

**ALICE KING COMMUNITY SCHOOL**  
**(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL**  
**SCHOOL DISTRICT NO. 12)**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2016**

<b>OFFICIAL ROSTER</b>	<b>1</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	<b>2</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>5</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>11</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>12</b>
<b>BALANCE SHEET – GOVERNMENTAL FUNDS</b>	<b>13</b>
<b>RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS  TO THE STATEMENT OF NET POSITION</b>	<b>14</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  BALANCES - GOVERNMENTAL FUNDS</b>	<b>15</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE  STATEMENT OF ACTIVITIES</b>	<b>16</b>
<b>GENERAL FUND (FUND 11000) STATEMENT OF REVENUES,  EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET  (BUDGETARY BASIS) AND ACTUAL</b>	<b>17</b>
<b>STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY  FUNDS</b>	<b>18</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>19</b>
<b>SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION  LIABILITY AND CONTRIBUTIONS (REQUIRED SUPPLEMENTARY  INFORMATION)</b>	<b>46</b>
<b>NOTES TO REQUIRED SUPPLEMENTARY INFORMATION</b>	<b>47</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>PUBLIC SCHOOL CAPITAL OUTLAY (FUND 31200) – MAJOR FUND -  STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL</b>	<b>48</b>

**ALICE KING COMMUNITY SCHOOL**  
**(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL**  
**SCHOOL DISTRICT NO. 12)**  
**TABLE OF CONTENTS**  
**YEAR ENDED JUNE 30, 2016**

<b>SB 9 CAPITAL IMPROVEMENTS FUND (FUND 31700) – MAJOR FUND - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL</b>	<b>49</b>
<b>COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS</b>	<b>50</b>
<b>COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – NON-MAJOR GOVERNMENTAL FUNDS</b>	<b>52</b>
<b>INSTRUCTIONAL MATERIALS (FUND 14000) STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL</b>	<b>54</b>
<b>FOOD SERVICES FUND (FUND 21000) STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL</b>	<b>55</b>
<b>IDEA-B ENTITLEMENT (FUND 24106) STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL</b>	<b>56</b>
<b>IDEA-B RISK POOL (FUND 24120) STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL</b>	<b>57</b>
<b>ENGLISH LANGUAGE ACQUISITION (FUND 24153) STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL</b>	<b>58</b>
<b>TEACHER/PRINCIPAL TRAINING (FUND 24154) STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL</b>	<b>59</b>
<b>TITLE XIX MEDICAID (FUND 24152) STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL</b>	<b>60</b>
<b>DIRECT ACTION FOR YOUTH FOUNDATION (FUND 24158) STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL</b>	<b>61</b>
<b>FUEL UP TO PLAY 60 (FUND 26216) STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL</b>	<b>62</b>
<b>NM READS TO LEAD K-3 (FUND 27114) STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL</b>	<b>63</b>

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2016**

<b>NM GROWN FRESH FRUITS &amp; VEGETABLES (FUND 27183) STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL</b>	<b>64</b>
<b>SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS (REQUIRED BY 2.2.2 NMAC)</b>	<b>65</b>
<b>SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS (REQUIRED BY 2.2.2 NMAC)</b>	<b>66</b>
<b>SCHEDULE OF CASH AND CASH EQUIVALENTS (REQUIRED BY 2.2.2 NMAC)</b>	<b>67</b>
<b>CASH RECONCILIATION (REQUIRED BY 2.2.2 NMAC)</b>	<b>68</b>
<b>SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING \$60,000 (EXCLUDING GRT) – UNAUDITED (REQUIRED BY 2.2.2 NMAC)</b>	<b>70</b>
<b>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></b>	<b>71</b>
<b>SCHEDULE OF FINDINGS AND RESPONSES</b>	<b>73</b>
<b>SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS</b>	<b>75</b>
<b>EXIT CONFERENCE</b>	<b>76</b>

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
OFFICIAL ROSTER  
JUNE 30, 2016**

**Alice King Community School Governing Council**

Aaron Kugler, President

Jane Knap, Vice President

Molly Bell, Secretary

Lee Baldwin, Treasurer

**Alice King Community School Administration**

Tamara Henderson, Head Administrator/Principal

Tonya Newton, Dean of Instruction

Rhonda Cordova, Business Manager

**Alice King Community School Foundation Government Council**

Carlos Rey Romero, President

Joshua Allison, Vice President

Jennifer Dennison, Secretary

Benjamin Martinez, Treasurer



# CliftonLarsonAllen

## INDEPENDENT AUDITORS' REPORT

Alice King Community 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information, and the budgetary comparison for the general fund of Alice King Community School (the School), a component unit of Albuquerque Municipal School District No. 12, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the School's nonmajor governmental funds and the budgetary comparisons for the major capital project funds, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, 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

Alice King Community 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the School as of June 30, 2016, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund of the School as of June 30, 2016, and the respective changes in financial position and the respective budgetary comparisons for the major capital project funds and all nonmajor funds 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 be and the schedule of proportionate share of the net pension liability/contributions on page 46 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 School's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The 2.2.2 NMAC required schedules presented as other supplemental 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 other supplemental schedules are the responsibility of management and were derived from and relate 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

Alice King Community School  
Governing Council and  
Mr. Tim Keller  
New Mexico State Auditor

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 supplemental schedules (excluding the Schedule of Vendor Information) are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Vendor Information, listed as other information in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2016, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
November 12, 2016



**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

This section of the Alice King Community School (the "School") financial report represents our discussion and analysis of the financial performance of the School for the year ended June 30, 2016. 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, 2016 was 361 students, an increase of 29 students over the 2015 ADM of 332.

***Overview of the Financial Statements***

The audited financial statements of the Alice King Community 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 budgetary schedules and other schedules for governmental funds.

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.

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

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

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

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

The unit's activities are divided into two categories in the government-wide statements:

- *Governmental activities:* Most of the School's basic services are included here, such as regular and special education, transportation, and administration. State and federal aid finance most of these activities.
- *Component Unit:* The Foundation's primary activity for fiscal year 2016 was to secure financing for the construction of a new educational facility. The Foundation also holds various fundraisers during the year to support the School's operations.

***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, such as in the Federal Grants Fund.

Alice King Community School has one type of fund:

*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.

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

***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 \$314,384 when compared to prior year. Total Liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$2,302,902 as of June 30, 2016. This deficit is primarily related to the net pension liability of \$2,943,270.

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

	<u>FY 2016</u>	<u>FY 2015</u>	<u>Amount Change</u>	<u>Total % Change</u>
<b>Assets:</b>				
Current and Other Assets	\$ 588,521	\$ 455,708	\$ 132,813	29%
Capital and Non-Current Assets	<u>52,246</u>	<u>58,588</u>	<u>(6,342)</u>	-11%
Total Assets	<u>640,767</u>	<u>514,296</u>	<u>126,471</u>	25%
Deferred Outflows of Resources	<u>367,442</u>	<u>179,529</u>	<u>187,913</u>	105%
Total Assets and Deferred Outflows of Resources	<u>\$ 1,008,209</u>	<u>\$ 693,825</u>	<u>\$ 314,384</u>	45%
<b>Liabilities:</b>				
Current Liabilities	\$ 283,300	\$ 165,457	\$ 117,843	71%
Long-Term Liabilities	<u>2,943,270</u>	<u>2,509,951</u>	<u>433,319</u>	17%
Total Liabilities	<u>3,226,570</u>	<u>2,675,408</u>	<u>551,162</u>	21%
Deferred Inflows of Resources	<u>84,541</u>	<u>291,181</u>	<u>(206,640)</u>	-71%
<b>Net Position:</b>				
Net Investment in Capital Assets	52,246	58,588	(6,342)	-11%
Restricted	62,476	89,053	(26,577)	-30%
Unrestricted	<u>(2,417,624)</u>	<u>(2,420,405)</u>	<u>2,781</u>	0%
Total Net Position	<u>(2,302,902)</u>	<u>(2,272,764)</u>	<u>(30,138)</u>	1%
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 1,008,209</u>	<u>\$ 693,825</u>	<u>\$ 314,384</u>	45%

