



REPORT OF INDEPENDENT AUDITORS AND FINANCIAL
STATEMENTS

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

June 30, 2019

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

OFFICIAL ROSTER (UNAUDITED)

June 30, 2019

Albuquerque Talent Development Academy Governing Council

Brian Jones, President

Rommie Compher

Lara Honeycutt

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
Brian S. Colón, Esq.
New Mexico State Auditor

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary 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, 2019, 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, 2019, 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 52-54 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 28, 2019, 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 28, 2019

Albuquerque Talent Development Academy (A Component Unit of Albuquerque Municipal School District No. 12) Management's Discussion and Analysis Year Ended June 30, 2019

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, 2019. 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, 2019 was 164 students, a decrease of 13 students over the 2018 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, 2019

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.

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, 2019

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 decreased by \$166,602 when compared to prior year. Total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$3,657,229 as of June 30, 2019. This deficit is primarily related to the net pension liability of \$4,062,079 and other post-employment benefits liability of \$972,292.

Table A-1
The School's Net Deficit

	FY 2019	FY 2018	Amount Change	Total % Change
Assets:				
Current and other assets	\$ 809,427	\$ 635,567	\$ 173,860	27%
Capital and noncurrent assets	17,741	23,454	(5,713)	-24%
Total assets	<u>827,168</u>	<u>659,021</u>	<u>168,147</u>	<u>26%</u>
Deferred outflows of resources	<u>1,066,044</u>	<u>1,400,793</u>	<u>(334,749)</u>	<u>-24%</u>
Total assets and deferred outflows of resources	<u>\$ 1,893,212</u>	<u>\$ 2,059,814</u>	<u>\$ (166,602)</u>	<u>-8%</u>
Liabilities:				
Current liabilities	\$ 95,633	\$ 89,305	\$ 6,328	7%
Noncurrent liabilities	5,034,371	4,825,913	208,458	4%
Total liabilities	<u>5,130,004</u>	<u>4,915,218</u>	<u>214,786</u>	<u>4%</u>
Deferred inflows of resources	<u>420,437</u>	<u>415,644</u>	<u>4,793</u>	<u>1%</u>
Net position:				
Net investment in capital assets	17,741	23,454	(5,713)	-24%
Restricted	494,954	341,814	153,140	45%
Unrestricted (deficit)	<u>(4,169,924)</u>	<u>(3,636,316)</u>	<u>(533,608)</u>	<u>15%</u>
Total net position	<u>(3,657,229)</u>	<u>(3,271,048)</u>	<u>(386,181)</u>	<u>12%</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,893,212</u>	<u>\$ 2,059,814</u>	<u>\$ (166,602)</u>	<u>-8%</u>

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Management's Discussion and Analysis
Year Ended June 30, 2019

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

	FY 2019	FY 2018	Amount Change	Total % Change
Revenues:				
Program revenues:				
Charges for services	\$ 23,332	\$ 2,972	\$ 20,360	685%
Operating grants and contributions	236,087	118,788	117,299	99%
Capital grants and contributions	126,975	128,809	(1,834)	-1%
Total program revenues	<u>386,394</u>	<u>250,569</u>	<u>135,825</u>	<u>54%</u>
General revenues:				
State equalization guarantee	1,734,888	1,667,953	66,935	4%
Property taxes	167,226	166,095	1,131	1%
Miscellaneous	47,125			
Total general revenue	<u>1,949,239</u>	<u>1,834,048</u>	<u>68,066</u>	<u>4%</u>
Total revenues	<u>2,335,633</u>	<u>2,084,617</u>	<u>203,891</u>	<u>10%</u>
Expenses:				
Instruction	1,580,733	1,574,897	5,836	0%
Support services	977,307	903,306	74,001	8%
Operation of non-instructional services	23,428	13,710	9,718	71%
Facilities, material, supplies, and other services	140,346	153,529	(13,183)	-9%
Total expenses	<u>2,721,814</u>	<u>2,645,442</u>	<u>76,372</u>	<u>3%</u>
Change in net position	<u>(386,181)</u>	<u>(560,825)</u>	<u>127,519</u>	<u>-23%</u>
Net position, beginning of year	(3,271,048)	(1,489,919)	(1,781,129)	120%
Impact of change in accounting pronouncement	<u>-</u>	<u>(1,220,304)</u>	<u>1,220,304</u>	<u>-100%</u>
Net position, beginning of year as restated	<u>(3,271,048)</u>	<u>(2,710,223)</u>	<u>(560,825)</u>	<u>21%</u>
Net position, end of year	<u><u>\$ (3,657,229)</u></u>	<u><u>\$ (3,271,048)</u></u>	<u><u>\$ (386,181)</u></u>	<u><u>12%</u></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.

