



REPORT OF INDEPENDENT AUDITORS  
AND FINANCIAL STATEMENTS

**MONTESSORI OF THE RIO GRANDE**  
**(A Component Unit of Albuquerque Municipal**  
**School District No. 12)**

Year Ended June 30, 2020

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Montessori of the Rio Grande  
(a component unit of Albuquerque Municipal  
School District No. 12)

**OFFICIAL ROSTER (unaudited)**

June 30, 2020

**Montessori of the Rio Grande Governing Council**

Lawrence Rael, President  
DeAnza Sapien, Vice President  
Bretta Weiss, Secretary  
Ryan Hieronymus, Treasurer  
Ellen Bayard, Council Member  
Laura Erway, Council Member  
Joshua Groves, Council Member

**Montessori of the Rio Grande Administration**

Deborah Henwood, Head Administrator/Principal  
Chris Parrino, Business Manager

**Friends of the Montessori Foundation Governing Council**

**Board Members:**

Diana Chaves, President  
Joseph Griego, Vice President  
Rita Looks Twice, Treasurer

**Ex-Official Members:**

Deborah Henwood, Principal  
Lawrence Rael, Council President  
Sabrina Raffaelli-Hernandez, Teacher  
Phillip Robinson, Executive Assistant



## **Report of Independent Auditors**

Montessori of the Rio Grande  
Governing Council and  
Mr. Brian S. Colón, Esq.  
New Mexico State Auditor

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, and the budgetary comparison for the general fund and major special revenue funds of the Montessori of the Rio Grande (the School), a component unit of Albuquerque Municipal School District No. 12, as of and for the year ended June 30, 2020, 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the School as of June 30, 2020, 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.

## ***Emphasis of Matter***

As discussed in Note 1, the financial statements of the School are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds for the Albuquerque Public Schools that is attributable to the transactions of the School. They do not purport to, and do not, present fairly the financial position of the Albuquerque Public Schools as of June 30, 2020, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## ***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 26 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 68-71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2020, 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 School's internal control over financial reporting and compliance.

*Mess Adams LLP*

Albuquerque, New Mexico  
October 26, 2020

# **Montessori of the Rio Grande**

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

### **Management's Discussion and Analysis**

**June 30, 2020**

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### ***Introduction***

As management of the Albuquerque Public Schools (the "Charter"), the Principal and Business & Finance Director offer readers of the Charter's financial statements this narrative overview and analysis of the financial activities of the Charter for the Fiscal Year ended June 30, 2020. The intent of this discussion and analysis is to provide both financial and informative information to evaluate the Charter's financial performance as a whole. Furthermore, readers of the discussion and analysis should also review the audited financial statements for Albuquerque Public Schools (the "District"), as it pertains to the Charter, to enhance their understanding of the Charter's financial performance.

### ***About Montessori of the Rio Grande Charter School***

To completely understand the financial discussion of Montessori of the Rio Grande Charter School, it is important to understand the nature of the Charter. The Charter is located in the north valley of Albuquerque, New Mexico, near the intersection of the I-40 Highway and Rio Grande Boulevard. The school first began as a private Montessori school in 1994 and became a public charter school, authorized through the Albuquerque Public School District, on July 1, 2004.

To date, Montessori of the Rio Grande Charter School is one of thirty charter schools providing elementary and secondary education within the Albuquerque Public School District. The Charter is governed independently by its own governing council. The Albuquerque School District is liable for any operating deficits (to date, the Charter has not experienced any operating deficits). The Charter is presented as a discretely presented component unit in the Albuquerque Public School District's Financial Statements.

The Charter's operating revenues are passed through the school district to the Charter. Two percent of the Charter's state equalization guarantee revenues are retained by the school district for administration purposes. Because the revenues are passed through the school district to the Charters, Governmental Accounting Standards Board pronouncement 61 requires that the Charter be treated as "component unit" and included within the scope of the District's Independent Audit and financial statements. In addition, the 2.2.2 NMAC State Auditor Rule requires each Charter School and education foundations with significant assets to be disclosed discretely as significant component units. Furthermore, it should be noted that the Charter has participated in an Albuquerque Public School's pilot program in which the District purchased the building and grounds of the Charter so that the Charter would be in a public facility. In exchange, the District receives:

1. Lease payments equal to the amount that the Charter receives for its lease reimbursement program.
2. Payments equal to the amount that the Charter receives for its HB-33 program to be held in escrow by the District for improvements of the facilities.

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**June 30, 2020**

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For parents choosing a public Montessori education for their children, Montessori of the Rio Grande Charter School offers full day Kindergarten and elementary instruction for approximately 216 students. At the Charter, we are pledged to academic achievement. Our vision is for the Charter to nurture and inspire the human potential and be a model public Montessori school. Our mission at the Charter is to use Montessori principles to inspire children to love learning and contribute to their communities while providing a peaceful, safe, and nurturing academic environment.

To accomplish this mission, the Charter has developed and implemented a 90-Day Plan that utilizes curriculum, instruction, and assessment that enables all students to demonstrate:

- 1) Literacy – Clear and accurate reading, writing, speaking, and interpersonal communication.
- 2) Math Skills – Clear and accurate use of mathematics in communication, reasoning, making connections, and problem solving.
- 3) Collaboration – Clear and accurate use of team collaboration time to assess students' reading writing and math progress and determine interventions, as necessary.
- 4) Family/Teacher/Student Conferences – habits of mind that develop students' independence with responsibility, all through the implementation of the Montessori educational program.

Family involvement is a component of the school philosophy which includes The Friends of the Montessori Foundation, and volunteer committees. Communication tools used are school newsletters, communication folders, school website, school messenger both email and audio.

*Forty-Day Count Membership*

| Year      | Number of Students | Increase (Decrease) | % Increase (Decrease) |
|-----------|--------------------|---------------------|-----------------------|
| 2005-2006 | 153                | *                   | *                     |
| 2006-2007 | 173                | 20                  | 11.56%                |
| 2007-2008 | 178                | 5                   | 2.81%                 |
| 2008-2009 | 192                | 14                  | 7.29%                 |
| 2009-2010 | 198                | 6                   | 3.03%                 |
| 2010-2011 | 198                | -                   | 0.00%                 |
| 2011-2012 | 198                | -                   | 0.00%                 |
| 2012-2013 | 199                | 1                   | 0.50%                 |
| 2013-2014 | 217                | 18                  | 8.29%                 |
| 2014-2015 | 217                | -                   | 0.00%                 |
| 2015-2016 | 217                | -                   | 0.00%                 |
| 2016-2017 | 216                | (1)                 | -0.46%                |
| 2017-2018 | 217                | 1                   | 0.46%                 |
| 2018-2019 | 216                | (1)                 | -0.46%                |
| 2019-2020 | 217                | 1                   | 0.46%                 |

**\*Note:** Data not available for determination.



# Montessori of the Rio Grande

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

### Management's Discussion and Analysis

#### June 30, 2020

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### ***Financial Highlights***

Key events for the Fiscal Year 2020 are:

- The liabilities of the Charter exceeded assets at the close of the most recent Fiscal Year by \$3,058,057 (*total net position*). The components of net position include net investment in capital assets (\$447,002), restricted net position (\$97,667), and unrestricted net position (\$6,602,726). The reason for the deficit net position is due to the pension liability and other post-employment benefits liability presentation.
- The Charter's total net position increased by \$1,250,911 compared to the prior year. This increase results primarily from the liabilities for net pension liability and other post-employment benefits liability presentation.
- As of June 30, 2020, the Charter had current and noncurrent assets totaling \$248,521 and \$447,002, respectively. Capital assets, net of accumulated depreciation, totaled \$447,002. Deferred outflows of resources related to net pension liability totaled \$830,980. Deferred outflows of resources related to other post-employment benefits liability totaled \$117,112. As of June 30, 2020, the Charter had current liabilities consisting of \$0. Noncurrent liabilities consisted of \$3,130,184 from net pension liability and 884,848 from other post-employment benefits liability.
- The Charter has been included in Albuquerque Public School's capital improvement plan, and work is completed on facility improvements. On August 12, 2013 the first phase of construction for the Charter's new facilities was completed and 4 new upper elementary classrooms and a student enrichment center were placed in service. The Charter's contribution to the construction of those new facilities was later transferred to Albuquerque Public School's since they are the owner of the facilities and the buildings are not portable. The Charter has successfully worked with Albuquerque Public Schools to complete second phase of construction which has placed all other grades of students in new facilities. That second phase began in fiscal year 2018 and is expected was completed on October 14, 2019.
- General Fund revenues increased from \$1,847,621 for the year ended June 30, 2019 to \$2,048,973 for the fiscal year ended June 30, 2020, an increase of 10.84 % or \$201,352.
- Total actual General Fund total revenues and other financing sources and other financing uses for the year ended June 30, 2020 exceeded total expenditures by \$11,651, resulting in an end of year fund balance of \$150,854.
- The Charter has successfully maintained the financial reporting processes as required by the Governmental Accounting Standards Board Statement No. 75.  
  
The Charter has successfully maintained the financial reporting processes as required by the Governmental Accounting Standards Board Statement No. 68.
- The Charter has successfully maintained the financial reporting processes as required by the Governmental Accounting Standards Board Statement No. 54.
- The Charter has successfully maintained the financial reporting processes as required by the Governmental Accounting Standards Board Statement No. 34.

## ***Overview of the Financial Statements***

The audited financial statements for Albuquerque Public School consist of a series of financial statements and notes to those statements. Those statements are organized so the reader can understand Albuquerque Public School, including its component unit Charter Schools, as a financial whole, or as an entire operating entity. The focus of this overview will be on the financial statements as they pertain to Montessori of the Rio Grande Charter School.

The statement of net position and statement of activities provide information about the activities of the whole Charter, presenting both an aggregate view of the Charter's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at all the Charter's funds, and for the Charter the General Fund is the most significant.

## ***Statement of Net Position and Statement of Activities***

While this report contains the large number of funds used by the Charter to provide programs and activities, the Charter looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2020?" The statement of net position and the statement of activities answer this question. These statements include all assets, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the Charter's net position and changes in the net position. This change in net position is important because it identifies whether the financial position of the Charter has improved or diminished for the Charter as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the Charter's property tax base, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, all the Charter's activities are reported in one column. The column is labeled:

***Governmental Activities*** – The Charter's programs and services are reported here, including instruction, support services, central services, operation and maintenance of plant, and community services operations.

The Statement of Activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The Statement of Activities, for governmental activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by revenues from state entitlements.

The dependence upon revenues from the State of New Mexico for governmental activities is apparent 54.28% percent of Charter general expenditures are being utilized for Direct Instruction.