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

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

	<u>FY 2016</u>	<u>FY 2015</u>	<u>Amount Change</u>	<u>Total % Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 57,634	\$ 69,857	\$ (12,223)	-17.5%
Operating Grants and Contributions	<u>560,123</u>	<u>507,529</u>	<u>52,594</u>	10.4%
Total Program Revenues	617,757	577,386	40,371	7.0%
General Revenues:				
State Equalization Guarantee	2,161,576	2,039,919	121,657	6.0%
Property Taxes	<u>98,281</u>	<u>100,721</u>	<u>(2,440)</u>	-2.4%
Total General Revenues	<u>2,259,857</u>	<u>2,140,640</u>	<u>119,217</u>	5.6%
Total Revenues	2,877,614	2,718,026	159,588	5.9%
Expenses:				
Instruction	1,608,035	1,461,622	146,413	
Support Services	862,499	742,132	120,367	
Operating of Non-Instructional Services	66,324	93,058	(26,734)	
Facilities, Materials, Supplies and Other Services	<u>370,894</u>	<u>279,911</u>	<u>90,983</u>	32.5%
Total Expenses	<u>2,907,752</u>	<u>2,576,723</u>	<u>331,029</u>	12.8%
<b>CHANGE IN NET POSITION</b>	(30,138)	141,303	(171,441)	-121.3%
Net Position - Beginning of Year	<u>(2,272,764)</u>	<u>(2,414,067)</u>	<u>(294,971)</u>	12.2%
<b>NET POSITION - END OF YEAR</b>	<u>\$ (2,302,902)</u>	<u>\$ (2,272,764)</u>	<u>\$ (30,138)</u>	1.3%

***Financial Analysis of the School's Funds***

*Governmental Funds:* The focus of Alice King Community 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.

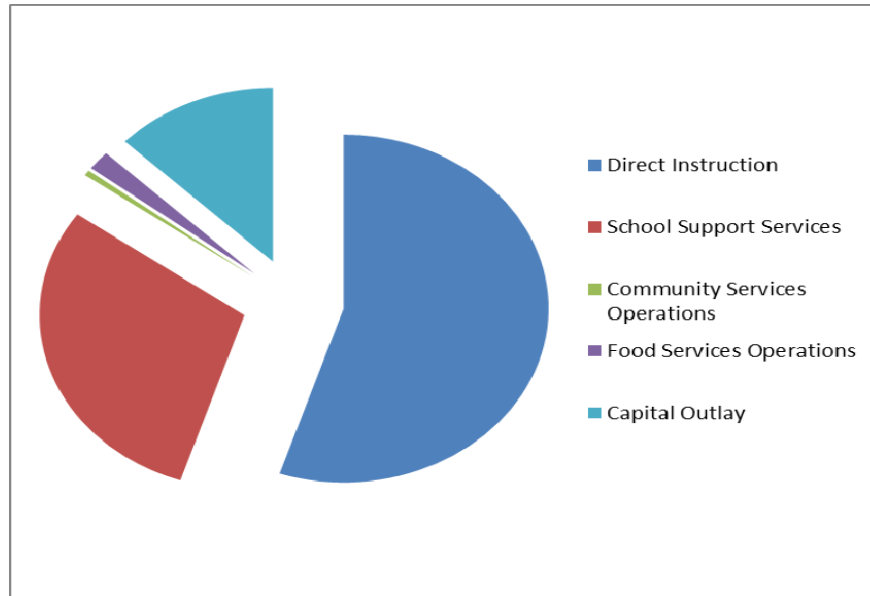
The School's governmental funds reported a combined fund balance of \$309,307 at June 30, 2016, an increase of \$19,050 from the \$290,257 reported at June 30, 2015. The School's General Fund reported an increase in fund balance for the year of \$46,541.

The Public School Capital Outlay and federal reimbursement funds do not carry fund balance. All revenues are expended in the year received. Program revenues increased by \$40,371 for the fiscal year ended June 30, 2016 due to the increase in membership and allocations for FY2016.

The SB9 Capital Outlay fund reported a decrease in fund balance for the 2016 year of \$21,937. Capital Outlay expenditures increased by \$86,173 for the fiscal year ended June 30, 2016. This increase is primarily attributable to school purchasing new furnishing and equipment not subject to capitalization for a new facility purchased for the school by the School's supporting foundation.

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

***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 \$46,541. Revenues from Alice King Community School for the local operating budget increased \$125,097, or 6%, from the prior year. Total General Fund expenditures increased \$146,314, or 7%. 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.

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2016**

***Capital Assets***

Total primary government capital assets were \$52,246 at June 30, 2016 compared to \$58,588 at June 30, 2015, a decrease of 10.8%. The following is a summary of the School's capital assets, net of depreciation, at June 30, 2016 and 2015.

	Balance, June 30, 2015	Additions	Deletions	Balance June 30, 2016
Furniture, Fixtures & Equipment	\$ 36,741	\$ -	\$ -	\$ 36,741
Buildings & Improvements	51,539	-	-	51,539
Less: Accumulated Depreciation	(29,692)	(6,342)	-	(36,034)
Capital Assets, Net	<u>\$ 58,588</u>	<u>\$ (6,342)</u>	<u>\$ -</u>	<u>\$ 52,246</u>

***Debt Outstanding***

During the year, the School's component unit (Alice King Community School Foundation) long-term debt increased by \$6,855,335 from \$-0- at June 30, 2015. The component unit entered into a bond finance purchase agreement (31-year term) for two buildings located at 8100 Mountain Rd. NW, Albuquerque, New Mexico 87110. The School has entered into a one year lease for FY2017 and will enter into a 30-year lease to purchase at the beginning of FY2018.

***Economic Factors***

Gasoline prices are a major source of income for the school; therefore, the State's economic outlook directly affects that of the school. Due to the decrease in gas prices over the last two years, our economy has felt the impact of the decrease in State funding.

***Requests for Information***

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

Business Manager  
Alice King Community School  
8100 Mountain Rd. NE  
Albuquerque, NM

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

	Governmental Activities	Component Unit
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 464,906	\$ 76,857
Restricted Cash	-	4,474,555
Due from Other Governments	123,615	-
Total Current Assets	588,521	4,551,412
Non-Current Assets:		
Capital assets:		
Land	-	450,000
Building Improvements	51,539	1,958,888
Furniture, Fixtures and Equipment	36,741	-
Less: Accumulated Depreciation	(36,034)	-
Total Non-Current Assets	52,246	2,408,888
Total Assets	640,767	6,960,300
Deferred Outflows of Resources Related to Net Pension Liability	367,442	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 1,008,209</b>	<b>\$ 6,960,300</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
Current Liabilities:		
Accrued Liabilities	\$ 186,503	\$ -
Accounts Payable	91,797	126,258
Accrued Interest Payable	-	75,806
Compensated Absences	5,000	-
Total Current Liabilities	283,300	202,064
Non-Current Liabilities:		
Long Term Debt - Non-Current Portion	-	6,855,000
Net Pension Liability	2,943,270	-
Total Liabilities	3,226,570	7,057,064
Deferred Inflows of Resources Related to Net Pension Liability	84,541	-
Net Investment in Capital Assets	52,246	(47,363)
Restricted	62,476	-
Unrestricted	(2,417,624)	(49,401)
Total Net Position	(2,302,902)	(96,764)
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 1,008,209</b>	<b>\$ 6,960,300</b>

See accompanying Notes to Financial Statements.





**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	11000	Major Fund 31200	Major Fund 31700		
	General	Public School Capital Outlay	SB9 Capital Improvements	Non-Major Funds	Governmental Funds Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 328,801	\$ -	\$ 120,730	\$ 15,375	\$ 464,906
Accounts receivable:					
Due from other governments	12,004	61,109	3,151	47,351	123,615
Due from other funds	97,451	-	-	-	97,451
<b>TOTAL ASSETS</b>	<b>\$ 438,256</b>	<b>\$ 61,109</b>	<b>\$ 123,881</b>	<b>\$ 62,726</b>	<b>\$ 685,972</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>					
Current liabilities:					
Accounts payable	\$ 11,907	\$ -	\$ 75,047	\$ 4,843	\$ 91,797
Accrued liabilities	178,604	-	-	7,899	186,503
Due to other funds	-	61,109	-	36,342	97,451
Total current liabilities	190,511	61,109	75,047	49,084	375,751
Deferred inflows of resources - unavailable revenues	-	-	914	-	914
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	-	-	47,920	13,642	61,562
Committed	-	-	-	-	-
Assigned	214,000	-	-	-	214,000
Unassigned (deficit)	33,745	-	-	-	33,745
Total fund balance (deficit)	247,745	-	47,920	13,642	309,307
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 438,256</b>	<b>\$ 61,109</b>	<b>\$ 123,881</b>	<b>\$ 62,726</b>	<b>\$ 685,972</b>

See accompanying Notes to Financial Statements.

