

NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2017**

| | |
|--|-----------|
| OFFICIAL ROSTER | 1 |
| INDEPENDENT AUDITORS' REPORT | 2 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 5 |
| FINANCIAL STATEMENTS | |
| STATEMENT OF NET POSITION | 11 |
| STATEMENT OF ACTIVITIES | 12 |
| BALANCE SHEET – GOVERNMENTAL FUNDS | 13 |
| RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION | 14 |
| STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS | 15 |
| RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES | 16 |
| GENERAL FUND (FUND 11000) STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL | 17 |
| STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS | 18 |
| NOTES TO FINANCIAL STATEMENTS | 19 |
| REQUIRED SUPPLEMENTARY INFORMATION | 43 |
| SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS (REQUIRED SUPPLEMENTARY INFORMATION) | 43 |
| NOTES TO REQUIRED SUPPLEMENTARY INFORMATION | 44 |
| SUPPLEMENTARY INFORMATION | 45 |
| COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS | 45 |
| COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – NON-MAJOR GOVERNMENTAL FUNDS | 49 |

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2017**

| | |
|--|-----------|
| SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS (REQUIRED BY 2.2.2 NMAC) | 53 |
| SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS (REQUIRED BY 2.2.2 NMAC) | 54 |
| SCHEDULE OF CASH AND CASH EQUIVALENTS (REQUIRED BY 2.2.2 NMAC) | 55 |
| CASH RECONCILIATION (REQUIRED BY 2.2.2 NMAC) | 56 |
| INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> | 58 |
| SCHEDULE OF FINDINGS AND RESPONSES | 60 |
| SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS | 61 |
| EXIT CONFERENCE | 62 |

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
OFFICIAL ROSTER
JUNE 30, 2017**

Nuestros Valores Charter School Governing Council

Anthony Carrillo, President

Jacob Gomez, Vice President

Chris Sanchez, Treasurer/Secretary

Charlotte Alderete-Trujillo, Community Member

Abby Herrera, Parent

Melissa Armijo, Community Member

Nuestros Valores Charter School Administration

Monica Aguilar, Executive Director

Rhonda Cordova, Business Manager



INDEPENDENT AUDITORS' REPORT

Nuestros Valores Charter School
Governing Council and
Mr. Tim Keller
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 general fund budgetary comparison of the Nuestros Valores Charter School (the School), a component unit of Albuquerque Municipal School District No. 12, as of and for the year ended June 30, 2017, 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

Nuestros Valores Charter School
Governing Council and
Mr. Tim Keller
New Mexico State Auditor

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, 2017, and the respective changes in financial position and the general fund budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America..

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 through 10 and the schedule of proportionate share of the net pension liability/contributions on page 43 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.

Nuestros Valores Charter School
Governing Council and
Mr. Tim Keller
New Mexico State Auditor

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2017, 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 the School's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 14, 2017

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

This section of Nuestrros Valores Charter School's (the School) financial report represents our discussion and analysis of the financial performance of the School for the year ended June 30, 2017. 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, 2017 was 141 students, an increase of 9 students over the 2016 ADM of 132.

Overview of the Financial Statements

The audited financial statements of the School consist of four components. 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.

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.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

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.

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 at the bottom of the governmental fund statements, 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 Public School Capital Outlay Fund, SB9 Capital Improvement Fund and other special revenue funds.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

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 \$388,212 when compared to prior year. Total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$714,319 as of June 30, 2017. This deficit is primarily related to the net pension liability of \$2,039,469.

**Table A-1
The School's Net Position**

| | FY 2017 | FY 2016 | Amount Change | Total % Change |
|--|---------------------|---------------------|-------------------|-------------------|
| Assets: | | | | |
| Current and Other Assets | \$ 663,226 | \$ 586,424 | \$ 76,802 | 13% |
| Capital and Non-Current Assets | 318,230 | 228,476 | 89,754 | 39% |
| Total Assets | <u>981,456</u> | <u>814,900</u> | <u>166,556</u> | 20% |
| Deferred Outflows of Resources | <u>501,488</u> | <u>279,832</u> | <u>221,656</u> | 79% |
| Total Assets and Deferred Outflows of Resources | <u>\$ 1,482,944</u> | <u>\$ 1,094,732</u> | <u>\$ 388,212</u> | 35% |
| Liabilities: | | | | |
| Current Liabilities | \$ 138,396 | \$ 92,000 | \$ 46,396 | 50% |
| Long-Term Liabilities | 2,039,469 | 1,662,714 | 376,755 | 23% |
| Total Liabilities | <u>2,177,865</u> | <u>1,754,714</u> | <u>423,151</u> | 24% |
| Deferred Inflows of Resources | <u>19,398</u> | <u>38,309</u> | <u>(18,911)</u> | -49% |
| Net Position: | | | | |
| Net Investment in Capital Assets | 318,230 | 228,476 | 89,754 | 39% |
| Restricted | 219,652 | 194,125 | 25,527 | 13% |
| Unrestricted | <u>(1,252,201)</u> | <u>(1,120,892)</u> | <u>(131,309)</u> | 12% |
| Total Net Position | <u>(714,319)</u> | <u>(698,291)</u> | <u>(16,028)</u> | 2% |
| Total Liabilities, Deferred Inflows of Resources and Net Position | <u>\$ 1,482,944</u> | <u>\$ 1,094,732</u> | <u>\$ 388,212</u> | 35% |

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

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

| | FY 2017 | FY 2016 | Amount Change | Total % Change |
|--|---------------------|---------------------|--------------------|-------------------|
| Revenues: | | | | |
| Program Revenues: | | | | |
| Charges for Services | \$ - | \$ - | \$ - | 0.0% |
| Capital Grants and Contributions | 58,365 | 32,140 | 26,225 | 81.6% |
| Operating Grants and Contributions | 398,289 | 319,740 | 78,549 | 24.6% |
| Total Program Revenues | 456,654 | 351,880 | 104,774 | 29.8% |
| General Revenues: | | | | |
| State Equalization Guarantee | 1,467,152 | 1,501,272 | (34,120) | -2.3% |
| Property Taxes | 120,554 | 107,554 | 13,000 | 12.1% |
| Miscellaneous | 2,402 | 5,858 | (3,456) | |
| Total General Revenues | 1,590,108 | 1,614,684 | (24,576) | -1.5% |
| Total Revenues | 2,046,762 | 1,966,564 | 80,198 | 4.1% |
| Expenses: | | | | |
| Instruction | 865,310 | 757,822 | 107,488 | |
| Support Services | 971,445 | 799,212 | 172,233 | |
| Operating of Non-Instructional Services | 80,393 | 58,147 | 22,246 | |
| Facilities, Materials, Supplies and Other Services | 145,642 | 170,691 | (25,049) | -14.7% |
| Total Expenses | 2,062,790 | 1,785,872 | 276,918 | 15.5% |
| CHANGE IN NET POSITION | (16,028) | 180,692 | (196,720) | -108.9% |
| Net Position - Beginning of Year | (698,291) | (878,983) | (180,692) | 20.6% |
| NET POSITION - END OF YEAR | <u>\$ (714,319)</u> | <u>\$ (698,291)</u> | <u>\$ (16,028)</u> | 2.3% |

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.