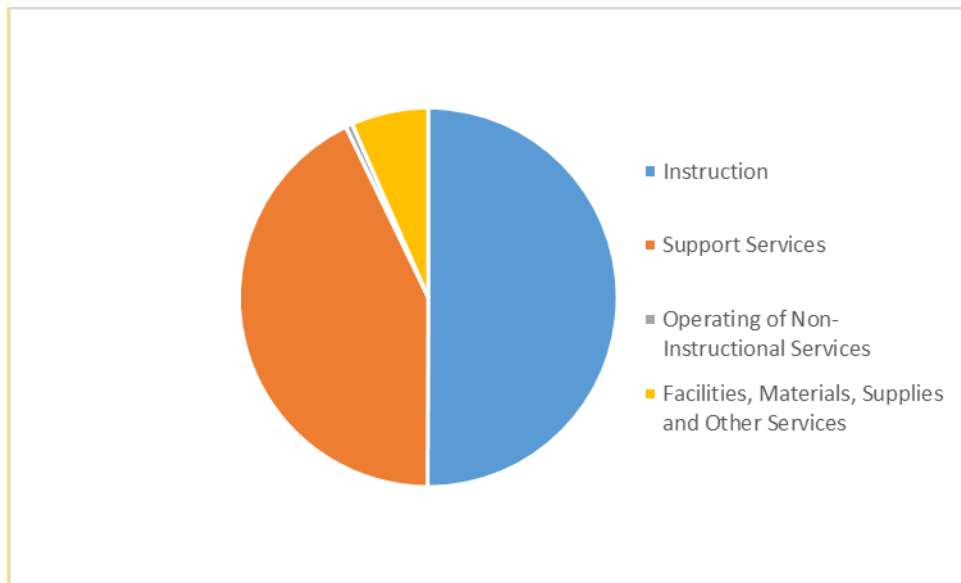
The School's governmental funds reported a combined fund balance of \$713,794 at June 30, 2019, an increase of \$167,532 from the \$546,262 reported at June 30, 2018. The School's General Fund reported an increase in fund balance for the year of \$12,958.

Albuquerque Talent Development Academy (A Component Unit of Albuquerque Municipal School District No. 12) Management's Discussion and Analysis Year Ended June 30, 2019

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 2019 year of \$40,299.

Categorization of Expenditures for Government Funds:



General Fund Budgetary Highlights

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

For the year, the School's General Fund reported an increase in fund balance of \$12,958. Revenues from the School for the local operating budget increased \$134,423, or 8%, from the prior year. Total General Fund expenditures increased \$87,528, or 5%.

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Management's Discussion and Analysis
Year Ended June 30, 2019

Capital Assets

Total primary government net capital assets were \$17,741 at June 30, 2019 compared to \$23,454 at June 30, 2018, a decrease of 25%. The following is a summary of the School's capital assets, net of depreciation, at June 30, 2019 and 2018.

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Buildings and improvements	\$ 65,000	\$ -	\$ -	\$ 65,000
Furniture, fixtures, & equipment	28,569	-	-	28,569
Less: accumulated depreciation	(70,115)	(5,713)	-	(75,828)
Capital assets, net	\$ 23,454	\$ (5,713)	\$ -	\$ 17,741

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 Deficit
June 30, 2019**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 629,388
Receivables, net of allowance for uncollectibles:	
Due from other governments	180,039
Total current assets	809,427
Noncurrent assets:	
Capital assets:	
Building/leasehold improvements	65,000
Furniture, fixtures, and equipment	28,569
Less: accumulated depreciation	(75,828)
Total noncurrent assets	17,741
TOTAL ASSETS	827,168
DEFERRED OUTFLOWS OF RESOURCES	
Related to net pension liability	1,044,874
Related to other post-employment benefits	21,170
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,066,044
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,893,212
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET DEFICIT	
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 4,614
Accrued liabilities	91,019
Total current liabilities	95,633
Noncurrent liabilities:	
Net pension liability	4,062,079
Other post-employment benefits liability	972,292
Total noncurrent liabilities	5,034,371
TOTAL LIABILITIES	5,130,004
DEFERRED INFLOWS OF RESOURCES	
Related to net pension liability	154,983
Related to other post-employment benefits	265,454
TOTAL DEFERRED INFLOWS OF RESOURCES	420,437
NET POSITION	
Net investment in capital assets	17,741
Restricted	494,954
Unrestricted (deficit)	(4,169,924)
TOTAL NET (DEFICIT)	(3,657,229)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET DEFICIT	\$ 1,893,212

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Statement of Activities
Year Ended June 30, 2019

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	\$ 1,580,733	\$ 23,332	\$ 233,681	\$ -	\$ (1,323,720)
Support services:					
Students	146,113	-	2,406	-	(143,707)
Instruction	16,156	-	-	-	(16,156)
General administration	149,629	-	-	-	(149,629)
School administration	187,452	-	-	-	(187,452)
Central services	171,202	-	-	-	(171,202)
Operation and maintenance of plant	306,755	-	-	-	(306,755)
Student transportation	-	-	-	-	-
Operating of non-instructional services:					
Food services operations	19,094	-	-	-	(19,094)
Community services operations	4,334	-	-	-	(4,334)
Facilities, supplies, & materials	140,346	-	-	126,975	(13,371)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,721,814	\$ 23,332	\$ 236,087	\$ 126,975	(2,335,420)
GENERAL REVENUES					
State Equalization Guarantee					1,734,888
Miscellaneous					47,125
Property Taxes					167,226
Total General Revenues					1,949,239
CHANGE IN NET POSITION					
NET POSITION, BEGINNING OF YEAR (DEFICIT)					
NET POSITION, END OF YEAR (DEFICIT)					

**Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Balance Sheet – Governmental Funds
June 30, 2019**

	11000	Major Fund 24106	Major Fund 24190	Major Fund 31200	Major Fund 31600	Major Fund 31701		
	General	Entitlement IDEA-B	Comprehensive Support and Improvement	Public School Capital Outlay	Capital Improvements HB-33	Capital Improvements SB-9 (State Match)	Non-Major Funds	Governmental Funds Total
ASSETS								
Cash and cash equivalents	\$ 137,364	\$ -	\$ -	\$ -	\$ 330,684	\$ 155,056	\$ 6,284	\$ 629,388
Accounts receivable								
Due from other governments	-	31,710	89,123	30,279	2,338	1,172	25,417	180,039
Due from other funds	167,470	-	-	-	-	-	-	167,470
TOTAL ASSETS	\$ 304,834	\$ 31,710	\$ 89,123	\$ 30,279	\$ 333,022	\$ 156,228	\$ 31,701	\$ 976,897
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Current liabilities								
Accounts payable	\$ 3,560	\$ -	\$ 300	\$ -	\$ -	\$ 754	\$ -	\$ 4,614
Accrued liabilities	82,134	5,669	3,099	-	-	-	117	91,019
Due to other funds	-	26,041	86,024	30,279	-	-	25,126	167,470
TOTAL LIABILITIES	85,694	31,710	89,423	30,279	-	754	25,243	263,103
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	333,022	155,474	6,458	494,954
Committed	-	-	-	-	-	-	-	-
Assigned for subsequent year	-	-	-	-	-	-	-	-
Unassigned (deficit)	219,140	-	(300)	-	-	-	-	218,840
TOTAL FUND BALANCES	219,140	-	(300)	-	333,022	155,474	6,458	713,794
TOTAL LIABILITIES AND FUND BALANCE	\$ 304,834	\$ 31,710	\$ 89,123	\$ 30,279	\$ 333,022	\$ 156,228	\$ 31,701	\$ 976,897

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 Deficit
Year Ended June 30, 2019

Total Fund Balance - Governmental Funds (Governmental Fund Balance Sheet)	<u>\$ 713,794</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>(75,828)</u>
 Total capital assets	 17,741

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

Deferred outflows of resources	1,044,874
Deferred inflows of resources	(154,983)

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	21,170
Deferred inflows of resources	(265,454)

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	(4,062,079)
Net other post-employment benefits liability	<u>(972,292)</u>

Net Position of Governmental Activities (Statement of Net Deficit)	<u><u>\$ (3,657,229)</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, 2019**

	Major Fund		Major Fund	Major Fund	Major Fund	Major Fund	Non-Major Funds	Governmental Funds Total
	11000	24106	24190	31200	31600	31701		
	General	Entitlement IDEA-B	Comprehensive Support and Improvement	Public School Capital Outlay	Capital Improvements HB-33	Capital Improvements SB-9 (State Match)		
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 111,823	\$ 55,403	\$ -	\$ 167,226
Local and county sources	70,457	-	-	-	-	-	-	70,457
State sources	1,734,888	-	-	121,113	-	-	12,414	1,868,415
Federal sources	-	54,998	112,481	-	-	-	62,056	229,535
Total revenues	1,805,345	54,998	112,481	121,113	111,823	55,403	74,470	2,335,633
EXPENDITURES								
Current:								
Instruction	800,603	54,998	112,781	-	-	-	64,351	1,032,733
Support services:								
Students	143,707	-	-	-	-	-	2,406	146,113
Instruction	16,156	-	-	-	-	-	-	16,156
General administration	149,629	-	-	-	-	-	-	149,629
School administration	187,452	-	-	-	-	-	-	187,452
Central services	171,202	-	-	-	-	-	-	171,202
Operations and maintenance of plant	306,755	-	-	-	-	-	-	306,755
Student transportation	-	-	-	-	-	-	-	-
Operation of non-instructional services:								
Food services operations	16,883	-	-	-	-	-	832	17,715
Facilities, supplies, & materials	-	-	-	121,113	-	15,104	4,129	140,346
Total expenditures	1,792,387	54,998	112,781	121,113	-	15,104	71,718	2,168,101
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	12,958	-	(300)	-	111,823	40,299	2,752	167,532
FUND BALANCES, BEGINNING OF YEAR	206,182	-	-	-	221,199	115,175	3,706	546,262
FUND BALANCES, END OF YEAR	\$ 219,140	\$ -	\$ (300)	\$ -	\$ 333,022	\$ 155,474	\$ 6,458	\$ 713,794

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, 2019

Net Changes in Fund Balances - Total Governmental Funds (Statement of Revenues, Expenditures, and Changes in Fund Balances)	\$ 167,532
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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.	(573,481)
Expenses related to the net other post-employment benefits liability not reported in the funds.	25,481

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	(5,713)
Excess of depreciation expense over capital outlay	(5,713)

Change in Net Position of Governmental Activities (Statement of Activities)	\$ (386,181)
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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, 2019**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local and county sources	\$ -	\$ -	\$ 70,457	\$ 70,457
State sources	1,721,799	1,734,889	1,734,888	(1)
Total revenues	<u>1,721,799</u>	<u>1,734,889</u>	<u>1,805,345</u>	<u>70,456</u>
EXPENDITURES				
Current:				
Instruction	875,361	875,361	803,078	72,283
Support services:	-	-	-	-
Students	137,443	137,443	145,513	(8,070)
Instruction	15,510	15,510	16,624	(1,114)
General administration	159,268	159,268	149,580	9,688
School administration	136,474	136,474	188,013	(51,539)
Central services	244,850	270,225	170,497	99,728
Operation and maintenance of plant	335,522	335,522	304,141	31,381
Student transportation	-	-	-	-
Operation of non-instructional services:	-	-	-	-
Food services operations	11,371	16,771	16,883	(112)
Total expenditures	<u>1,915,799</u>	<u>1,946,574</u>	<u>1,794,329</u>	<u>152,245</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(194,000)	(211,685)	11,016	222,701
DESIGNATED CASH	<u>194,000</u>	<u>211,685</u>	-	<u>(211,685)</u>
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	11,016	<u>\$ 11,016</u>
RECONCILIATION TO GAAP BASIS				
Adjustments to revenues			-	
Adjustments to expenditures			<u>1,942</u>	
NET CHANGES IN FUND BALANCES			<u>\$ 12,958</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, 2019