**ALICE KING COMMUNITY 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, 2016**

<b>Total Fund Balance - Governmental Funds (Governmental Fund Balance Sheet)</b>	<b>\$ <u>309,307</u></b>
 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	88,280
Accumulated depreciation is	<u>(36,034)</u>
Total capital assets	<u>52,246</u>
 Deferred inflows and outflows of resources related to the net pension liability and not reported in the funds.	
Deferred outflows of resources	<u>367,442</u>
Deferred inflows of resources	<u>(84,541)</u>
Deferred inflows of resources - unavailable property taxes	<u>914</u>
 Long-term and certain other liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
 Long-term and other liabilities at year end consist of:	
Net pension liability	(2,943,270)
Compensated absences payable	<u>(5,000)</u>
Total long-term and other liabilities	<u>(2,948,270)</u>
 <b>Net position of governmental activities (Statement of Net Position)</b>	 <b>\$ <u><u>(2,302,902)</u></u></b>

See accompanying Notes to Financial Statements.

**ALICE KING COMMUNITY 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, 2016**

	11000 General	31200 Public School Capital Outlay	31700 SB9 Capital Improvements	Non-Major Funds	Governmental Funds Total
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ 102,361	\$ -	\$ 102,361
Local and county sources	39,712	-	-	17,922	57,634
State sources	2,161,576	244,435	-	74,548	2,480,559
Federal sources	-	-	-	241,140	241,140
<b>Total revenues</b>	<b>2,201,288</b>	<b>244,435</b>	<b>102,361</b>	<b>333,610</b>	<b>2,881,694</b>
<b>EXPENDITURES</b>					
Current:					
Instruction	1,422,585	-	-	153,552	1,576,137
Support services:					
Students	116,356	-	-	129,890	246,246
Instruction	283	-	-	-	283
General administration	20,555	-	990	-	21,545
School administration	283,370	-	-	6,000	289,370
Central services	84,983	-	-	-	84,983
Operation & maintenance of plant	210,314	-	-	-	210,314
Operation of non-instructional services:					
Community services operations	14,595	-	-	-	14,595
Food services operations	1,706	-	-	49,722	51,428
Capital outlay	-	244,435	123,308	-	367,743
<b>Total expenditures</b>	<b>2,154,747</b>	<b>244,435</b>	<b>124,298</b>	<b>339,164</b>	<b>2,862,644</b>
Excess (deficiency) of revenues over (under) expenditures	46,541	-	(21,937)	(5,554)	19,050
Other financing sources (uses):					
Other financing uses	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
<b>NET CHANGES IN FUND BALANCES</b>	<b>46,541</b>	<b>-</b>	<b>(21,937)</b>	<b>(5,554)</b>	<b>19,050</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>201,204</b>	<b>-</b>	<b>69,857</b>	<b>19,196</b>	<b>290,257</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 247,745</b>	<b>\$ -</b>	<b>\$ 47,920</b>	<b>\$ 13,642</b>	<b>\$ 309,307</b>

See accompanying Notes to Financial Statements.

**ALICE KING COMMUNITY 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, 2016**

**Net Changes in Fund Balances - Total Governmental Funds  
(Statement of Revenues, Expenditures, and Changes in  
Fund Balances)**

\$ 19,050

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. (38,766)

The increase in compensated absences for the fiscal year was: -

Unavailable revenue - property taxes (4,080)

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 -  
Depreciation expense (6,342)

Excess of depreciation expense over capital outlay (6,342)

**Change in net position of governmental activities  
(Statement of Activities)**

\$ (30,138)

**ALICE KING COMMUNITY 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, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local and county sources	\$ 20,000	\$ 20,000	\$ 27,708	\$ 7,708
State sources	2,156,222	2,161,575	2,161,576	1
Federal sources	-	-	-	-
Interest	-	-	-	-
<b>TOTAL REVENUES</b>	<u>2,176,222</u>	<u>2,181,575</u>	<u>2,189,284</u>	<u>7,709</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	1,434,825	1,520,178	1,414,292	105,886
Support Services:				
Students	172,155	184,890	116,356	68,534
Instruction	-	-	283	(283)
General administration	20,500	20,500	20,555	(55)
School administration	240,315	268,785	283,370	(14,585)
Central services	76,200	76,200	84,775	(8,575)
Operation & maintenance of plant	240,818	240,818	206,700	34,118
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services:				
Community services operations	17,388	17,388	14,595	2,793
Food services operations	5,672	5,672	1,706	3,966
Capital outlay	48,349	48,349	-	48,349
<b>TOTAL EXPENDITURES</b>	<u>2,256,222</u>	<u>2,382,780</u>	<u>2,142,632</u>	<u>240,148</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(80,000)</u>	<u>(201,205)</u>	<u>46,652</u>	<u>247,857</u>
<b>DESIGNATED CASH</b>	<u>80,000</u>	<u>201,205</u>	<u>-</u>	<u>(201,205)</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>46,652</u>	<u>\$ 46,652</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Adjustments to revenues			12,004	
Adjustments to expenditures			<u>(12,115)</u>	
<b>NET CHANGES IN FUND BALANCES</b>			<u>\$ 46,541</u>	

See accompanying Notes to Financial Statements.

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS  
JUNE 30, 2016**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>29,616</u>
<b>TOTAL ASSETS</b>	<u>\$ 29,616</u>
<b>LIABILITIES</b>	
Deposits held for others	\$ <u>29,616</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 29,616</u>

*See accompanying Notes to Financial Statements.*

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Alice King Community 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 is separate and distinct. The System provides public education opportunities for children from first through twelfth grade, including but not limited to classroom and vocational studies; as well as school oriented social and athletic activities.

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. Alice King Community School Foundation (the Foundation) is considered to be a component unit of the School as the Foundation's financial statements are considered material to the financial statements of the School and the Foundation is considered to be legally separate from the School. The Foundation is discretely presented from the School on the government-wide financial statements.

**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.

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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. Any effect of interfund activity has been eliminated from the Government-wide financial statements.

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.

Expenditures are recorded when the related fund liability is incurred, except interest on general long-term debt which is recognized when due, and certain compensated absences and claims which are recognized when expected to be liquidated with expendable available financial resources.

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.



**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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.

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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 the Public School Capital Outlay Fund and the SB9 Capital Improvements Fund (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.

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)

IDEA B Risk Pool (24120) - Funds awarded from the PED from unspent statewide IDEA-B funds. Funds are used for the education of students with disabilities.

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.

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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.

Direct Action for Youth Foundation (26158) – Funds will be used to establish and sustain after-school tutorial programs to improve the basic reading and math skills of public elementary school support activities related to youth.

Fuel Up to Play 60 (26216) – Fund will be used to support school nutrition and physical activity programs to encourage today’s youth to lead healthier lives.

New Mexico Reads to Lead K-3 (27114) - Funding to support the implementation of NM Reads to Lead for 10 state-funded reading coaches and one district lead reading coach.

New Mexico Grown Fruit/Veg (27183) - Appropriation through the General Appropriations Act to distribute funding to schools districts and charter school for the purchase of New Mexico grown fruits and vegetables for school meal programs.

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. This is a Major Fund.

The Capital Improvements SB9 Fund is used to account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico’s State Equalization Matching and a special tax levy as authorized by the Public School District Capital Improvements Act. (22-25-1 to 22-25-10, NMSA 1978). This is a Major Fund.

**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

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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.

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."

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

**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.

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**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.

**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 Instruments	8 Years	Improvements to Bldgs.	20 Years
Vehicles, Trucks, and Trailers	8 Years	Portable School Buildings	25 Years
Furniture, Major Appliances, Large Equipment	10 Years	Buildings	40 Years

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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, 2016 for these employees. The accrued salaries will be paid within two months after the end of the fiscal year.

