials	377,954
Total	<u>\$ 401,784</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 0.0235 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:

<i>Years of Service</i>	<i>Benefit Percentage Earned</i>
<i>1-10</i>	<i>1.35%</i>
<i>11-20</i>	<i>2.35%</i>
<i>21-30</i>	<i>3.35%</i>
<i>31 plus</i>	<i>2.40%</i>

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.

El Camino Real Academy
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Notes to Financial Statements

Note 5 – Pensions (continued)

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

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, will receive reduced retirement benefits
- The member's age is 67 and has earned 5 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 receive an automatic adjustment in their benefit on July 1 following the later of 1) the year a member retires, or 2) the year a member reaches age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

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%.

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.

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

Note 5 – Pensions (continued)

Contributions

For the fiscal years ended June 30, 2021 and 2020, 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
2021	7/1/2020 to 6/30/21	Over \$24k	10.70%	14.15%	24.85%	0.00%
2021	7/1/2020 to 6/30/21	\$24k or less	7.90%	14.15%	22.05%	0.00%
2020	7/1/19 to 6/30/20	Over \$24k	10.70%	14.15%	24.85%	0.25%
2020	7/1/19 to 6/30/20	\$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 requirements may be amended by acts of the New Mexico Legislature. For the fiscal year ended June 30, 2021, the School paid employee and employer contributions of \$294,680, 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, 2021, the School reported a liability of \$13,189,041 for its proportionate share of the net pension liability.

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2020 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, 2020, actuarially determined. At June 30, 2020, the School's proportion was 0.06508%, which was an increase of 0.00723% from its proportion measured as of June 30, 2019.

El Camino Real Academy
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Notes to Financial Statements

Note 5 – Pensions (continued)

For the year ended June 30, 2021, the School recognized pension expense of \$3,030,248. At June 30, 2021, 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	\$ 81,877	\$ 50,856
Changes of assumptions	5,284,961	-
Net difference between projected and actual earnings on pension plan investments	447,847	-
Changes in proportion and differences between the employer's contributions and proportionate share of contributions	351,866	96,377
Employer's contributions subsequent to the measurement date	<u>294,680</u>	<u>-</u>
Total	<u>\$ 6,461,231</u>	<u>\$ 147,233</u>

Deferred outflows of resources related to pensions includes \$294,680 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, 2021. 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>
2022	\$ 2,352,291
2023	2,406,708
2024	1,123,314
2025	137,005

Actuarial Assumptions

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 10 years of service.

El Camino Real Academy
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Notes to Financial Statements

Note 5 – Pensions (continued)

Mortality

Healthy males: Based on the RP-2000 Combined Healthy Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table’s base year of 2000.

Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.

This set of assumptions was adopted for the June 30, 2020 actuarial valuation. These new assumptions are reflected in the Total Pension Liability as of June 30, 2020 and will be reflected in the actuarially determined employer contribution for the fiscal year ending 2021. These assumptions can be found in the funding valuation as of June 30, 2020 or in the 2020 experience study.

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.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	31%	
Fixed income	26%	
Alternative investments	42%	
Cash	1%	
Total	100%	7.00%

Discount Rate

A single discount rate of 3.89% was used to measure the total pension liability as of June 30, 2020. This is a 3.36% increase over the rate of 7.25% rate used in the prior measurement year. The 3.89% was based on a long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.45%. 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 the benefit payments through the year 2045. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2045 and the municipal bond rate was applied to all benefit payments after that date.

El Camino Real Academy
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Notes to Financial Statements

Note 5 – Pensions (continued)

The projections of cash flows used to determine this 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 3.89%, 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 (2.89%) or 1-percentage-point higher (4.89%) than the current rate:

Proportionate Share of Net Pension Liability		
	Current	
1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
\$ 16,656,325	\$ 13,189,041	\$ 10,399,386

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.