	Budgeted Amounts		Actual	Variance From
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Federal sources	\$ 47,200	\$ 54,998	\$ 39,562	\$ (15,436)
Total revenues	<u>47,200</u>	<u>54,998</u>	<u>39,562</u>	<u>(15,436)</u>
EXPENDITURES				
Current:				
Instruction	47,200	54,998	54,998	-
Total expenditures	<u>47,200</u>	<u>54,998</u>	<u>54,998</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(15,436)	(15,436)
DESIGNATED CASH	-	-	-	-
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	(15,436)	<u>\$ (15,436)</u>
RECONCILIATION TO GAAP BASIS				
Adjustments to revenues			15,436	
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)
Comprehensive Support and Improvement (Fund 24190)
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual
Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ -	\$ 140,000	\$ 23,359	\$ (116,641)
Total revenues	-	140,000	23,359	(116,641)
EXPENDITURES				
Current:				
Facilities, supplies, & materials	-	140,000	112,481	27,519
Total expenditures	-	140,000	112,481	27,519
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(89,122)	(89,122)
DESIGNATED CASH	-	-	-	-
NET CHANGES IN FUND BALANCES	\$ -	\$ -	(89,122)	\$ (89,122)
RECONCILIATION TO GAAP BASIS				
Adjustments to revenues			89,122	
Adjustments to expenditures			(300)	
NET CHANGES IN FUND BALANCES			\$ (300)	

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, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
State sources	\$ -	\$ 121,113	\$ 122,493	\$ 1,380
Total revenues	-	121,113	122,493	1,380
EXPENDITURES				
Current:				
Facilities, supplies, & materials	-	121,113	121,113	-
Total expenditures	-	121,113	121,113	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	1,380	1,380
DESIGNATED CASH	-	-	-	-
NET CHANGES IN FUND BALANCES	\$ -	\$ -	1,380	\$ 1,380
RECONCILIATION TO GAAP BASIS				
Adjustments to revenues			(1,380)	
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, 2019**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 109,164	\$ 109,164	\$ 110,985	\$ 1,821
Total revenues	109,164	109,164	110,985	1,821
EXPENDITURES				
Current:				
Support services:				
General administration	1,095	1,095	-	1,095
Facilities, supplies, & materials	327,938	327,768	-	327,768
Total expenditures	329,033	328,863	-	328,863
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(219,869)	(219,699)	110,985	330,684
DESIGNATED CASH	219,869	219,699	-	(219,699)
NET CHANGES IN FUND BALANCES	\$ -	\$ -	110,985	\$ 110,985
RECONCILIATION TO GAAP BASIS				
Adjustments to revenues			838	
Adjustments to expenditures			-	
NET CHANGES IN FUND BALANCES			\$ 111,823	

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Capital Improvements SB-9 (Fund 31701)
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget (Budgetary Basis) and Actual
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance From Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 53,890	\$ 53,890	\$ 55,050	\$ 1,160
Total revenues	<u>53,890</u>	<u>53,890</u>	<u>55,050</u>	<u>1,160</u>
EXPENDITURES				
Current:				
Facilities, supplies, & materials	166,817	168,246	14,350	153,896
Total expenditures	<u>166,817</u>	<u>168,246</u>	<u>14,350</u>	<u>153,896</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(112,927)	(114,356)	40,700	155,056
DESIGNATED CASH	<u>112,927</u>	<u>114,356</u>	<u>-</u>	<u>(114,356)</u>
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	40,700	<u>\$ 40,700</u>
RECONCILIATION TO GAAP BASIS				
Adjustments to revenues			353	
Adjustments to expenditures			<u>(754)</u>	
NET CHANGES IN FUND BALANCES			<u>\$ 40,299</u>	

**Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Statement of Fiduciary Assets and Liabilities – Agency Funds
June 30, 2019**

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ -
TOTAL ASSETS	<u>\$ -</u>
LIABILITIES	
Deposits Held for Others	\$ -
TOTAL LIABILITIES	<u>\$ -</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 No. 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 IV Part A (24189) – promotes the expense of federal funds to support students and schools in three domains: well-rounded education, safe and healthy students and effective use of technology

Comprehensive Support and Improvements (24190) – To provide targeted, planned intervention in state identified schools, in order to promote school wide positive results. **This is a Major Fund.**

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

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 Deficit 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, 2019 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 \$1,044,874 related to the pension plan and \$21,170 related to the other post-employment benefits plan in this category as of June 30, 2019.

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 \$154,983 related to the pension plan and \$265,454 related to the other post-employment benefits plan in this category as of June 30, 2019.

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 (Deficit)

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 \$1,734,888 in state equalization guarantee distributions during the year ended June 30, 2019.

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, 2019 totaled \$5,709.

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, 2019 totaled \$5,863.

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, 2019 are \$121,113.

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

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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, 2019 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, 2019.

