



REPORT OF INDEPENDENT AUDITORS AND FINANCIAL
STATEMENTS

ALBUQUERQUE TALENT DEVELOPMENT ACADEMY
**(A Component Unit of Albuquerque Municipal School
District No. 12)**

June 30, 2018

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

OFFICIAL ROSTER (UNAUDITED)

June 30, 2018

Albuquerque Talent Development Academy Governing Council

Brian Jones, President

Rommie Compher

Leslie Elmore

Garry Long

Jose Scott

Albuquerque Talent Development Academy Administration

Gloria Garza, Head Administrator/Principal

Whitney Galindo, Business Manager

Report of Independent Auditors

Albuquerque Talent Development Academy
Governing Council and
Mr. Wayne Johnson
New Mexico State Auditor

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparison for the general fund and major special revenue funds of Albuquerque Talent Development Academy (the School), a component unit of Albuquerque Municipal School District No. 12, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School as of June 30, 2018, and the respective changes in financial position and the budgetary comparison for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 and the schedule of proportionate share of the net pension liability and contributions and schedule of proportionate share of the OPEB liability and contributions on pages 53-55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2018, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Mess Adams LLP

Albuquerque, New Mexico
October 31, 2018

Albuquerque Talent Development Academy (A Component Unit of Albuquerque Municipal School District No. 12) Management's Discussion and Analysis Year Ended June 30, 2018

This section of the Albuquerque Talent Development Academy (the School) financial report represents our discussion and analysis of the financial performance of the School for the year ended June 30, 2018. 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, 2018 was 164 students, a decrease of 13 students over the 2017 ADM of 177.

Overview of the Financial Statements

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

- Independent Auditors' Report
- Management's Discussion and Analysis (required supplementary information)
- Basic Financial Statements
- Required supplemental section that presents required schedules.

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.

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Management's Discussion and Analysis
Year Ended June 30, 2018

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 2017 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.

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.

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Management's Discussion and Analysis
Year Ended June 30, 2018

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 \$800,843 when compared to prior year. Total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$3,271,053 as of June 30, 2018. This deficit is primarily related to the net pension liability of \$3,798,583 and other post-employment benefits liability of \$1,027,330.

Table A-1
The School's Net Position

	FY 2018	FY 2017	Amount Change	Total % Change
Assets:				
Current and other assets	\$ 635,567	\$ 542,205	\$ 93,362	17%
Capital and noncurrent assets	23,454	29,166	(5,712)	-20%
Total assets	<u>659,021</u>	<u>571,371</u>	<u>87,650</u>	<u>15%</u>
Deferred outflows of resources	<u>1,400,793</u>	<u>687,600</u>	<u>713,193</u>	<u>104%</u>
Total assets and deferred outflows of resources	<u>\$ 2,059,814</u>	<u>\$ 1,258,971</u>	<u>\$ 800,843</u>	<u>64%</u>
Liabilities:				
Current liabilities	\$ 89,305	\$ 81,226	\$ 8,079	10%
Noncurrent liabilities	<u>4,825,913</u>	<u>2,642,530</u>	<u>2,183,383</u>	<u>83%</u>
Total liabilities	<u>4,915,218</u>	<u>2,723,756</u>	<u>2,191,462</u>	<u>80%</u>
Deferred inflows of resources	<u>415,644</u>	<u>25,134</u>	<u>390,510</u>	<u>1554%</u>
Net position:				
Net investment in capital assets	23,454	29,166	(5,712)	-20%
Restricted	341,814	22,197	319,617	1440%
Unrestricted (deficit)	<u>(3,636,316)</u>	<u>(1,541,282)</u>	<u>(2,095,034)</u>	<u>136%</u>
Total net position	<u>(3,271,048)</u>	<u>(1,489,919)</u>	<u>(1,781,129)</u>	<u>120%</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,059,814</u>	<u>\$ 1,258,971</u>	<u>\$ 800,843</u>	<u>64%</u>

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Management's Discussion and Analysis
Year Ended June 30, 2018

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

	FY 2018	FY 2017	Amount Change	Total % Change
Revenues:				
Program revenues:				
Charges for services	\$ 2,972	\$ 2,271	\$ 701	31%
Operating grants and contributions	118,788	4,230	114,558	2708%
Capital grants and contributions	128,809	295,070	(166,261)	-56%
Total program revenues	<u>250,569</u>	<u>301,571</u>	<u>(51,002)</u>	<u>-17%</u>
General revenues:				
State equalization guarantee	1,667,953	1,669,029	(1,076)	0%
Property taxes	166,095	165,456	639	0%
Total general revenue	<u>1,834,048</u>	<u>1,834,485</u>	<u>(437)</u>	<u>0%</u>
Total revenues	<u>2,084,617</u>	<u>2,136,056</u>	<u>(51,439)</u>	<u>-2%</u>
Expenses:				
Instruction	1,574,897	1,145,457	429,440	37%
Support services	903,306	978,251	(74,945)	-8%
Operation of non-instructional services	13,710	13,259	451	3%
Facilities, material, supplies, and other services	153,529	150,877	2,652	2%
Total expenses	<u>2,645,442</u>	<u>2,287,844</u>	<u>357,598</u>	<u>16%</u>
Change in net position	<u>(560,825)</u>	<u>(151,788)</u>	<u>(409,037)</u>	<u>269%</u>
Net position, beginning of year	(1,489,919)	(1,338,131)	(151,788)	11%
Impact of change in accounting pronouncement	<u>(1,220,304)</u>	-	<u>(1,220,304)</u>	<u>100%</u>
Net position, beginning of year as restated	<u>(2,710,223)</u>	<u>(1,338,131)</u>	<u>(1,372,092)</u>	<u>103%</u>
Net position, end of year	<u>\$ (3,271,048)</u>	<u>\$ (1,489,919)</u>	<u>\$ (1,781,129)</u>	<u>120%</u>

Financial Analysis of the School's Funds

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

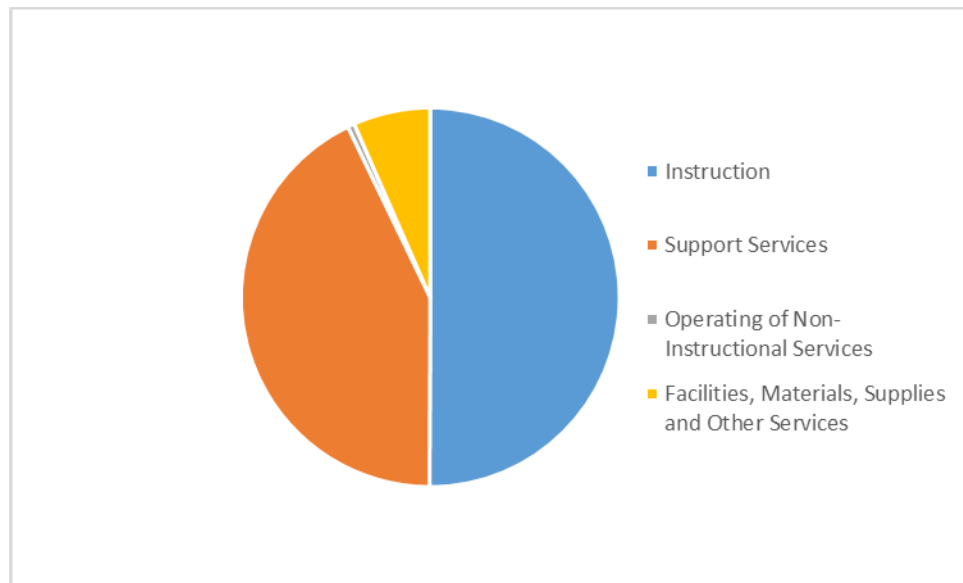
The School's governmental funds reported a combined fund balance of \$546,262 at June 30, 2018, an increase of \$87,329 from the \$458,933 reported at June 30, 2017. The School's General Fund reported a decrease in fund balance for the year of \$41,381.