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**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Management's Discussion and Analysis**  
**June 30, 2020**

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***Statement of Net Position and Statement of Activities (continued)***

| <u>Statement of Net Position</u>  |                              |                              |                              |
|---|------------------------------|------------------------------|------------------------------|
|   | <u>June 30, 2020</u>         | <u>June 30, 2019</u>         | <u>Variance</u>              |
| <b><i>Assets:</i></b>   |                              |                              |                              |
| Cash and cash equivalents   | \$ 239,773                   | \$ 318,680                   | \$ (78,907)                  |
| Receivables (net of allowance for uncollectibles)                               |                              |                              |                              |
| Due from other governments  | 8,748                        | 44,172                       | (35,424)                     |
| Other   | -                            | -                            | -                            |
| Noncurrent assets:  |                              |                              |                              |
| Capital assets, net   | 447,002                      | 249,118                      | 197,884                      |
| <b><i>Total Assets</i></b>  | <b><u>\$ 695,523</u></b>     | <b><u>\$ 611,970</u></b>     | <b><u>\$ 83,553</u></b>      |
| <b><i>Deferred outflows of resources related to:</i></b>                        |                              |                              |                              |
| <i>Net pension liability</i>  | \$ 830,980                   | \$ 1,196,960                 | (365,980)                    |
| <i>Other post-employment benefits liability</i>                                 | 117,112                      | 31,042                       | 86,070                       |
| <b><i>Total Assets and Deferred Outflows of Resources</i></b>                   | <b><u>\$ 1,643,615</u></b>   | <b><u>\$ 1,839,972</u></b>   | <b><u>\$ (196,357)</u></b>   |
| <b><i>Liabilities:</i></b>  |                              |                              |                              |
| Accounts payable  | \$ -                         | \$ -                         | \$ -                         |
| Accrued Liabilities   | -                            | -                            | -                            |
| Current portion of compensated absences   | -                            | -                            | -                            |
| Due to other governments  | -                            | -                            | -                            |
| Noncurrent liabilities  |                              |                              |                              |
| Net pension liability   | 3,130,184                    | 4,616,215                    | (1,486,031)                  |
| Other post-employment benefits liability  | 884,848                      | 1,104,917                    | (220,069)                    |
| <b><i>Total Liabilities</i></b>   | <b><u>\$ 4,015,032</u></b>   | <b><u>\$ 5,721,132</u></b>   | <b><u>\$ (1,706,100)</u></b> |
| <b><i>Deferred inflows of resources:</i></b>                                    |                              |                              |                              |
| Related to net pension liability  | \$ 170,154                   | \$ 142,318                   | \$ 27,836                    |
| Related to other post-employment benefits liability                             | 516,486                      | 285,490                      | 230,996                      |
| <b><i>Total Deferred Inflows of Resources</i></b>                               | <b><u>\$ 686,640</u></b>     | <b><u>\$ 427,808</u></b>     | <b><u>\$ 258,832</u></b>     |
| <b><i>Net Position:</i></b>   |                              |                              |                              |
| Net investment in capital assets  | \$ 447,002                   | \$ 249,118                   | \$ 197,884                   |
| Restricted  | 97,667                       | 200,347                      | (102,680)                    |
| Unrestricted (deficit)  | (3,602,726)                  | (4,758,433)                  | 1,155,707                    |
| <b><i>Total Net Position</i></b>  | <b><u>\$ (3,058,057)</u></b> | <b><u>\$ (4,308,968)</u></b> | <b><u>\$ 1,250,911</u></b>   |
| <b><i>Total Liabilities, Deferred Inflows of Resources and Net Position</i></b> | <b><u>\$ 1,643,615</u></b>   | <b><u>\$ 1,839,972</u></b>   | <b><u>\$ (196,357)</u></b>   |

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***Statement of Net Position and Statement of Activities (continued)***

**Statement of Activities**

|   | <u>June 30, 2020</u>         | <u>June 30, 2019</u>         | <u>Variance</u>            |
|---|------------------------------|------------------------------|----------------------------|
| <b><i>Program Revenues:</i></b>                   |                              |                              |                            |
| Charges for service                               | \$ -                         | \$ 30,382                    | \$ (30,382)                |
| Operating grants and contributions                | 1,233,038                    | 23,061                       | 1,209,977                  |
| Capital grants and contributions                  | 367,479                      | 161,150                      | 206,329                    |
| <b><i>General Revenues:</i></b>                   |                              |                              |                            |
| State equalization guarantee                      | 1,757,409                    | 1,515,844                    | 241,565                    |
| Property taxes                                    | 235,999                      | 331,777                      | (95,778)                   |
| Miscellaneous income                              | 292,634                      | 216,616                      | 76,018                     |
| <b><i>Total Revenues</i></b>                      | <b><u>\$ 3,886,559</u></b>   | <b><u>\$ 2,278,830</u></b>   | <b><u>\$ 1,607,729</u></b> |
| <b><i>Program Expenses:</i></b>                   |                              |                              |                            |
| Instruction                                       | \$ 1,430,544                 | \$ 1,882,819                 | \$ (452,275)               |
| Support services                                  | 152,083                      | 127,429                      | 24,654                     |
| School administration                             | 227,080                      | 213,580                      | 13,500                     |
| Central services                                  | 148,725                      | 140,076                      | 8,649                      |
| Operation and maintenance of plant                | 95,485                       | 91,187                       | 4,298                      |
| Community services operations                     | 60,469                       | 57,645                       | 2,824                      |
| Facilities, materials, supplies & other services  | 521,262                      | 243,775                      | 277,487                    |
| <b><i>Total Expenses</i></b>                      | <b><u>\$ 2,635,648</u></b>   | <b><u>\$ 2,756,511</u></b>   | <b><u>\$ (120,863)</u></b> |
| <b><i>Increase (Decrease) in Net Position</i></b> | <b><u>\$ 1,250,911</u></b>   | <b><u>\$ (477,681)</u></b>   | <b><u>\$ 1,728,592</u></b> |
| <b><i>Net Position - Beginning</i></b>            | <b><u>\$ (4,308,968)</u></b> | <b><u>\$ (3,831,287)</u></b> | <b><u>\$ (477,681)</u></b> |
| <b><i>Net Position - Ending</i></b>               | <b><u>\$ (3,058,057)</u></b> | <b><u>\$ (4,308,968)</u></b> | <b><u>\$ 1,250,911</u></b> |

***Government-Wide Financial Analysis***

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Charter, liabilities exceeded assets by \$3,058,057 at the close of the most recent fiscal year. By far the largest portion of the Charter's net position reflects its unrestricted net position. The deficit is due primarily to the Charter's net pension liability and other post-employment benefits liability.

The Charter's net position increased by \$1,250,911 during the current fiscal year. The increase results primarily from increased revenues from operating grants and contributions. In looking at program revenues, the significant increase can be attributed to monies that were received for operating grants and contributions to the school. With respect to general revenues, the increase in the state equalization can also be attributed to an increase in the unit value.

***Fund Financial Statements***

Fund financial statements are based on a modified accrual basis of accounting. The Statement of Revenues and Expenditures and Changes in Fund Balances is not new to the Charter's annual financial reports. This report guides the reader to a meaningful overall view of the Charter's revenue, expenditures,

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and changes to the fund balance. Total revenues from property taxes, state, local and federal sources were \$2,719,201. Total expenditures for the Charter were \$2,833,532. The total ending fund balance was \$248,521, a decrease of \$114,331 from the prior year.

***Multi-Year Charter Revenues and Expenditures***

A multi-year view of overall Charter revenues and expenditures indicates long term growth in both areas. The growth and decline of revenues and expenditures are commensurate with student enrollment, legislative initiatives to improve funding for teacher salaries, student needs and other educational programs as well as state and local increase in revenues for capital outlay purposes.

| Year      | Total Revenues* | % Change, Revenues | Total Expenses* | % Change, Expenses | Excess (deficiency) of revenues over (under) expenditures | Restatements of Fund Balance | Fund Balance - End of Year |
|-----------|-----------------|--------------------|-----------------|--------------------|---|------------------------------|----------------------------|
| 2005-2006 | \$ 1,224,004    | **                 | \$ 1,331,335    | **                 | \$ (107,331)  | \$ -                         | \$ 22,823                  |
| 2006-2007 | \$ 1,482,039    | 21.08%             | \$ 1,363,567    | 2.42%              | \$ 118,472  | \$ -                         | \$ 141,295                 |
| 2007-2008 | \$ 1,436,033    | -3.10%             | \$ 1,485,950    | 8.98%              | \$ (49,917)   | \$ -                         | \$ 91,378                  |
| 2008-2009 | \$ 1,335,986    | -6.97%             | \$ 1,392,352    | -6.30%             | \$ (56,366)   | \$ -                         | \$ 35,012                  |
| 2009-2010 | \$ 1,576,577    | 18.01%             | \$ 1,518,654    | 9.07%              | \$ 57,923   | \$ -                         | \$ 92,935                  |
| 2010-2011 | \$ 1,964,958    | 24.63%             | \$ 1,921,237    | 26.51%             | \$ 43,721   | \$ -                         | \$ 136,656                 |
| 2011-2012 | \$ 1,918,819    | -2.35%             | \$ 1,891,958    | -1.52%             | \$ 26,861   | \$ -                         | \$ 163,517                 |
| 2012-2013 | \$ 1,759,155    | -8.32%             | \$ 1,716,547    | -9.27%             | \$ 42,608   | \$ -                         | \$ 206,125                 |
| 2013-2014 | \$ 2,008,835    | 14.19%             | \$ 1,988,332    | 15.83%             | \$ 20,503   | \$ 54,144                    | \$ 280,772                 |
| 2014-2015 | \$ 2,082,526    | 3.67%              | \$ 2,092,765    | 5.25%              | \$ (10,239)   | \$ -                         | \$ 270,533                 |
| 2015-2016 | \$ 2,177,774    | 4.57%              | \$ 2,196,606    | 4.96%              | \$ (18,832)   | \$ -                         | \$ 251,701                 |
| 2016-2017 | \$ 2,079,632    | -4.51%             | \$ 2,156,129    | -1.84%             | \$ (76,497)   | \$ -                         | \$ 175,204                 |
| 2017-2018 | \$ 2,334,685    | 12.26%             | \$ 2,289,955    | 6.21%              | \$ 44,730   | \$ -                         | \$ 219,934                 |
| 2018-2019 | \$ 2,278,830    | -2.39%             | \$ 2,135,912    | -6.73%             | \$ 142,918  | \$ -                         | \$ 362,852                 |
| 2019-2020 | \$ 2,719,201    | 19.32%             | \$ 2,833,532    | 32.66%             | \$ (114,331)  | \$ -                         | \$ 248,521                 |

\* **Note:** Revenues exclude cash carryovers; Expenditures include capital outlays.

\*\***Note:** Data not available for determination.

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***The Budget***

Charter budgets reflect the same change as seen in the revenue and expenditures of the Charter. The State of New Mexico school budget process is defined under state law and regulation. To enhance the process of developing a budget at the charter school level, the Charter utilizes goals and objectives defined by the Charter's Governing Council, community input meetings, long term plans and input from various staff groups to develop the Charter's budget. Charter priorities are well defined through this process.

GASB 34 does not require a statement presenting the overall result of the budget for the year; however, all budgetary funds are required to be reported as a separate statement.