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
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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 of pledged collateral by depository for public funds 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 of pledged collateral by depository for public funds 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, 2019, 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, 2019, accounts receivable consists of the following:

Intergovernmental	<u>\$ 180,039</u>
Total	<u><u>\$ 180,039</u></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, 2019 follows:

<u>Primary Government Activities</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</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	(45,568)	(4,334)	-	(49,902)
Furniture, fixtures, and equipment	(24,547)	(1,379)	-	(25,926)
Total	(70,115)	(5,713)	-	(75,828)
Net total - primary government	\$ 23,454	\$ (5,713)	\$ -	\$ 17,741

Depreciation expense for the year ended June 30, 2019 was charged to the following functions:

Operation of non-instructional services:

Food services operations	\$ 1,379
Community services operations	4,334
Total	\$ 5,713

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.

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Notes to Financial Statements

Note 5 – Pensions (continued)

Section 22-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions, and returned to work for an ERB employer on or after July 1, 2013. These members must meet one of the following requirements.

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

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, 2019 and 2018, educational employers contributed to the Plan based on the following rate schedule.

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2019	7/1/18 to 6/30/19	Over \$20k	10.7%	13.9%	24.6%	0.0%
2019	7/1/18 to 6/30/19	\$20k or less	7.9%	13.9%	21.8%	0.0%
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%

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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, 2019, the School paid employee and employer contributions of \$147,088, 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, 2019, the School reported a liability of \$4,062,079 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 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, 2018. Therefore, the employer’s portion was established as of the measurement date of June 30, 2018. 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, 2018, the School’s proportion was 0.03416%, which was a decrease of 0.00002% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School recognized pension expense of \$720,569. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,965	\$ 77,308
Changes of assumptions	837,175	-
Net difference between projected and actual earnings on pension plan investments	8,992	-
Changes in proportion and differences between the employer’s contributions and proportionate share of contributions	48,654	77,675
Employer’s contributions subsequent to the measurement date	147,088	-
	<u>\$ 1,044,874</u>	<u>\$ 154,983</u>
Total		

Albuquerque Talent Development Academy
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Notes to Financial Statements

Note 5 – Pensions (continued)

Deferred outflows of resources related to pensions includes \$147,088 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2020	\$ 475,530
2021	273,002
2022	(5,847)
2023	118

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 April 21, 2017 in conjunction with the six-year experience study for the period ending June 30, 2016.
Cost-of-living increases	1.90% per year, compounded annually. 1.90% per year, compounded annually; increases deferred until July 1 following the year a member retires, or the year in which a member attains the age of 65 (67 for Tier 3), whichever is later or, for disabled retirees, until July 1 of the third year following retirement.
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.

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

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Notes to Financial Statements

Note 5 – Pensions (continued)

Discount Rate – A single discount rate of 5.69% was used to measure the total pension liability as of June 30, 2018. This rate is .21% less than the 5.90% discount rate used for June 30, 2017.

The June 30, 2018 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 3.62%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2050. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2050 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

The projections of cash flows used to determine the June 30, 2018 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 5.69 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 (4.69 percent) or 1-percentage-point higher (6.69 percent) than the current rate:

Proportionate Share of Net Pension Liability		
1% Decrease (4.69%)	Current Discount Rate (5.69%)	1% Increase (6.69%)
5,279,146	4,062,079	3,069,027

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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Notes to Financial Statements**

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, 2018, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	<u>93,349</u>
	<u>156,025</u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Education retirement board	<u>48,756</u>
	<u>93,349</u>

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 \$21,170 for the year ended June 30, 2019.

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

At June 30, 2019, the School reported a liability of \$972,292 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

The School’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the School’s proportion was 0.02236 percent.

For the year ended June 30, 2019, the School recognized OPEB income of \$4,307. At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 57,566
Change in proportion	-	14,231
Changes of assumptions	-	181,523
Net difference between projected and actual earnings on OPEB plan investments	-	12,134
Employer’s contributions subsequent to the measurement date	<u>21,170</u>	<u>-</u>
Total	<u>\$ 21,170</u>	<u>\$ 265,454</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 \$21,170 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:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ (66,845)
2021	(66,845)
2022	(66,845)
2023	(52,308)
2024	(12,611)

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	3.25% to 12.50%, based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation Health care cost trend rate
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
Morality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality

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

Note 6 – OPEB (continued)

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.

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

Asset Class	2018
U.S. core fixed income	2.10%
U.S. equity - large cap	7.10%
Non U.S. - emerging markets	10.20%
Non U.S. - developed equities	7.80%
Private equity	11.80%
Credit and structured finance	5.30%
Real estate	4.90%
Absolute return	4.10%
U.S. equity - small/mid cap	7.10%

Discount Rate. The discount rate used to measure the Fund's total OPEB liability is 4.08% as of June 30, 2018. 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, 2029. 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, 4.08% 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 (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

Proportionate Share of Net Pension Liability		
1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
\$ 1,176,702	\$ 972,292	\$ 811,171

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
\$ 821,928	\$ 972,292	\$ 1,090,181

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, 2018.

Note 7 – Commitments and Liabilities

The school leases facilities under short-term cancelable operating leases. Rental expense for the year ended June 30, 2019 was \$292,196. Commitments for lease obligations for the following periods as of June 30, 2019 are as follows:

Year Ending June 30,	Amount
2020	\$ 2,137
2021	1,434
2022	732
	\$ 4,303

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, 2019 are listed below. Funds which inter-fund transactions were affected or created due to cash overdrafts are represented.