Albuquerque Talent Development Academy (A Component Unit of Albuquerque Municipal School District No. 12) Management's Discussion and Analysis Year Ended June 30, 2018

The Public School Capital Outlay and federal reimbursement funds do not carry fund balance. All revenues are expended in the year received.

The SB9 Capital Outlay fund reported an increase in fund balance for the 2018 year of \$32,878.

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 a decrease in fund balance of \$41,381. Revenues from the School for the local operating budget decreased \$290, or 0%, from the prior year. Total General Fund expenditures increased \$46,142, or 3%.

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Management's Discussion and Analysis
Year Ended June 30, 2018

Capital Assets

Total primary government net capital assets were \$23,454 at June 30, 2018 compared to \$29,166 at June 30, 2017, a decrease of 20%. The following is a summary of the School's capital assets, net of depreciation, at June 30, 2018 and 2017.

	Balance <u>June 30, 2017</u>	Additions	Deletions	Balance <u>June 30, 2018</u>
Buildings and improvements	\$ 65,000	\$ -	\$ -	\$ 65,000
Furniture, fixtures, & equipment	28,569	-	-	28,569
Less: accumulated depreciation	<u>(64,403)</u>	<u>(5,712)</u>	<u>-</u>	<u>(70,115)</u>
Capital assets, net	<u>\$ 29,166</u>	<u>\$ (5,712)</u>	<u>\$ -</u>	<u>\$ 23,454</u>

Requests for Information

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

Business Manager
Albuquerque Talent Development Academy
1800 Atrisco Drive NW
Albuquerque, NM 87120

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 560,243
Receivables, net of allowance for uncollectibles:	
Due from other governments	<u>75,324</u>
Total current assets	<u>635,567</u>
Noncurrent assets:	
Capital assets:	
Building/leasehold improvements	65,000
Furniture, fixtures, and equipment	28,569
Less: accumulated depreciation	<u>(70,115)</u>
Total noncurrent assets	<u>23,454</u>
TOTAL ASSETS	<u>659,021</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to net pension liability	1,381,702
Related to other post-employment benefits	<u>19,091</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,400,793</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,059,814</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 7,237
Accrued liabilities	<u>82,068</u>
Total current liabilities	<u>89,305</u>
Noncurrent liabilities:	
Net pension liability	3,798,583
Other post-employment benefits liability	<u>1,027,330</u>
Total noncurrent liabilities	<u>4,825,913</u>
TOTAL LIABILITIES	<u>4,915,218</u>
DEFERRED INFLOWS OF RESOURCES	
Related to net pension liability	181,826
Related to other post-employment benefits	<u>233,818</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>415,644</u>
NET POSITION	
Net investment in capital assets	23,454
Restricted	341,814
Unrestricted (deficit)	<u>(3,636,316)</u>
TOTAL NET POSITION (DEFICIT)	<u>(3,271,048)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 2,059,814</u>

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Statement of Activities
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 1,574,897	\$ 2,967	\$ 77,141	\$ -	\$ (1,494,789)
Support services:					
Students	144,085	-	41,647	-	(102,438)
Instruction	17,752	-	-	-	(17,752)
General administration	146,683	-	-	-	(146,683)
School administration	136,538	-	-	-	(136,538)
Central services	154,821	-	-	-	(154,821)
Operation and maintenance of plant	300,338	-	-	-	(300,338)
Student transportation	3,089	-	-	-	(3,089)
Operating of non-instructional services:					
Food services operations	9,377	5	-	-	(9,372)
Community services operations	4,333	-	-	-	(4,333)
Facilities, supplies, & materials	153,529	-	-	128,809	(24,720)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,645,442	\$ 2,972	\$ 118,788	\$ 128,809	(2,394,873)
GENERAL REVENUES					
State Equalization Guarantee					1,667,953
Property Taxes					166,095
Total General Revenues					<u>1,834,048</u>
CHANGE IN NET POSITION					(560,825)
NET POSITION, BEGINNING OF YEAR (DEFICIT)					(1,489,919)
IMPACT OF CHANGE IN ACCOUNTING PRONOUNCEMENT					<u>(1,220,304)</u>
NET POSITION, BEGINNING OF YEAR AS RESTATED					<u>(2,710,223)</u>
NET POSITION, END OF YEAR (DEFICIT)					<u><u>\$ (3,271,048)</u></u>

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Balance Sheet – Governmental Funds
June 30, 2018

	11000 General	24106 Entitlement IDEA-B	31200 Public School Capital Outlay	31600 Capital Improvements HB-33	31701 Capital Improvements SB-9 (State Match)	Non-Major Funds	Governmental Funds Total
ASSETS							
Cash and cash equivalents	\$ 220,748	\$ -	\$ -	\$ 219,699	\$ 114,356	\$ 5,440	\$ 560,243
Accounts receivable							
Due from other governments	-	16,275	31,659	1,500	819	25,071	75,324
Due from other funds	70,288	-	-	-	-	-	70,288
TOTAL ASSETS	\$ 291,036	\$ 16,275	\$ 31,659	\$ 221,199	\$ 115,175	\$ 30,511	\$ 705,855
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Current liabilities							
Accounts payable	\$ 5,503	\$ -	\$ -	\$ -	\$ -	\$ 1,734	\$ 7,237
Accrued liabilities	79,351	2,592	-	-	-	125	82,068
Due to other funds	-	13,683	31,659	-	-	24,946	70,288
TOTAL LIABILITIES	84,854	16,275	31,659	-	-	26,805	159,593
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	221,199	115,175	5,440	341,814
Committed	-	-	-	-	-	-	-
Assigned for subsequent year	-	-	-	-	-	-	-
Unassigned (deficit)	206,182	-	-	-	-	(1,734)	204,448
TOTAL FUND BALANCES	206,182	-	-	221,199	115,175	3,706	546,262
TOTAL LIABILITIES AND FUND BALANCE	\$ 291,036	\$ 16,275	\$ 31,659	\$ 221,199	\$ 115,175	\$ 30,511	\$ 705,855

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
Year Ended June 30, 2018

Total Fund Balance - Governmental Funds (Governmental Fund Balance Sheet)	<u>\$ 546,262</u>
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

The cost of capital assets is	93,569
Accumulated depreciation is	<u>(70,115)</u>
 Total capital assets	 23,454

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

Deferred outflows of resources	1,381,702
Deferred inflows of resources	<u>(181,826)</u>

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

Deferred outflows of resources	19,091
Deferred inflows of resources	<u>(233,818)</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	(3,798,583)
Net other post-employment benefits liability	<u>(1,027,330)</u>

Net Position of Governmental Activities (Statement of Net Position)	<u><u>\$ (3,271,048)</u></u>
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**Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds
Year Ended June 30, 2018**