**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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. During the year, the Foundation recognized \$75,806 in interest expense on long term debt, which included \$75,806 in accrued interest payable as of June 30, 2016.

**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 \$367,442 related to the pension plan in this category as of June 30, 2016.

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 \$84,541 at June 30, 2016 related to the pension plan. In addition, the School reported deferred inflows of resources in the governmental funds that amounted to \$914 at June 30, 2016 for unavailable revenues.

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

- **Nonspendable** - portion of net resources that cannot be spent because of their form or because they must remain intact
- **Restricted** - amounts constrained by external parties, constitutional provision, or enabling legislation
- **Committed** - amounts constrained by a government using its highest level of decision-making authority. The Governing Council is the highest level of decision making authority. Formal Governing Council action, through a resolution creates a commitment.
- **Assigned** - amounts a government intends to use for a particular purpose
- **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.

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

Interfund Transactions: Reciprocal and non-reciprocal transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/ expenses in the fund that is reimbursed. All other interfund transactions, except reciprocal and non-reciprocal transactions and reimbursements, are reported as transfers.

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

State Equalization Guarantee: School districts and Charter Schools in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district or charter school to 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 \$2,161,576 in state equalization guarantee distributions during the year ended June 30, 2016.

**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.



**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenues (Continued)**

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, 2016 totaled \$23,804.

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

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenues (Continued)**

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.

**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.

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgetary Information (Continued)**

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.
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, 2016 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

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgetary Information (Continued)**

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. The non-budgeted accounts and funds primarily consist of the adjustment to record the USDA commodity allocation.

**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, 2016.

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.

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)**

**Deposits**

New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Schools for at least one-half of the amount on deposit with the institution. The Schedule I listed in the financial statements for the School will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits. The Foundation is not subject to the same statutory requirements of the School.

**Restricted Cash – Bond Escrow – Foundation**

The Foundation's proceeds from Bond Series 2016 are held by the Bank of Oklahoma (BOKF, NA) in escrow, pursuant to the Executed Indenture of Trust between the Public Finance Authority (PFA) and BOKF, NA. The majority of the amounts held in escrow reside in the in Project Investment Account, which is restricted for capital outlay and educational facility related expenses. The funds are invested in money market funds and are considered cash and cash equivalents.

*Custodial Credit Risk* - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Corporate Bonds, Federal National Mortgage Association Bonds, Federal Home Loan Mortgage Corporation Bonds, Federal Home Loan Bank Bonds, and U.S. Treasury Notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty. Holdings of the money market funds consist of primarily short-term Government Securities and repurchase agreements collateralized by US Government Securities which minimizes any custodial credit risk.

*Credit Risk* - The money market funds are rated AAAM by Standard & Poor's. The Foundation has no investment policy that addresses credit risk.

The Foundation's escrow account balances invested in money market funds as described above are listed below.

Escrow Account	Balance, June 30, 2016
Project Investment Account	\$ 3,660,368
Reserve Escrow Account	510,550
Interest Escrow Account	288,783
Cost of Issuance Escrow Fund	14,109
Expense Escrow Fund	172
Revenue Escrow Account	573
Total	\$ 4,474,555

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 3 ACCOUNTS RECEIVABLE**

As of June 30, 2016, accounts receivable consists of the following:

Intergovernmental	\$ 123,615
Total	\$ 123,615

**NOTE 4 CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2016 follows:

<b>Primary Government Activities</b>	Balance, June 30, 2015	Additions	Deletions	Balance, June 30, 2016
Building Improvements	\$ 51,539	\$ -	\$ -	\$ 51,539
Furniture, Fixtures & Equipment	36,741	-	-	36,741
Total	88,280	-	-	88,280
Accumulated Depreciation				
Building Improvements	(10,308)	(2,577)	-	(12,885)
Furniture, Fixtures & Equipment	(19,384)	(3,765)	-	(23,149)
Total Accumulated Depreciation	(29,692)	(6,342)	-	(36,034)
Net Total - Primary Government	\$ 58,588	\$ (6,342)	\$ -	\$ 52,246
<b>Component Unit Activities</b>	Balance, June 30, 2015	Additions	Deletions	Balance, June 30, 2016
Assets Not Being Depreciated				
Land	\$ -	\$ 450,000	\$ -	\$ 450,000
Construction in Process	-	1,958,888	-	1,958,888
Net Total - Component Unit	\$ -	\$ 2,408,888	\$ -	\$ 2,408,888

Depreciation expense for the year ended June 30, 2016 was charged to the following functions:

Operations/Plant Maintenance	\$ 3,191
Facilities, Materials, Supplies	3,151
Total	\$ 6,342

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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](http://www.nmerb.org).

**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,

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 5 PENSIONS (CONTINUED)**

**General Information about the Pension Plan (Continued)**

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 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, 2016, 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 2016 and 2015. Contributions to the pension plan from the School for the year ended June 30, 2016 was \$199,071.

**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, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2015. At June 30, 2016, the charter schools reported liabilities for their



**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 5 PENSIONS (CONTINUED)**

**General Information about the Pension Plan (Continued)**

proportionate share of the net pension liability, as detailed in the table below. The charter schools' 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, 2015. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2015 and June 30, 2014, the Schools' proportions were as detailed in the following table. For the year ended June 30, 2016, the School recognized pension expense in the amounts as further detailed in the following table.

June 30, 2014 Proportionate Share	June 30, 2015 Proportionate Share	June 30, 2016 Net Pension Liability	June 30, 2016 Pension Expense
0.04399%	0.04544%	\$ 2,943,270	\$ 238,098

At June 30, 2016, 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	\$ -	\$ (54,566)
Changes of Assumptions	101,235	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	(13,248)
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	67,136	(16,727)
The Employer's Contributions Subsequent to the Measurement Date	199,071	-
Total	\$ 367,442	\$ (84,541)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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
2017	\$ 7,262
2018	9,932
2019	25,757
2020	40,879
2021	-
Thereafter	-

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 5 PENSIONS (CONTINUED)**

**General Information about the Pension Plan (Continued)**

**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, 2014. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 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, 2015. Specifically, the liabilities measured as of June 30, 2015 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.
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

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 5 PENSIONS (CONTINUED)**

**General Information about the Pension Plan (Continued)**

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:

<u>Asset Class</u>	Expected Rate of Return <u>2015</u>	Expected Rate of Return <u>2016</u>
Cash	3.25%	3.00%
Treasuries	3.50%	3.25%
IG Corp Credit	4.75%	5.00%
MBS	3.75%	3.50%
Core Bonds	3.98%	3.89%
TIPS	4.00%	4.00%
High Yield Bonds	5.75%	5.75%
Bank Loans	6.00%	6.00%
Global Bonds (Unhedged)	2.25%	2.75%
Global Bonds (Hedged)	2.41%	2.87%
EMD External	6.00%	6.00%
EMD Local Currency	6.75%	6.50%
Large Cap Equities	7.50%	7.50%
Small/Mid Cap	7.75%	7.75%
International Equities (Unhedged)	8.00%	8.00%
International Equities (Hedged)	8.47%	8.39%
Emerging International Equities	9.25%	9.50%
Private Equity	9.50%	9.50%
Private Debt	8.00%	8.00%
Private Real Assets	7.75%	7.75%
Real Estate	6.50%	6.50%
Commodities	5.75%	5.50%
Hedge Funds	6.75%	6.50%

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 5 PENSIONS (CONTINUED)**

**General Information about the Pension Plan (Continued)**

**Discount rate:** A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2015 and June 30, 2014. 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.

**Sensitivity of the charter schools’ 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 2015. 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%)
\$ 3,960,366	\$ 2,943,270	\$ 2,088,803

**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, 2015 and 2014, which are publicly available at [www.nmerb.org](http://www.nmerb.org).