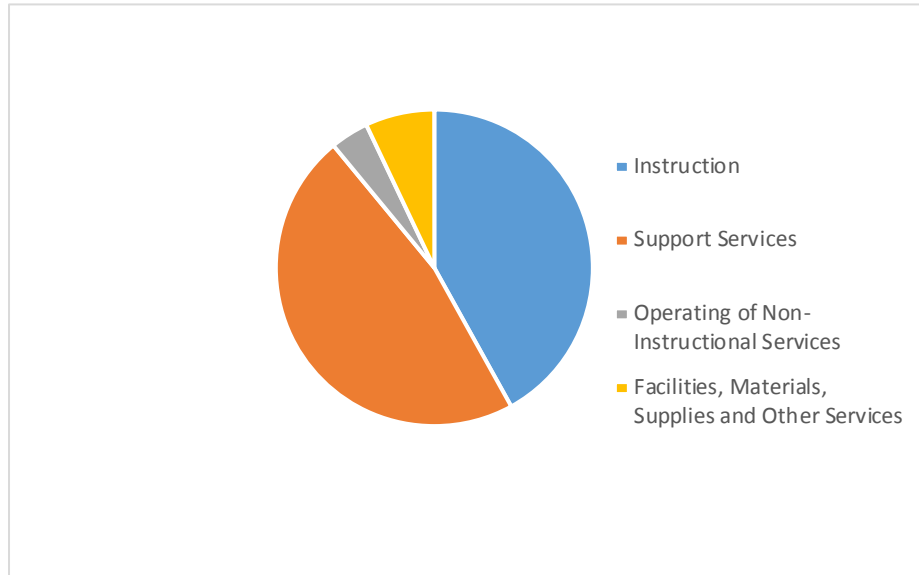
The School's governmental funds reported a combined fund balance of \$530,949 at June 30, 2017, an increase of \$30,786 from the \$500,163 reported at June 30, 2016. The School's General Fund reported an increase in fund balance for the year of \$4,195.

The Public School Capital Outlay and federal reimbursement funds do not carry fund balance. All revenues are expended in the year received. Revenues increased by \$20,193 for the fiscal year ended June 30, 2017 due to the increase in membership and allocations for FY2017.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

The SB9 Capital Outlay fund reported an increase in fund balance for the 2017 year of \$16,623. Capital Outlay expenditures increased by \$15,295 for the fiscal year ended June 30, 2017.

Categorization of Expenditures for Government Funds:



General Fund Budgetary Highlights

Over the course of the year, the School revised the budget several times to account for changes in revenue expectations and program allocations. Since several revenue sources are either unknown or uncertain at the beginning of the fiscal year when the original budget is adopted, budget revisions are necessary throughout the year to recognize these adjustments.

For the year, the School's General Fund reported an increase in fund balance of \$4,195. Revenues from the School for the local operating budget decreased by \$37,576, or 2.4%, from the prior year. Total General Fund expenditures increased \$132,579, or 9.9%. The increase in expenditures in the General Fund was primarily attributed to increases in personnel salaries and benefits as a result of increase in staffing and an approved increase in Teacher and Educational Assistant Salary schedules.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2017**

Capital Assets

Total primary government net capital assets were \$318,230 at June 30, 2017 compared to \$228,476 at June 30, 2016, an increase of 39%. The following is a summary of the School's capital assets, net of depreciation, at June 30, 2017 and 2016.

| | Balance, June 30, 2016 | Additions | Deletions | Balance June 30, 2017 |
|----------------------------------|---------------------------|------------------|-------------|--------------------------|
| Furniture, Fixtures & Equipment | \$ 326,352 | \$ 58,365 | \$ - | \$ 384,717 |
| Buildings/Leasehold Improvements | 19,904 | - | - | 19,904 |
| Construction in Process | - | 57,970 | - | 57,970 |
| Less: Accumulated Depreciation | (117,780) | (26,581) | - | (144,361) |
| Capital Assets, Net | <u>\$ 228,476</u> | <u>\$ 89,754</u> | <u>\$ -</u> | <u>\$ 318,230</u> |

Economic Factors

Oil and Gas revenues are a significant source in the funding of the School; therefore the State's economic outlook directly affects the schools revenues. During the last three years a significant decrease in world-wide oil prices has negatively impacted oil and gas production in the State of New Mexico. As the School is primarily funded with revenues allocated from the State of New Mexico, this has resulted in decreased funding to the School.

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
Nuestros Valores Charter School
6800 Gonzales Road SW
Albuquerque, NM 87121

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
STATEMENT OF NET POSITION
JUNE 30, 2017**

| | Governmental Activities |
|--|----------------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 560,380 |
| Receivables, Net of Allowance for Uncollectibles: | |
| Due from Other Governments | 84,586 |
| Prepaid Expenses | 18,260 |
| Total Current Assets | 663,226 |
| Non-Current Assets: | |
| Capital assets: | |
| Land | - |
| Building/Leasehold Improvements | 384,717 |
| Furniture, Fixtures and Equipment | 19,904 |
| Construction in Progress | 57,970 |
| Less: Accumulated Depreciation | (144,361) |
| Total Non-Current Assets | 318,230 |
| Total Assets | 981,456 |
| Deferred Outflows of Resources Related to Net Pension Liability | 501,488 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 1,482,944 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | |
| Current Liabilities: | |
| Accrued Liabilities | \$ 89,041 |
| Accounts Payable | 41,899 |
| Compensated Absences | 7,456 |
| Total Current Liabilities | 138,396 |
| Non-Current Liabilities: | |
| Net Pension Liability | 2,039,469 |
| Total Liabilities | 2,177,865 |
| Deferred Inflows of Resources Related to Net Pension Liability | 19,398 |
| Net Investment in Capital Assets | 318,230 |
| Restricted | 219,652 |
| Unrestricted | (1,252,201) |
| Total Net Position | (714,319) |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | \$ 1,482,944 |

See accompanying Notes to Financial Statements.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

| 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 | \$ 865,310 | \$ - | \$ 109,060 | \$ - | \$ (756,250) |
| Support Services: | | | | | |
| Students | 256,135 | - | 108,889 | - | (147,246) |
| Instruction | - | - | - | - | - |
| General Administration | 39,134 | - | - | - | (39,134) |
| School Administration | 421,214 | - | 16,597 | - | (404,617) |
| Central Services | 83,756 | - | - | - | (83,756) |
| Operation & Maintenance of Plant | 171,206 | - | - | - | (171,206) |
| Student Transportation | - | - | - | - | - |
| Operating of Non-instructional Services: | | | | | |
| Food Services Operations | 80,393 | - | 79,631 | - | (762) |
| Community Services Operations | - | - | - | - | - |
| Facilities, Materials, Supplies and Other Services | 145,642 | - | 84,112 | 58,365 | (3,165) |
| TOTAL GOVERNMENTAL ACTIVITIES | \$ 2,062,790 | \$ - | \$ 398,289 | \$ 58,365 | (1,606,136) |

GENERAL REVENUES

| | |
|-------------------------------|------------------|
| State Equalization Guarantee | 1,467,152 |
| Miscellaneous | 2,402 |
| Property Taxes | 120,554 |
| Total General Revenues | 1,590,108 |

CHANGE IN NET POSITION

| | |
|-----------------------------------|---------------------|
| | (16,028) |
| Net Position - Beginning of Year | (698,291) |
| NET POSITION - END OF YEAR | \$ (714,319) |