	Major Fund		Major Fund		Major Fund		Major Fund		Non-Major Funds	Governmental Funds Total
	11000	24106	31200	31600	31701	Capital	Improvements	SB-9 (State Match)		
	General	Entitlement IDEA-B	Public School Capital Outlay	Capital Improvements HB-33	Capital Improvements					
REVENUES										
Property taxes	\$ -	\$ -	\$ -	\$ 112,277	\$ 55,864	\$ -	\$ -	\$ -	\$ -	\$ 168,141
Local and county sources	2,967	-	-	-	-	-	-	-	5	2,972
State sources	1,667,953	-	126,635	-	-	-	-	-	10,231	1,804,819
Federal sources	-	41,613	-	-	-	-	-	-	69,118	110,731
Total revenues	1,670,920	41,613	126,635	112,277	55,864	-	-	-	79,354	2,086,663
EXPENDITURES										
Current:										
Instruction	845,194	759	-	-	-	-	-	-	88,548	934,501
Support services:										
Students	102,439	40,854	-	-	-	-	-	-	792	144,085
Instruction	15,282	-	-	-	-	-	-	-	2,470	17,752
General administration	146,683	-	-	-	-	-	-	-	-	146,683
School administration	136,538	-	-	-	-	-	-	-	-	136,538
Central services	154,821	-	-	-	-	-	-	-	-	154,821
Operations and maintenance of plant	300,338	-	-	-	-	-	-	-	-	300,338
Student transportation	3,089	-	-	-	-	-	-	-	-	3,089
Operation of non-instructional services:										
Food services operations	7,917	-	-	-	-	-	-	-	81	7,998
Facilities, supplies, & materials	-	-	126,635	-	22,986	-	-	-	3,908	153,529
Total expenditures	1,712,301	41,613	126,635	-	22,986	-	-	-	95,799	1,999,334
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES										
	(41,381)	-	-	112,277	32,878	-	-	-	(16,445)	87,329
FUND BALANCES, BEGINNING OF YEAR										
	247,563	-	-	108,922	82,297	-	-	-	20,151	458,933
FUND BALANCES, END OF YEAR										
	\$ 206,182	\$ -	\$ -	\$ 221,199	\$ 115,175	\$ -	\$ -	\$ -	\$ 3,706	\$ 546,262

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds to the Statement of Activities
Year Ended June 30, 2018

Net Changes in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances)	\$	87,329
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Amounts reported for governmental activities in the Statement of Activities are different because:

In the Statement of Activities, certain operating expenses - 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.		(618,643)
Expenses related to the net other post-employment benefits liability not reported in the funds.		(21,753)
Unavailable Revenue - Property Taxes		(2,046)

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:

Depreciation expense		(5,712)
Excess of depreciation expense over capital outlay		(5,712)

Change in Net Position of Governmental Activities (Statement of Activities)	\$	(560,825)
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**Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
General Fund (Fund 11000)**

**Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual
Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local and county sources	\$ -	\$ -	\$ 2,967	\$ 2,967
State sources	1,642,398	1,654,841	1,667,953	13,112
Total revenues	<u>1,642,398</u>	<u>1,654,841</u>	<u>1,670,920</u>	<u>16,079</u>
EXPENDITURES				
Current:				
Instruction	848,806	848,806	842,528	6,278
Support services:				
Students	117,401	117,401	100,633	16,768
Instruction	16,430	16,430	14,814	1,616
General administration	149,777	150,777	146,683	4,094
School administration	132,103	142,885	135,977	6,908
Central services	318,556	318,556	154,821	163,735
Operation and maintenance of plant	283,452	295,895	300,338	(4,443)
Student transportation	3,500	3,500	3,089	411
Operation of non-instructional services:				
Food services operations	8,154	8,154	7,917	237
Total expenditures	<u>1,878,179</u>	<u>1,902,404</u>	<u>1,706,800</u>	<u>195,604</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(235,781)	(247,563)	(35,880)	211,683
DESIGNATED CASH	<u>235,781</u>	<u>247,563</u>	<u>-</u>	<u>(247,563)</u>
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>(35,880)</u>	<u>\$ (35,880)</u>
RECONCILIATION TO GAAP BASIS				
Adjustments to revenues			-	
Adjustments to expenditures			<u>(5,501)</u>	
NET CHANGES IN FUND BALANCES			<u>\$ (41,381)</u>	

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Entitlement IDEA-B (Fund 24106)
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Federal sources	\$ 40,808	\$ 41,712	\$ 25,339	\$ (16,373)
Total revenues	<u>40,808</u>	<u>41,712</u>	<u>25,339</u>	<u>(16,373)</u>
EXPENDITURES				
Current:				
Instruction	40,808	759	759	-
Support services:				
Students	-	40,953	40,854	99
Total expenditures	<u>40,808</u>	<u>41,712</u>	<u>41,613</u>	<u>99</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(16,274)	(16,274)
DESIGNATED CASH	-	-	-	-
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	(16,274)	<u>\$ (16,274)</u>
RECONCILIATION TO GAAP BASIS				
Adjustments to revenues			16,274	
Adjustments to expenditures			<u>-</u>	
NET CHANGES IN FUND BALANCES			<u>\$ -</u>	

**Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Public School Capital Outlay (Fund 31200)
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual
Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
State sources	\$ -	\$ 126,635	\$ 94,976	\$ (31,659)
Total revenues	-	126,635	94,976	(31,659)
EXPENDITURES				
Current:				
Facilities, supplies, & materials	-	126,635	126,635	-
Total expenditures	-	126,635	126,635	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(31,659)	(31,659)
DESIGNATED CASH	-	-	-	-
NET CHANGES IN FUND BALANCES	\$ -	\$ -	(31,659)	\$ (31,659)
RECONCILIATION TO GAAP BASIS				
Adjustments to revenues			31,659	
Adjustments to expenditures			-	
NET CHANGES IN FUND BALANCES			\$ -	

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Capital Improvements HB-33 (Fund 31600)
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 112,994	\$ 112,994	\$ 112,824	\$ (170)
Total revenues	<u>112,994</u>	<u>112,994</u>	<u>112,824</u>	<u>(170)</u>
EXPENDITURES				
Current:				
Facilities, supplies, & materials	222,696	219,869	-	219,869
Total expenditures	<u>222,696</u>	<u>219,869</u>	<u>-</u>	<u>219,869</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(109,702)	(106,875)	112,824	219,699
DESIGNATED CASH	<u>109,702</u>	<u>106,875</u>	<u>-</u>	<u>(106,875)</u>
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	112,824	<u>\$ 112,824</u>
RECONCILIATION TO GAAP BASIS				
Adjustments to revenues			(547)	
Adjustments to expenditures			<u>-</u>	
NET CHANGES IN FUND BALANCES			<u>\$ 112,277</u>	

**Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Capital Improvements SB-9 State Match (Fund 31701)
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual
Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 55,761	\$ 55,761	\$ 56,260	\$ 499
Total revenues	<u>55,761</u>	<u>55,761</u>	<u>56,260</u>	<u>499</u>
EXPENDITURES				
Current:				
Facilities, supplies, & materials	127,242	136,845	22,986	113,859
Total expenditures	<u>127,242</u>	<u>136,845</u>	<u>22,986</u>	<u>113,859</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(71,481)	(81,084)	33,274	114,358
DESIGNATED CASH	<u>71,481</u>	<u>81,084</u>	<u>-</u>	<u>(81,084)</u>
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>33,274</u>	<u>\$ 33,274</u>
RECONCILIATION TO GAAP BASIS				
Adjustments to revenues			(396)	
Adjustments to expenditures			<u>-</u>	
NET CHANGES IN FUND BALANCES			<u>\$ 32,878</u>	

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Statement of Fiduciary Assets and Liabilities – Agency Funds
Year Ended June 30, 2018

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 1
TOTAL ASSETS	<u>\$ 1</u>
LIABILITIES	
Deposits Held for Others	\$ 1
TOTAL LIABILITIES	<u>\$ 1</u>

Albuquerque Talent Development Academy

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

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

Albuquerque Talent Development Academy (the School), organized under the laws of the State of New Mexico, operates under the governing council-Director form of government. The School is a component unit of the Albuquerque Municipal School District No. 12, as the District is the authorizer of the School, however, the operations of the entities are separate and distinct. The School provides public education opportunities for children from ninth 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. The School has no component units.

Government-Wide and Fund Financial Statements

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

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

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

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Those revenues susceptible to accrual are property taxes, state shared taxes, investment income and charges for services. In accordance with GASB Statement 65, estimated property, and other taxes that are not available are called unavailable revenue and shown as a deferred inflow of resources. All other revenues are recognized when they are received and are not susceptible to accrual, because they are usually not measurable until payment is actually received. Expenditures are recorded as liabilities when they are incurred.