Note 6 – Commitments and Liabilities

The School leases facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2021 was \$55,604. Commitments for lease obligations for the following periods as of June 30, 2021 are as follows:

Years Ending June 30,	Amount
2022	\$ 64,628
2023	64,628
2024	64,628
2025	57,318
2026	7,708
	\$ 258,910

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Notes to Financial Statements

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, 2021, the principal balance of the long-term debt was \$9,411,412. This represents a decrease of \$268,559 from the June 30, 2020 balance of \$9,679,971.

The changes to long-term debt are as follows.

<u>Primary Government</u>	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due Within One Year</u>
Lease to purchase	\$ 9,679,971	\$ -	\$ (268,559)	\$ 9,411,412	\$ 281,013

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

<u>Years Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 281,013	\$ 421,636	\$ 702,649
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
2027-2031	1,933,740	1,579,506	3,513,246
2032-2036	2,425,681	1,087,565	3,513,246
2037-2041	3,042,771	470,475	3,513,246
2042	467,652	8,098	475,750
	<u>\$ 9,411,412</u>	<u>\$ 5,117,322</u>	<u>\$14,528,734</u>

Note 8 – 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.

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.

El Camino Real Academy
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Notes to Financial Statements

Note 8 – OPEB (continued)

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, 2020, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	52,179
Inactive and eligible for deferred benefit	10,916
Current active members	91,082
	<hr/>
	154,177
	<hr/> <hr/>
Active membership	
State general	17,097
State police and corrections	1,830
Municipal general	17,538
Municipal police	3,159
Municipal fire	1,966
Education retirement board	49,492
	<hr/>
	91,082
	<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 \$41,651 for the year ended June 30, 2021.

El Camino Real Academy
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Notes to Financial Statements

Note 8 – OPEB (continued)

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

At June 30, 2021, the School reported a liability of \$1,808,890 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, 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, 2020. At June 30, 2020, the School's proportion was 0.04308%.

For the year ended June 30, 2021, the School recognized a change in the OPEB income of \$103,381. At June 30, 2021, 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	\$ -	\$ 321,210
Changes of assumptions	355,098	321,246
Net difference between projected and actual earnings on OPEB plan investments	9,864	-
Employer's contributions subsequent to the measurement date	41,651	-
Changes in proportion	<u>208,255</u>	<u>62,389</u>
Total	<u>\$ 614,868</u>	<u>\$ 704,845</u>

Deferred outflows of resources totaling \$41,651 represent 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, 2021.

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>
2022	\$ (133,949)
2023	(105,941)
2024	(28,549)
2025	36,577
2026	100,234

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

Note 8 – OPEB (continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to June 30, 2020 using the following actuarial assumptions:

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	2.50% for ERB; 2.50% for PERA
Projected payroll increases	3.25% to 13.50%, based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation Health care cost trend.
Health care cost trend rate	8.00% graded down to 4.50% over 14 years for Non-Medicare medical plan costs, 7.50% graded down to 4.50% over 12 years for Medicare medical plan costs, and 7.00% graded down to 4.50% over 10 years for Medicare Advantage
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2014 Combined Healthy Mortality

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 8 – 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	2.10%
U.S. equity - large cap	7.10%
Non U.S. - emerging markets	10.20%
Non U.S. - developed equities	7.80%
Private equity	11.80%
Credit and structured finance	5.30%
Real estate	4.90%
Absolute return	4.10%
U.S. equity - small/mid cap	7.10%

Discount Rate

The discount rate used to measure the Fund's total OPEB liability is 2.86% as of June 30, 2020. 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, 2039. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2040. The index rate for 20-year, tax exempt rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher was used beyond 2041, resulting in a blended discount rate of 2.86%.