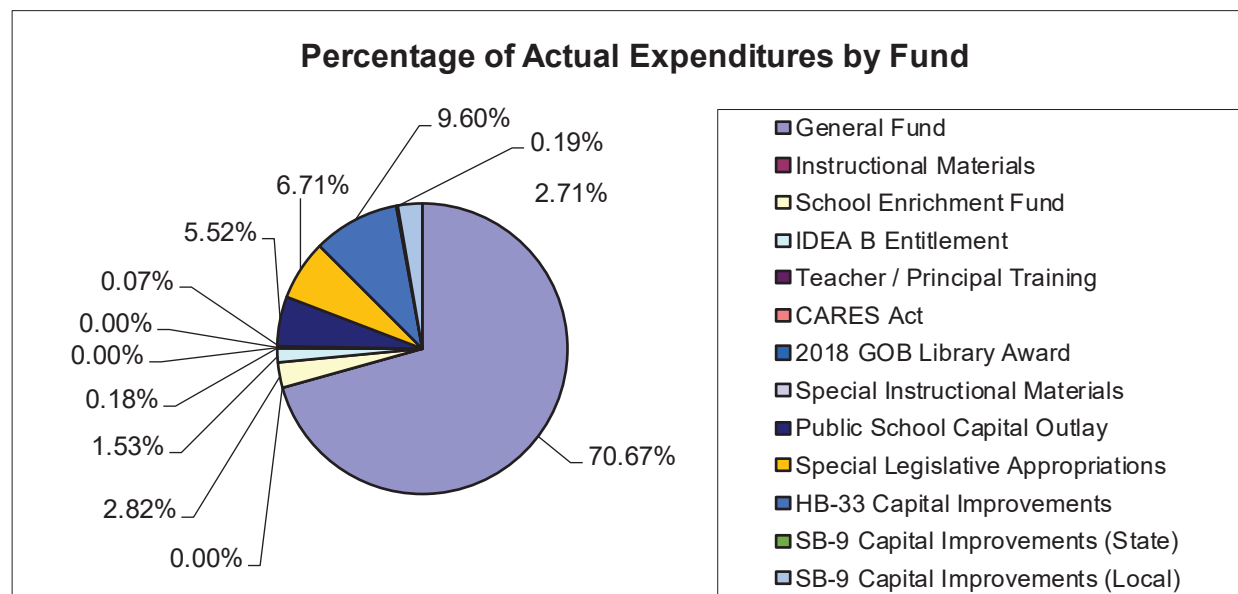
The following table and graphics show the fiscal relationship of the various funds for the Fiscal Year ended June 30, 2020. The reader will note that the General Fund represents 70.67% of the total funded dollar amount. This fund provides the salary and benefits for the significant majority of the Direct Instruction, Instructional Support, Administration, Business Support, and Maintenance as well as classroom materials, special education consulting staff and fixed utility costs. Revenue from this fund is substantially derived from the State Equalization Guarantee, which is the funding formula appropriated for education by the State Legislature. The General Fund is explored later in the Management Discussion and Analysis.

| <b>Fund Type</b>                   | <b>Fund Number</b> | <b>Final Budget</b> | <b>Actual</b>       | <b>Variance</b>   |
|------------------------------------|--------------------|---------------------|---------------------|-------------------|
| General Fund                       | 11000              | \$ 2,228,913        | \$ 2,060,624        | \$ 168,289        |
| Instructional Materials            | 14000              | \$ 10,407           | \$ -                | \$ 10,407         |
| School Enrichment Fund             | 23000              | \$ 95,371           | \$ 82,337           | \$ 13,034         |
| IDEA B Entitlement                 | 24106              | \$ 44,677           | \$ 44,677           | \$ -              |
| Teacher / Principal Training       | 24154              | \$ 13,008           | \$ 5,243            | \$ 7,765          |
| CARES Act                          | 24301              | \$ 58,265           | \$ -                | \$ 58,265         |
| 2018 GOB Library Award             | 27107              | \$ 3,533            | \$ -                | \$ 3,533          |
| Special Instructional Materials    | 27109              | \$ 15,760           | \$ 1,916            | \$ 13,844         |
| Public School Capital Outlay       | 31200              | \$ 161,041          | \$ 161,041          | \$ -              |
| Special Legislative Appropriations | 31400              | \$ 195,530          | \$ 195,530          | \$ -              |
| HB-33 Capital Improvements         | 31600              | \$ 285,041          | \$ 280,044          | \$ 4,997          |
| SB-9 Capital Improvements (State)  | 31700              | \$ 5,460            | \$ 5,460            | \$ -              |
| SB-9 Capital Improvements (Local)  | 31701              | \$ 128,991          | \$ 79,002           | \$ 49,989         |
| SB-9 Capital Improvements (Cash)   | 31703              | \$ 5,448            | \$ -                | \$ 5,448          |
| <b>TOTALS</b>                      |                    | <b>\$ 3,251,445</b> | <b>\$ 2,915,874</b> | <b>\$ 335,571</b> |

All funds fell within the regulatory criteria set by the Public Education Department and New Mexico Statute. Both the Manual of Procedures for Public School Account and NMSA 8-22-5, Annotated require that budget expenditures be within the authorization of the approved budget.

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***The General Fund***

The General Fund revenues represent \$2,048,973 of the total \$2,719,201 in overall Charter revenues. The impact of this fund must be kept in context. The General Fund began the year with an initial budget of \$2,160,970 and had a final budget of \$2,228,913. This change represents an increase of \$67,943. The increases are primarily due to cash carryover from the prior year being greater than initially budgeted.

The General Fund is predominately funded by revenues from the State of New Mexico State Equalization Guarantee Formula. In addition, a significant portion of revenues are generated from tuition based preschool program as presented under “Educational Fees”. The preschool program enrollment is currently at 44 students. The fund pays for teaching staff, teaching support staff, special education support staff, maintenance, and administration staff. Because of the student enrollment increases experienced by the Charter, an emphasis on schools by the New Mexico Legislature, and because the State Equalization Guarantee Formula is based upon student populations, the amount had seen a steady increase in revenues in most years as student enrollment had increased. The State Equalization Guarantee saw a significant increase in the three most recent fiscal years because the unit value was increased. It is expected that State Equalization Guarantee Formula revenues will remain consistent in most years because the Charter has achieved maximum enrollment per its charter and the lack of growth units going forward will be the norm, unless the funding formula or the charter is altered. Additionally, no donation revenues were accepted from Friends of the Montessori Foundation into the General Fund beginning in Fiscal Year 2017 because cash balances were subject to sweeps by the State of New Mexico. Those donations are now accepted in a separately established activity fund.

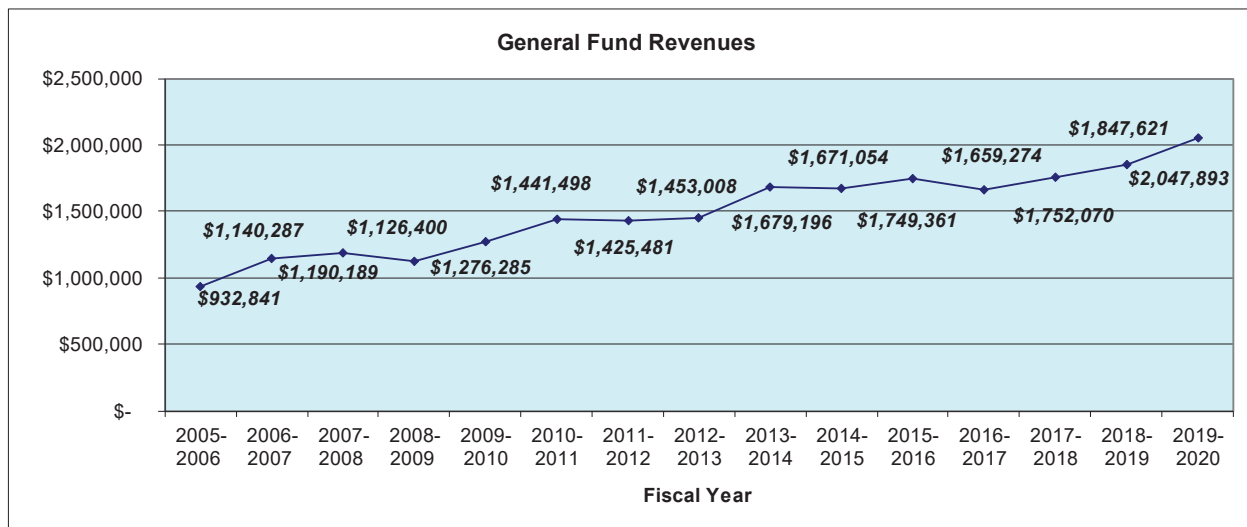
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***The General Fund (continued)***

The General Fund and its various sources of revenues over the years are presented below:

| Year      | State Equalization Guarantee Formula | Activity Fees | Educational Fees | Donations  | Other Revenues | Total Revenues | Increase (Decrease) | % Increase (Decrease) |
|-----------|--------------------------------------|---------------|------------------|------------|----------------|----------------|---------------------|-----------------------|
| 2005-2006 | \$ 929,112                           | \$ -          | \$ -             | \$ -       | \$ 3,729       | \$ 932,841     | *                   | *                     |
| 2006-2007 | \$ 1,020,964                         | \$ 52,198     | \$ 2,725         | \$ -       | \$ 64,400      | \$ 1,140,287   | \$ 207,446          | 22.24%                |
| 2007-2008 | \$ 1,149,000                         | \$ 33,305     | \$ 7,884         | \$ -       | \$ -           | \$ 1,190,189   | \$ 49,902           | 4.38%                 |
| 2008-2009 | \$ 1,078,579                         | \$ 36,403     | \$ 11,418        | \$ -       | \$ -           | \$ 1,126,400   | \$ (63,789)         | -5.36%                |
| 2009-2010 | \$ 1,108,831                         | \$ 73,589     | \$ 62,797        | \$ 25,840  | \$ 5,228       | \$ 1,276,285   | \$ 149,885          | 13.31%                |
| 2010-2011 | \$ 1,177,550                         | \$ 84,023     | \$ 103,767       | \$ 75,150  | \$ 1,008       | \$ 1,441,498   | \$ 165,213          | 12.94%                |
| 2011-2012 | \$ 1,148,159                         | \$ 75,445     | \$ 141,530       | \$ 59,820  | \$ 527         | \$ 1,425,481   | \$ (16,017)         | -1.11%                |
| 2012-2013 | \$ 1,134,526                         | \$ 65,883     | \$ 168,782       | \$ 70,000  | \$ 13,817      | \$ 1,453,008   | \$ 27,527           | 1.93%                 |
| 2013-2014 | \$ 1,321,455                         | \$ 64,586     | \$ 238,623       | \$ 54,500  | \$ 32          | \$ 1,679,196   | \$ 226,188          | 15.57%                |
| 2014-2015 | \$ 1,335,869                         | \$ 61,151     | \$ 218,679       | \$ 53,875  | \$ 1,480       | \$ 1,671,054   | \$ (8,142)          | -0.48%                |
| 2015-2016 | \$ 1,377,683                         | \$ 51,716     | \$ 218,003       | \$ 100,207 | \$ 1,752       | \$ 1,749,361   | \$ 78,307           | 4.69%                 |
| 2016-2017 | \$ 1,326,622                         | \$ 46,645     | \$ 284,755       | \$ -       | \$ 1,252       | \$ 1,659,274   | \$ (90,087)         | -5.15%                |
| 2017-2018 | \$ 1,421,885                         | \$ 49,665     | \$ 277,565       | \$ -       | \$ 2,955       | \$ 1,752,070   | \$ 92,796           | 5.59%                 |
| 2018-2019 | \$ 1,515,844                         | \$ 47,282     | \$ 283,745       | \$ -       | \$ 750         | \$ 1,847,621   | \$ 95,551           | 5.45%                 |
| 2019-2020 | \$ 1,757,409                         | \$ 39,395     | \$ 251,089       | \$ -       | \$ -           | \$ 2,047,893   | \$ 200,272          | 10.84%                |

\*Note: Data not available for determination.