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

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

Other Financing Sources (Uses): Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of capital assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the period for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Albuquerque Talent Development Academy

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

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

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.

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

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

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

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

Under the requirements of GASB #34, the School is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements are identified below.

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 Services 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 fees paid by program users. Authority for the creation of this fund is NMSA 22-13-13.

The IASA Title I Fund (24101) is used to provide compensatory education services to educationally deprived school children (including private school pupils) in low income areas (P.L. 103-382).

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

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

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

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

The 2012 G.O. Bonds Public Schools Library Fund (27107) – Statute specifies that the funds are available to acquire library books, equipment, and library resources for public school libraries.

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 HB-33 Fund (31600) is used to account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided 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.**

Albuquerque Talent Development Academy (A Component Unit of Albuquerque Municipal School District No. 12) Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

The Capital Improvements SB9 State Match Fund (31700) - The fund is used to account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching (22-25-1 to 22-25-10, NMSA 1978).

The Capital Improvements SB9 Local Fund (31701) - The fund is used to account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by a special tax levy as authorized by the Public School District Capital Improvements Act. (22-25-1 to 22-25-10, NMSA 1978) **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 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 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."

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position 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 Federal Deposit Insurance Commission (FDIC) and which is within the geographic boundaries of the School, or with the New Mexico State Treasurer. The School's cash and cash equivalents are considered to be cash on hand and demand deposits.

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

Receivables and Payables

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

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

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

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.

**Albuquerque Talent Development Academy
 (A Component Unit of Albuquerque Municipal School District No. 12)
 Notes to Financial Statements**

Note 1 – Summary of Significant Accounting Policies (continued)

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

The following are the School's estimated useful lives:

Computer Equipment and Business Machines	5 Years	Improvements to Land	20 Years
General Equipment and Musical Instruments	8 Years	Improvements to Leasehold/Buildings	20 Years
Vehicles, Trucks, and Trailers	8 Years	Portable School Buildings	25 Years
Furniture, Major Appliances, Large	10 Years	Buildings	40 Years

Depreciation was allocated to the various functions based upon originating purchasing source where identifiable.

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 liabilities in the accompanying financial statements include accrued salaries for services performed through June 30, 2018 for these employees. The accrued salaries will be paid within two months after the end of the fiscal year.

Compensated Absences

The School does not payout accrued sick or vacation leave.

Deferred Outflows/Inflows of Resources, net

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 \$1,381,702 related to the pension plan and \$19,091 related to the other post-employment benefits plan in this category as of June 30, 2018.

In addition to liabilities, the statement of net 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 is reporting \$181,826 related to the pension plan and \$233,818 related to the other post-employment benefits plan in this category as of June 30, 2018.

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balance

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

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

Net Position

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

Net investment in capital assets - This category reflects the portion of net position that are associated with net capital assets less outstanding capital asset related debt.

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

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

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

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

Albuquerque Talent Development Academy

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

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Interfund Transactions

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

Estimates

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

State Equalization Guarantee

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

A school district's charter school's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The School received \$1,667,953 in state equalization guarantee distributions during the year ended June 30, 2018.

Revenues

Property Tax

The School receives mill levy and ad valorem tax revenues primarily for 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 capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

An enforceable lien is attached on property as of January 1st. Tax notices are sent to property owners by November 1st of each year, to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects County, City, and School taxes and distributes collections to each fund once per month.

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

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. These funds are restricted for the purchase of instructional materials. Allocations received from the State for the year ended June 30, 2018 totaled \$5,191.

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. Allocations received for the year ended June 30, 2018 totaled \$2,174.

Public School Capital Outlay

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

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

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

Albuquerque Talent Development Academy

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Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district or charter school has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis. Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved. Allocations received for the year ended June 30, 2018 are \$126,635.

Federal Grants

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

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.

Budgetary Information

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

1. Subsequent to January 31, and prior to June 1, School management submits to the Governing Council a proposed budget for the fiscal year which commences on July 1. The budget includes an estimate of revenues and a proposed expenditure plan.
2. The proposed budget is presented at meetings subject to the Open Meetings Act of New Mexico, and the public is invited to comment.
3. The School is required to submit to the State of New Mexico, Public Education Department School Budget & Financial Analysis Unit (SBFAU) a balanced budget for the fiscal year which commences on July 1.
4. Based on criteria set by the SBFAU, the School undergoes either a formal technical review of the proposed budget or a more informal phone review each year. Subsequent to this review, the local Governing Council approves a budget resolution to adopt the proposed budget subject to any technical adjustments by SBFAU. The final budget as approved by SBFAU is provided to the Governing Council for information purposes only.
5. The budget is adjusted throughout the fiscal year based upon changes in programmatic needs. Budgetary control is at the function level; over-expenditure of a function is not allowed per NMAC 6.20.2.9.A.

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

6. Budgets for the General Fund, Special Revenue Funds and Capital Projects Funds are adopted on a basis consistent with Supplement 1 Budget Preparation and Maintenance of the “Manual of Procedures for Uniform Financial Accounting and Budgeting for School Districts”. Budgetary amounts for the Debt Service Fund are based upon the issuance of general obligation bonds.
7. Budgeted amounts are as originally adopted or as amended by the SBFAU.

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

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

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, 2018 is presented with each fund’s Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual.

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

Note 2 – Cash and Cash Equivalents

State statutes authorize the investment of charter school funds in a wide variety of instruments, including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the charter schools properly followed State investment requirements as of June 30, 2018.

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.

Albuquerque Talent Development Academy (A Component Unit of Albuquerque Municipal School District No. 12) Notes to Financial Statements

Note 2 – Cash and Cash Equivalents (continued)

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

Deposits

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

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The School does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2018, the school is not exposed to custodial credit risk as all deposits are either insured or collateralized.

Note 3 – Accounts Receivable

As of June 30, 2018, accounts receivable consists of the following:

Intergovernmental	\$ 75,324
Total	<u>\$ 75,324</u>

The above receivables are deemed to be fully collectible.

Albuquerque Talent Development Academy
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Notes to Financial Statements

Note 4 – Capital Assets

A summary of capital assets and changes occurring during the year ended June 30, 2018 follows:

<u>Primary Government Activities</u>	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Cost				
Building/leasehold improvements	\$ 65,000	\$ -	\$ -	\$ 65,000
Furniture, fixtures, and equipment	28,569	-	-	28,569
Total	93,569	-	-	93,569
Accumulated Depreciation				
Building/leasehold improvements	(41,235)	(4,333)	-	(45,568)
Furniture, fixtures, and equipment	(23,168)	(1,379)	-	(24,547)
Total	(64,403)	(5,712)	-	(70,115)
Net total - primary government	<u>\$ 29,166</u>	<u>\$ (5,712)</u>	<u>\$ -</u>	<u>\$ 23,454</u>

Depreciation expense for the year ended June 30, 2018 was charged to the following functions:

Operation of non-instructional services:	
Food services operations	\$ 1,379
Community services operations	4,333
Total	<u>\$ 5,712</u>

Note 5 – Pensions

General Information about the Pension Plan

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

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

Albuquerque Talent Development Academy

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Notes to Financial Statements

Note 5 – Pensions (continued)

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

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

Pension Benefit – A member's retirement benefit is determined by a formula which includes three component parts: 1) the member's final average salary (FAS), 2) the number of years of service credit, and 3) a 0.0235 multiplier. The FAS is the average of the member's salaries for the last five years of service or any other consecutive five-year period, whichever is greater.