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 School, as well as what the School's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.86%) or 1-percentage-point higher (2.86%) than the current discount rate:

<u>Proportionate Share of Net Pension Liability</u>		
1% Decrease	Current	1% Increase
<u>(1.86%)</u>	<u>Discount Rate</u>	<u>(2.86%)</u>
<u>(1.86%)</u>	<u>(2.86%)</u>	<u>(3.86%)</u>
\$ 2,248,457	\$ 1,808,890	\$ 1,469,149

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

Note 8 – 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		
	Current Trend	
1% Decrease	Rates	1% Increase
\$ 1,484,760	\$ 1,808,890	\$ 2,054,750

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, 2020.

Note 9 – 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, 2021 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	\$ 318,704	\$ -
Title I - IASA	-	40,409
Entitlement IDEA-B	-	19,200
Fresh Fruit and Vegetables	-	2,253
Charter Schools	-	664
English Language Acquisition	-	4,200
Teacher/Principal Training and Recruiting	-	9,291
Title I - CSI	-	44,737
CRSSA Act, ESSER II	-	197,950
Total	\$ 318,704	\$ 318,704

- B. Deficit fund balance of individual funds.

No funds reported fund balance deficits for the year ended June 30, 2021.

- C. Excess of expenditures over appropriations.

No funds exceeded budgetary authority 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 10 – 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 11 – 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. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*
Effective date: Immediately upon issuance.

The Statement extends the implementation dates of several existing GASB authoritative guidance, most importantly to the School GASB No. 84 to reporting periods beginning after December 15, 2019 and GASB No. 87 to fiscal years beginning after June 15, 2021.

GASB Statement No. 87 – *Leases*

Effective date: The provisions in Statement 87 are effective for reporting periods beginning after December 15, 2019.

This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management is currently evaluating the impact of this standard.

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

Note 12 – Uncertainty Due to COVID-19

During fiscal year 2020, an outbreak of a novel coronavirus (COVID-19) occurred in the United States, along with various other countries globally. On March 11, 2020, the World Health Organization assessed the novel coronavirus outbreak and characterized it as a pandemic. Subsequent to the declaration of a pandemic, a variety of federal, state, and local governments have taken actions in response to the pandemic, which have ranged by jurisdiction, but are generally resulting in a variety of negative economic consequences, the scope of which are not currently known or quantifiable.

The School was required to operate remotely during 2021 causing various shifts in expenses. Additional federal COVID-19 monies were provided to cover these additional expenses. The School opened in fiscal year 2022 in person and does not expect any significant negative funding or operating impacts due to COVID-19.

Note 13 – Restatement for Change in Accounting Principle – GASB 84

During the year ended June 30, 2021, the School adopted the provisions of GASB 84, *Fiduciary Activities*. This pronouncement requires the restatement of the June 30, 2020 net position of the governmental activities as follows:

Net position, June 30, 2020, as previously reported	\$ (6,347,559)
Effect of GASB 84 implementation	<u>2,887</u>
Net position, June 30, 2021, as restated	<u><u>\$ (6,344,672)</u></u>

This pronouncement also requires the restatement of the June 30, 2020 fund balance of the aggregate remaining funds as follows:

Fund balance, June 30, 2020, as previously reported	\$ 87,685
Effect of GASB 84 implementation	<u>2,887</u>
Fund balance, June 30, 2021, as restated	<u><u>\$ 90,572</u></u>

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, 2021

**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, 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 (asset)	0.06508%	0.05785%	0.05993%	0.05847%	0.05836%	0.03356%	0.03128%
Proportionate share of the net pension liability	\$ 13,189,041	\$ 4,383,469	\$ 7,126,475	\$ 6,498,045	\$ 2,255,454	\$ 2,173,771	\$ 1,784,753
Covered payroll	\$ 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 (asset) as a percentage of its covered payroll	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	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 El Camino Real Academy 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,						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 294,680	\$ 294,615	\$ 232,575	\$ 250,949	\$ 145,257	\$ 140,969	\$ 132,616
Contributions in relation to the contractually required contribution	294,680	294,615	232,575	250,949	145,257	140,969	132,616
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 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%

**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 El Camino Real Academy 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, 2021

Changes of Benefit Terms

There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2019.