	Due from Other Funds	Due to Other Funds
General	\$ 167,470	\$ -
Title I - IASA	-	16,738
Entitlement IDEA-B	-	26,041
Teacher/Principal Training & Recruiting	-	2,737
Student Support and Academic Enrichment	-	1,522
Comprehensive Support and Improvements	-	86,024
Public School Capital Outlay	-	30,279
Capital Improvements SB-9 (State Match)	-	4,129
	\$ 167,470	\$ 167,470
Total		

- B. Deficit fund balance of individual funds.

Fund 24190 had a fund deficit of \$300, respectively, at June 30, 2019.

- C. Excess of expenditures over appropriations.

Fund 11000 (Function 3000) – \$112

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. 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.

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.

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, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Proportion of the net pension liability (asset)	0.03416%	0.03418%	0.03672%	0.03300%	0.03160%
Proportionate share of the net pension liability	\$ 4,062,079	\$ 3,798,583	\$ 2,642,530	\$ 2,137,498	\$ 1,800,158
Covered payroll	\$ 954,587	\$ 973,259	\$ 1,048,647	\$ 937,950	\$ 869,513
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	425.53%	390.30%	251.99%	227.89%	207.03%
Plan fiduciary net position as a percentage of the total pension liability	52.17%	52.95%	61.58%	63.97%	66.54%

*Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Albuquerque Talent Development Academy is not available prior to fiscal year 2014, 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,				
	2019	2018	2017	2016	2015
Contractually required contributions	\$ 147,088	\$ 132,687	\$ 135,283	\$ 145,762	\$ 130,375
Contributions in relation to the contractually required contribution	147,088	132,687	135,283	145,762	130,375
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,058,187	\$ 954,587	\$ 973,259	\$ 1,048,647	\$ 937,950
Contributions as a percentage of covered payroll	13.90%	13.90%	13.90%	13.90%	13.90%

*Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for 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, 2018.

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, 2018	June 30, 2017
Proportion of the net OPEB liability (asset)	0.02236%	0.00227%
Proportionate share of the net OPEB liability	\$ 972,292	\$ 1,027,330
Covered payroll	\$ 944,352	\$ 944,352
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	101.35%	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability	13.14%	11.34%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, 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,	
	2019	2018
Contractually required contributions	\$ 34,941	\$ 71,988
Contributions in relation to the contractually required contribution	34,515	36,130
Contribution deficiency (excess)	\$ 426	\$ 35,858
Covered payroll	\$ 959,382	\$ 944,352
Contributions as a percentage of covered payroll	3.60%	3.83%

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

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, 2018.

Changes of Assumptions and Methods

The \$55,038 decrease in the OPEB liability reported on the statement of net deficit from the fiscal year ending June 30, 2018 to the fiscal year ending June 30, 2019 is due to the increase in the assumed discount rate as of the measurement date.

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, 2019**

	14000	21000	24101
	Instructional Materials	Food Services	Title I - IASA
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,047	\$ 2,237	\$ -
Accounts receivable:			
Due from other governments	174	-	16,855
Other	-	-	-
Due from other funds	-	-	-
Prepaid expenses	-	-	-
TOTAL ASSETS	\$ 4,221	\$ 2,237	\$ 16,855
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Current liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	117
Due to other governments	-	-	-
Due to other funds	-	-	16,738
TOTAL LIABILITIES	-	-	16,855
FUND BALANCE			
Nonspendable	-	-	-
Restricted	4,221	2,237	-
Committed	-	-	-
Assigned for subsequent year	-	-	-
Unassigned (deficit)	-	-	-
Total fund balance (deficit)	4,221	2,237	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,221	\$ 2,237	\$ 16,855

Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Combining Balance Sheet – Non-Major Governmental Funds (continued)
June 30, 2019

	24153 English Language Acquisition	24154 Teacher/Principal Training & Recruiting	24189 Student Support and Academic Enrichment
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable:			
Due from other governments	-	2,737	1,522
Other	-	-	-
Due from other funds	-	-	-
Prepaid expenses	-	-	-
TOTAL ASSETS	\$ -	\$ 2,737	\$ 1,522
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Current liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other governments	-	-	-
Due to other funds	-	2,737	1,522
TOTAL LIABILITIES	-	2,737	1,522
FUND BALANCE			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned for subsequent year	-	-	-
Unassigned (deficit)	-	-	-
Total fund balance (deficit)	-	-	-
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 2,737	\$ 1,522

**Albuquerque Talent Development Academy
(A Component Unit of Albuquerque Municipal School District No. 12)
Combining Balance Sheet – Non-Major Governmental Funds (continued)
June 30, 2019**

	27103 Dual Credit Institution	27125 Excellence In Teaching	31700 Capital Improvements SB-9 (State Match)	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 6,284
Accounts receivable:				
Due from other governments	-	-	4,129	25,417
Other	-	-	-	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,129</u>	<u>\$ 31,701</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Current liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	117
Due to other governments	-	-	-	-
Due to other funds	-	-	4,129	25,126
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>4,129</u>	<u>25,243</u>
FUND BALANCE				
Nonspendable	-	-	-	-
Restricted	-	-	-	6,458
Committed	-	-	-	-
Assigned for subsequent year	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balance (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,458</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,129</u>	<u>\$ 31,701</u>

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, 2019

	14000	21000	24101
	Instructional Materials	Food Services	Title I - IASA
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Local and county sources	-	-	-
State sources	5,709	-	-
Federal sources	-	-	45,658
Total revenues	5,709	-	45,658
EXPENDITURES			
Current:			
Instruction	3,859	-	43,252
Support services:			
Students	-	-	2,406
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	-	832	-
Community services operations	-	-	-
Facilities, supplies, & materials	-	-	-
Debt Service - Principal	-	-	-
Debt Service - Interest	-	-	-
Total expenditures	3,859	832	45,658
EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENSES	1,850	(832)	-
FUND BALANCES, BEGINNING OF YEAR	2,371	3,069	-
FUND BALANCES, END OF YEAR	\$ 4,221	\$ 2,237	\$ -