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***The General Fund (continued)***

The General Fund (Fund 11000) is the main fund whose expenditures are significantly related to the educational process; \$2,060,624 was expended in the year ending June 30, 2020. \$1,818,696 or 88.26% of all General Fund expenditures was made for employee salaries, payroll taxes and benefits. The expenditures of the General Fund expenditures are divided into various functions, of which Instruction is the most significant, and can be summarized as follows for the year ending June 30, 2020:

**Instruction**

\$1,418,431 represents 68.84% of General Fund expenditures and accounts for expenditures for regular and special education teachers and assistants, benefits, payroll taxes, school supplies, training, teacher and student travel and miscellaneous instructional related contract services.

**Support Services - Students**

\$107,406 represents 5.21% of General Fund expenditures and accounts for expenditures for the significant support to special education programs through contract ancillary support staff and contract programs as well as the expenditures for the health assistant and nursing contractors.

**Support Services – Instruction**

\$5,079 represents 0.25% of all General Fund expenditures and accounts for expenditures for the school librarian and library expenses.

**Support Services – General Administration**

\$142,381 represents 6.91% of all General Fund expenditures and accounts for expenditures for the school principal, governing council training, legal fees, and audit costs.

**Support Services – School Administration**

\$84,574 represents 4.10% of all General Fund expenditures and accounts for expenditures for the office manager, data entry, benefits, payroll taxes, training, and office supplies.

**Central Services**

\$148,725 represents 7.22% of all General Fund expenditures and accounts for expenditures for the school business and finance director, benefits, payroll taxes, financial software, advertising, bank service fees, training, and office supplies.

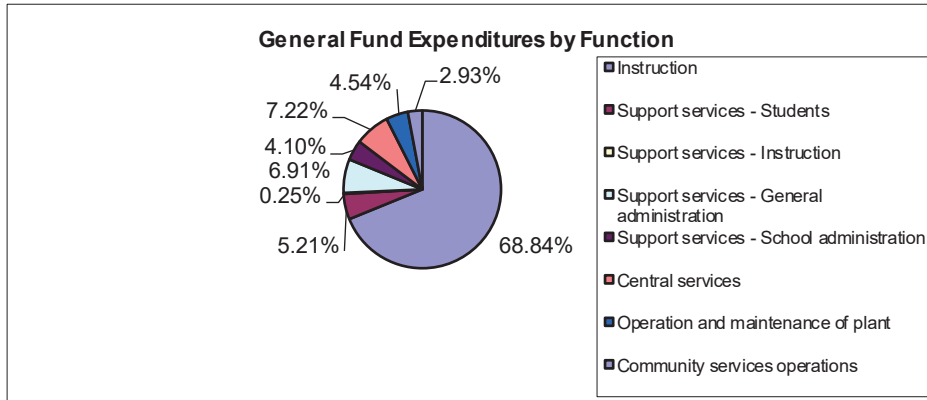
**Operation and Maintenance of Plant**

\$93,559 represents 4.54% of all General Fund expenditures and accounts for expenditures for contract services, rents and leases, utilities, communications, liability insurance, and supplies.

**Community Services Operations**

\$60,469, represents 2.93% of all General Fund expenditures and accounts for expenditures for the aftercare director, aftercare staff, yearbook costs and supplies.

***The General Fund (continued)***



***Other Funds***

In general, the other funds, while important to the success of school operations, do not represent a significant fiscal impact to warrant specific discussion. However, because of their relative importance to the success of students, we have elected to present information on each of these funds. These funds represent a single source of revenue and are received from local, state, or federal sources. The years of their funding can be reviewed after the following fund descriptions.

**Instruction Materials (Fund 14000)**

The Instructional Materials Fund is used to account for a program funded by the New Mexico Public Education Department for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

**School Enrichment Fund (Fund 23000)**

The School Enrichment Fund is an activity fund used to account for a funds received from the Friends of the Montessori Foundation to assist the Charter in providing a quality Montessori Education for its students.

**IDEA-B Entitlement (Fund 24106)**

The IDEA-B Entitlement Fund is used to account for a program funded by a Federal grant to assist the Charter in providing free appropriate public education to all children with special needs.

**Charter Schools (Fund 24146)**

The Charter School Planning Fund is used to account for a program funded by a Federal grant for the purposes of providing start-up charter schools with adequate funding at their inception.

**English Language Acquisition (Fund 24153)**

The English Language Acquisition Fund is used to account for a program funded by a Federal grant for the purposes of providing support for English language learners.

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***Other Funds (continued)***

**Teacher / Principal Training & Recruiting (Fund 24154)**

The Teacher / Principal Training and Recruiting Fund is used to account for a program funded by a Federal grant, that is used 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.

**IDEA-B Entitlement Federal Stimulus (Fund 24206)**

The IDEA-B Entitlement Federal Stimulus Fund is used to account for a program funded by a Federal grant to assist the Charter in providing free appropriate public education to all children with special needs. The funds are also subject to the requirements and restrictions in ARRA and are tracked in a separate fund code in order to be fully accountable to the taxpayers.

**Emergency Response Plans for School Safety Initiative (Fund 24249)**

The Emergency Response Plans for School Safety Initiative Fund is used to account for a program funded by a Federal grant for an 18-month program designed to strengthen the Charter's crisis preparedness and response capabilities

**State Equalization Guarantee Federal Stimulus (Fund 25250)**

The State Equalization Guarantee Federal Stimulus Fund is used to account for a program funded by a Federal grant for the purpose of offsetting the decrease in state funding. These are federal funds and must be used for education purposes consistent with State and local requirements. The funds are also subject to the requirements and restrictions in ARRA and are tracked in a separate fund code in order to be fully accountable to the taxpayers.

**US Fish & Wildlife (Fund 25251)**

The US Fish & Wildlife Fund is used to account a program funded by a Federal grant for the purpose of restoring and maintaining a wetland on the school grounds to further student learning opportunities.

**Education Jobs Fund (Fund 25255)**

The Education Jobs Fund is used to account for a program funded by a Federal grant for the purpose of offsetting the decrease in state funding. These are federal funds may only be used for jobs related to direct instruction job positions such as teachers and instructional assistants and must be used for education purposes consistent with State and local requirements. The funds are also subject to the requirements and restrictions in ARRA and are tracked in a separate fund code in order to be fully accountable to the taxpayers.

**Golden Apple Foundation (Fund 26163)**

The Golden Apple Foundation Fund is used to account for a program funded by Wells Fargo Bank for the purposes of providing enhanced educational opportunities in the forms or fieldtrips, classroom materials and various projects that teachers apply for.

***Other Funds (continued)***

**Local Grants (Fund 26177)**

The Local Grants Fund is used to account for a program funded by the City of Albuquerque for the purposes of providing a supervised and safe environment on school grounds for children after school at little or no cost to the student's family.

**2008 Library GO Bonds (Fund 27105)**

The 2008 Library GO Bonds Fund is used to account for a program funded by the New Mexico Public Education Department for the purposes of providing State legislative funds to support school libraries through purchasing books, videos, and additional materials.

**2010 Library GO Bonds (Fund 27106)**

The 2010 Library GO Bonds Fund is used to account for a program funded by the New Mexico Public Education Department for the purposes of providing State legislative funds to support school libraries through purchasing books, videos, and additional materials.

**2012 & 2016 Library GO Bonds (Fund 27107)**

The 2012 and 2016 Library GO Bonds Fund is used to account for a program funded by the New Mexico Public Education Department for the purposes of providing State legislative funds to support school libraries through purchasing non-book related library resources such as computers, software, projectors, televisions, other hardware and software, and furniture.

**Special Instructional Materials (Fund 27109)**

The Special Instructional Materials Fund is used to account for a special program funded by the New Mexico Public Education Department for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

**Charter School Planning (Fund 27112)**

The Charter School Planning Fund is used to account for a program funded by the New Mexico Public Education Department for the purposes of providing start-up charter schools with adequate funding at their inception.

**NM Reads to Lead K-3 (Fund 27114)**

The NM Reads to Lead K-3 Fund is used to account for funds received to provide children opportunities to acquire a firm foundation in literacy and are not only prepared for future academic success, but will possess a lifelong gift of reading. New Mexico's early reading initiative, New Mexico Reads to Lead, provides an aligned approach schools to ensure that children can read by the end of the third grade – giving them essential skills for future career and college success. The New Mexico Reads to Lead! Initiative also provides reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators.

**Obesity Program (Fund 27120)**

The Obesity Program Fund is used to account for a program funded by the New Mexico Public Education Department for the purposes of providing before and/or after school programs that contain both physical activity and nutrition components targeting elementary school-aged children.

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***Other Funds (continued)***

**Excellence in Teaching Award (Fund 27125)**

The Excellence in Teaching Award Fund is used to account for a program funded by the New Mexico Public Education Department in fiscal year 2020 for the purposes of providing additional compensation to teachers who were designated as exemplary in their prior year teacher evaluations.

**Library GO Bonds Laws of 2004 (Fund 27145)**

The Library GO Bonds Laws of 2004 Fund is used to account for a program funded by the New Mexico Public Education Department for the purposes of providing State legislative funds to support school libraries through purchasing books, videos, and additional materials.

**Beginning Teacher Mentoring Program (Fund 27154)**

The Beginning Teacher Mentoring Program Fund is used to account for a program funded by the New Mexico Public Education Department for the purposes of providing beginning teachers an effective transition into the teaching profession, retain capable teachers, improve the achievement of students and improve the overall success of the school.

**After School Enrichment Program (Fund 27168)**

The After School Enrichment Program Fund is used to account for a program funded by the New Mexico Public Education Department for the purposes of providing a supervised and safe environment on school grounds for children after school at little or no cost to the student's family.

**Library GO Bonds Laws of 2006 (Fund 27170)**

The Library GO Bonds Laws of 2006 Fund is used to account for a program funded by the New Mexico Public Education Department for the purposes of providing State legislative funds to support school libraries through purchasing books, videos, and additional materials.

**2010 GOB Instructional Materials (Fund 27171)**

The 2010 GOB Instructional Materials Fund is used to account for money received from the New Mexico Public Education Department. Funds were used to purchase Montessori learning materials within the Charter.

**Next Generation Assessments (Fund 27185)**

The Next Generation Assessments Fund is used to account for monies made available to remediate deficiencies in computer devices so that schools can be compliant with the Partnership for Assessment of Readiness for College and Careers (PARCC) assessment requirements. Funds were used to purchase computing devices for student use within the Charter.

**2008 Library Funds (Fund 27549)**

The 2008 Library Funds Fund is used to account for a program funded by the New Mexico Public Education Department for the purposes of providing State legislative funds to support the purchase of school library books.