Changes of Assumptions

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 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, the Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

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, 2021

**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, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Proportion of the net OPEB liability (asset)	0.04308%	0.03821%	0.03928%	0.04021%
Proportionate share of the net OPEB liability	\$ 1,808,890	\$ 1,238,917	\$ 1,708,034	\$ 1,822,186
Covered payroll	\$ 1,851,629	\$ 1,594,476	\$ 1,685,354	\$ 1,675,007
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	97.69%	77.70%	101.35%	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability	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, El Camino Real Academy 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,			
	2021	2020	2019	2018
Contractually required contributions	\$ 41,651	\$ 33,822	\$ 61,382	\$ 127,686
Contributions in relation to the contractually required contribution	41,651	33,822	60,632	64,084
Contribution deficiency (excess)	\$ -	\$ -	\$ 750	\$ 63,602
Covered payroll	\$ 1,851,629	\$ 1,594,476	\$ 1,685,354	\$ 1,675,007
Contributions as a percentage of covered payroll	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, El Camino Real Academy 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, 2021

In the June 30, 2019 actuarial valuation rolled forward to the measurement date of June 30, 2020, changes in assumptions and differences between expected and actual experience include adjustments resulting from a decrease in the discount rate from 4.16% to 2.86%, changes in medical carrier election assumptions based on recent enrollment, and updated Medicare Advantage trends to reflect 2020 and 2021 premiums.

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, 2021

	21000	23000	24101	24106	24118
	Food Services	Student Activity Fund	Title I IASA	Entitlement IDEA-B	Fresh Fruit and Vegetables
ASSETS					
Current assets					
Cash and cash equivalents	\$ 734	\$ 3,579	\$ -	\$ -	\$ -
Accounts receivable					
Due from other governments	4,806	-	48,103	27,163	2,253
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
TOTAL ASSETS	\$ 5,540	\$ 3,579	\$ 48,103	\$ 27,163	\$ 2,253
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Current liabilities					
Accounts payable	\$ 5,536	-	-	-	-
Accrued liabilities	-	-	7,694	7,963	-
Due to other funds	-	-	40,409	19,200	2,253
Total liabilities	5,536	-	48,103	27,163	2,253
FUND BALANCES					
Restricted	4	3,579	-	-	-
Committed	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total fund balances (deficit)	4	3,579	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,540	\$ 3,579	\$ 48,103	\$ 27,163	\$ 2,253

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Combining Balance Sheets – Non-Major Governmental Funds
June 30, 2021

	24146	24153	24154	24190	24301	25153
	Charter Schools	English Language Acquisition	Teacher/Principal Training & Recruiting	Title I CSI	CARES Act	Title XIX Medicaid 0/2 Years
ASSETS						
Current assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,436
Accounts receivable						
Due from other governments	6,887	4,200	10,127	45,190	-	6,408
Due from other funds	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
TOTAL ASSETS	\$ 6,887	\$ 4,200	\$ 10,127	\$ 45,190	\$ -	\$ 50,844
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Current liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	6,223	-	836	453	-	3,540
Due to other funds	664	4,200	9,291	44,737	-	-
Total liabilities	6,887	4,200	10,127	45,190	-	3,540
FUND BALANCES						
Restricted	-	-	-	-	-	47,304
Committed	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances (deficit)	-	-	-	-	-	47,304
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,887	\$ 4,200	\$ 10,127	\$ 45,190	\$ -	\$ 50,844

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Combining Balance Sheets – Non-Major Governmental Funds
June 30, 2021