**Payables to the pension plan.** \$0 was payable to the Plan as of June 30, 2016, which is related to required contributions outstanding at the end of the period:

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 6 COMMITMENTS AND LIABILITIES**

The school leases facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2016 was \$296,906. Commitments for lease obligations for the following periods as of June 30, 2016 are as follows:

2017	\$	98,969
2018		-
2019		-
2020		-
2021		-
Thereafter		-

The School had a compensated absences balance of \$5,000 at the beginning of the fiscal year. Additions to the balance were \$-0-, which resulted in an ending balance of \$5,000.

**NOTE 7 LONG-TERM DEBT**

The changes to long-term debt are as follows.

	Balance, June 30, 2015	Increase	(Decrease)	Balance, June 30, 2016	Amounts Due Within One Year
<b>Primary Government</b>					
Compensated Absences	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ 5,000
<b>Component Unit</b>					
Bond Issued, Series 2016	\$ -	\$ 6,855,000	\$ -	\$ 6,855,000	\$ -

Typically, the General Fund has been used to liquidate other long term liabilities. Series 2016 Bonds are expected to be liquidated by the Foundation from lease payments received from the School.

During the 2016 fiscal year, the Foundation applied for the financial assistance of the Public Finance Authority (PFA) in the financing of the cost of: acquiring, renovating, and equipping buildings location at 8100 Mountain Road NE and at 8009 Mountain Road Place NE in Albuquerque, New Mexico for the use as an educational facility. The PFA issued Educational Facility Revenue Bonds Series 2016 Bonds in the amount of \$6,855,000, under the Indentured of Trust between the PFA and BOKF, NA (Trustee). The bond proceeds are held by the Trustee in restricted escrow accounts. The Foundation makes required payments to the Trustee, which then remits the required principal and interest payments to bondholders. The cost of issuance was \$547,816, which is recorded as expenses in the statement of activities. The interest rate is 5.5% for FY16-FY29 and increases to 6.5% thereafter. The date of maturity is July 1, 2047. Interest expense for the current fiscal year was \$75,806 and the current portion of long term debt is \$0, as the first principal payment is due in fiscal year 2018.

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 7 LONG-TERM DEBT (CONTINUED)**

Year Ended June 30,	Principal	Interest	Total
2016 Series:			
2017	\$ -	\$ 471,679	\$ 471,679
2018	75,000	429,394	504,394
2019	80,000	425,017	505,017
2020	85,000	420,365	505,365
2021	90,000	415,438	505,438
2022-2026	525,000	1,993,656	2,518,656
2027-2031	685,000	1,821,340	2,506,340
2032-2036	930,000	1,558,212	2,488,212
2037-2041	1,270,000	1,194,429	2,464,429
2042-2046	1,740,000	697,125	2,437,125
2047-2048	1,375,000	69,523	1,444,523
Total	<u>\$ 6,855,000</u>	<u>\$ 9,496,178</u>	<u>\$ 16,351,178</u>

**NOTE 8 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.

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.

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 8 RETIREE HEALTH CARE (RHC) CONTRIBUTIONS (CONTINUED)**

State Retiree Health Care Act (Continued)

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](http://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 of 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2016, 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 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 2016, 2015 and 2014, RHC remitted by the School was \$29,420, \$26,320 and \$24,934, respectively, in employer contributions, as well as \$14,710, \$13,179 and \$12,444, respectively, in employee contributions.

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 9 RELATED PARTY TRANSACTIONS**

The Foundation is considered to be a related party of the School. The Foundation primary focus is to provide supplemental funding to the School and obtain resources to construct a new educational facility. There were no significant related party transactions during fiscal year 2016 as the Foundation focused a majority of its efforts on securing funding for the new educational facility.

**NOTE 10 SUBSEQUENT EVENTS**

The School and Foundation agreed to a lease purchase agreement that is expected to take effect during fiscal year 18. The lease purchase agreement is currently being reviewed by the New Mexico Public School Finance Authority (PSFA). Specific details of the lease purchase agreement are unknown until the PSFA approves.

**NOTE 11 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, 2016 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	\$ -	\$ 97,451
IDEA-B Entitlement	8,280	-
English Language Acquisition	390	-
Teacher/Principal Training	13,636	-
NM Reads to Lead K-3	13,682	-
NM Grown Fresh Fruits & Vegetables	354	-
Public School Capital Outlay	61,109	-
Total Due to/from Other Funds	\$ 97,451	\$ 97,451



**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**NOTE 11 OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (CONTINUED)**

- B. Deficit fund balance of individual funds.  
No funds reporting a deficit fund balance at June 30, 2016.
  
- C. Excess of expenditures over appropriations.  
No funds exceeded budgetary authority for the year ended June 30, 2016.

**ALICE KING COMMUNITY 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, 2016**

**SCHEDULE OF ALICE KING COMMUNITY SCHOOL'S  
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Educational Retirement Board (ERB) Plan  
Last 10 Fiscal Years \* (Unaudited)**

	Measurement Date	
	June 30, 2015	June 30, 2014
District's Proportion of the Net Pension Liability (Asset)	0.04544%	0.04400%
District's Proportionate Share of the Net Pension Liability	\$ 2,943,270	\$ 2,509,951
District's Covered-Employee Payroll	\$ 1,291,576	\$ 1,212,586
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	227.88%	206.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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, District will present information for those years for which information is available.

**SCHEDULE OF ALICE KING COMMUNITY SCHOOL'S CONTRIBUTIONS  
Educational Retirement Board (ERB) Plan  
Last 10 Fiscal Years \* (Unaudited)**

	June 30, 2016	June 30, 2015
Contractually Required Contribution	\$ 199,071	\$ 179,529
Contributions in Relation to the Contractually Required Contribution	199,071	179,529
Contribution Deficiency (Excess)	\$ -	\$ -
District's Covered-Employee Payroll	\$ 1,432,165	\$ 1,291,576
Contributions as a Percentage of Covered-Employee Payroll	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 District will present information for those years for which information is available.

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2016**

**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.

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
PUBLIC SCHOOL CAPITAL OUTLAY (FUND 31200) – MAJOR FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	244,435	183,326	(61,109)
Federal sources	-	-	-	-
Interest	-	-	-	-
<b>TOTAL REVENUES</b>	-	244,435	183,326	(61,109)
<b>EXPENDITURES</b>				
Current:				
Instruction	-	-	-	-
Support Services:				
Students	-	-	-	-
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	-	-	-	-
Capital outlay	-	244,435	244,435	-
<b>TOTAL EXPENDITURES</b>	-	244,435	244,435	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	(61,109)	(61,109)
<b>DESIGNATED CASH</b>	-	-	-	-
<b>NET CHANGES IN FUND BALANCES</b>	\$ -	\$ -	(61,109)	\$ (61,109)
<b>RECONCILIATION TO GAAP BASIS</b>				
Adjustments to revenues			61,109	
Adjustments to expenditures			-	
<b>NET CHANGES IN FUND BALANCES</b>			\$ -	

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
SB 9 CAPITAL IMPROVEMENTS (FUND 31700) – MAJOR FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local and county sources	\$ 98,999	\$ 98,999	\$ 100,124	\$ 1,125
State sources	15,248	23,226	-	(23,226)
Federal sources	-	-	-	-
Interest	-	-	-	-
<b>TOTAL REVENUES</b>	<b>114,247</b>	<b>122,225</b>	<b>100,124</b>	<b>(22,101)</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	-	-	-	-
Support Services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	990	990	990	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Community services operations	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	179,247	192,082	49,252	142,830
<b>TOTAL EXPENDITURES</b>	<b>180,237</b>	<b>193,072</b>	<b>50,242</b>	<b>142,830</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(65,990)</b>	<b>(70,847)</b>	<b>49,882</b>	<b>120,729</b>
<b>DESIGNATED CASH</b>	<b>65,990</b>	<b>70,847</b>	<b>-</b>	<b>(70,847)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>49,882</b>	<b>\$ 49,882</b>
<b>RECONCILIATION TO GAAP BASIS</b>				
Adjustments to revenues			2,237	
Adjustments to expenditures			(74,056)	
<b>NET CHANGES IN FUND BALANCES</b>			<b>\$ (21,937)</b>	