See accompanying Notes to Financial Statements.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2017**

| | 11000 | Major Fund 31400 | Major Fund 31600 | Non-Major Funds | Governmental Funds Total |
|--|-------------------|---------------------------|------------------------------|--------------------|-----------------------------|
| | General | Special Capital Outlay | HB33 Capital Improvements | | |
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 300,455 | \$ - | \$ 184,490 | \$ 75,435 | \$ 560,380 |
| Accounts Receivable: | | | | | |
| Due from Other Governments | - | 58,365 | 2,550 | 23,671 | 84,586 |
| Due from Other Funds | 74,142 | - | - | - | 74,142 |
| Prepaid Expenses | 18,260 | - | - | - | 18,260 |
| TOTAL ASSETS | \$ 392,857 | \$ 58,365 | \$ 187,040 | \$ 99,106 | \$ 737,368 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable | \$ 1,938 | \$ - | \$ 39,961 | \$ - | \$ 41,899 |
| Accrued Liabilities | 78,285 | - | - | 10,756 | 89,041 |
| Due to Other Funds | - | 58,365 | - | 15,777 | 74,142 |
| Total Current Liabilities | 80,223 | 58,365 | 39,961 | 26,533 | 205,082 |
| Deferred Inflows of Resources - | | | | | |
| Unavailable Revenues | - | - | 725 | 612 | 1,337 |
| Fund Balances: | | | | | |
| Nonspendable | 18,260 | - | - | - | 18,260 |
| Restricted | - | - | 146,354 | 71,961 | 218,315 |
| Committed | - | - | - | - | - |
| Assigned for Subsequent Year | 216,042 | - | - | - | 216,042 |
| Unassigned (Deficit) | 78,332 | - | - | - | 78,332 |
| Total Fund Balance (Deficit) | 312,634 | - | 146,354 | 71,961 | 530,949 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | \$ 392,857 | \$ 58,365 | \$ 187,040 | \$ 99,106 | \$ 737,368 |

See accompanying Notes to Financial Statements.

**NUESTROS VALORES CHARTER SCHOOL
(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, 2017**

| | |
|---|----------------------------|
| Total Fund Balance - Governmental Funds (Governmental Fund Balance Sheet) | \$ 530,949 |
| 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 | 462,591 |
| Accumulated depreciation is | <u>(144,361)</u> |
| Total Capital Assets | 318,230 |
| Deferred inflows and outflows of resources related to the net pension liability and not reported in the funds. | |
| Deferred Outflows of Resources | 501,488 |
| Deferred Inflows of Resources | (19,398) |
| Deferred Inflows of Resources - Unavailable Property Taxes | 1,337 |
| 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 | (2,039,469) |
| Compensated Absences Payable | <u>(7,456)</u> |
| Total Long-Term and Other Liabilities | <u>(2,046,925)</u> |
| Net Position of Governmental Activities (Statement of Net Position) | <u>\$ (714,319)</u> |

See accompanying Notes to Financial Statements.

**NUESTROS VALORES CHARTER SCHOOL
(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, 2017**

| | 11000 | 31400 | 31600 | | |
|---|-------------------|---------------------------|------------------------------|--------------------|-----------------------------|
| | General | Special Capital Outlay | HB33 Capital Improvements | Non-Major Funds | Governmental Funds Total |
| REVENUES | | | | | |
| Property Taxes | \$ - | \$ - | 81,475 | \$ 40,143 | \$ 121,618 |
| Local and County Sources | 2,402 | - | - | 2,000 | 4,402 |
| State Sources | 1,467,152 | 58,365 | - | 163,613 | 1,689,130 |
| Federal Sources | - | - | - | 232,676 | 232,676 |
| Total Revenues | <u>1,469,554</u> | <u>58,365</u> | <u>81,475</u> | <u>438,432</u> | <u>2,047,826</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instruction | 676,989 | - | - | 105,642 | 782,631 |
| Support Services: | | | | | |
| Students | 131,516 | - | - | 109,070 | 240,586 |
| Instruction | - | - | - | - | - |
| General Administration | 37,945 | - | 792 | 397 | 39,134 |
| School Administration | 365,403 | - | - | 16,597 | 382,000 |
| Central Services | 83,756 | - | - | - | 83,756 |
| Operation & Maintenance of Plant | 169,750 | - | - | - | 169,750 |
| Operation of Non-Instructional Services: | | | | | |
| Community Services Operations | - | - | - | - | - |
| Food Services Operations | - | - | - | 79,631 | 79,631 |
| Capital Outlay | - | 58,365 | 73,952 | 107,235 | 239,552 |
| Total Expenditures | <u>1,465,359</u> | <u>58,365</u> | <u>74,744</u> | <u>418,572</u> | <u>2,017,040</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 4,195 | - | 6,731 | 19,860 | 30,786 |
| Other Financing Sources (Uses): | | | | | |
| Other Financing Uses | - | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGES IN FUND BALANCES | 4,195 | - | 6,731 | 19,860 | 30,786 |
| Fund Balances - Beginning of Year | <u>308,439</u> | <u>-</u> | <u>139,623</u> | <u>52,101</u> | <u>500,163</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 312,634</u> | <u>\$ -</u> | <u>\$ 146,354</u> | <u>\$ 71,961</u> | <u>\$ 530,949</u> |

See accompanying Notes to Financial Statements.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

| | |
|--|------------------|
| Net Changes in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances) | \$ 30,786 |
|--|------------------|

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

In the Statement of Activities, certain operating expenses - compensated absences (sick and annual leave) 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).

| | |
|--|-----------|
| Expenses related to the net pension liability not reported in the funds. | (136,188) |
| The decrease in compensated absences for the fiscal year was: | 684 |
| Unavailable Revenue - Property Taxes | (1,064) |

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 | 116,335 |
| Depreciation Expense | <u>(26,581)</u> |
| Excess of Depreciation Expense Over Capital Outlay | <u>89,754</u> |

| | |
|--|---------------------------|
| Change in Net Position of Governmental Activities (Statement of Activities) | <u>\$ (16,028)</u> |
|--|---------------------------|

**NUESTROS VALORES CHARTER SCHOOL
(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, 2017**

| | Budgeted Amounts | | Actual Amounts (Budgetary Basis) | Variance From Final Budget Positive (Negative) |
|--|------------------|-----------|--|--|
| | Original | Final | | |
| REVENUES | | | | |
| Local and County Sources | \$ - | \$ 26,452 | \$ 27,222 | \$ 770 |
| State Sources | 1,464,354 | 1,496,577 | 1,467,152 | (29,425) |
| Federal Sources | - | - | - | - |
| Interest | - | - | - | - |
| Total Revenues | 1,464,354 | 1,523,029 | 1,494,374 | (28,655) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 763,509 | 763,509 | 676,987 | 86,522 |
| Support Services: | | | | |
| Students | 267,849 | 227,824 | 131,518 | 96,306 |
| Instruction | - | - | - | - |
| General Administration | 38,500 | 59,500 | 37,945 | 21,555 |
| School Administration | 317,639 | 363,862 | 365,402 | (1,540) |
| Central Services | 85,200 | 87,200 | 83,756 | 3,444 |
| Operation & Maintenance of Plant | 199,162 | 251,172 | 194,456 | 56,716 |
| Student Transportation | - | - | - | - |
| Other Support Services | - | - | - | - |
| Operation of Non-Instructional Services: | | | | |
| Community Services Operations | - | 10,000 | - | 10,000 |
| Food Services Operations | - | - | - | - |
| Capital Outlay | 42,495 | 42,495 | - | 42,495 |
| Total Expenditures | 1,714,354 | 1,805,562 | 1,490,064 | 315,498 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (250,000) | (282,533) | 4,310 | 286,843 |
| DESIGNATED CASH | 250,000 | 282,533 | - | (282,533) |
| NET CHANGES IN FUND BALANCES | \$ - | \$ - | 4,310 | \$ 4,310 |
| RECONCILIATION TO GAAP BASIS | | | | |
| Adjustments to Revenues | | | (24,820) | |
| Adjustments to Expenditures | | | 24,705 | |
| NET CHANGES IN FUND BALANCES | | | \$ 4,195 | |