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***Other Funds (continued)***

**Private Direct Grants (Fund 29102)**

The Private Direct Grants Fund is used to account for local and state direct grants funds not covered by the Uniform Chart of Accounts. For the Charter this was used in fiscal year 2014 to account for the Albert I. Pierce Grant Award which was used for the acquisition of materials and curriculum support for the Montessori of the Rio Grande Wetlands School Yard Habitat Outdoor Classroom. In fiscal year 2016 it was used to account for tools and equipment received from the 2015 Bernalillo County Outdoor Classroom Grant.

**Public School Capital Outlay (Fund 31200)**

The Public School Capital Outlay Fund is used to account for the monies received from the New Mexico Public Education Department to account for the monies received in reimbursement for rent of the Charter's facilities.

**Special Public School Capital Outlay (Fund 31400)**

The Special Public School Capital Outlay Fund is used to account for the monies received from the New Mexico Public Education Department for the purpose of accounting for special legislative appropriations monies received for facility improvements.

**HB-33 Capital Improvements (Fund 31600)**

The HB-33 Capital Improvements Fund is used to account for the monies received from the New Mexico Public Education Department to account for the costs relating to erecting, remodeling, making additions to, providing equipment for, or furnishing public school buildings and purchasing or improving public school grounds. Financing is provided through county property taxes. Under a Memorandum of Agreement with Albuquerque Public Schools, the District receives these revenues, to hold in escrow for Montessori of the Rio Grande, in exchange for providing building and grounds maintenance because the District owns the Charter's facilities.

**SB-9 Capital Improvements – State Match (Fund 31700)**

The SB-9 Capital Improvements Fund is used to account for the monies received from the New Mexico Public Education Department 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. Prior to Fiscal Year 2016, SB-9 State and Local monies were co-mingled into the same fund but going forward are now separated. This is a reimbursement-based award requiring approved expenditures prior to receipt of funds.

**SB-9 Capital Improvements – Local Sources (Fund 31701)**

The SB-9 Capital Improvements Fund is used to account for the monies received from the New Mexico Public Education Department 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 by Counties as authorized by the Public School District Capital Improvements Act. Prior to Fiscal Year 2016, SB-9 State and Local monies were co-mingled into the same fund but going forward are now separated.

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***Other Funds (continued)***

**SB-9 Capital Improvements – State Cash (Fund 31703)**

The SB-9 Capital Improvements Fund is used to account for the monies received from the New Mexico Public Education Department 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. This was a newly established fund in FY 2020 and rather than being reimbursement based is an allocation distributed prior to expenditure.

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The other funds revenues as well as a total of all funds over the years are presented below:

| Year      | Instruction Materials (Fund 14000) | School Enrichment Fund (Fund 23000) | IDEA-B Entitlement (Fund 24106) | Charter Schools (Fund 24146) | English Language Acquisition (Fund 24153) | Teacher / Principal Training & Recruiting (Fund 24154) | IDEA-B Entitlement Federal Stimulus (Fund 24206) | Emergency Response Plans for School Safety Initiative (Fund 24249) | State Equalization Guarantee Federal Stimulus (Fund 25250) | Fish & Wildlife Service (Fund 25251) |
|-----------|------------------------------------|-------------------------------------|---------------------------------|------------------------------|---|--|--|--|--|--------------------------------------|
| 2005-2006 | \$ 12,727                          | \$ -                                | \$ 10,652                       | \$ 150,076                   | \$ -                                      | \$ -   | \$ -   | \$ -   | \$ -   | \$ -                                 |
| 2006-2007 | \$ 13,585                          | \$ -                                | \$ 20,964                       | \$ 209,538                   | \$ -                                      | \$ -   | \$ -   | \$ -   | \$ -   | \$ -                                 |
| 2007-2008 | \$ 19,585                          | \$ -                                | \$ 25,605                       | \$ -                         | \$ -                                      | \$ 10,360  | \$ -   | \$ -   | \$ -   | \$ -                                 |
| 2008-2009 | \$ 15,491                          | \$ -                                | \$ 31,899                       | \$ -                         | \$ -                                      | \$ 12,432  | \$ -   | \$ 8,000   | \$ -   | \$ -                                 |
| 2009-2010 | \$ 12,816                          | \$ -                                | \$ 24,551                       | \$ -                         | \$ -                                      | \$ 8,507   | \$ 32,888  | \$ -   | \$ 107,287   | \$ -                                 |
| 2010-2011 | \$ 7,690                           | \$ -                                | \$ 33,214                       | \$ -                         | \$ -                                      | \$ 9,251   | \$ -   | \$ -   | \$ 14,921  | \$ -                                 |
| 2011-2012 | \$ 8,367                           | \$ -                                | \$ 39,032                       | \$ -                         | \$ 80                                     | \$ 9,262   | \$ -   | \$ -   | \$ -   | \$ -                                 |
| 2012-2013 | \$ 15,131                          | \$ -                                | \$ 29,215                       | \$ -                         | \$ -                                      | \$ 12,657  | \$ -   | \$ -   | \$ -   | \$ -                                 |
| 2013-2014 | \$ 12,868                          | \$ -                                | \$ 17,252                       | \$ -                         | \$ -                                      | \$ 9,034   | \$ -   | \$ -   | \$ -   | \$ -                                 |
| 2014-2015 | \$ 15,439                          | \$ -                                | \$ 22,061                       | \$ -                         | \$ -                                      | \$ 10,678  | \$ -   | \$ -   | \$ -   | \$ -                                 |
| 2015-2016 | \$ 15,512                          | \$ -                                | \$ 26,945                       | \$ -                         | \$ -                                      | \$ 11,663  | \$ -   | \$ -   | \$ -   | \$ 3,400                             |
| 2016-2017 | \$ 13,388                          | \$ -                                | \$ 23,615                       | \$ -                         | \$ -                                      | \$ 16,320  | \$ -   | \$ -   | \$ -   | \$ -                                 |
| 2017-2018 | \$ 6,868                           | \$ 90,495                           | \$ 27,020                       | \$ -                         | \$ -                                      | \$ 22,652  | \$ -   | \$ -   | \$ -   | \$ -                                 |
| 2018-2019 | \$ 7,867                           | \$ 90,661                           | \$ 28,285                       | \$ -                         | \$ -                                      | \$ 11,908  | \$ -   | \$ -   | \$ -   | \$ -                                 |
| 2019-2020 | \$ -                               | \$ 90,593                           | \$ 44,677                       | \$ -                         | \$ -                                      | \$ 5,243   | \$ -   | \$ -   | \$ -   | \$ -                                 |

| Year      | Education Jobs Fund (Fund 25255) | Golden Apple Foundation (Fund 26163) | Local Grants (Fund 26177) | 2008 Library GO Bonds (Fund 27105) | 2010 Library GO Bonds (Fund 27106) | Library GO Bond (Fund 27107) | Special Instructional Materials (Fund 27109) | Charter School Planning (Fund 27112) | NM Reads to Lead K-3 (Fund 27114) | Obesity Program (Fund 27120) |
|-----------|----------------------------------|--------------------------------------|---------------------------|------------------------------------|------------------------------------|------------------------------|--|--------------------------------------|-----------------------------------|------------------------------|
| 2005-2006 | \$ -                             | \$ -                                 | \$ -                      | \$ -                               | \$ -                               | \$ -                         | \$ -   | \$ -                                 | \$ -                              | \$ -                         |
| 2006-2007 | \$ -                             | \$ -                                 | \$ 2,607                  | \$ -                               | \$ -                               | \$ -                         | \$ -   | \$ -                                 | \$ -                              | \$ -                         |
| 2007-2008 | \$ -                             | \$ -                                 | \$ 10,925                 | \$ -                               | \$ -                               | \$ -                         | \$ -   | \$ -                                 | \$ -                              | \$ 25,600                    |
| 2008-2009 | \$ -                             | \$ -                                 | \$ -                      | \$ -                               | \$ -                               | \$ -                         | \$ -   | \$ -                                 | \$ -                              | \$ 27,500                    |
| 2009-2010 | \$ -                             | \$ -                                 | \$ -                      | \$ -                               | \$ -                               | \$ -                         | \$ -   | \$ -                                 | \$ -                              | \$ -                         |
| 2010-2011 | \$ 34,303                        | \$ -                                 | \$ -                      | \$ -                               | \$ -                               | \$ -                         | \$ -   | \$ -                                 | \$ -                              | \$ -                         |
| 2011-2012 | \$ 508                           | \$ -                                 | \$ -                      | \$ 3,233                           | \$ 2,168                           | \$ -                         | \$ -   | \$ -                                 | \$ -                              | \$ -                         |
| 2012-2013 | \$ -                             | \$ 2,937                             | \$ -                      | \$ -                               | \$ -                               | \$ -                         | \$ -   | \$ -                                 | \$ -                              | \$ -                         |
| 2013-2014 | \$ -                             | \$ 1,200                             | \$ -                      | \$ -                               | \$ -                               | \$ 3,243                     | \$ -   | \$ -                                 | \$ 31,926                         | \$ -                         |
| 2014-2015 | \$ -                             | \$ -                                 | \$ -                      | \$ -                               | \$ -                               | \$ -                         | \$ -   | \$ -                                 | \$ 50,000                         | \$ -                         |
| 2015-2016 | \$ -                             | \$ -                                 | \$ -                      | \$ -                               | \$ -                               | \$ 3,585                     | \$ -   | \$ -                                 | \$ 50,000                         | \$ -                         |
| 2016-2017 | \$ -                             | \$ -                                 | \$ -                      | \$ -                               | \$ -                               | \$ -                         | \$ -   | \$ -                                 | \$ -                              | \$ -                         |
| 2017-2018 | \$ -                             | \$ -                                 | \$ -                      | \$ -                               | \$ -                               | \$ 2,848                     | \$ -   | \$ -                                 | \$ -                              | \$ -                         |
| 2018-2019 | \$ -                             | \$ -                                 | \$ -                      | \$ -                               | \$ -                               | \$ -                         | \$ -   | \$ -                                 | \$ -                              | \$ -                         |
| 2019-2020 | \$ -                             | \$ -                                 | \$ -                      | \$ -                               | \$ -                               | \$ -                         | \$ 15,760                                    | \$ -                                 | \$ -                              | \$ -                         |