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, 2019

	24153 Entitlement IDEA-B	24154 Teacher/Principal Training & Recruiting	24189 Student Support and Academic Enrichment
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Local and county sources	-	-	-
State sources	-	-	-
Federal sources	800	8,693	1,522
Total revenues	800	8,693	1,522
EXPENDITURES			
Current:			
Instruction	800	8,693	1,522
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	800	8,693	1,522
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, 2019

	27103	27125	31700 Capital	
	Dual Credit Institution	Excellence In Teaching	Improvements SB-9 (State Match)	Total
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Local and county sources	-	-	-	-
State sources	842	-	5,863	12,414
Federal sources	-	5,383	-	62,056
	<u>842</u>	<u>5,383</u>	<u>5,863</u>	<u>74,470</u>
EXPENDITURES				
Current:				
Instruction	842	5,383	-	64,351
Support services:				
Students	-	-	-	2,406
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	-	-	-	832
Community services operations	-	-	-	-
Facilities, supplies, & materials	-	-	4,129	4,129
Debt Service - Principal	-	-	-	-
Debt Service - Interest	-	-	-	-
	<u>842</u>	<u>5,383</u>	<u>4,129</u>	<u>71,718</u>
EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENSES	-	-	1,734	2,752
FUND BALANCES, BEGINNING OF YEAR	-	-	(1,734)	3,706
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,458</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, 2019

	Balance <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2019</u>
ASSETS				
Cash and cash equivalents	\$ 1	\$ 5,266	\$ (5,267)	\$ -
TOTAL ASSETS	<u>\$ 1</u>	<u>\$ 5,266</u>	<u>\$ (5,267)</u>	<u>\$ -</u>
LIABILITIES				
Deposits held for others	\$ 1	\$ 5,266	\$ (5,267)	\$ -
TOTAL LIABILITIES	<u>\$ 1</u>	<u>\$ 5,266</u>	<u>\$ (5,267)</u>	<u>\$ -</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, 2019

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Fair/Par Market Value June 30, 2019</u>	<u>Safekeeping Agent</u>
SunTrust Bank	FHLMC Series 2019-1	\$ 495,233	SunTrust Bank
		<u>\$ 495,233</u>	
	Total amount on deposit	\$ 736,580	
	Less: FDIC	<u>(250,000)</u>	
	Total uninsured public money	486,580	
	50% collateral requirement	243,290	
	Total pledged	<u>495,233</u>	
	Over pledged	<u>\$ 251,943</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, 2019

	<u>and Trust</u>
Operating-interest bearing checking account balance	\$ 736,680
Reconciling items	<u>(107,292)</u>
Reconciled balance at June 30, 2019	<u>629,388</u>
Balance per statement of net position	<u><u>\$ 629,388</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, 2019

	Operational Account 11000	Instructional Materials 14000	Food Services 21000
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	-	-
June 30, 2018 Adjustments/Reconciling Differences	-	-	-
June 30, 2018 Cash Available to Budget	211,685	2,371	3,069
2018-2019 Revenue	1,805,345	5,535	-
2018-2019 Expenditures	(1,794,329)	(3,859)	(832)
Permanent Cash Transfers/Revisions	-	-	-
Adjustments	-	-	-
June 30, 2019 Cash Available to Budget	222,701	4,047	2,237
June 30, 2019 Payroll Liabilities	82,134	-	-
June 30, 2019 Temporary Interfund Loans	(167,470)	-	-
June 30, 2019 Adjustments/Reconciling Differences	(1)	-	-
June 30, 2019 Cash (Book Balance)	<u>\$ 137,364</u>	<u>\$ 4,047</u>	<u>\$ 2,237</u>
Reconciliation to PED Cash Report Line 7			
June 30, 2019 Cash (Book Balance)	\$ 137,364	\$ 4,047	\$ 2,237
June 30, 2019 Payroll Liabilities	(82,134)	-	-
June 30, 2019 Temporary Interfund Loans	167,469	-	-
Audit adjustments and reclassifications/other reconciling	1	-	-
Line 7 PED Cash Report June 30, 2019	<u>\$ 222,700</u>	<u>\$ 4,047</u>	<u>\$ 2,237</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, 2019

	Projects Account 24000	State Flowthrough Fund 27000	Public School Capital Outlay 31200
	<u> </u>	<u> </u>	<u> </u>
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)
June 30, 2018 Adjustments/Reconciling Differences	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2018 Cash Available to Budget	(36,702)	(2,470)	(31,659)
2018-2019 Revenue	118,907	8,695	122,493
2018-2019 Expenditures	(222,630)	(6,225)	(121,113)
Permanent Cash Transfers/Revisions	-	-	-
Adjustments	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2019 Cash Available to Budget	(140,425)	-	(30,279)
June 30, 2019 Payroll Liabilities	8,885	-	-
June 30, 2019 Temporary Interfund Loans	131,540	-	30,279
June 30, 2019 Adjustments/Reconciling Differences	<u>-</u>	<u>-</u>	<u>-</u>
June 30, 2019 Cash (Book Balance)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to PED Cash Report Line 7			
June 30, 2019 Cash (Book Balance)	\$ -	\$ -	\$ -
June 30, 2019 Payroll Liabilities	(8,885)	-	-
June 30, 2019 Temporary Interfund Loans	(131,540)	-	(30,279)
Audit adjustments and reclassifications/other reconciling	<u>-</u>	<u>-</u>	<u>-</u>
Line 7 PED Cash Report June 30, 2019	<u>\$ (140,425)</u>	<u>\$ -</u>	<u>\$ (30,279)</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, 2019