Summary of Plan Provisions for Retirement Eligibility – For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs:

- The member's age and earned service credit add up to the sum of 75 or more,
- The member is at least 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 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 refunded all member contributions and then becomes re-employed after July 1, 2010 is as follows:

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

Albuquerque Talent Development Academy
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Notes to Financial Statements

Note 5 – Pensions (continued)

Section 2-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions, and returned to work for an ERB employer on or after July 1, 2013. These members must meet one of the following requirements.

- The member's minimum age is 55, and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55.
- The member's minimum age and earned service credit add up to the sum of 80 or more. Those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits
- The member's age is 67, and has earned 5 or more years of service credit.

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

Benefit Options – The Plan has three benefit options available.

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

**Albuquerque Talent Development Academy
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Notes to Financial Statements**

Note 5 – Pensions (continued)

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

Cost of Living Adjustment (COLA) – All retired members and beneficiaries receiving benefits receive an automatic adjustment in their benefit on July 1 following the later of 1) the year a member retires, or 2) the year a member reaches age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

- Tier 1 membership is comprised of employees who became members prior to July 1, 2010
- Tier 2 membership is comprised of employees who became members after July 1, 2010, but prior to July 1, 2013
- Tier 3 membership is comprised of employees who became members on or after July 1, 2013

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is 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 1.5%. 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 1.7%.

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

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

Contributions – For the fiscal years ended June 30, 2018 and 2017, educational employers contributed to the Plan based on the following rate schedule.

<u>Fiscal Year</u>	<u>Date Range</u>	<u>Wage Category</u>	<u>Member Rate</u>	<u>Employer Rate</u>	<u>Combined Rate</u>	<u>Increase Over Prior Year</u>
2018	7/1/17 to 6/30/18	Over \$20k	10.7%	13.9%	24.6%	0.0%
2018	7/1/17 to 6/30/18	\$20k or less	7.9%	13.9%	21.8%	0.0%
2017	7/1/17 to 6/30/18	Over \$20k	10.7%	13.9%	24.6%	0.0%
2017	7/1/17 to 6/30/18	\$20k or less	7.9%	13.9%	21.8%	0.0%

Albuquerque Talent Development Academy
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Notes to Financial Statements

Note 5 – Pensions (continued)

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal year ended June 30, 2018, the School paid employee and employer contributions of \$132,687, which equal the amount of the required contributions for the fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the School reported a liability of \$3,798,583 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. Therefore, the employer’s portion was established as of the measurement date of June 30, 2017. The School’s proportion of the net pension liability was based on a projection of the School’s long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2017, the School’s proportion was 0.03418%, which was a decrease of 0.00254% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School recognized pension expense of \$751,324. At June 30, 2018, 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	\$ 6,819	\$ 58,521
Changes of assumptions	1,108,881	-
Net difference between projected and actual earnings on pension plan investments	-	521
Changes in proportion and differences between the employer's contributions and proportionate share of contributions	133,315	122,784
Employer's contributions subsequent to the measurement date	132,687	-
Total	\$ 1,381,702	\$ 181,826

**Albuquerque Talent Development Academy
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Notes to Financial Statements**

Note 5 – Pensions (continued)

Deferred outflows of resources related to pensions includes \$142,609 resulting from the School's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 440,104
2020	430,496
2021	227,868
2022	(31,279)

Actuarial assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%				
Salary increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.				
Investment rate of return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.				
Average of Expected Remaining Service Lives	Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	Service life in years	3.35	3.77	3.92	3.88
Mortality	<p>Healthy males: Based on the RP-2000 Combined Healthy Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table's base year of 2000.</p> <p>Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012.</p> <p>Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p>Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p>Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>				

Albuquerque Talent Development Academy
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Notes to Financial Statements

Note 5 – Pensions (continued)

Retirement Age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.
Cost-of-living increases	1.90% per year, compounded annually.
Payroll growth	3.00% per year (with no allowance for membership growth).
Contribution accumulation	The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in the past as well as the future.
Disability incidence	Approved rates are applied to eligible members with at least 10 years of service.

Actuarial assumptions and methods are set by the Plan's Board of Trustees, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, the Board adopted several economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Equities	33%	
Fixed income	26%	
Alternative investments	40%	
Cash	1%	
Total	100%	7.25%

**Albuquerque Talent Development Academy
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Notes to Financial Statements**

Note 5 – Pensions (continued)

Discount Rate – A single discount rate of 5.9% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, and a municipal bond rate of 3.56%, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2053. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2053 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

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

Sensitivity of the School’s proportionate share of the net pension liability to changes in the discount rate – The following presents the School’s proportionate share of the net pension liability calculated using the discount rate of 5.90 percent, as well as what the School’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.90 percent) or 1-percentage-point higher (6.90 percent) than the current rate:

Proportionate Share of Net Pension Liability		
1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
4,944,811	3,798,583	2,861,636

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in separately issued NMERB’S financial reports. The reports can be found on NMERB’s Web site at https://www.nmerb.org/Annual_reports.html.

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Note 6 – OPEB

General Information about the OPEB

Plan Description

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

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

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

Employees covered by benefit terms – At June 30, 2017, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	97,349
	160,035
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Education retirement board	48,756
	97,349

**Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements**

Note 6 – OPEB (continued)

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund.

Contributions to the Fund from the School were \$19,091 for the year ended June 30, 2018.

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

At June 30, 2018, the School reported a liability of \$1,027,330 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The School’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the School’s proportion was 0.02267 percent.

For the year ended June 30, 2018, the School recognized OPEB expense of \$40,843. At June 30, 2018, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ 39,423
Changes of assumptions	-	179,616
Net difference between projected and actual earnings on OPEB plan investments	-	14,779
Employer’s contributions subsequent to the measurement date	<u>19,091</u>	<u>-</u>
Total	<u><u>\$ 19,091</u></u>	<u><u>\$ 233,818</u></u>

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 6 – OPEB (continued)

Deferred outflows of resources totaling \$19,091 represent School contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2019	\$ (49,711)
2020	(49,711)
2021	(49,711)
2022	(49,711)
2023	(34,974)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation Health care cost trend rate 8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

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

**Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements**

Note 6 – OPEB (continued)

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

Asset Class	2017
U.S. core fixed income	4.10%
U.S. equity - large cap	9.10%
Non U.S. - emerging markets	12.20%
Non U.S. - developed equities	9.80%
Private equity	13.80%
Credit and structured finance	7.30%
Real estate	6.90%
Absolute return	6.10%
U.S. equity - small/mid cap	9.10%

Discount Rate. The discount rate used to measure the Fund's total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the School, as well as what the School's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81 percent) or 1-percentage-point higher (4.81 percent) than the current discount rate:

Proportionate Share of Net Pension Liability		
1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
\$ 1,246,136	\$ 1,027,330	\$ 855,658

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 6 – OPEB (continued)

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

Proportionate Share of Net Pension Liability		
1% Decrease	Current Trend Rates	1% Increase
\$ 873,815	\$ 1,027,330	\$ 1,147,034

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in NMRHCA's audited financial statements for the year ended June 30, 2017.

Note 7 – Commitments and Liabilities

The school leases facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2018 was \$292,794. Commitments for lease obligations for the following periods as of June 30, 2018 are as follows:

Year Ending June 30,	Amount
2019	\$ 267,663
2020	266,137
2021	265,434
2022	732
	\$ 799,966

**Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements**

Note 8 – Other Required Individual Fund Disclosures

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

- A. Receivables and payables from inter-fund transactions as of June 30, 2018 are listed below. Funds which inter-fund transactions were affected or created due to cash overdrafts are represented.

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General	\$ 70,288	\$ -
Title I - IASA	-	13,056
Entitlement IDEA-B	-	13,683
English Language Acquisition	-	315
Teacher/Principal Training & Recruiting	-	6,931
2012 G.O Bond Public Schools Library	-	2,470
Public School Capital Outlay	-	31,659
Capital Improvements SB-9 (State Match)	-	2,174
	<u> </u>	<u> </u>
Total	<u>\$ 70,288</u>	<u>\$ 70,288</u>

- B. Deficit fund balance of individual funds.
Funds 31700 had a fund deficit of \$1,734, respectively, at June 30, 2018.