See accompanying Notes to Financial Statements.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS
JUNE 30, 2017**

| | <u>Agency Funds</u> |
|---------------------------|-------------------------------|
| ASSETS | |
| Cash and Cash Equivalents | <u>\$ 5,471</u> |
| TOTAL ASSETS | <u><u>\$ 5,471</u></u> |
| LIABILITIES | |
| Deposits Held for Others | <u>\$ 5,471</u> |
| TOTAL LIABILITIES | <u><u>\$ 5,471</u></u> |

See accompanying Notes to Financial Statements.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nuestros Valores Charter School (the School), 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. The School's mission is to provide a quality and relevant education in a community that promotes caring and belonging for all students, especially those who seek a more personal and innovative educational setting.

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 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.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Those revenues susceptible to accrual are property taxes, state shared taxes, investment income and charges for services. In accordance with GASB Statement 33, 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.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Ad valorem taxes (property taxes), 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.

The agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the School holds for others in an agency capacity.

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.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 #34, the School is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements are identified below (in addition to the General Fund).

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 Instructional Materials Fund (14000) is used to account for the monies received from the Public Education Department (PED) for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

The Food Service Fund (21000) is used to account for the cost of operating a student breakfast, lunch, snack bar and summer lunch program and is financed with federal grants and fees paid by program users.

Title I (24101) – To establish a framework for comprehensive, standards-based education reform for all students.

The IDEA-B Entitlement Fund (24106) is used to account for federal resources administered by the public education dept. to provide for special educational needs of handicapped 6-21 year olds. (PL 94-142 & PL 99-457)

English Language Acquisition (24153) - Funds will be used to support Alternative Language Services. Funding will support professional development for teachers and principals, ESL summer schools and consulting services. P.L. 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.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

Title I School Improvement (24162) – The major objectives of the Title I program are to provide supplemental educational opportunity for academically disadvantaged children residing in the area. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criterion that identifies a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Public Education Department. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

Title XIX MEDICAID 3/21 years (25152) - 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.

CNM Foundation Fund (26207) - provides extra financial assistance necessary for the citizens of Central New Mexico Community College's service area to obtain the quality educational opportunities they deserve.

Dual Credit Instructional Materials (27103) - To provide instructional materials to students in specific schools for dual credits.

Truancy and Dropout Prevention (27141) - To hire three truancy and dropout prevention coaches.

Teacher & School Leader Incentive Pay (27188) - provides funding for projects that develop and implement performance-based teacher and principal compensation systems in high-need schools.

College Counselor Initiative (27189) - to establish a cohort of high school counselors placed across the state whose role is solely dedicated to college attendance through education about college admission and financial aid.

Teacher & School Leader Incentive Pay Group (27190) - provides funding for projects that develop and implement performance-based teacher and principal compensation systems in high-need schools.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(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.

Special Public School Capital Outlay (31400) – The Special Public School Capital Outlay Fund is used to account for the monies received from the New Mexico Public Education Department for the purpose of accounting for special legislative appropriations monies received for facility improvements. **This is a Major Fund.**

The Capital Improvements SB9 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 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).

Capital Improvements SB9 Local 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 a special tax levy as authorized by the Public School District Capital Improvements Act. (22-25-1 to 22-25-10, NMSA 1978)

Additionally, the School reports the following fund type:

Fiduciary Funds are used to account for assets held by the School as an agent for individuals, private organizations or other governments. Agency Funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. These funds 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 not available for use by the School.

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the School Wide Financial Statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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."

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 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, 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, respectively.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

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.

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 Vehicles, Trucks, and Trailers | 8 Years | Improvements to Bldgs. | 20 Years |
| Furniture, Major Appliances, Large | 8 Years | Portable School Buildings | 25 Years |
| | 10 Years | Buildings | 40 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 school teachers and support staff) work nine 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 expenses in the accompanying financial statements include accrued salaries for services performed through June 30, 2017 for these employees. The accrued salaries will be paid within two months after the end of the fiscal year.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Compensated Absences: In the event of termination or retirement, the School Principal may be paid for up to 12 and one half hours of accumulated vacation leave. Accordingly, accumulated vacation leave is recorded as if fully vested. The vested vacation leave payable is calculated using current pay levels and is recorded in the government-wide financial statements.

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.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of financial 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 \$501,488 related to the pension plan in this category as of June 30, 2017.

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 \$19,398 at June 30, 2017 related to the pension plan. In addition, the School reported deferred inflows of resources in the governmental funds that amounted to \$1,337 at June 30, 2017 for unavailable revenues.

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 of their form or because they must remain intact
- **Restricted** - amounts constrained by external parties, constitutional provision, or enabling legislation

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

- **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
- **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 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.

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.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

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 insure that the school district's or charter school operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, 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) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The School received \$1,467,152 in state equalization guarantee distributions during the year ended June 30, 2017.

Revenues

Tax Revenues: The School receives mill levy and ad valorem tax revenues primarily for debt service 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.

Property 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 some to each fund once per month.

Instructional Materials: The New Mexico State Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts and charter schools for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed on the State Board of Education's "State Adopted Instructional Material" list, while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2017 totaled \$8,553.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues (Continued)

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10, NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3, NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1st of each year that the tax is imposed, in accordance with Section 22-25-3, NMSA 1978. However, in the event that sufficient funds are not available in the public school capital improvements fund to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

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.

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.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues (Continued)

Allocation of Indirect Expenses: The School reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The School does not currently employ indirect cost allocation systems. Depreciation expense not charged to a specific function is identified as unallocated on the Statement of Activities.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB, 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.

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; 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 "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.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Information (Continued)

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.

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, 2017 is presented with each fund's Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis).

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.

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, 2017.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

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.

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 Federal Deposit Insurance Corporation, 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.