| Year      | Excellence in Teaching Award (Fund 27125) | Library GO Bonds Laws of 2004 (Fund 27145) | Beginning Teacher Mentoring Program (Fund 27154) | After School Enrichment Program (Fund 27168) | Library GO Bonds Laws of 2006 (Fund 27170) | 2010 GOB Instructional Materials (Fund 27171) | Next Generation Assessments (Fund 27185) | 2008 Library Funds (Fund 27549) | Private Direct Grants (Fund 29102) | Public School Capital Outlay (Fund 31200) |
|-----------|---|--|--|--|--|---|--|---------------------------------|------------------------------------|---|
| 2005-2006 | \$ -                                      | \$ -                                       | \$ -   | \$ -   | \$ -                                       | \$ -  | \$ -                                     | \$ -                            | \$ -                               | \$ 117,708                                |
| 2006-2007 | \$ 2,890                                  | \$ 368                                     | \$ -   | \$ -   | \$ -                                       | \$ -  | \$ -                                     | \$ -                            | \$ -                               | \$ 91,800                                 |
| 2007-2008 | \$ 3,251                                  | \$ 1,858                                   | \$ 38,760  | \$ -   | \$ -                                       | \$ -  | \$ -                                     | \$ -                            | \$ -                               | \$ 109,900                                |
| 2008-2009 | \$ -                                      | \$ 2,006                                   | \$ -   | \$ -   | \$ -                                       | \$ -  | \$ -                                     | \$ -                            | \$ -                               | \$ 112,258                                |
| 2009-2010 | \$ -                                      | \$ -                                       | \$ -   | \$ -   | \$ -                                       | \$ -  | \$ -                                     | \$ -                            | \$ -                               | \$ 110,881                                |
| 2010-2011 | \$ -                                      | \$ -                                       | \$ -   | \$ -   | \$ -                                       | \$ -  | \$ -                                     | \$ -                            | \$ -                               | \$ 124,719                                |
| 2011-2012 | \$ -                                      | \$ -                                       | \$ -   | \$ -   | \$ -                                       | \$ -  | \$ -                                     | \$ -                            | \$ -                               | \$ 121,755                                |
| 2012-2013 | \$ -                                      | \$ -                                       | \$ -   | \$ -   | \$ -                                       | \$ 7,765                                      | \$ -                                     | \$ -                            | \$ -                               | \$ 118,948                                |
| 2013-2014 | \$ -                                      | \$ -                                       | \$ -   | \$ -   | \$ -                                       | \$ 4,276                                      | \$ 6,035                                 | \$ -                            | \$ 5,000                           | \$ 116,891                                |
| 2014-2015 | \$ -                                      | \$ -                                       | \$ -   | \$ -   | \$ -                                       | \$ -  | \$ -                                     | \$ -                            | \$ -                               | \$ 114,872                                |
| 2015-2016 | \$ -                                      | \$ -                                       | \$ -   | \$ -   | \$ -                                       | \$ -  | \$ -                                     | \$ -                            | \$ 799                             | \$ 112,888                                |
| 2016-2017 | \$ -                                      | \$ -                                       | \$ -   | \$ -   | \$ -                                       | \$ -  | \$ -                                     | \$ -                            | \$ -                               | \$ 157,368                                |
| 2017-2018 | \$ -                                      | \$ -                                       | \$ -   | \$ -   | \$ -                                       | \$ -  | \$ -                                     | \$ -                            | \$ -                               | \$ 155,921                                |
| 2018-2019 | \$ 5,383                                  | \$ -                                       | \$ -   | \$ -   | \$ -                                       | \$ -  | \$ -                                     | \$ -                            | \$ -                               | \$ 155,921                                |
| 2019-2020 | \$ -                                      | \$ -                                       | \$ -   | \$ -   | \$ -                                       | \$ -  | \$ -                                     | \$ -                            | \$ -                               | \$ 161,041                                |

| Year      | Special Public School Capital Outlay (Fund 31400) | HB-33 Capital Improvements (Fund 31600) | SB-9 Capital Improvements – State Match (Fund 31700) | SB-9 Capital Improvements – Local Sources (Fund 31701) | SB-9 Capital Improvements – State Cash (Fund 31703) | Total Non Operational Funds | General Fund (Fund 11000) | Total General Fund and Non Operational Funds | Total Governmental Funds (Removed Fund 23000) |
|-----------|---|---|--|--|---|-----------------------------|---------------------------|--|---|
| 2005-2006 | \$ -  | \$ -                                    | \$ -   | \$ -   | \$ -  | \$ 291,163                  | \$ 932,841                | \$ 1,224,004                                 | \$ 1,224,004                                  |
| 2006-2007 | \$ -  | \$ -                                    | \$ -   | \$ -   | \$ -  | \$ 341,752                  | \$ 1,140,287              | \$ 1,482,039                                 | \$ 1,482,039                                  |
| 2007-2008 | \$ -  | \$ -                                    | \$ -   | \$ -   | \$ -  | \$ 245,844                  | \$ 1,190,189              | \$ 1,436,033                                 | \$ 1,436,033                                  |
| 2008-2009 | \$ -  | \$ -                                    | \$ -   | \$ -   | \$ -  | \$ 209,586                  | \$ 1,126,400              | \$ 1,335,986                                 | \$ 1,335,986                                  |
| 2009-2010 | \$ -  | \$ -                                    | \$ 3,362   | \$ -   | \$ -  | \$ 300,292                  | \$ 1,276,285              | \$ 1,576,577                                 | \$ 1,576,577                                  |
| 2010-2011 | \$ 198,000  | \$ 97,441                               | \$ 3,921   | \$ -   | \$ -  | \$ 523,460                  | \$ 1,441,498              | \$ 1,964,958                                 | \$ 1,964,958                                  |
| 2011-2012 | \$ 198,000  | \$ 106,700                              | \$ 4,233   | \$ -   | \$ -  | \$ 493,338                  | \$ 1,425,481              | \$ 1,918,819                                 | \$ 1,918,819                                  |
| 2012-2013 | \$ -  | \$ 114,959                              | \$ 4,535   | \$ -   | \$ -  | \$ 306,147                  | \$ 1,453,008              | \$ 1,759,155                                 | \$ 1,759,155                                  |
| 2013-2014 | \$ -  | \$ 115,816                              | \$ 6,098   | \$ -   | \$ -  | \$ 329,639                  | \$ 1,679,196              | \$ 2,008,835                                 | \$ 2,008,835                                  |
| 2013-2015 | \$ -  | \$ 129,373                              | \$ 69,049  | \$ -   | \$ -  | \$ 411,472                  | \$ 1,671,054              | \$ 2,082,526                                 | \$ 2,082,526                                  |
| 2015-2016 | \$ -  | \$ 136,102                              | \$ 67,519  | \$ -   | \$ -  | \$ 428,413                  | \$ 1,749,361              | \$ 2,177,774                                 | \$ 2,177,774                                  |
| 2016-2017 | \$ -  | \$ 137,081                              | \$ 5,199   | \$ 67,387  | \$ -  | \$ 420,358                  | \$ 1,659,274              | \$ 2,079,632                                 | \$ 2,079,632                                  |
| 2017-2018 | \$ -  | \$ 293,255                              | \$ 68,860  | \$ 5,191   | \$ -  | \$ 673,110                  | \$ 1,752,070              | \$ 2,425,180                                 | \$ 2,334,685                                  |
| 2018-2019 | \$ -  | \$ 145,019                              | \$ 5,229   | \$ 71,597  | \$ -  | \$ 521,870                  | \$ 1,847,621              | \$ 2,369,491                                 | \$ 2,278,830                                  |
| 2019-2020 | \$ 195,530  | \$ 157,772                              | \$ 5,460   | \$ 79,297  | \$ 5,448  | \$ 760,821                  | \$ 2,047,893              | \$ 2,808,714                                 | \$ 2,718,121                                  |



**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Management's Discussion and Analysis**  
**June 30, 2020**

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**Capital Asset Administration**

The following is a summary of the Charter's capital assets position over the past fiscal year:

|                                   | <b><u>Overview of Capital Assets</u></b> |                          |                           |                             |
|-----------------------------------|--|--------------------------|---------------------------|-----------------------------|
|                                   | <b><u>June 30, 2019</u></b>              | <b><u>Additions</u></b>  | <b><u>Deletions</u></b>   | <b><u>June 30, 2020</u></b> |
| Land                              | \$ 102,687                               | \$ -                     | \$ (1,070)                | \$ 101,617                  |
| Land Improvements                 | 154,989                                  | 218,870                  | (11,654)                  | 362,205                     |
| Building / leasehold improvements | 20,000                                   | 11,654                   | -                         | 31,654                      |
| Furniture, Fixtures & Equipment   | 19,798                                   | -                        | -                         | 19,798                      |
| Less Accumulated Depreciation     | <u>(48,356)</u>                          | <u>(19,916)</u>          | <u>-</u>                  | <u>(68,272)</u>             |
| <i>Capital Assets, Net</i>        | <b><u>\$ 249,118</u></b>                 | <b><u>\$ 210,608</u></b> | <b><u>\$ (12,724)</u></b> | <b><u>\$ 447,002</u></b>    |

***Long-Term Debt Administration***

The Charter does not maintain any long -term debt.

***Component Units***

The Montessori of the Rio Grande Charter School has one component unit that is an Education Foundation organized as a 501 (c) (3) charitable organization. It was established on December 15, 2005 to raise parental and private support for programs within the Charter.

**The Friends of Montessori Foundation**

The Friends of Montessori Foundation (FOMF) is an organization for the purpose of raising financial support. They have provided various forms of fundraisers over the years that have supported fine arts, physical education, classroom instruction and more. Most notably since Fiscal Year 2011 FOMF continues to oversee the School Enrichment Fund, which is responsible for raising significant revenues for Charter to keep in place its physical education program and small classroom sizes. In future years FOMF will continue to support the school but will be principally focused on continued support of school programs & classrooms.

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Management's Discussion and Analysis**  
**June 30, 2020**

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***Component Units (continued)***

Below represents comparative data for the foundation.

**Statement of Net Position**

|   | <b>June 30, 2020</b> | <b>June 30, 2019</b> | <b>Variance</b>    |
|---|----------------------|----------------------|--------------------|
| <i>Assets:</i>                                    |                      |                      |                    |
| Cash and cash equivalents                         | \$ 54,119            | \$ 74,783            | \$ (20,664)        |
| Receivables (net of allowance for uncollectibles) |                      |                      |                    |
| Due from other governments                        | 238                  | -                    | -                  |
| Other   | -                    | -                    | -                  |
|   | <b>\$ 54,357</b>     | <b>\$ 74,783</b>     | <b>\$ (20,664)</b> |
| <i>Liabilities:</i>                               |                      |                      |                    |
| Accounts payable                                  | \$ 9,676             | \$ 12,998            | \$ (3,322)         |
|   | <b>\$ 9,676</b>      | <b>\$ 12,998</b>     | <b>\$ (3,322)</b>  |
| <i>Net Position:</i>                              |                      |                      |                    |
| Restricted  | \$ -                 | \$ -                 | \$ -               |
| Unrestricted                                      | 44,681               | 61,785               | (17,104)           |
|   | <b>\$ 44,681</b>     | <b>\$ 61,785</b>     | <b>\$ (17,104)</b> |
|   | <b>\$ 54,357</b>     | <b>\$ 74,783</b>     | <b>\$ (20,426)</b> |

**Statement of Activities**

|                                 | <b>June 30, 2020</b> | <b>June 30, 2019</b> | <b>Variance</b>    |
|---------------------------------|----------------------|----------------------|--------------------|
| Foundation income               | \$ 106,594           | \$ 130,694           | \$ (24,100)        |
|                                 | <b>\$ 106,594</b>    | <b>\$ 130,694</b>    | <b>\$ (24,100)</b> |
| Foundation expenses             | 123,698              | 139,300              | (15,602)           |
|                                 | <b>\$ 123,698</b>    | <b>\$ 139,300</b>    | <b>\$ (15,602)</b> |
|                                 | <b>\$ (17,104)</b>   | <b>\$ (8,606)</b>    | <b>\$ (8,498)</b>  |
| <i>Net Position - Beginning</i> | <b>\$ 61,785</b>     | <b>\$ 70,391</b>     | <b>\$ (8,606)</b>  |
| <i>Net Position - Ending</i>    | <b>\$ 44,681</b>     | <b>\$ 61,785</b>     | <b>\$ (17,104)</b> |

# **Montessori of the Rio Grande**

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

### **Management's Discussion and Analysis**

#### **June 30, 2020**

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### ***Future Trends***

Montessori of the Rio Charter School is among the earliest established charter schools in the Albuquerque area. As such, the Charter is no longer in a growing phase, but entering its maturity. Despite a waiting list that sometimes equals the number of its enrolled students, the Charter wishes to maintain the small community feeling that its current student population provides for the school as well as the surrounding neighborhood. The Charter is now working to establish a sustainable model going forward now that growth is not a factor. While the Charter is satisfied with the quality of classroom instruction it provides, in future years just a few goals of the Charter are:

1. Continue to improve the school academic performance
2. Sustaining part-time music and art instructors as opposed to in-class instruction that currently takes place.
3. Provide in-depth training for certified staff to provide RTI for students who are struggling with Math and English Language Arts.