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
COMBINING BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	14000 Instructional Materials	21000 Food Services	24106 IDEA-B Entitlement	24120 IDEA-B Risk Pool	24153 English Language Acquisition
<b>ASSETS</b>					
Cash and cash equivalents	\$ 14,839	\$ -	\$ -	\$ -	\$ -
Accounts receivable:					
Due from other governments	3,110	-	8,280	-	390
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 17,949</u>	<u>\$ -</u>	<u>\$ 8,280</u>	<u>\$ -</u>	<u>\$ 390</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>					
Current liabilities:					
Accounts payable	\$ 4,843	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>8,280</u>	<u>-</u>	<u>390</u>
Total current liabilities	<u>4,843</u>	<u>-</u>	<u>8,280</u>	<u>-</u>	<u>390</u>
Deferred inflows of resources - unavailable revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	13,106	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance (deficit)	<u>13,106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 17,949</u>	<u>\$ -</u>	<u>\$ 8,280</u>	<u>\$ -</u>	<u>\$ 390</u>

24154 Teacher/Principal Training	25152 Title XIX Medicaid	26158 Direct Action for Youth Foundation	26216 Fuel Up To Play 60	27114 NM Reads to Lead K-3	27183 NM Grown Fruits & Vegetables	Total
\$ -	\$ 342	\$ 26	\$ 168	\$ -	\$ -	\$ 15,375
17,807	-	-	-	17,410	354	47,351
-	-	-	-	-	-	-
<u>\$ 17,807</u>	<u>\$ 342</u>	<u>\$ 26</u>	<u>\$ 168</u>	<u>\$ 17,410</u>	<u>\$ 354</u>	<u>\$ 62,726</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,843
4,171	-	-	-	3,728	-	7,899
13,636	-	-	-	13,682	354	36,342
<u>17,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,410</u>	<u>354</u>	<u>49,084</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	342	26	168	-	-	13,642
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	<u>342</u>	<u>26</u>	<u>168</u>	<u>-</u>	<u>-</u>	<u>13,642</u>
<u>\$ 17,807</u>	<u>\$ 342</u>	<u>\$ 26</u>	<u>\$ 168</u>	<u>\$ 17,410</u>	<u>\$ 354</u>	<u>\$ 62,726</u>

**ALICE KING COMMUNITY 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, 2016**

	14000 Instructional Materials	21000 Food Services	24106 IDEA-B Entitlement	24120 IDEA-B Risk Pool	24153 English Language Acquisition	24154 Teacher/Principal Training
<b>REVENUES</b>						
Local and county sources	\$ -	\$ 17,922	\$ -	\$ -	\$ -	\$ -
State sources	23,804	-	-	-	390	-
Federal sources	-	29,954	71,325	111,685	-	26,665
<b>Total revenues</b>	<u>23,804</u>	<u>47,876</u>	<u>71,325</u>	<u>111,685</u>	<u>390</u>	<u>26,665</u>
<b>EXPENDITURES</b>						
Current:						
Instruction	26,781	-	-	105,716	390	20,665
Support services:						
Students	-	-	71,325	5,969	-	-
School administration	-	-	-	-	-	6,000
Operation of non-instructional services:						
Food services operations	-	49,368	-	-	-	-
<b>Total expenditures</b>	<u>26,781</u>	<u>49,368</u>	<u>71,325</u>	<u>111,685</u>	<u>390</u>	<u>26,665</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,977)</u>	<u>(1,492)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):						
Other financing uses	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
<b>NET CHANGES IN FUND BALANCES</b>	<u>(2,977)</u>	<u>(1,492)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>16,083</u>	<u>1,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 13,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



25152 Title XIX Medicaid	26158 Direct Action for Youth Foundation	26216 Fuel Up To Play 60	27114 NM Reads to Lead K-3	27183 NM Grown Fruits & Vegetables	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,922
-	-	-	50,000	354	74,548
<u>1,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>241,140</u>
1,511	-	-	50,000	354	333,610
-	-	-	-	-	153,552
2,079	-	517	50,000	-	129,890
-	-	-	-	-	6,000
-	-	-	-	354	49,722
<u>2,079</u>	<u>-</u>	<u>517</u>	<u>50,000</u>	<u>354</u>	<u>339,164</u>
(568)	-	(517)	-	-	(5,554)
-	-	-	-	-	-
-	-	-	-	-	-
(568)	-	(517)	-	-	(5,554)
910	26	685	-	-	19,196
<u>\$ 342</u>	<u>\$ 26</u>	<u>\$ 168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,642</u>

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
INSTRUCTIONAL MATERIALS (FUND 14000)  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	18,506	23,805	20,694	(3,111)
Federal sources	-	-	-	-
Interest	-	-	-	-
<b>TOTAL REVENUES</b>	<u>18,506</u>	<u>23,805</u>	<u>20,694</u>	<u>(3,111)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	18,506	39,888	22,147	17,741
Support Services:				
Students	-	-	-	-
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	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>18,506</u>	<u>39,888</u>	<u>22,147</u>	<u>17,741</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(16,083)</u>	<u>(1,453)</u>	<u>14,630</u>
<b>DESIGNATED CASH</b>	<u>-</u>	<u>16,083</u>	<u>-</u>	<u>(16,083)</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,453)</u>	<u>\$ (1,453)</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Adjustments to revenues			3,110	
Adjustments to expenditures			<u>(4,634)</u>	
<b>NET CHANGES IN FUND BALANCES</b>			<u>\$ (2,977)</u>	

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
FOOD SERVICES FUND (FUND 21000)  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local and county sources	\$ 25,000	\$ 25,000	\$ 17,922	\$ (7,078)
State sources	-	-	-	-
Federal sources	75,000	90,169	29,954	(60,215)
Interest	-	-	-	-
<b>TOTAL REVENUES</b>	<u>100,000</u>	<u>115,169</u>	<u>47,876</u>	<u>(67,293)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	-	-	-	-
Support Services:				
Students	-	-	-	-
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	101,264	116,661	49,368	67,293
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>101,264</u>	<u>116,661</u>	<u>49,368</u>	<u>67,293</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,264)</u>	<u>(1,492)</u>	<u>(1,492)</u>	<u>-</u>
<b>DESIGNATED CASH</b>	<u>1,264</u>	<u>1,492</u>	<u>-</u>	<u>(1,492)</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,492)</u>	<u>\$ (1,492)</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
<b>NET CHANGES IN FUND BALANCES</b>			<u>\$ (1,492)</u>	

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
IDEA-B ENTITLEMENT (FUND 24106)  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	63,045	71,325	63,045	(8,280)
Interest	-	-	-	-
<b>TOTAL REVENUES</b>	<u>63,045</u>	<u>71,325</u>	<u>63,045</u>	<u>(8,280)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	-	-	-	-
Support Services:				
Students	63,045	71,325	71,325	-
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	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>63,045</u>	<u>71,325</u>	<u>71,325</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(8,280)</u>	<u>(8,280)</u>
<b>DESIGNATED CASH</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(8,280)</u>	<u>\$ (8,280)</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Adjustments to revenues			8,280	
Adjustments to expenditures			<u>-</u>	
<b>NET CHANGES IN FUND BALANCES</b>			<u>\$ -</u>	

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
IDEA-B RISK POOL (FUND 24120)  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	111,685	111,685	-
Interest	-	-	-	-
<b>TOTAL REVENUES</b>	-	111,685	111,685	-
<b>EXPENDITURES</b>				
Current:				
Instruction	-	105,716	105,716	-
Support Services:				
Students	-	5,969	5,969	-
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	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	-	111,685	111,685	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-	-
<b>DESIGNATED CASH</b>	-	-	-	-
<b>NET CHANGES IN FUND BALANCES</b>	\$ -	\$ -	-	\$ -
<b>RECONCILIATION TO GAAP BASIS</b>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
<b>NET CHANGES IN FUND BALANCES</b>			\$ -	

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
ENGLISH LANGUAGE ACQUISITION (FUND 24153)  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	390	390	-	(390)
Interest	-	-	-	-
<b>TOTAL REVENUES</b>	<b>390</b>	<b>390</b>	<b>-</b>	<b>(390)</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	390	390	390	-
Support Services:				
Students	-	-	-	-
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	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>390</b>	<b>390</b>	<b>390</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(390)</b>	<b>(390)</b>
<b>DESIGNATED CASH</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(390)</b>	<b>\$ (390)</b>
<b>RECONCILIATION TO GAAP BASIS</b>				
Adjustments to revenues			390	
Adjustments to expenditures			-	
<b>NET CHANGES IN FUND BALANCES</b>			<b>\$ -</b>	