	27109 Instructional Materials Special Appropriation	31200 Public School Capital Outlay	31400 Legislative Capital Outlay	31600 Capital Improvements HB-33	31701 Capital Improvements SB-9 Local	Total
ASSETS						
Current assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 55,622	\$ 55,266	\$ 159,637
Accounts receivable						
Due from other governments	-	-	-	6,946	3,457	165,540
Due from other funds	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ -	\$ -	\$ 62,568	\$ 58,723	\$ 325,177
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Current liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,536
Accrued liabilities	-	-	-	-	-	26,709
Due to other funds	-	-	-	-	-	120,754
TOTAL LIABILITIES	-	-	-	-	-	152,999
FUND BALANCES						
Restricted	-	-	-	62,568	58,723	172,178
Committed	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances (deficit)	-	-	-	62,568	58,723	172,178
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ -	\$ -	\$ 62,568	\$ 58,723	\$ 325,177

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
June 30, 2021

	21000	23000	24101	24106	24118
	Food Services	Student Activity Fund	Title I - IASA	Entitlement IDEA-B	Fresh Fruit and Vegetables
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Local and county sources	-	1,611	-	-	-
State sources	-	-	-	-	-
Federal sources	73,909	-	99,395	84,245	16,124
Total revenues	73,909	1,611	99,395	84,245	16,124
EXPENDITURES					
Current					
Instruction	-	919	97,801	63,945	-
Support services					
Students	-	-	1,594	20,300	-
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	60,130	-	-	-	16,124
Community services operations	-	-	-	-	-
Facilities, supplies, and materials	-	-	-	-	-
Debt service - principal	-	-	-	-	-
Debt service - interest	-	-	-	-	-
Total expenditures	60,130	919	99,395	84,245	16,124
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	13,779	692	-	-	-
FUND BALANCES, BEGINNING OF YEAR (DEFICIT)	(13,775)	-	-	-	-
ADOPTION OF GASB 84	-	2,887	-	-	-
FUND BALANCES, END OF YEAR (DEFICIT)	\$ 4	\$ 3,579	\$ -	\$ -	\$ -

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
June 30, 2021

	24146	24153	24154	24190	24301	25153
	Charter Schools	English Language Acquisition	Teacher/Principal Training & Recruiting	Title I CSI	CARES Act	Title XIX Medicaid 0/2 Years
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local and county sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	130,611	4,200	14,747	85,202	118,883	67,653
Total revenues	<u>130,611</u>	<u>4,200</u>	<u>14,747</u>	<u>85,202</u>	<u>118,883</u>	<u>67,653</u>
EXPENDITURES						
Current						
Instruction	130,611	4,200	14,747	53,588	73,631	-
Support services						
Students	-	-	-	31,614	17,967	52,044
Instruction	-	-	-	-	-	-
General administration	-	-	-	-	-	-
School administration	-	-	-	-	-	-
Central services	-	-	-	-	-	1,714
Operations and maintenance of plant	-	-	-	-	27,285	-
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	<u>130,611</u>	<u>4,200</u>	<u>14,747</u>	<u>85,202</u>	<u>118,883</u>	<u>53,758</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	-	-	-	-	-	13,895
FUND BALANCES, BEGINNING OF YEAR (DEFICIT)	-	-	-	-	-	33,409
ADOPTION OF GASB 84	-	-	-	-	-	-
FUND BALANCES, END OF YEAR (DEFICIT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,304</u>

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Combining Stas, Expenditures, and Changes in Fund Balances – Non-Major
Governmental Funds
June 30, 2021