- C. Excess of expenditures over appropriations.

Fund 14000 (Function 1000) - \$5,196
Fund 24101 (Function 2000) - \$244
Fund 24154 (Function 1000) - \$8,208
Fund 31200 (Function 4000) - \$42,366

Note 9 – Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors; errors and omissions; injuries to employees; and natural disasters. Because the School was unable to obtain general liability insurance at a cost it considered to be economically justifiable, it joined together with other school districts in the State and obtained insurance coverage with New Mexico Public Schools Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for member school districts. The School pays an annual premium to New Mexico Public Schools Insurance Authority for its general insurance coverage, and all risk of loss is transferred. No losses exceeded insurance in the past three years. The New Mexico Public Schools Insurance Authority is self-insured for property and liability losses below \$250,000 and purchases excess insurance above the self-insured retention aggregate for property is set at \$2,000,000 with a \$1,000,000 stop loss. The self-insured retention aggregate for liability is \$3,000,000 with a \$1,000,000 stop loss.

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 10 – Subsequent Accounting Standard Pronouncements

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

GASB Statement No. 83 – Certain Asset Retirement Obligations

Effective Date: The provisions in Statement 83 are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported.

GASB Statement No. 84 – Fiduciary Activities

Effective Date: The provisions in Statement 84 are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

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

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

This Statement describes four fiduciary funds that should be reported, if applicable:

1. Pension (and other employee benefit) trust funds,
2. Investment trust funds,
3. Private-purpose trust funds, and
4. Custodial funds.

Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

Albuquerque Talent Development Academy (A Component Unit of Albuquerque Municipal School District No. 12) Notes to Financial Statements

Note 10 – Subsequent Accounting Standard Pronouncements (continued)

GASB Statement No. 85 – Omnibus 2017

Effective Date: The provisions in Statement 85 are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

This Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation.
- Reporting amounts previously reported as goodwill and “negative” goodwill.
- Classifying real estate held by insurance entities.
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost.
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus.
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements.
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB.
- Classifying employer-paid member contributions for OPEB.
- Simplifying certain aspects of the alternative measurement method for OPEB.
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

GASB Statement No. 86 – Certain Debt Extinguishment Issues

Effective Date: The provisions in Statement 86 are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged.

This Statement should improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

GASB Statement No. 87 – Leases

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

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

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Financial Statements

Note 10 – Subsequent Accounting Standard Pronouncements (continued)

GASB Statement No. 88 – Certain Disclosures Related to debt, including Direct Borrowings and Direct Placements

Effective Date: The provisions in Statement 87 are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Additional essential information related to debt for required disclosures include unused lines of credit, assets pledged as collateral for the debt, and terms specified in debt agreements related to significant events of default with finance related consequences, significant termination events with finance related consequences, and significant subjective acceleration clauses.

GASB Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period

Effective Date: The provisions in Statement 87 are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of capital asset reported in a business-type activity or enterprise fund.

Note 11– Restatement

During the fiscal year ended June 30, 2018, the School implemented GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, by recognizing its net OPEB liability related to its OPEB plan. Accordingly, the cumulative effect of the accounting change is recorded at the beginning of the year in the financial statements as detailed below.

	Governmental Activities
Net deficit, June 30, 2017, as previously reported	\$(1,489,919)
Cumulative affect of application of GASB 75, net OPEB liability	(1,220,304)
Net deficit, June 30, 2017, as restated	\$(2,710,223)

Required Supplementary Information

**Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Schedule of Proportionate Share of the Net Pension Liability and Contributions
(Required Supplementary Information)**

**SCHEDULE OF ALBUQUERQUE TALENT DEVELOPMENT ACADEMY'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Educational Retirement Board (ERB) Plan
Last 10 Fiscal Years***

	Measurement Date			
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Proportion of the net pension liability (asset)	0.00000%	0.03672%	0.03300%	0.03160%
Proportionate share of the net pension liability	\$ 3,798,583	\$ 2,642,530	\$ 2,137,498	\$ 1,800,158
Covered payroll	\$ 973,259	\$ 1,048,647	\$ 937,950	\$ 869,513
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	390.30%	251.99%	227.89%	207.03%
Plan fiduciary net position as a percentage of the total pension liability	52.95%	61.58%	63.97%	66.54%

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

**SCHEDULE OF ALBUQUERQUE TALENT DEVELOPMENT ACADEMY'S CONTRIBUTIONS
Educational Retirement Board (ERB) Plan
Last 10 Fiscal Years***

	Year ended June 30,			
	2018	2017	2016	2015
Contractually required contributions	\$ 132,687	\$ 135,283	\$ 145,762	\$ 130,375
Contributions in relation to the contractually required contribution	132,687	135,283	145,762	130,375
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 954,587	\$ 973,259	\$ 1,048,647	\$ 937,950
Contributions as a percentage of covered payroll	13.90%	13.90%	13.90%	13.90%

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

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Notes to Required Supplementary Information

Changes of benefit terms

There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2017.

Changes of assumptions and methods

Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, The Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Schedule of Proportionate Share of the Net OPEB Liability and Contributions
(Required Supplementary Information)

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

	Measurement Date June 30, 2017
Proportion of the net OPEB liability (asset)	0.02267%
Proportionate share of the net OPEB liability	\$ 1,027,330
Covered payroll	\$ 944,352
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

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

SCHEDULE OF ALBUQUERQUE TALENT DEVELOPMENT ACADEMY'S
Retiree Health Care Authority (RHCA) Plan
Last 10 Fiscal Years*

	Year Ended June 30, 2018
Contractually required contributions	\$ 71,988
Contributions in relation to the contractually required contribution	<u>36,130</u>
Contribution deficiency (excess)	<u>\$ 35,858</u>
Covered payroll	\$ 944,352
Contributions as a percentage of covered payroll	3.83%

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

Supplementary Information

**Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2018**

	14000	21000	24101
	Instructional Materials	Food Services	Title I - IASA
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,371	\$ 3,069	\$ -
Accounts receivable:			
Due from other governments	-	-	13,178
Other	-	-	-
Due from other funds	-	-	-
Prepaid expenses	-	-	-
TOTAL ASSETS	\$ 2,371	\$ 3,069	\$ 13,178
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Current liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	122
Due to other governments	-	-	-
Due to other funds	-	-	13,056
TOTAL LIABILITIES	-	-	13,178
FUND BALANCE			
Nonspendable	-	-	-
Restricted	2,371	3,069	-
Committed	-	-	-
Assigned for subsequent year	-	-	-
Unassigned (deficit)	-	-	-
Total fund balance (deficit)	2,371	3,069	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,371	\$ 3,069	\$ 13,178

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Combining Balance Sheet – Non-Major Governmental Funds (continued)
June 30, 2018

	24153 Entitlement IDEA-B	24154 Teacher/Principal Training & Recruiting	24162 Title I School Improvement
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable:			
Due from other governments	315	6,934	-
Other	-	-	-
Due from other funds	-	-	-
Prepaid expenses	-	-	-
TOTAL ASSETS	\$ 315	\$ 6,934	\$ -
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Current liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	3	-
Due to other governments	-	-	-
Due to other funds	315	6,931	-
TOTAL LIABILITIES	315	6,934	-
FUND BALANCE			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned for subsequent year	-	-	-
Unassigned (deficit)	-	-	-
Total fund balance (deficit)	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 315	\$ 6,934	\$ -

**Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Combining Balance Sheet – Non-Major Governmental Funds (continued)
June 30, 2018**