In addition to being one of the earliest charter schools in Albuquerque, Montessori of the Rio Grande Charter School also has its history as having formerly been a private Montessori school. As such, the Charter is still on the same lands that it was during that time and its original facilities were aging and in need of improvement. With the facilities having been purchased by Albuquerque Public Schools in Fiscal Year 2010, the facilities are now publicly owned and can be improved. During Fiscal Year 2011 planning and development phases of capital improvements began and continue to take place. The results thus far are that in the beginning of Fiscal Year 2014 four new classrooms and an enrichment center were completed and placed in service. The Charter now completed its work with APS on construction for phase 2 of the project. Phase 2 consisted of an additional 8 classrooms, a library, and a new administration building. The Charter was able to move into those facilities in October of FY 2020.

It should be noted that on March 11, 2020 the COVID-19 Pandemic resulted in the closing of in-person learning and a transition to remote learning for the remainder of the school year in FY 2020. The financial impact of this on FY 2020 was minimal as there were only two more months of school remaining and financial resources from the State remained the same and tuition revenues from the pre-school program still accounted for 95.83% of what was budgeted to be received. The impact of COVID-19 on FY 2021 and possibly future years remains uncertain. The Charter has seen a significant decrease of revenue in its preschool program as in-person learning has not resumed, but the Charter has sufficient cash reserves to continue operations as is in FY 2021. In the event that in-person learning does not resume by the conclusion of FY 2021 the Charter will greatly consider the removal of its preschool program in future fiscal years and reconfigure staffing to reflect the reduction of the number of students being served. Resumption of the preschool program would occur when sufficient confidence in the response to COVID-19 pandemic is such that in-person learning has occurred without interruption for a significant period of time.

At this time, the Charter knows of no other facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations in the future.

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Management's Discussion and Analysis**  
**June 30, 2020**

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***Requests for Information***

This financial report is designed to provide our community, taxpayers, investors and creditors with a general overview of the Albuquerque Public Schools' financial condition and to provide accountability for the funds the Charter receives. If you have questions about our report or about the operations of the Albuquerque Public Schools, please visit our web site at [www.mrgcharter.org](http://www.mrgcharter.org) , or contact:

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**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Statement of Net (Deficit) Position**  
**June 30, 2020**

|   | Governmental<br>Activities | Component<br>Unit |
|---|----------------------------|-------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                                    |                            |                   |
| <b>ASSETS</b>   |                            |                   |
| Current assets:   |                            |                   |
| Cash and cash equivalents   | \$ 239,773                 | \$ 54,119         |
| Due from other governments  | 8,748                      | 238               |
| Total current assets  | <u>248,521</u>             | <u>54,357</u>     |
| Noncurrent assets:  |                            |                   |
| Capital assets:   |                            |                   |
| Land  | 101,617                    | -                 |
| Land Improvements   | 362,205                    | -                 |
| Building/leasehold improvements   | 31,654                     | -                 |
| Furniture, fixtures, and equipment  | 19,798                     | -                 |
| Less: accumulated depreciation  | <u>(68,272)</u>            | <u>-</u>          |
| Total noncurrent assets   | <u>447,002</u>             | <u>-</u>          |
| <b>TOTAL ASSETS</b>   | <u>695,523</u>             | <u>54,357</u>     |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>   |                            |                   |
| Related to net pension liability  | 830,980                    | -                 |
| Related to other post-employment benefits   | <u>117,112</u>             | <u>-</u>          |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>   | <u>948,092</u>             | <u>-</u>          |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                              | <u>\$ 1,643,615</u>        | <u>\$ 54,357</u>  |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET (DEFICIT) POSITION</b>       |                            |                   |
| <b>LIABILITIES</b>  |                            |                   |
| Current liabilities:  |                            |                   |
| Accounts payable  | \$ -                       | \$ 9,676          |
| Total current liabilities   | <u>-</u>                   | <u>9,676</u>      |
| Noncurrent liabilities:   |                            |                   |
| Net pension liability   | 3,130,184                  | -                 |
| Other post-employment benefits liability  | <u>884,848</u>             | <u>-</u>          |
| Total noncurrent liabilities  | <u>4,015,032</u>           | <u>-</u>          |
| <b>TOTAL LIABILITIES</b>  | <u>4,015,032</u>           | <u>9,676</u>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                            |                   |
| Related to net pension liability  | 170,154                    | -                 |
| Related to other post-employment benefits   | <u>516,486</u>             | <u>-</u>          |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>  | <u>686,640</u>             | <u>-</u>          |
| <b>NET POSITION</b>   |                            |                   |
| Net investment in capital assets  | 447,002                    | -                 |
| Restricted  | 97,667                     | -                 |
| Unrestricted (deficit)  | <u>(3,602,726)</u>         | <u>44,681</u>     |
| <b>TOTAL NET (DEFICIT) POSITION</b>   | <u>(3,058,057)</u>         | <u>44,681</u>     |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET (DEFICIT) POSITION</b> | <u>\$ 1,643,615</u>        | <u>\$ 54,357</u>  |

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Statement of Activities**  
**June 30, 2020**

| Functions/Programs                               | Expenses            | Program Revenues        |  |  | Net Revenues<br>(Expenses)<br>and Changes<br>in Net Position | Component<br>Unit |
|--|---------------------|-------------------------|--|--|--|-------------------|
|  |                     | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |  |                   |
| <b>GOVERNMENTAL ACTIVITIES</b>                   |                     |                         |  |  |  |                   |
| Instruction                                      | \$ 1,425,465        | \$ -                    | \$ 1,188,236                             | \$ -                                   | \$ (237,229)   | \$ -              |
| Support services:                                |                     |                         |  |  |  |                   |
| Students   | 152,083             | -                       | 44,677                                   | -                                      | (107,406)  | -                 |
| Instruction                                      | 5,079               | -                       | -  | -                                      | (5,079)  | -                 |
| General administration                           | 142,381             | -                       | -  | -                                      | (142,381)  | -                 |
| School Administration                            | 84,699              | -                       | 125                                      | -                                      | (84,574)   | -                 |
| Central services                                 | 148,725             | -                       | -  | -                                      | (148,725)  | -                 |
| Operation and maintenance of plant               | 95,485              | -                       | -  | -                                      | (95,485)   | -                 |
| Operating of non-instructional services:         |                     |                         |  |  |  |                   |
| Food services operations                         | -                   | -                       | -  | -                                      | -  | -                 |
| Community service operations                     | 60,469              | -                       | -  | -                                      | (60,469)   | -                 |
| Facilities, supplies, & materials                | 521,262             | -                       | -  | 367,479                                | (153,783)  | -                 |
| <b>TOTAL GOVERNMENTAL ACTIVITIES</b>             | <b>\$ 2,635,648</b> | <b>\$ -</b>             | <b>\$ 1,233,038</b>                      | <b>\$ 367,479</b>                      | <b>(1,035,131)</b>   |                   |
| <b>COMPONENT UNIT</b>                            | <b>\$ 123,698</b>   | <b>\$ -</b>             | <b>\$ -</b>                              | <b>\$ -</b>                            | <b>-</b>   | <b>(123,698)</b>  |
| <b>GENERAL REVENUES</b>                          |                     |                         |  |  |  |                   |
| State Equalization Guarantee                     |                     |                         |  |  | 1,757,409  | -                 |
| Miscellaneous                                    |                     |                         |  |  | 292,634  | 106,594           |
| Property Taxes                                   |                     |                         |  |  | 235,999  | -                 |
| Total General Revenues                           |                     |                         |  |  | <u>2,286,042</u>   | <u>106,594</u>    |
| <b>CHANGE IN NET (DEFICIT) POSITION</b>          |                     |                         |  |  | 1,250,911  | (17,104)          |
| <b>NET (DEFICIT) POSITION, BEGINNING OF YEAR</b> |                     |                         |  |  | (4,308,968)  | 61,785            |
| <b>NET (DEFICIT) POSITION, END OF YEAR</b>       |                     |                         |  |  | <u>\$ (3,058,057)</u>  | <u>\$ 44,681</u>  |

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Balance Sheet – Governmental Funds**  
**June 30, 2020**

|   | 11000             | Major Fund                    |                                       | Non-Major<br>Funds | Governmental<br>Funds Total |
|---|-------------------|-------------------------------|---------------------------------------|--------------------|-----------------------------|
|   |                   | 24154                         | 31701                                 |                    |                             |
|   | General           | Teacher/Principal<br>Training | Capital<br>Improvements<br>SB-9 Local |                    |                             |
| <b>ASSETS</b>                             |                   |                               |                                       |                    |                             |
| Current assets:                           |                   |                               |                                       |                    |                             |
| Cash and cash equivalents                 | \$ 147,899        | \$ -                          | \$ 53,593                             | \$ 38,281          | \$ 239,773                  |
| Due from other governments                | 1,080             | 1,875                         | 1,925                                 | 3,868              | 8,748                       |
| Due from other funds                      | 1,875             | -                             | -                                     | -                  | 1,875                       |
| <b>TOTAL ASSETS</b>                       | <b>\$ 150,854</b> | <b>\$ 1,875</b>               | <b>\$ 55,518</b>                      | <b>\$ 42,149</b>   | <b>\$ 250,396</b>           |
| <b>LIABILITIES AND FUND BALANCE</b>       |                   |                               |                                       |                    |                             |
| <b>LIABILITIES</b>                        |                   |                               |                                       |                    |                             |
| Current liabilities:                      |                   |                               |                                       |                    |                             |
| Accounts payable                          | \$ -              | \$ -                          | \$ -                                  | \$ -               | \$ -                        |
| Due to other funds                        | -                 | 1,875                         | -                                     | -                  | 1,875                       |
| <b>TOTAL LIABILITIES</b>                  | <b>-</b>          | <b>1,875</b>                  | <b>-</b>                              | <b>-</b>           | <b>1,875</b>                |
| <b>FUND BALANCES</b>                      |                   |                               |                                       |                    |                             |
| Restricted                                | -                 | -                             | 55,518                                | 42,149             | 97,667                      |
| Committed                                 | -                 | -                             | -                                     | -                  | -                           |
| Unassigned                                | 150,854           | -                             | -                                     | -                  | 150,854                     |
| <b>TOTAL FUND BALANCES</b>                | <b>150,854</b>    | <b>-</b>                      | <b>55,518</b>                         | <b>42,149</b>      | <b>248,521</b>              |
| <b>TOTAL LIABILITIES AND FUND BALANCE</b> | <b>\$ 150,854</b> | <b>\$ 1,875</b>               | <b>\$ 55,518</b>                      | <b>\$ 42,149</b>   | <b>\$ 250,396</b>           |