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, 2017, \$376,890 of the School's bank balance of \$626,890 was exposed to custodial credit risk because it was uninsured and collateral held by the pledging bank's trust department was not in the School's name. In addition, \$157,636 of the School's bank balance was uninsured and uncollateralized.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3 ACCOUNTS RECEIVABLE

As of June 30, 2017, accounts receivable consists of the following:

| | |
|-------------------|-----------|
| Intergovernmental | \$ 84,586 |
| Total | \$ 84,586 |

NOTE 4 CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2017 follows:

| Primary Government Activities | Balance, June 30, 2016 | Additions | Deletions | Balance, June 30, 2017 |
|----------------------------------|---------------------------|-----------|-----------|---------------------------|
| Building/Leasehold Improvements | \$ 326,352 | \$ 58,365 | \$ - | \$ 384,717 |
| Furniture, Fixtures & Equipment | 19,904 | | - | 19,904 |
| Construction In Progress | - | 57,970 | | 57,970 |
| Total | 346,256 | 116,335 | - | 462,591 |
| Accumulated Depreciation | | | | |
| Building/Leasehold Improvements | (115,106) | (24,863) | - | (139,969) |
| Furniture, Fixtures & Equipment | (2,674) | (1,718) | - | (4,392) |
| Total Accumulated Depreciation | (117,780) | (26,581) | - | (144,361) |
| Net Total | \$ 228,476 | \$ 89,754 | \$ - | \$ 318,230 |

Depreciation expense for the year ended June 30, 2017 was charged to the following functions:

| | |
|----------------------------------|-----------|
| Direct Instruction | \$ 1,938 |
| Operation & Maintenance of Plant | 1,456 |
| Food Services | 762 |
| Facilities, Materials, Supplies | 22,425 |
| Total | \$ 26,581 |

NOTE 5 PENSIONS

General Information about the Pension Plan

Plan Description. ERB was created by the state's Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer 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 agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates. ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at www.nmerb.org.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5 PENSIONS (CONTINUED)

General Information about the Pension Plan (Continued)

Benefits Provided. A member's retirement benefit is determined by a formula which includes three component parts: the member's final average salary (FAS), the number of years of service credit, and 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. A brief summary of Plan coverage provisions follows:

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 or 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date 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 sixty-seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

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. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor's benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5 PENSIONS (CONTINUED)

General Information about the Pension Plan (Continued)

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.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

Contributions. The contribution requirements of defined benefit plan members and the charter schools are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For fiscal year ended June 30, 2017, employers contributed 13.90%, and employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. There were no changes to contribution requirements between fiscal years 2017 and 2016. Contributions to the pension plan from the School for the year ended June 30, 2017 was \$131,372.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016. At June 30, 2017, the School reported a liability for its proportionate share of the net pension liability, as detailed in the table below. The School's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2016. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2016 and June 30, 2015, the Schools' proportions were as detailed in the following table. For the year ended June 30, 2017, the School recognized pension expense in the amounts as further detailed in the following table.

| June 30, 2015 Proportionate Share | June 30, 2016 Proportionate Share | June 30, 2017 Net Pension Liability | June 30, 2017 Pension Expense |
|---|---|---|-------------------------------------|
| 0.02567% | 0.02834% | \$ 2,039,469 | \$ 268,122 |

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5 PENSIONS (CONTINUED)

General Information about the Pension Plan (Continued)

At June 30, 2017, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual Experience | \$ 8,848 | \$ (19,398) |
| Changes of Assumptions | 41,515 | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 121,739 | - |
| Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions | 198,014 | - |
| Employer's Contributions Subsequent to the Measurement Date | 131,372 | - |
| Total | <u>\$ 501,488</u> | <u>\$ (19,398)</u> |

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | Amount |
|----------------------|------------|
| 2018 | \$ 113,153 |
| 2019 | 115,314 |
| 2020 | 92,564 |
| 2021 | 29,687 |
| 2022 | - |
| Thereafter | - |

Actuarial assumptions. As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2016. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2016. Specifically, the liabilities measured as of June 30, 2016 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5 PENSIONS (CONTINUED)

General Information about the Pension Plan (Continued)

3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on June 12, 2015 in conjunction with the six-year experience study period ending June 30, 2014.

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contribution rates included in the measurement are as follows:

| | |
|---------------------------|---|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage of Payroll |
| Remaining Period | Amortized – closed 30 years from June 30, 2012 to June 30, 2042 |
| Asset Valuation Method | 5 year smoothed market for funding valuation (fair value for financial valuation) |
| Inflation | 3.00% |
| Salary Increases | Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service |
| Investment Rate of Return | 7.75% |
| Retirement Age | Experience based table of age and service rates |
| Mortality | 90% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2014 using Scale AA (one year setback for females) |

Rate of Return: The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric expected rates of return for each major asset class included in the Plan’s target asset allocation for 2015 and 2016 for 30-year return assumptions are summarized in the following table:

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5 PENSIONS (CONTINUED)

General Information about the Pension Plan (Continued)

| <u>Asset Class</u> | Expected Rate of Return <u>2016</u> | Expected Rate of Return <u>2017</u> |
|-----------------------------------|---|---|
| Cash | -0.25% | 0.00% |
| Treasuries | 0.00% | 0.25% |
| IG Corp Credit | 1.75% | 1.50% |
| MBS | 0.25% | 0.50% |
| Core Bonds | 0.64% | 0.73% |
| TIPS | 0.75% | 0.75% |
| High Yield Bonds | 2.55% | 2.50% |
| Bank Loans | 2.75% | 2.75% |
| Global Bonds (Unhedged) | -0.50% | -1.00% |
| Global Bonds (Hedged) | -0.38% | -0.84% |
| EMD External | 2.75% | 2.75% |
| EMD Local Currency | 3.25% | 3.50% |
| Large Cap Equities | 4.25% | 4.25% |
| Small/Mid Cap | 4.50% | 4.50% |
| International Equities (Unhedged) | 4.75% | 4.75% |
| International Equities (Hedged) | 5.14% | 5.22% |
| Emerging International Equities | 6.25% | 6.00% |
| Private Equity | 6.25% | 6.25% |
| Private Debt | 4.75% | 4.75% |
| Private Real Assets | 4.50% | 4.50% |
| Real Estate | 3.25% | 3.25% |
| Commodities | 3.25% | 2.50% |
| Hedge Funds | 3.25% | 3.50% |

Discount rate: A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2016 and June 30, 2015. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore, the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB's defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5 PENSIONS (CONTINUED)

General Information about the Pension Plan (Continued)

Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2016. In particular, the table presents the School's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

| Proportionate Share of Net Pension Liability | | |
|--|-------------------------------------|------------------------|
| 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
| \$ 2,701,230 | \$ 2,039,469 | \$ 1,490,395 |

Pension plan fiduciary net position. Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2016 and 2015, which are publicly available at www.nmerb.org.

Payables to the pension plan. \$-0- was payable to the Plan as of June 30, 2017, which is related to required contributions outstanding at the end of the period.

NOTE 6 COMMITMENTS AND LIABILITIES

The school leases facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2017 was \$100,608. There were no commitments for lease obligations for periods after June 30, 2017.

The School had a compensated absences balance of \$8,141 at the beginning of the fiscal year. Reductions to the balance were \$685, which resulted in an ending balance of \$7,456.

NOTE 7 RETIREE HEALTH CARE (RHC) CONTRIBUTIONS

State Retiree Health Care Act

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

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 RETIREE HEALTH CARE (RHC) CONTRIBUTIONS (CONTINUED)

State Retiree Health Care Act (Continued)

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

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

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

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998 are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees who were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plan 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees who were not members of an enhanced retirement plan during

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 RETIREE HEALTH CARE (RHC) CONTRIBUTIONS (CONTINUED)

State Retiree Health Care Act (Continued)

the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

During fiscal years 2017, 2016 and 2015, RHC remitted by the School was \$19,491, \$16,388, and \$14,592, respectively, in employer contributions, as well as \$9,790, \$8,195 and \$7,296, respectively, in employee contributions.