	27103 Dual Credit Institution	27107 2012 G.O. Bonds Public Schools Library	31700 Capital Improvements SB-9 (State Match)	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 5,440
Accounts receivable:				
Due from other governments	-	2,470	2,174	25,071
Other	-	-	-	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
TOTAL ASSETS	\$ -	\$ 2,470	\$ 2,174	\$ 30,511
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Current liabilities:				
Accounts payable	\$ -	\$ -	\$ 1,734	\$ 1,734
Accrued liabilities	-	-	-	125
Due to other governments	-	-	-	-
Due to other funds	-	2,470	2,174	24,946
TOTAL LIABILITIES	-	2,470	3,908	26,805
FUND BALANCE				
Nonspendable	-	-	-	-
Restricted	-	-	-	5,440
Committed	-	-	-	-
Assigned for subsequent year	-	-	-	-
Unassigned (deficit)	-	-	(1,734)	(1,734)
Total fund balance (deficit)	-	-	(1,734)	3,706
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 2,470	\$ 2,174	\$ 30,511

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Combining Statement of Revenues, Expenditures and Changes in Fund Balance –
Non-Major Governmental Funds
June 30, 2018

	14000	21000	24101
	Instructional Materials	Food Services	Title I - IASA
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Local and county sources	-	5	-
State sources	5,191	-	-
Federal sources	-	-	31,638
Total revenues	5,191	5	31,638
EXPENDITURES			
Current:			
Instruction	19,826	-	30,846
Support services:			
Students	-	-	792
Instruction	-	-	-
General administration	-	-	-
School administration	-	-	-
Central services	-	-	-
Operations and maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Operation of non-instructional services:			
Food services operations	-	81	-
Community services operations	-	-	-
Facilities, supplies, & materials	-	-	-
Debt Service - Principal	-	-	-
Debt Service - Interest	-	-	-
Total expenditures	19,826	81	31,638
EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENSES	(14,635)	(76)	-
FUND BALANCES, BEGINNING OF YEAR	17,006	3,145	-
FUND BALANCES, END OF YEAR	\$ 2,371	\$ 3,069	\$ -

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Combining Statement of Revenues, Expenditures and Changes in Fund Balance –
Non-Major Governmental Funds (continued)
June 30, 2018

	24153 Entitlement IDEA-B	24154 Teacher/Principal Training & Recruiting	24162 Title I School Improvement
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Local and county sources	-	-	-
State sources	-	-	-
Federal sources	315	15,638	21,527
Total revenues	315	15,638	21,527
EXPENDITURES			
Current:			
Instruction	315	15,638	21,527
Support services:			
Students	-	-	-
Instruction	-	-	-
General administration	-	-	-
School administration	-	-	-
Central services	-	-	-
Operations and maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Operation of non-instructional services:			
Food services operations	-	-	-
Community services operations	-	-	-
Facilities, supplies, & materials	-	-	-
Debt Service - Principal	-	-	-
Debt Service - Interest	-	-	-
Total expenditures	315	15,638	21,527
EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENSES	-	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ -

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Combining Statement of Revenues, Expenditures and Changes in Fund Balance –
Non-Major Governmental Funds (continued)
June 30, 2018

	27103	27107	31700	
	Dual Credit	2012 G.O. Bonds	Capital	
	Institution	Public Schools	Improvements	Total
		Library	SB-9 (State Match)	
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Local and county sources	-	-	-	5
State sources	396	2,470	2,174	10,231
Federal sources	-	-	-	69,118
	<u>396</u>	<u>2,470</u>	<u>2,174</u>	<u>79,354</u>
EXPENDITURES				
Current:				
Instruction	396	-	-	88,548
Support services:				
Students	-	-	-	792
Instruction	-	2,470	-	2,470
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operations and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services:				
Food services operations	-	-	-	81
Community services operations	-	-	-	-
Facilities, supplies, & materials	-	-	3,908	3,908
Debt Service - Principal	-	-	-	-
Debt Service - Interest	-	-	-	-
	<u>396</u>	<u>2,470</u>	<u>3,908</u>	<u>95,799</u>
EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENSES	-	-	(1,734)	(16,445)
FUND BALANCES, BEGINNING OF YEAR	-	-	-	20,151
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,734)</u>	<u>\$ 3,706</u>

Albuquerque Talent Development Academy
(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, 2018

	Balance <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2018</u>
ASSETS				
Cash and cash equivalents	\$ 1	\$ 4,480	\$ (4,480)	\$ 1
TOTAL ASSETS	<u>\$ 1</u>	<u>\$ 4,480</u>	<u>\$ (4,480)</u>	<u>\$ 1</u>
LIABILITIES				
Deposits held for others	\$ 1	\$ 4,480	\$ (4,480)	\$ 1
TOTAL LIABILITIES	<u>\$ 1</u>	<u>\$ 4,480</u>	<u>\$ (4,480)</u>	<u>\$ 1</u>

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Schedule of Collateral Pledged by Depository for Public Funds
(Required by 2.2.2 NMAC)
June 30, 2018

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Fair/Par Market Value June 30, 2018</u>	<u>Safekeeping Agent</u>
SunTrust Bank	54265PCA7 - matures 3/1/27	\$ 478,335	SunTrust Bank
		<u>\$ 478,335</u>	
	Total amount on deposit	\$ 614,157	
	Less: FDIC	<u>(250,000)</u>	
	Total uninsured public money	364,157	
	50% collateral requirement	182,079	
	Total pledged	<u>478,335</u>	
	Over pledged	<u>\$ 296,256</u>	

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Schedule of Cash and Cash Equivalents
(Required by 2.2.2 NMAC)
June 30, 2018

	<u>Primary Government</u>
Operating account	\$ 614,157
Reconciling items	<u>(53,913)</u>
Reconciled balance at June 30, 2018	560,244
Less: activity funds	<u>(1)</u>
Balance per statement of net position	<u><u>\$ 560,243</u></u>

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Cash Reconciliation
(Required by 2.2.2 NMAC)
June 30, 2018

	Operational Account 11000	Instructional Materials 14000	Food Services 21000	Student Activity 23000
June 30, 2017 Cash (Book Balance)	\$ 312,786	\$ 17,006	\$ 3,145	\$ -
June 30, 2017 Payroll Liabilities	(78,934)	-	-	-
June 30, 2017 Temporary Interfund Loans	13,711	-	-	-
June 30, 2017 Adjustments/Reconciling Differences	-	-	-	-
June 30, 2017 Cash Available to Budget	247,563	17,006	3,145	-
2017-2018 Revenue	1,670,920	5,191	5	-
2017-2018 Expenditures	(1,706,800)	(19,826)	(81)	-
Permanent Cash Transfers/Revisions	-	-	-	-
Adjustments	-	-	-	-
June 30, 2018 Cash Available to Budget	211,683	2,371	3,069	-
June 30, 2018 Payroll Liabilities	79,351	-	-	-
June 30, 2018 Temporary Interfund Loans	(70,288)	-	-	-
June 30, 2018 Adjustments/Reconciling Differences	2	-	-	-
June 30, 2018 Cash (Book Balance)	<u>\$ 220,748</u>	<u>\$ 2,371</u>	<u>\$ 3,069</u>	<u>\$ -</u>
Reconciliation to PED Cash Report Line 7				
June 30, 2018 Cash (Book Balance)	\$ 220,748	\$ 2,371	\$ 3,069	\$ -
June 30, 2018 Payroll Liabilities	(79,351)	-	-	-
June 30, 2018 Temporary Interfund Loans	70,288	-	-	-
Audit adjustments and reclassifications/other reconciling	-	-	-	-
Line 7 PED Cash Report June 30, 2018	<u>\$ 211,685</u>	<u>\$ 2,371</u>	<u>\$ 3,069</u>	<u>\$ -</u>