	Capital Improve. HB 33 31600	Capital Improve. State SB 9 31700	Capital Improve. Local SB 9 31701	Total Primary Government
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)	-	-
June 30, 2018 Adjustments/Reconciling Differences	-	-	-	-
June 30, 2018 Cash Available to Budget	219,699	(2,174)	114,356	478,175
2018-2019 Revenue	110,985	3,908	55,050	2,230,918
2018-2019 Expenditures	-	(5,863)	(14,350)	(2,169,201)
Permanent Cash Transfers/Revisions	-	-	-	-
Adjustments	-	-	-	-
June 30, 2019 Cash Available to Budget	330,684	(4,129)	155,056	539,892
June 30, 2019 Payroll Liabilities	-	-	-	91,019
June 30, 2019 Temporary Interfund Loans	-	4,129	-	(1,522)
June 30, 2019 Adjustments/Reconciling Differences	-	-	-	(1)
June 30, 2019 Cash (Book Balance)	<u>\$ 330,684</u>	<u>\$ -</u>	<u>\$ 155,056</u>	<u>\$ 629,388</u>
Reconciliation to PED Cash Report Line 7				
June 30, 2019 Cash (Book Balance)	\$ 330,684	\$ -	\$ 155,056	\$ 629,388
June 30, 2019 Payroll Liabilities	-	-	-	(91,019)
June 30, 2019 Temporary Interfund Loans	-	(4,129)	-	1,521
Audit adjustments and reclassifications/other reconciling	-	-	-	1
Line 7 PED Cash Report June 30, 2019	<u>\$ 330,684</u>	<u>\$ (4,129)</u>	<u>\$ 155,056</u>	<u>\$ 539,891</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
Brian S. Colón, Esq.
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the 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, 2019, 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 28, 2019.

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 1978, that we have described in the schedule of findings and responses as items 2019-001 and 2019-002.

School's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mess Adams LLP

Albuquerque, New Mexico
October 28, 2019

Albuquerque Talent Development Academy
(A component unit of Albuquerque Municipal School District No. 12)
Summary of Auditor's Results (as Required by 2.2.2.10 NMAC L(1)(f))
June 30, 2019

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

Yes

No

Yes

None reported

Compliance and other matters noted?

Yes

No

Albuquerque Talent Development Academy
(A component unit of Albuquerque Municipal School District No. 12)
Schedule of Findings and Responses
June 30, 2019

SECTION I – FINANCIAL STATEMENT FINDINGS

2019-001: Budgetary Conditions (Other Non-Compliance)

Condition: During our audit, we noted the school had an expenditure function where actual expenditures exceeded budgetary authority:

Fund 11000 (function 3000) – \$ 112

Criteria: Sound financial management and 6.20.2.9 (A) NMAC and 22-8-5 through 22-8-12.2 NMSA 1978 require that budgets not be exceeded at the legal level of control. For school districts, the function is the legal level of control.

Cause: Management oversight.

Effect: Noncompliance with state statutes.

Repeat finding: This is not a repeat finding.

Recommendation: We recommend that management establish controls necessary to monitor the budget and submit any necessary adjustments on a timely basis in order to avoid overages.

Views of responsible officials and planned corrective actions: Management will monitor budget authority and perform budget maintenance quarterly.

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, 2019**

2019-002 – Purchase Order (Other Non-Compliance)

Condition: The School had one transaction in the amount of \$111 where the online purchase was generated prior to the approval of the purchase request.

Criteria: Per PSAB Supplement 13-Purchasing, the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods or services.

Per NMAC 6.20.2.11 Internal Control Structure Standards, every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP.

Cause: Purchase was made by an employee prior to approval.

Effect: Items could be paid for without proper approval.

Repeat finding: This is not a repeat finding.

Recommendation: We recommend that policies and procedures be reviewed by management and be followed.

Views of responsible officials and planned corrective actions: Management will continue to enforce purchasing protocols. In this instance the school was not obligated to an expense as a result of the online purchase because the purchase was made by an employee who subsequently requested reimbursement. The school had the discretion to approve or disapprove the reimbursement request. Further, the school's policy indicates that "Reimbursement shall only be made if prior approval has been obtained from the Principal and a Purchase Order has been issued." In this case, reimbursement was only made *after* approval was obtained and purchase order was issued in accordance with school policy.

Person Responsible: Business Manager

Auditor Response: We recommend for reimbursements that documentation be kept on file showing it was approved prior to purchase.

Albuquerque Talent Development Academy
(A component unit of Albuquerque Municipal School District No. 12)
Summary Schedule of Prior Audit Findings
June 30, 2019

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)- Resolved

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)- Resolved

**Albuquerque Talent Development Academy
(A component unit of Albuquerque Municipal School District No. 12)
Exit Conference
June 30, 2019**

An exit conference was held with the School on October 28, 2019. 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

Rommie Compher, Governing Council Vice President
Lucinda Molina, Principal
Whitney Galindo, Business Manager
Roberta Velasquez, APS
Jose Scott Jr., ATDA Secretary

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.