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
TEACHER/PRINCIPAL TRAINING (FUND 24154)  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	16,506	30,267	15,112	(15,155)
Interest	-	-	-	-
<b>TOTAL REVENUES</b>	<u>16,506</u>	<u>30,267</u>	<u>15,112</u>	<u>(15,155)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	16,506	24,267	20,665	3,602
Support Services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	6,000	6,000	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Community services operations	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>16,506</u>	<u>30,267</u>	<u>26,665</u>	<u>3,602</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(11,553)</u>	<u>(11,553)</u>
<b>DESIGNATED CASH</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(11,553)</u>	<u>\$ (11,553)</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Adjustments to revenues			11,553	
Adjustments to expenditures			-	
<b>NET CHANGES IN FUND BALANCES</b>			<u>\$ -</u>	

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
TITLE XIX MEDICAID (FUND 25152)  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	1,169	1,511	342
Interest	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>1,169</u>	<u>1,511</u>	<u>342</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	-	-	-	-
Support Services:				
Students	255	2,079	2,079	-
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	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>255</u>	<u>2,079</u>	<u>2,079</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(255)</u>	<u>(910)</u>	<u>(568)</u>	<u>342</u>
<b>DESIGNATED CASH</b>	<u>255</u>	<u>910</u>	<u>-</u>	<u>(910)</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(568)</u>	<u>\$ (568)</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
<b>NET CHANGES IN FUND BALANCES</b>			<u>\$ (568)</u>	



**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
DIRECT ACTION FOR YOUTH FOUNDATION (FUND 26158)  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<b>TOTAL REVENUES</b>	-	-	-	-
<b>EXPENDITURES</b>				
Current:				
Instruction	-	-	-	-
Support Services:				
Students	-	-	-	-
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	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-	-
<b>DESIGNATED CASH</b>	-	-	-	-
<b>NET CHANGES IN FUND BALANCES</b>	\$ -	\$ -	-	\$ -
<b>RECONCILIATION TO GAAP BASIS</b>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
<b>NET CHANGES IN FUND BALANCES</b>			\$ -	

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
FUEL UP TO PLAY 60 (FUND 26216)  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	-	-	-	-
Support Services:				
Students	585	685	517	168
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	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>585</u>	<u>685</u>	<u>517</u>	<u>168</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(585)</u>	<u>(685)</u>	<u>(517)</u>	<u>168</u>
<b>DESIGNATED CASH</b>	<u>585</u>	<u>685</u>	<u>-</u>	<u>(685)</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(517)</u>	<u>\$ (517)</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
<b>NET CHANGES IN FUND BALANCES</b>			<u>\$ (517)</u>	

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NM READS TO LEAD K-3 (FUND 27114)  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	50,000	50,000	32,590	(17,410)
Federal sources	-	-	-	-
Interest	-	-	-	-
<b>TOTAL REVENUES</b>	<u>50,000</u>	<u>50,000</u>	<u>32,590</u>	<u>(17,410)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	-	-	-	-
Support Services:				
Students	50,000	50,000	50,000	-
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	-	-	-	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(17,410)</u>	<u>(17,410)</u>
<b>DESIGNATED CASH</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(17,410)</u>	<u>\$ (17,410)</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Adjustments to revenues			17,410	
Adjustments to expenditures			<u>-</u>	
<b>NET CHANGES IN FUND BALANCES</b>			<u>\$ -</u>	

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
NM GROWN FRUITS & VEGETABLES (FUND 27183)  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET (BUDGETARY BASIS) AND ACTUAL  
YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local and county sources	\$ -	\$ -	\$ -	\$ -
State sources	-	354	-	(354)
Federal sources	-	-	-	-
Interest	-	-	-	-
<b>TOTAL REVENUES</b>	<u>-</u>	<u>354</u>	<u>-</u>	<u>(354)</u>
<b>EXPENDITURES</b>				
Current:				
Instruction				-
Support Services:				
Students	-	-	-	-
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	-	354	354	-
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>354</u>	<u>354</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(354)</u>	<u>(354)</u>
<b>DESIGNATED CASH</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(354)</u>	<u>\$ (354)</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Adjustments to revenues			354	
Adjustments to expenditures			<u>-</u>	
<b>NET CHANGES IN FUND BALANCES</b>			<u>\$ -</u>	

**ALICE KING COMMUNITY 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, 2016**

	Balance, July 1, 2015	Additions	Deletions	Balance, June 30, 2016
<b>ASSETS</b>				
Cash and cash equivalents	\$ 14,087	\$ 20,839	\$ (5,310)	\$ 29,616
<b>TOTAL ASSETS</b>	<u>\$ 14,087</u>	<u>\$ 20,839</u>	<u>\$ (5,310)</u>	<u>\$ 29,616</u>
<b>LIABILITIES</b>				
Deposits held for others	\$ 14,087	\$ 20,839	\$ (5,310)	\$ 29,616
<b>TOTAL ASSETS</b>	<u>\$ 14,087</u>	<u>\$ 20,839</u>	<u>\$ (5,310)</u>	<u>\$ 29,616</u>

**ALICE KING COMMUNITY 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, 2016**

Name of Depository	Description of Pledged Collateral	Fair/Par Market Value June 30, 2016	Safekeeping Agent
US Bank	3128H7E81	\$ 65,948	US Bank
US Bank	3128MMTF0	140,974	US Bank
US Bank	3128MMTN3	69,787	US Bank
US Bank	3137B1H21	<u>151,260</u>	US Bank
		<u>\$ 427,969</u>	
	Total amount on deposit	\$ 551,039	
	Less FDIC	<u>(250,000)</u>	
	Total uninsured public money	301,039	
	50% collateral requirement	150,520	
	Total pledged	<u>427,969</u>	
	Over/(under) pledged	<u>\$ 277,450</u>	

**ALICE KING COMMUNITY 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, 2016**

	Primary Government
	US Bank
Operating account	\$ 551,039
Reconciling items	(56,517)
Reconciled balance at June 30, 2016	494,522
Less activity funds	(29,616)
<b>Balance per Statement of Net Position</b>	<b>\$ 464,906</b>

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
CASH RECONCILIATION  
(REQUIRED BY 2.2.2 NMAC)  
JUNE 30, 2016**

	Operational Account 11000	Pupil Transportation 13000	Instructional Materials 14000	Food Services 21000	Student Activity 23000	Projects Account 24000	Direct Account 25000
<b>June 30, 2015 Cash (Book Balance)</b>	\$ 295,720	\$ -	\$ 16,083	\$ 1,492	\$ 14,087	\$ -	\$ 910
June 30, 2015 Payroll Liabilities	(160,220)	-	-	-	-	(209)	-
June 30, 2015 Temporary Interfund Loans	65,704	-	-	-	-	(6,045)	-
June 30, 2015 Adjustments/Reconciling Differences	-	-	-	-	-	-	-
<b>June 30, 2015 Cash Available to Budget</b>	<b>201,204</b>	<b>-</b>	<b>16,083</b>	<b>1,492</b>	<b>14,087</b>	<b>(6,254)</b>	<b>910</b>
2015-2016 Revenue	2,189,284	-	20,694	47,876	20,842	189,842	1,511
2015-2016 Expenditures	(2,142,632)	-	(22,147)	(49,368)	(5,313)	(210,065)	(2,079)
Permanent Cash Transfers/Reversions	-	-	-	-	-	-	-
Adjustments	1	-	-	-	-	-	-
<b>June 30, 2016 Cash Available to Budget</b>	<b>247,857</b>	<b>-</b>	<b>14,630</b>	<b>-</b>	<b>29,616</b>	<b>(26,477)</b>	<b>342</b>
June 30, 2016 Payroll Liabilities	178,604	-	-	-	-	4,171	-
June 30, 2016 Temporary Interfund Loans	(97,451)	-	-	-	-	22,306	-
June 30, 2016 Adjustments/Reconciling Differences	(209)	-	209	-	-	-	-
<b>June 30, 2016 Cash (Book Balance)</b>	<b>\$ 328,801</b>	<b>\$ -</b>	<b>\$ 14,839</b>	<b>\$ -</b>	<b>\$ 29,616</b>	<b>\$ -</b>	<b>\$ 342</b>
<b>Reconciliation to PED Cash Report Line 7</b>							
June 30, 2016 Cash (Book Balance)	\$ 328,801	\$ -	\$ 14,839	\$ -	\$ 29,616	\$ -	\$ 342
June 30, 2016 Payroll Liabilities	(178,604)	-	-	-	-	(4,171)	-
June 30, 2016 Temporary Interfund Loans	97,451	-	-	-	-	(22,306)	-
Audit adjustments and reclassifications	-	-	-	-	-	-	-
<b>Line 7 PED Cash Report June 30, 2016 *</b>	<b>\$ 247,648</b>	<b>\$ -</b>	<b>\$ 14,839</b>	<b>\$ -</b>	<b>\$ 29,616</b>	<b>\$ (26,477)</b>	<b>\$ 342</b>