NOTE 8 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, 2017 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 | \$ - | \$ 74,142 |
| Special Capital Outlay | 58,365 | - |
| IDEA B | 1,289 | - |
| English Language Acquisition | 1,235 | - |
| Title 1 School Improvement | 1,200 | - |
| Truancy Initiative PED | 12,053 | - |
| Total Due to/from Other Funds | \$ 74,142 | \$ 74,142 |

- B. Deficit fund balance of individual funds.
No funds reporting a deficit fund balance at June 30, 2017.
- C. Excess of expenditures over appropriations.
No funds exceeded budgetary authority for the year ended June 30, 2017.

**NUESTROS VALORES CHARTER SCHOOL
(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, 2017**

**SCHEDULE OF NUESTROS VALORES CHARTER SCHOOL'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Educational Retirement Board (ERB) Plan
Last 10 Fiscal Years * (Unaudited)**

| | Measurement Date | | |
|--|------------------|---------------|---------------|
| | June 30, 2016 | June 30, 2015 | June 30, 2014 |
| Proportion of the Net Pension Liability (Asset) | 0.02834% | 0.02567% | 0.02340% |
| Proportionate Share of the Net Pension Liability | \$ 2,039,469 | \$ 1,662,714 | \$ 1,332,859 |
| Covered Payroll | \$ 809,475 | \$ 729,612 | \$ 643,939 |
| Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 251.95% | 227.88% | 206.99% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 61.58% | 63.97% | 66.54% |

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

**SCHEDULE OF NUESTROS VALORES CHARTER SCHOOL'S CONTRIBUTIONS
Educational Retirement Board (ERB) Plan
Last 10 Fiscal Years * (Unaudited)**

| | June 30, 2017 | June 30, 2016 | June 30, 2015 |
|--|---------------|---------------|---------------|
| Contractually Required Contribution | \$ 131,372 | \$ 112,517 | \$ 101,416 |
| Contributions in Relation to the Contractually Required Contribution | 131,372 | 112,517 | 101,416 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - |
| Covered Payroll | \$ 945,122 | \$ 809,475 | \$ 729,612 |
| Contributions as a Percentage of Covered Payroll | 13.90% | 13.90% | 13.90% |

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

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017**

Changes of benefit terms

The COLA and retirement eligibility benefits changes in recent years are described in the *Benefits Provided* subsection of Note 5, Pensions.

Changes of assumptions

ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on June 12, 2015, ERB implemented the following changes in assumptions for fiscal years 2016 and 2015.

1. Fiscal year 2015 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 4.25% to 3.75%
 - b. Payroll growth will remain at 3.50%
 - c. Minor changes to demographic assumptions
 - d. Population growth per year from 0.50% to 0%
2. Assumptions that were not changed:
 - a. Investment return will remain at 7.75%
 - b. Inflation will remain at 3.00%

See also the *Actuarial Assumptions* subsection of Note 5, Pensions.

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

| | 14000 Instructional Materials | 21000 Food Services | 24101 Title I IASA | 24106 IDEA-B Entitlement |
|--|-------------------------------------|---------------------------|--------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 9,566 | \$ - | \$ 1,506 | \$ - |
| Accounts Receivable: | | | | |
| Due from Other Governments | - | - | - | 1,289 |
| Due from Other Funds | - | - | - | - |
| TOTAL ASSETS | \$ 9,566 | \$ - | \$ 1,506 | \$ 1,289 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - |
| Accrued Liabilities | - | - | 1,506 | - |
| Due to Other Funds | - | - | - | 1,289 |
| Total Current Liabilities | - | - | 1,506 | 1,289 |
| Deferred Inflows of Resources - | | | | |
| Unavailable Revenues | - | - | - | - |
| Fund Balances: | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 9,566 | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned (Deficit) | - | - | - | - |
| Total Fund Balance (Deficit) | 9,566 | - | - | - |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | \$ 9,566 | \$ - | \$ 1,506 | \$ 1,289 |

| 24153 English Language Acquisition | 24154 Teacher/ Principal Training | 24162 Title I School Improvement | 25152 Title XIX Medicaid | 26207 CNM Foundation Fund | 27103 Dual Credit | 27141 Truancy Initiative PED |
|---|--|--|--------------------------------|------------------------------------|-------------------------|------------------------------------|
| \$ - | \$ - | \$ - | \$ 2,855 | \$ 3,189 | \$ - | \$ - |
| 1,235 | - | 1,200 | - | - | - | 18,445 |
| - | - | - | - | - | - | - |
| <u>\$ 1,235</u> | <u>\$ -</u> | <u>\$ 1,200</u> | <u>\$ 2,855</u> | <u>\$ 3,189</u> | <u>\$ -</u> | <u>\$ 18,445</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | 6,392 |
| 1,235 | - | 1,200 | - | - | - | 12,053 |
| 1,235 | - | 1,200 | - | - | - | 18,445 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | 2,855 | 3,189 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | 2,855 | 3,189 | - | - |
| <u>\$ 1,235</u> | <u>\$ -</u> | <u>\$ 1,200</u> | <u>\$ 2,855</u> | <u>\$ 3,189</u> | <u>\$ -</u> | <u>\$ 18,445</u> |

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017**

| | 27188 Teacher and School Leader Incentive Pay | 27189 College Counselor Initiative | 27190 Teacher and School Leader Incentive Pay Group | 31200 Public School Capital Outlay |
|--|---|--|--|--|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ - | \$ 2,858 | \$ - | \$ - |
| Accounts Receivable: | | | | |
| Due from Other Governments | - | - | - | - |
| Due from Other Funds | - | - | - | - |
| TOTAL ASSETS | \$ - | \$ 2,858 | \$ - | \$ - |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - |
| Accrued Liabilities | - | 2,858 | - | - |
| Due to Other Funds | - | - | - | - |
| Total Current Liabilities | - | 2,858 | - | - |
| Deferred Inflows of Resources - | | | | |
| Unavailable Revenues | - | - | - | - |
| Fund Balances: | | | | |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned (Deficit) | - | - | - | - |
| Total Fund Balance (Deficit) | - | - | - | - |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | \$ - | \$ 2,858 | \$ - | \$ - |

| 31701 SB9 Local Capital Improvements | | Total |
|--|---------------|------------------|
| \$ | 55,461 | \$ 75,435 |
| | 1,502 | 23,671 |
| | - | - |
| <u>\$</u> | <u>56,963</u> | <u>\$ 99,106</u> |
| | | |
| \$ | - | \$ - |
| | - | 10,756 |
| | - | <u>15,777</u> |
| | - | 26,533 |
| | | |
| | 612 | 612 |
| | | |
| | - | - |
| | 56,351 | 71,961 |
| | - | - |
| | - | - |
| | - | - |
| <u>\$</u> | <u>56,351</u> | <u>71,961</u> |
| | | |
| <u>\$</u> | <u>56,963</u> | <u>\$ 99,106</u> |

