

Audit Report Summary

We have uploaded the ECRA audited financial statements, extracted from the APS audited financial statements. For school year 24-25 the school chose not to have individual stand-alone audited financial statements prepared and issued. The additional cost for these stand-alone financial statements was estimated to be more than \$3000 to the auditors and approximately 30 hours of contract business manager time. It also reduced our audited financial statements by about 50 pages.

Since we started issuing stand alone statements, we have not found an external need to support the additional costs involved.

Because we are extracting our information from APS' audit the statements are in an awkward order. The notes to the financial statements are before the actual statements. In order to present them in a more meaningful way, I have moved the financial statements to the front of the PDF. This presentation is more in line with what you would see in stand-alone financial statements.

There is much information you can review and if you would like to know more details then presented tonight I would be glad to meet with you individually.

El Camino Real Academy has received a "Clean" opinion by CLA. This can be found on the third page of the presentation. This means that they find that our financial statements present fairly, in all material respects, our various financial information.

The Statement of Net Position and Statement of Activities shown on pages identified at the bottom as K-2 and K-3 are referred to by Governmental Accounting Standards Board (GASB) as government-wide financial statements and include many GASB statements and are meant to present the entities' total assets, liabilities and revenues and expenditures on a fully accrual basis.

Balance Sheets – Governmental Funds on Page K-4 through K-8 reflect a combination of all major and non-major funds that the school manages. These statements are using a "Modified Accrual method of accounting" this takes our cash basis financial records, which is what is required to be maintained by the State of New Mexico and adjusts for transactions that have not been recorded because of timing of receipts or payment to vendors or other requirements due to GASB requirements. The column Major General funds, include the Operational fund and student activity fund, which can be found separately on combining balance sheets page K-18.

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds on Page K-10 through K-14 reflect a combination of all major and non-major funds that the school manages. These statements are using a "Modified Accrual method of accounting" this takes our cash basis financial records, which is what is required to be maintained by the State of New Mexico, and adjusts for transactions that have not been recorded because of timing of receipts or payment to vendors or other requirements due to GASB requirements. The column Major General funds, include the Operational fund and student activity fund, which can be found separately on combining balance sheets page K-19.

In this statement (K-19) I would like the Board to note that El Camino Real ended FY23-24 with an operational fund balance of \$325,630. It was the school's intention to try to increase our fund balance annually while still providing the best educational experience for our students. At the end of school year 24-25 the school's operational fund balance was \$390,595. This means that the school saved actual dollars totaling \$64,965.

Findings –

Another part of the audit report is where the Auditor's identify issues that need to be fixed, these are called findings, and the auditors indicate current year issues and then revisit to show the current status of prior year findings. You will find these at the end of the presented report, the page number is indicated as 190-191 for the current year findings and page 244 for the status of prior year findings.

During FY24-25 ECRA had a finding related to our year-end payroll accrual for earned but unpaid wages for two year round employees. There are normally 260 workdays in a school year, however due to the shifting Gregorian calendar there were 261 days from July 1, 2024 until June 30, 2025. When our staff did our year-end payroll accrual they calculated salaries due based on the 261 days, rather than limit the earnings to 260 days because of the salaried status of the employee. As a result the employees were deemed to be overpaid by one day. As discussed in the report – we have added a step in our year end accrual to ensure that salaried employees do not earn more than their contract.

Also during FY24-25 ECRA received a finding that 4 cash receipts that were not deposited into the bank within the statutory 24 hours or one banking day after receipt of the funds. We acknowledged the issue. During FY25 we had changes in staffing and staff absences which resulted in the delay in getting deposits to the bank. We have now increased the number of staff available to make daily deposits to four. This seems to have provided adequate coverage to ensure that deposits are being made within the statutory requirement.

Status of Prior year findings – ECRA had a finding concerning the language of our posted Whistleblower Act. We changed the posted notice which resolved the finding.

I hope this helps in processing the amount of information presented in the audited financial statements for the year ended June 30, 2025. If you have any questions, I will be glad to address them. Once questions are satisfied, Administration requests that the FY25 Annual Audit report for June 30, 2025, be accepted as presented.