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Cash Reconciliation (continued)
(Required by 2.2.2 NMAC)
June 30, 2018

	Projects Account 24000	State Flowthrough Fund 27000	Public School Capital Outlay 31200	Special Capital Outlay 31400
June 30, 2017 Cash (Book Balance)	\$ 1,300	\$ -	\$ -	\$ -
June 30, 2017 Payroll Liabilities	(2,292)	-	-	-
June 30, 2017 Temporary Interfund Loans	(9,469)	(12)	-	-
June 30, 2017 Adjustments/Reconciling Differences	-	-	-	-
June 30, 2017 Cash Available to Budget	(10,461)	(12)	-	-
2017-2018 Revenue	84,490	408	94,976	-
2017-2018 Expenditures	(110,731)	(2,866)	(126,635)	-
Permanent Cash Transfers/Revisions	-	-	-	-
Adjustments	-	-	-	-
June 30, 2018 Cash Available to Budget	(36,702)	(2,470)	(31,659)	-
June 30, 2018 Payroll Liabilities	2,717	-	-	-
June 30, 2018 Temporary Interfund Loans	33,985	2,470	31,659	-
June 30, 2018 Adjustments/Reconciling Differences	-	-	-	-
June 30, 2018 Cash (Book Balance)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to PED Cash Report Line 7				
June 30, 2018 Cash (Book Balance)	\$ -	\$ -	\$ -	\$ -
June 30, 2018 Payroll Liabilities	(2,717)	-	-	-
June 30, 2018 Temporary Interfund Loans	(33,985)	(2,470)	(31,659)	-
Audit adjustments and reclassifications/other reconciling	-	-	-	-
Line 7 PED Cash Report June 30, 2018	<u>\$ (36,702)</u>	<u>\$ (2,470)</u>	<u>\$ (31,659)</u>	<u>\$ -</u>

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Cash Reconciliation (continued)
(Required by 2.2.2 NMAC)
June 30, 2018

	Capital Improve. HB 33 31600	Capital Improve. State SB 9 31700	Capital Improve. Local SB 9 31701	Total Primary Government
June 30, 2017 Cash (Book Balance)	\$ 106,875	\$ -	\$ 81,084	\$ 522,196
June 30, 2017 Payroll Liabilities	-	-	-	(81,226)
June 30, 2017 Temporary Interfund Loans	-	(4,230)	-	-
June 30, 2017 Adjustments/Reconciling Differences	-	-	-	-
June 30, 2017 Cash Available to Budget	106,875	(4,230)	81,084	440,970
2017-2018 Revenue	112,824	4,230	56,260	2,029,304
2017-2018 Expenditures	-	(2,174)	(22,986)	(1,992,099)
Permanent Cash Transfers/Revisions	-	-	-	-
Adjustments	-	-	-	-
June 30, 2018 Cash Available to Budget	219,699	(2,174)	114,358	478,175
June 30, 2018 Payroll Liabilities	-	-	-	82,068
June 30, 2018 Temporary Interfund Loans	-	2,174	-	-
June 30, 2018 Adjustments/Reconciling Differences	-	-	(2)	-
June 30, 2018 Cash (Book Balance)	<u>\$ 219,699</u>	<u>\$ -</u>	<u>\$ 114,356</u>	<u>\$ 560,243</u>
Reconciliation to PED Cash Report Line 7				
June 30, 2018 Cash (Book Balance)	\$ 219,699	\$ -	\$ 114,356	\$ 560,243
June 30, 2018 Payroll Liabilities	-	-	-	(82,068)
June 30, 2018 Temporary Interfund Loans	-	(2,174)	-	-
Audit adjustments and reclassifications/other reconciling	-	-	-	-
Line 7 PED Cash Report June 30, 2018	<u>\$ 219,699</u>	<u>\$ (2,174)</u>	<u>\$ 114,356</u>	<u>\$ 478,175</u>

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Albuquerque Talent Development Academy
Governing Council and
Mr. Wayne Johnson
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparison of the general fund and major special revenue funds, of Albuquerque Talent Development Academy (the School) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 31, 2018.

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 not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that are required to be reported per Section 12-6-5 NMSA 197, that we have described in the Section 12-6-5 NMSA schedule of findings and responses as items 2018-001 and 2018-002.

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.

Mess Adams LLP

Albuquerque, New Mexico
October 31, 2018

**Albuquerque Talent Development Academy
(A component unit of Albuquerque Municipal School District No. 12)
Schedule of Findings and Responses
June 30, 2018**

SECTION I – FINANCIAL STATEMENT FINDINGS

2018-001: Timely Deposit of Cash Receipts (Noncompliance in Accordance with the New Mexico State Audit Rule, does not rise to the Level of Significant Deficiency)

Condition: During our review of cash receipts, we noted one out of five deposits in the amount of \$113.00 were not deposited within 24 hours of receipt.

Criteria: Per NMAC 6.20.2.14, money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day.

Effect: Non-compliance with NMAC 6.20.2.14.

Cause: Lack of adherence to established procedures by individuals receipting cash.

Repeat finding: This is not a repeat finding.

Auditor's Recommendation: We recommend that management ensure all staff involved with cash receipts and deposits are familiar with the established procedures to ensure timely deposit of all receipts as required.

Views of responsible officials and planned corrective actions: Management will monitor deposits more closely and implement a system of reminders beginning October 2018 for ensuring those individuals in charge of making the deposits do so in a timely manner.

Person Responsible: Business Manager

Albuquerque Talent Development Academy
(A component unit of Albuquerque Municipal School District No. 12)
Schedule of Findings and Responses (continued)
June 30, 2018

2018-002: 4th Quarter NMPED Reports (Noncompliance in Accordance with the New Mexico State Audit Rule, does not rise to the Level of Significant Deficiency)

Condition: We noted the 4th quarter budget to actual report submitted to the New Mexico Public Education Department (NMPED) did not agree to the general ledger. The following accounts did not agree to the general ledger:

GL Code/Function	Sum: YTD_OBMS	Sum: YTD_TB	Sum: YTD_var
11000-2500-54630	\$5,036.64	\$ 5,166.00	\$ (129.36)
11000-2600-55200	\$17,004.99	\$ 16,876.00	\$ 128.99

Criteria: According to NMAC 6.20.2.11 (B) (6), the reports sent to the NMPED must agree to the general ledger. Per the Manual of Procedures for Public School Accounting and Budgeting Actual reporting involves the submission of actual revenues and expenditures (a summary report) on the district or Charter's general ledger on a monthly or quarterly basis.

Effect: The Charter has not reported the correct actual amount to the NMPED.

Cause: Adjustments were posted to the general ledger after amounts were submitted to the NMPED.

Auditor Recommendation: We recommend school ensure that all adjustments have been made to the trial balance prior to the submission of actuals to the NMPED.

Views of responsible officials and planned corrective actions: Management will ensure that the most up to date information is provided to auditors as well as ensuring that Trial Balance and OBMS agree prior to submittal for the fiscal year 2019 audit.

Person Responsible: Business Manager

Albuquerque Talent Development Academy
(A component unit of Albuquerque Municipal School District No. 12)
Summary Schedule of Prior Audit Findings
June 30, 2018

There were no findings reported in the prior year.

Albuquerque Talent Development Academy
(A component unit of Albuquerque Municipal School District No. 12)
Exit Conference
June 30, 2018

An exit conference was held with the School on October 30, 2018. 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:

ALBUQUERQUE TALENT DEVELOPMENT ACADEMY

Gloria Garza, Principal
Whitney Galindo, Business Manager
Rommie Compher, Governing Council Member
Judy Bergs, APS Charter Schools Business Manager

MOSS ADAMS LLP

Sheila Herrera, Senior Manager

PREPARATION OF FINANCIAL STATEMENTS

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