	27109	31200	31400	31600	31701	
	Instructional Materials	Public School Capital Outlay	Legislative Capital Outlay	Capital Improvements HB-33	Capital Improvements SB-9 Local	Total
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ 261,992	\$ 132,587	\$ 394,579
Local and county sources	-	-	-	-	-	1,611
State sources	-	249,595	75,110	-	-	324,705
Federal sources	-	-	-	-	-	694,969
Total revenues	<u>-</u>	<u>249,595</u>	<u>75,110</u>	<u>261,992</u>	<u>132,587</u>	<u>1,415,864</u>
EXPENDITURES						
Current						
Instruction	12,964	-	-	-	-	452,406
Support services	-	-	-	-	-	-
Students	-	-	-	-	-	123,519
Instruction	-	-	-	-	-	-
General administration	-	-	-	2,609	1,320	3,929
School administration	-	-	-	-	-	-
Central services	-	-	-	-	-	1,714
Operations and maintenance of plant	-	-	-	-	-	27,285
Student transportation	-	-	-	-	-	-
Other support services	-	-	-	-	-	-
Operation of non-instructional services	-	-	-	-	-	-
Food services operations	-	-	-	-	-	76,254
Community services operations	-	-	-	-	-	-
Facilities, supplies, one materials	-	-	75,110	-	-	75,110
Debt service - principal	-	95,398	-	85,111	38,895	219,404
Debt service - interest	-	154,197	-	137,571	62,869	354,637
Total expenditures	<u>12,964</u>	<u>249,595</u>	<u>75,110</u>	<u>225,291</u>	<u>103,084</u>	<u>1,334,258</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	(12,964)	-	-	36,701	29,503	81,606
FUND BALANCES (DEFICITS), BEGINNING OF YEAR	12,964	-	-	25,867	29,220	87,685
ADOPTION OF GASB 84	-	-	-	-	-	2,887
FUND BALANCES (DEFICITS), END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,568</u>	<u>\$ 58,723</u>	<u>\$ 172,178</u>

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, 2021

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Fair/Par Market Value June 30, 2021</u>	<u>Safekeeping Agent</u>
US Bank	3128MMVQ3 FHLMC Gold Pool G18622 with maturity date 12/31/2031	\$ 123,538	FHLMC
US Bank	3137B2SK7 FHLMC Gold REMIC 4212 QF with maturity date 6/15/2043	<u>232,839</u>	FHLMC
		<u>\$ 356,377</u>	
		<u>US Bank</u>	
	Total amount on deposit	\$ 200,880	
	Less: FDIC	<u>(250,000)</u>	
	Total uninsured public money	-	
	50% collateral requirement	-	
	Total pledged	<u>356,377</u>	
	Over pledged	<u>\$ 356,377</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, 2021

	<u>Primary Government</u>
Operating account - US Bank	\$ 197,300
Student activity account - US Bank	3,579
Petty cash	<u>125</u>
Total cash	201,004
Reconciling items	<u>62,140</u>
Reconciled balance at June 30, 2021	<u>263,144</u>
Balance per statement of net position	<u><u>\$ 263,144</u></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, 2021

	Operational Account 11000	Food Services 21000	Student Activities 23000	Projects Account 24000	Direct Account 25000	State Flowthrough Fund 27000
June 30, 2020 Cash Balance	\$ 114,377	\$ (13,775)	\$ 2,887	\$ (170,641)	\$ 23,382	\$ 12,464
2020-2021 Revenue	2,894,564	69,103	1,611	580,125	71,272	500
2020-2021 Expenditures	(2,854,611)	(54,594)	(919)	(771,540)	(53,758)	(12,964)
Permanent Cash Transfers/Revisions Adjustments	-	-	-	-	-	-
June 30, 2021 Cash Available to Budget	<u>154,330</u>	<u>734</u>	<u>3,579</u>	<u>(362,056)</u>	<u>40,896</u>	<u>-</u>
June 30, 2021 Payroll Liabilities	267,881	-	-	43,352	3,540	-
June 30, 2021 Temporary Interfund Loans	(318,704)	-	-	318,704	-	-
June 30, 2021 Adjustments/Reconciling Differences	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2021 Cash (Book Balance)	<u>\$ 103,507</u>	<u>\$ 734</u>	<u>\$ 3,579</u>	<u>\$ -</u>	<u>\$ 44,436</u>	<u>\$ -</u>
Reconciliation to PED Cash Report Line 7						
June 30, 2021 Cash (Book Balance)	\$ 103,507	\$ 734	\$ 3,579	\$ -	\$ 44,436	\$ -
June 30, 2021 Payroll Liabilities	(267,881)	-	-	(43,352)	(3,540)	-
June 30, 2021 Temporary Interfund Loans	318,704	-	-	(318,704)	-	-
Audit adjustments and reclassifications/other reconciling	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Line 7 PED Cash Report June 30, 2021	<u>\$ 154,330</u>	<u>\$ 734</u>	<u>\$ 3,579</u>	<u>\$ (362,056)</u>	<u>\$ 40,896</u>	<u>\$ -</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, 2021