\* May include rounding errors when compared to PED Cash Report



Grants Fund 26000	State Flowthrough 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. SB 9 31700	Total Primary Government
\$ 711	\$ 28	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,857	\$ 398,888
-	(28)	-	-	-	-	-	-	(160,457)
-	-	-	-	(59,659)	-	-	-	-
711	-	-	-	(59,659)	-	-	69,857	238,431
-	32,590	-	-	242,985	-	-	100,124	2,845,748
(517)	(50,354)	-	-	(244,435)	-	-	(49,251)	(2,776,161)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1
194	(17,764)	-	-	(61,109)	-	-	120,730	308,019
-	3,728	-	-	-	-	-	-	186,503
-	14,036	-	-	61,109	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,730</u>	<u>494,522</u>
							Less Activity Funds	<u>(29,616)</u>
							Per Exhibit B-1	<u>\$ 464,906</u>
\$ 194	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,730	\$ 494,522
-	(3,728)	-	-	-	-	-	-	(186,503)
-	(14,036)	-	-	(61,109)	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 194</u>	<u>\$ (17,764)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (61,109)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,730</u>	<u>\$ 308,019</u>

**ALICE KING COMMUNITY SCHOOL  
 (A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
 SCHOOL DISTRICT NO. 12)  
 SCHEDULE OF VENDOR INFORMATION FOR PURCHASES  
 YEAR ENDED JUNE 30, 2016  
 EXCEEDING \$60,000 (EXCLUDING GRT) – UNAUDITED  
 (REQUIRED BY 2.2.2 NMAC)**

<i>RFB#/RFP#</i>	<i>Type of Procurement</i>	<i>Awarded Vendor</i>	<i>\$ Amount of Awarded Contract</i>	<i>\$ Amount of Amended Contract</i>	<i>Name and Physical Address, Per the Procurement Documentation, of <u>ALL</u> Vendor(s) That Responded</i>	<i>In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)</i>	<i>Was the Vendor In-State and Chose Veteran's Preference (Y or N) - For Federal Funds, Answer N/A</i>	<i>Brief Description of the Scope of Work</i>
No purchases exceeding \$60,000 in FY16								



# 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

Alice King Community 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, the discretely presented component unit, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund, of Alice King Community School (the School) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and the combining and individual funds and related budgetary comparisons of the School, presented as supplementary information, and have issued our report thereon dated November 12, 2016.

### 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 were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as 2016-015 that we consider to be a material weakness.

Alice King Community 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are reported as items: 2016-016 and 2016-051.

### **Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 12, 2016

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2016**

**SECTION I – FINANCIAL STATEMENT FINDINGS**

**2016-015 – Internal Control Over Financial Reporting (Material Weakness)**

**Condition:** During our audit of revenue and accounts receivable, we noted the School had not received or accrued a receivable for the Instructional Material Special Appropriation of \$3,110.

**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:** Lack of effective internal controls surrounding the financial reporting process.

**Effect:** An audit adjustment was required, which was material to fund 14000.

**Auditor's Recommendation:** We recommend that management ensure that adequate internal controls are established surrounding the financial reporting process.

**Management's Response:** At the end of each fiscal year, the business manager will run a Budget Summary Report from the AKCS accounting system for review of any variances on actual revenues received. Variances will be verified by the business manager and Finance Committee and reported to the auditors on an annual basis. AKCS will record any necessary accruals for variances identified during the analysis.

**2016-016 – Internal Control Over Payroll (Compliance and Other Matters)**

**Condition:** During our review of payroll disbursements, we noted one instance in which an employee was paid \$350 more during the fiscal year than the approved contract amount.

**Criteria:** Per NMAC 6.20.2.18, the local board shall establish written payroll policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP.

**Cause:** Lack of effective controls and procedures surrounding the personnel files.

**Effect:** Noncompliance with the applicable statutes.

**Auditor's Recommendation:** We recommend that management establish procedures to ensure that employee contracts are reconciled to payroll disbursements.

**Management's Response:** A quarterly report of salaries entered into the AKCS accounting system will be run and verified against actual contract amounts. The report will run by the business manager and verified by the Executive Director and Business Office Assistant who maintain actual copies of contracts signed. AKCS will make any adjustments necessary to ensure payments are consistent with the terms of the contract.

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2016**

**SECTION I – FINANCIAL STATEMENT FINDINGS – COMPONENT UNIT**

**2016-051 – Internal Control Structure (Compliance and Other Matters)**

**Condition:** During our audit of the Foundation, we encountered the following issues:

- During our review of expenses, we noted 2 out of 17 instances, totaling \$9,288.96, for which sufficient supporting documentation was not maintained by the Foundation to support the amount expended.
- During our review of cash receipts, we noted 2 out of 12 instances, totaling \$3,194.75, for which sufficient supporting documentation was not maintained by the Foundation to validate the amount received.
- During our review of cash receipts, we noted 2 out of 12 instances, for which revenue was recorded to the improper account.
- During our review of accounts payable, we noted that accounts payable was overstated by \$8,270.80.

**Criteria:** The Foundation shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with GAAP.

**Cause:** Management oversight, lack of effective internal controls.

**Effect:** Possible misstatements to the financial statements, possible misappropriation of assets.

**Recommendation:** We recommend that management ensure that adequate internal controls are established surrounding the cash receipt and cash disbursement process to ensure accurate recording and documentation.

**Management's Response:** The Foundation Board has begun the process of creating and implementing a written manual of operating policies and procedures. These policies and procedures will include controls which will ensure the proper recording of the Foundation's activities and the retention of appropriate documentation. The Foundation has also contracted with a bookkeeper to perform monthly reconciliations to ensure the timely completion and review of records. The Treasurer has been tasked with the completion of these items and the follow up should be implemented by the end of the calendar year.

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2016**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**2013-009 – Budgetary Conditions (Compliance and Other Matters) - Resolved**

**Condition:** The School has an expenditure function where actual expenditures exceeded budgetary authority:

Fund 24154 – Teacher/Principal Training - \$1,239

**2015-012 – Chief Procurement Officer (Compliance and Other Matters) - Resolved**

**Condition:** The school has not yet provided the name of the school's chief procurement officer to the state purchasing agent.

**ALICE KING COMMUNITY SCHOOL  
(A COMPONENT UNIT OF ALBUQUERQUE MUNICIPAL  
SCHOOL DISTRICT NO. 12)  
EXIT CONFERENCE  
JUNE 30, 2016**

An exit conference was held with the School on September 29, 2016. 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:

**ALICE KING COMMUNITY SCHOOL**

Tonya Newton, Executive Director, Principal – Effective 7/1/2016  
Rhonda Cordova, Business Manager  
Jason Kugler, Audit Committee Chair  
Judy Bergs, APS Charter School Business Manager

**CLIFTONLARSONALLEN LLP**

Matt Bone, CPA, CGFM, CGMA, Assurance Principal, CliftonLarsonAllen LLP  
Victor Kraft, CPA, CGFM, CFE, Senior Associate, CliftonLarsonAllen LLP

An exit conference was held with the Foundation on November 4, 2016. The conference was held via a closed teleconference to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

Benjamin Martinez – Treasurer, Alice King Community School Foundation

Victor Kraft, CPA, CGFM, CFE, Senior Associate, CliftonLarsonAllen LLP

**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.