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017**

| | 14000 Instructional Materials | 21000 Food Services | 24101 Title I IASA | 24106 IDEA-B Entitlement |
|---|-------------------------------------|---------------------------|--------------------------|--------------------------------|
| REVENUES | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Local and County Sources | - | - | - | - |
| State Sources | 8,553 | - | - | - |
| Federal Sources | - | 79,631 | 47,856 | 3,974 |
| Total Revenues | 8,553 | 79,631 | 47,856 | 3,974 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 4,420 | - | 47,085 | - |
| Support Services: | | | | |
| Students | - | - | 771 | 3,974 |
| Instruction | - | - | - | - |
| General administration | - | - | - | - |
| School Administration | - | - | - | - |
| Central services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other support services | - | - | - | - |
| Operation of Non-Instructional Services: | | | | |
| Community services operations | - | - | - | - |
| Food Services Operations | - | 79,631 | - | - |
| Capital outlay | - | - | - | - |
| Total Expenditures | 4,420 | 79,631 | 47,856 | 3,974 |
| Excess (Deficiency) of Revenues over (under) Expenditures | 4,133 | - | - | - |
| Other Financing Sources (Uses): | | | | |
| Other Financing Uses | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - |
| NET CHANGES IN FUND BALANCES | 4,133 | - | - | - |
| FUND BALANCES, BEGINNING OF YEAR | 5,433 | - | - | - |
| FUND BALANCES, END OF YEAR | \$ 9,566 | \$ - | \$ - | \$ - |

| 24153 English Language Acquisition | 24154 Teacher/ Principal Training | 24162 Title I School Improvement | 25152 Title XIX Medicaid | 26207 CNM Foundation Fund | 27103 Dual Credit | 27141 Truancy Initiative PED |
|---|--|--|--------------------------------|------------------------------------|-------------------------|------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | 2,000 | - | - |
| - | - | - | - | - | 521 | - |
| 1,235 | 12,194 | 17,786 | - | - | - | 70,000 |
| 1,235 | 12,194 | 17,786 | - | 2,000 | 521 | 70,000 |
| 1,235 | 8,658 | 17,786 | - | 2,715 | 521 | - |
| - | - | - | 181 | - | - | 70,000 |
| - | - | - | - | - | - | - |
| - | 3,536 | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 1,235 | 12,194 | 17,786 | 181 | 2,715 | 521 | 70,000 |
| - | - | - | (181) | (715) | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | (181) | (715) | - | - |
| - | - | - | 3,036 | 3,904 | - | - |
| \$ - | \$ - | \$ - | \$ 2,855 | \$ 3,189 | \$ - | \$ - |

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

| | 27188 Teacher and School Leader Incentive Pay | 27189 College Counselor Initiative | 27190 Teacher and School Leader Incentive Pay Group | 31200 Public School Capital Outlay |
|---|---|--|--|--|
| REVENUES | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Local and County Sources | - | - | - | - |
| State Sources | 30,702 | 32,500 | 7,225 | 84,112 |
| Federal Sources | - | - | - | - |
| Total Revenues | 30,702 | 32,500 | 7,225 | 84,112 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 18,641 | - | 4,581 | - |
| Support Services: | | | | |
| Students | - | 32,500 | 1,644 | - |
| Instruction | - | - | - | - |
| General administration | - | - | - | - |
| School Administration | 12,061 | - | 1,000 | - |
| Central services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other support services | - | - | - | - |
| Operation of Non-Instructional Services: | | | | |
| Community services operations | - | - | - | - |
| Food Services Operations | - | - | - | - |
| Capital outlay | - | - | - | 84,112 |
| Total Expenditures | 30,702 | 32,500 | 7,225 | 84,112 |
| Excess (Deficiency) of Revenues over (under) Expenditures | - | - | - | - |
| Other Financing Sources (Uses): | | | | |
| Other Financing Uses | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - |
| NET CHANGES IN FUND BALANCES | - | - | - | - |
| FUND BALANCES, BEGINNING OF YEAR | - | - | - | - |
| FUND BALANCES, END OF YEAR | \$ - | \$ - | \$ - | \$ - |

| 31701 SB9 Local Capital Improvements | | Total | |
|--|---------------|-------|----------------|
| \$ | 40,143 | \$ | 40,143 |
| | - | | 2,000 |
| | - | | 163,613 |
| | - | | <u>232,676</u> |
| | 40,143 | | 438,432 |
| | - | | 105,642 |
| | - | | 109,070 |
| | - | | - |
| | 397 | | 397 |
| | - | | 16,597 |
| | - | | - |
| | - | | - |
| | - | | - |
| | - | | - |
| | - | | 79,631 |
| | <u>23,123</u> | | <u>107,235</u> |
| | <u>23,520</u> | | <u>418,572</u> |
| | 16,623 | | 19,860 |
| | - | | - |
| | - | | - |
| | 16,623 | | 19,860 |
| | <u>39,728</u> | | <u>52,101</u> |
| \$ | <u>56,351</u> | \$ | <u>71,961</u> |

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS
(REQUIRED BY 2.2.2 NMAC)
YEAR ENDED JUNE 30, 2017**

| | Balance, July 1, 2016 | Additions | Deletions | Balance, June 30, 2017 |
|---------------------------|-----------------------------|-----------------|-------------------|------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 3,018 | \$ 9,255 | \$ (6,802) | \$ 5,471 |
| TOTAL ASSETS | <u>\$ 3,018</u> | <u>\$ 9,255</u> | <u>\$ (6,802)</u> | <u>\$ 5,471</u> |
| LIABILITIES | | | | |
| Deposits Held for Others | \$ 3,018 | \$ 9,255 | \$ (6,802) | \$ 5,471 |
| TOTAL ASSETS | <u>\$ 3,018</u> | <u>\$ 9,255</u> | <u>\$ (6,802)</u> | <u>\$ 5,471</u> |

**NUESTROS VALORES CHARTER SCHOOL
(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, 2017**

| <u>Name of Depository</u> | <u>Description of Pledged Collateral</u> | <u>Fair/Par Market Value June 30, 2017</u> | <u>Safekeeping Agent</u> |
|---------------------------|--|--|------------------------------|
| Wells Fargo | 3138MQEK5 | \$ 219,254 | BNY Mellon |
| | | <u>\$ 219,254</u> | |
| | Total Amount on Deposit | \$ 626,890 | |
| | Less: FDIC | <u>(250,000)</u> | |
| | Total Uninsured Public Money | 376,890 | |
| | 50% Collateral Requirement | 188,445 | |
| | Total Pledged | <u>219,254</u> | |
| | Over (Under) Pledged | <u>\$ 30,809</u> | |

NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
SCHEDULE OF CASH AND CASH EQUIVALENTS
(REQUIRED BY 2.2.2 NMAC)
JUNE 30, 2017

| | Wells Fargo |
|---------------------------------------|-------------|
| Operating Account | \$ 626,890 |
| Reconciling Items | (61,039) |
| Reconciled Balance at June 30, 2017 | 565,851 |
| Less: Activity Funds | (5,471) |
| Balance per Statement of Net Position | \$ 560,380 |