	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, 2020 Cash Balance	\$ -	\$ (12,146)	\$ 20,071	\$ 26,330	\$ 2,949
2020-2021 Revenue	249,595	87,256	260,842	132,020	4,346,888
2020-2021 Expenditures	(249,595)	(75,110)	(225,291)	(103,084)	(4,401,466)
Permanent Cash Transfers/Revisions	-	-	-	-	-
Adjustments	-	-	-	-	-
June 30, 2021 Cash Available to Budget	-	-	55,622	55,266	(51,629)
June 30, 2021 Payroll Liabilities	-	-	-	-	314,773
June 30, 2021 Temporary Interfund Loans	-	-	-	-	-
June 30, 2021 Adjustments/Reconciling Differences	-	-	-	-	-
June 30, 2021 Cash (Book Balance)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,622</u>	<u>\$ 55,266</u>	<u>\$ 263,144</u>
Reconciliation to PED Cash Report Line 7					
June 30, 2021 Cash (Book Balance)	\$ -	\$ -	\$ 55,622	\$ 55,266	\$ 263,144
June 30, 2021 Payroll Liabilities	-	-	-	-	(314,773)
June 30, 2021 Temporary Interfund Loans	-	-	-	-	-
Audit adjustments and reclassifications/other reconciling	-	-	-	-	-
Line 7 PED Cash Report June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,622</u>	<u>\$ 55,266</u>	<u>\$ (51,629)</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 budgetary comparisons of the general fund and special revenue funds, and the aggregate remaining fund information of El Camino Real Academy (the School) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated November 1, 2021.

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 may exist that have not been identified.

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 determination of 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 item 2021-001.

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.

Mess Adams LLP

Albuquerque, New Mexico
November 1, 2021

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, 2021

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, 2021

Section I – Financial Statement Findings

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

Condition: During our testing of accounts payable, we noted an attorney invoice related to June 30, 2021 not included in the client entries provided of \$11,737 due to invoices not easily understandable from the attorney.

Criteria: Per NMAC 6.20.2.11, every school district 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 general purpose financial statements in accordance with GAAP.

Cause: The invoices received by the attorney were different than they had been in the past causing a management oversight.

Effect: No material impact to the financial statements.

Repeat finding: This is not a repeat finding.

Recommendation: We recommend that going forward management ensures that the attorney invoices be reviewed to verify those amounts are captured in the correct period due to the nature of how invoices are presented to the school.

Agency response: As noted above the attorney’s invoice was included in our review, an error in reading the invoice caused the error of non-inclusion in our listing of accounts payable. We will have another individual, probably a member of the audit committee, review the subsequent disbursement work of our Business Manager to ensure that all qualifying invoices are included in our analysis of year-end accounts payable. The reviewer will be documented on our work papers.

Person responsible: Business Manager

Implementation by: June 30, 2022

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Summary Schedule of Prior Audit Findings
June 30, 2021

2020-001 – Procurement (Other Non-Compliance) – Resolved

El Camino Real Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Exit Conference
June 30, 2021

An exit conference was held with the School on October 26, 2021. 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

Angela Sandoval, Audit Committee
Rachel Query, Board Treasurer
Jim Nettle, Vice President
Jennifer Mercer, Principal
Mary Scofield, Business Manager
Diedre Grabke, Business Manager

Albuquerque Public Schools

Roberta Velasquez, APS Charter Business Manager

Moss Adams LLP

Sheila Herrera, 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.