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
CASH RECONCILIATION
(REQUIRED BY 2.2.2 NMAC)
JUNE 30, 2017**

| | Operational Account 11000 | Pupil Transportation 13000 | Instructional Materials 14000 | Food Services 21000 | Student Activity 23000 | Projects Account 24000 | Direct Account 25000 |
|---|---------------------------------|----------------------------------|-------------------------------------|---------------------------|------------------------------|------------------------------|----------------------------|
| June 30, 2016 Cash (Book Balance) | \$ 272,942 | \$ - | \$ 5,433 | \$ - | \$ 3,018 | \$ - | \$ 3,036 |
| June 30, 2016 Payroll Liabilities | (60,248) | - | - | - | - | (7,256) | - |
| June 30, 2016 Temporary Interfund Loans | 92,990 | - | - | - | - | (18,377) | - |
| June 30, 2016 Adjustments/Reconciling Differences | - | - | - | - | - | - | - |
| June 30, 2016 Cash Available to Budget | 305,684 | - | 5,433 | - | 3,018 | (25,633) | 3,036 |
| 2016-2017 Revenue | 1,494,374 | - | 8,553 | 79,631 | 9,257 | 104,954 | - |
| 2016-2017 Expenditures | (1,490,064) | - | (4,420) | (79,631) | (6,804) | (83,045) | (181) |
| Permanent Cash Transfers/Reversions | - | - | - | - | - | - | - |
| Adjustments | - | - | - | - | - | - | - |
| June 30, 2017 Cash Available to Budget | 309,994 | - | 9,566 | - | 5,471 | (3,724) | 2,855 |
| June 30, 2017 Payroll Liabilities | 78,285 | - | - | - | - | 1,506 | - |
| June 30, 2017 Temporary Interfund Loans | (74,142) | - | - | - | - | 3,724 | - |
| June 30, 2017 Adjustments/Reconciling Differences | (13,682) | - | - | - | - | - | - |
| June 30, 2017 Cash (Book Balance) | \$ 300,455 | \$ - | \$ 9,566 | \$ - | \$ 5,471 | \$ 1,506 | \$ 2,855 |
| Reconciliation to PED Cash Report Line 7 | | | | | | | |
| June 30, 2017 Cash (Book Balance) | \$ 300,455 | \$ - | \$ 9,566 | \$ - | \$ 5,471 | \$ 1,506 | \$ 2,855 |
| June 30, 2017 Payroll Liabilities | (78,285) | - | - | - | - | (1,506) | - |
| June 30, 2017 Temporary Interfund Loans | 74,142 | - | - | - | - | (3,724) | - |
| Audit adjustments and reclassifications | 24,820 | - | - | - | - | - | - |
| Line 7 PED Cash Report June 30, 2017 * | \$ 321,132 | \$ - | \$ 9,566 | \$ - | \$ 5,471 | \$ (3,724) | \$ 2,855 |

* May include rounding errors when compared to PED Cash Report

| Grants Fund 26000 | State Flow-through Fund 27000 | State Direct Account 28000 | Local/State Account 29000 | Public School Capital Outlay 31200 | Special Capital Outlay 31400 | Capital Improve. HB 33 31600 | Capital Improve. State SB 9 31700 | Capital Improve. Local SB 9 31701 | Total Primary Government |
|-------------------|-------------------------------|----------------------------|---------------------------|------------------------------------|------------------------------|------------------------------|-----------------------------------|-------------------------------------|--------------------------|
| \$ 3,904 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 139,648 | \$ 14,102 | \$ - | \$ 442,083 |
| - | (6,275) | - | - | - | - | - | - | - | (73,779) |
| - | (23,270) | - | - | (23,468) | (27,875) | - | - | - | - |
| - | - | - | - | - | (4,265) | - | - | - | (4,265) |
| 3,904 | (29,545) | - | - | (23,468) | (32,140) | 139,648 | 14,102 | - | 364,039 |
| 2,000 | 152,048 | - | - | 107,580 | 32,140 | 81,322 | 10,404 | 40,059 | 2,122,322 |
| (2,715) | (140,948) | - | - | (84,112) | (58,365) | (36,480) | - | (33,924) | (2,020,689) |
| - | - | - | - | - | - | - | (24,506) | 24,506 | - |
| - | - | - | - | - | - | - | - | - | - |
| 3,189 | (18,445) | - | - | - | (58,365) | 184,490 | - | 30,641 | 465,672 |
| - | 9,250 | - | - | - | - | - | - | - | 89,041 |
| - | 12,053 | - | - | - | 58,365 | - | - | - | - |
| - | - | - | - | - | - | - | - | 24,820 | 11,138 |
| \$ 3,189 | \$ 2,858 | \$ - | \$ - | \$ - | \$ - | \$ 184,490 | \$ - | \$ 55,461 | \$ 565,851 |
| | | | | | | | | Less Activity Funds Per Exhibit B-1 | (5,471) |
| | | | | | | | | | \$ 560,380 |
| \$ 3,189 | \$ 2,858 | \$ - | \$ - | \$ - | \$ - | \$ 184,490 | \$ - | \$ 55,461 | \$ 565,851 |
| - | (9,250) | - | - | - | - | - | - | - | (89,041) |
| - | (12,053) | - | - | - | (58,365) | - | - | - | - |
| - | - | - | - | - | - | - | - | (24,820) | - |
| \$ 3,189 | \$ (18,445) | \$ - | \$ - | \$ - | \$ (58,365) | \$ 184,490 | \$ - | \$ 30,641 | \$ 476,810 |



CliftonLarsonAllen

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

Nuestros Valores Charter School
Governing Council and
Mr. Tim Keller
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the general fund budgetary comparison of the Nuestros Valores Charter School (the School) as of and for the year ended June 30, 2017, 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 14, 2017.

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) to determine the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as 2017-032 that we consider to be a significant deficiency.

Nuestros Valores Charter School
Governing Council and
Mr. Tim Keller
New Mexico State Auditor

Compliance and Other Matters

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

Response to Findings

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

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 result 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.



CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 14, 2017

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2017**

SECTION I – FINANCIAL STATEMENT FINDINGS

2017-032 Internal Control over Financial Reporting (Significant Deficiency)

Condition: Earnest monies of \$10,000 were paid to a lender to secure financing, however the school did not properly identify as a prepaid expense as the financing was not secured in FY17.

Context: See Condition.

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: Management oversight

Effect: Non-compliance with state statute.

Auditor's Recommendation: We recommend management review costs related to debt issuance and construction to determine prepaid and capitalizable costs.

Management's Response: In order to prevent errors over internal controls, Financial Reporting and Compliance Matters, Nuestros Valores Charter School is in the process of creating an Audit and Finance Committee Procedures Manual as well as a check list of all year-end reports and procedures. This will be completed by December 31, 2017.

Implementation: December 31, 2017

Person Responsible: Business Manager and Audit/Finance Committee

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2017**

FINDINGS — FINANCIAL STATEMENT AUDIT

2016-025 Bank Reconciliation (Significant Deficiency) - Resolved

2016-026 Travel and Per Diem (Compliance and Other Matters) - Resolved

2016-027 (Original Finding 2014-014) Timely Deposit of Cash Receipts (Compliance and Other Matters) - Resolved

2016-028 Internal Controls Over Reimbursements (Compliance and Other Matters) - Resolved

**NUESTROS VALORES CHARTER SCHOOL
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL
SCHOOL DISTRICT NO. 12)
JUNE 30, 2017**

An exit conference was held with the School on September 28, 2017. 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:

NUESTROS VALORES CHARTER SCHOOL

Anthony Carrillo, Governing Council President
Rhonda Cordova, Business Manager
Judy Bergs, APS Representative
Joseph Escobedo, APS Representative

CLIFTONLARSONALLEN LLP

Victor Kraft, CPA, CGFM, CFE, Engagement Manager

PREPARATION OF FINANCIAL STATEMENTS

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