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Reconciliation Balance Sheet – Governmental Funds**  
**to the Statement of Net (Deficit)**  
**June 30, 2020**

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|  |                   |
|--|-------------------|
| <b>Total Fund Balance - Governmental Funds</b><br><b>(Governmental Fund Balance Sheet)</b> | <b>\$ 248,521</b> |
|--|-------------------|

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

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

|                               |                 |
|-------------------------------|-----------------|
| The cost of capital assets is | 515,274         |
| Accumulated depreciation is   | <u>(68,272)</u> |
| Total capital assets          | 447,002         |

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

|                                |                  |
|--------------------------------|------------------|
| Deferred outflows of resources | 830,980          |
| Deferred inflows of resources  | <u>(170,154)</u> |

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

|                                |                  |
|--------------------------------|------------------|
| Deferred outflows of resources | 117,112          |
| Deferred inflows of resources  | <u>(516,486)</u> |

Long-term and certain other liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term and other liabilities at year end consist of:

|  |                  |
|--|------------------|
| Net pension liability                        | (3,130,184)      |
| Net other post-employment benefits liability | <u>(884,848)</u> |

|  |                              |
|--|------------------------------|
| <b>Net (Deficit) Position of Governmental Activities (Statement of Net Position)</b> | <b><u>\$ (3,058,057)</u></b> |
|--|------------------------------|



**Montessori of the Rio Grande**  
**(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, 2020**

|   | 11000             | Major Fund<br>24154          | Major Fund<br>31701<br>Capital |                    |                             |
|---|-------------------|------------------------------|--------------------------------|--------------------|-----------------------------|
|   | General           | Teacher/Principa<br>Training | Improvements<br>SB-9 Local     | Non-Major<br>Funds | Governmental<br>Funds Total |
| <b>REVENUES</b>                             |                   |                              |                                |                    |                             |
| Property taxes                              | \$ -              | \$ -                         | \$ 79,297                      | \$ 156,702         | \$ 235,999                  |
| Local and county sources                    | 291,564           | -                            | -                              | 1,070              | 292,634                     |
| State sources                               | 1,757,409         | -                            | -                              | 383,239            | 2,140,648                   |
| Federal sources                             | -                 | 5,243                        | -                              | 44,677             | 49,920                      |
| Total revenues                              | <u>2,048,973</u>  | <u>5,243</u>                 | <u>79,297</u>                  | <u>585,688</u>     | <u>2,719,201</u>            |
| <b>EXPENDITURES</b>                         |                   |                              |                                |                    |                             |
| Current:                                    |                   |                              |                                |                    |                             |
| Instruction                                 | 1,418,431         | 5,118                        | -                              | 1,916              | 1,425,465                   |
| Support services:                           |                   |                              |                                |                    |                             |
| Students                                    | 107,406           | -                            | -                              | 44,677             | 152,083                     |
| Instruction                                 | 5,079             | -                            | -                              | -                  | 5,079                       |
| General administration                      | 142,381           | -                            | -                              | -                  | 142,381                     |
| School Administration                       | 84,574            | 125                          | -                              | -                  | 84,699                      |
| Central services                            | 148,725           | -                            | -                              | -                  | 148,725                     |
| Operations and maintenance of<br>plant      | 93,559            | -                            | -                              | -                  | 93,559                      |
| Operation of non-instructional<br>services: |                   |                              |                                |                    |                             |
| Food services operations                    | -                 | -                            | -                              | -                  | -                           |
| Community services operations               | 60,469            | -                            | -                              | -                  | 60,469                      |
| Facilities, supplies, & materials           | -                 | -                            | 78,998                         | 642,074            | 721,072                     |
| Debt service - principal payments           | -                 | -                            | -                              | -                  | -                           |
| Debt service - interest payments            | -                 | -                            | -                              | -                  | -                           |
| Total expenditures                          | <u>2,060,624</u>  | <u>5,243</u>                 | <u>78,998</u>                  | <u>688,667</u>     | <u>2,833,532</u>            |
| <b>EXCESS OF REVENUES<br/>OVER EXPENSES</b> |                   |                              |                                |                    |                             |
|   | <u>(11,651)</u>   | <u>-</u>                     | <u>299</u>                     | <u>(102,979)</u>   | <u>(114,331)</u>            |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>     |                   |                              |                                |                    |                             |
|   | <u>162,505</u>    | <u>-</u>                     | <u>55,219</u>                  | <u>145,128</u>     | <u>362,852</u>              |
| <b>FUND BALANCES, END OF YEAR</b>           |                   |                              |                                |                    |                             |
|   | <u>\$ 150,854</u> | <u>\$ -</u>                  | <u>\$ 55,518</u>               | <u>\$ 42,149</u>   | <u>\$ 248,521</u>           |

**Montessori of the Rio Grande**  
**(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**  
**June 30, 2020**

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|  |                     |
|--|---------------------|
| <b>Net Changes in Fund Balances - Total Governmental Funds</b><br><b>(Statement of Revenues, Expenditures, and Changes in</b><br><b>Fund Balances)</b> | <b>\$ (114,331)</b> |
|--|---------------------|

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

In the Statement of Activities, certain operating expenses - 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).

|  |           |
|--|-----------|
| Income related to the net pension liability not reported in the funds.                         | 1,092,215 |
| Incomes related to the net other post-employment benefits liability not reported in the funds. | 75,143    |

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts were:

|  |                 |
|--|-----------------|
| Capital outlay                                     | 218,870         |
| Depreciation expense                               | <u>(19,916)</u> |
| Excess of capital outlay over depreciation expense | 198,954         |
| Loss on disposal of capital assets                 | <u>(1,070)</u>  |

|  |                            |
|--|----------------------------|
| <b>Change in Net Position of Governmental Activities</b><br><b>(Statement of Activities)</b> | <b>\$ <u>1,250,911</u></b> |
|--|----------------------------|

**Montessori of the Rio Grande**  
**(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, 2020**

|  | Budgeted Amounts |                  | Actual<br>Amounts<br>(Budgetary<br>Basis) | Variance From<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|------------------|---|---|
|  | Original         | Final            |   |   |
| <b>REVENUES</b>  |                  |                  |   |   |
| Local and county sources   | \$ 309,000       | \$ 309,000       | \$ 290,484                                | \$ (18,516)   |
| State sources  | 1,743,333        | 1,757,409        | 1,757,409                                 | -   |
| Interest   | -                | -                | -   | -   |
| Total revenues   | <u>2,052,333</u> | <u>2,066,409</u> | <u>2,047,893</u>                          | <u>(18,516)</u>   |
| <b>EXPENDITURES</b>  |                  |                  |   |   |
| Current:   |                  |                  |   |   |
| Instruction  | 1,496,244        | 1,475,546        | 1,418,431                                 | 57,115  |
| Support services:  |                  |                  |   |   |
| Students   | 102,475          | 147,448          | 107,406                                   | 40,042  |
| Instruction  | -                | 5,800            | 5,079                                     | 721   |
| General administration   | 147,690          | 148,545          | 142,381                                   | 6,164   |
| School administration  | 89,170           | 98,541           | 84,574                                    | 13,967  |
| Central services   | 152,800          | 160,404          | 148,725                                   | 11,679  |
| Operation and maintenance of plant                                   | 101,071          | 121,109          | 93,559                                    | 27,550  |
| Operation of non-instructional services:                             |                  |                  |   |   |
| Community services operations  | 71,520           | 71,520           | 60,469                                    | 11,051  |
| Total expenditures   | <u>2,160,970</u> | <u>2,228,913</u> | <u>2,060,624</u>                          | <u>168,289</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (108,637)        | (162,504)        | (12,731)                                  | 149,773   |
| <b>DESIGNATED CASH</b>   | <u>108,637</u>   | <u>162,504</u>   | <u>-</u>                                  | <u>(162,504)</u>  |
| <b>NET CHANGES IN FUND BALANCES</b>                                  | <u>\$ -</u>      | <u>\$ -</u>      | <u>(12,731)</u>                           | <u>\$ (12,731)</u>                                      |
| <b>RECONCILIATION TO GAAP BASIS</b>                                  |                  |                  |   |   |
| Adjustments to revenues  |                  |                  | 1,080                                     |   |
| Adjustments to expenditures  |                  |                  | -   |   |
| <b>NET CHANGES IN FUND BALANCES</b>                                  |                  |                  | <u>\$ (11,651)</u>                        |   |

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Teacher/Principal Training Fund (Fund 24154)**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balance – Budget (Budgetary Basis) and Actual**  
**Year Ended June 30, 2020**

|  | Budgeted Amounts |           | Actual<br>Amounts<br>(Budgetary<br>Basis) | Variance From<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|-----------|---|---|
|  | Original         | Final     |   |   |
| <b>REVENUES</b>  |                  |           |   |   |
| State sources  | \$ 13,008        | \$ 13,008 | \$ -                                      | \$ (13,008)   |
| Total revenues   | 13,008           | 13,008    | -   | (13,008)  |
| <b>EXPENDITURES</b>  |                  |           |   |   |
| Current:   |                  |           |   |   |
| Instruction  | 13,008           | 10,508    | 5,118                                     | 5,390   |
| Support services:  |                  |           |   |   |
| School administration  | -                | 2,500     | 125                                       | 2,375   |
| Total expenditures   | 13,008           | 13,008    | 125                                       | 2,375   |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | -                | -         | (125)                                     | (125)   |
| <b>DESIGNATED CASH</b>   | -                | -         | -   | -   |
| <b>NET CHANGES IN FUND BALANCES</b>                                  | \$ -             | \$ -      | \$ (125)                                  | \$ (125)  |
| <b>RECONCILIATION TO GAAP BASIS</b>                                  |                  |           |   |   |
| Adjustments to revenues  |                  |           | 5,243                                     |   |
| Adjustments to expenditures  |                  |           | (5,118)                                   |   |
| <b>NET CHANGES IN FUND BALANCES</b>                                  |                  |           | \$ -                                      |   |

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Capital Improvements SB-9 Local Fund (Fund 31701)**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balance – Budget (Budgetary Basis) and Actual**  
**Year Ended June 30, 2020**

|  | Budgeted Amounts |             | Actual<br>Amounts<br>(Budgetary<br>Basis) | Variance From<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|-------------|---|---|
|  | Original         | Final       |   |   |
| <b>REVENUES</b>  |                  |             |   |   |
| Property Tax   | \$ -             | \$ 75,316   | \$ 79,297                                 | \$ 3,981  |
| Total revenues   | -                | 75,316      | 79,297                                    | 3,981   |
| <b>EXPENDITURES</b>  |                  |             |   |   |
| Current:   |                  |             |   |   |
| Capital Outlay   | 49,141           | 128,991     | 78,998                                    | 49,993  |
| Total expenditures   | 49,141           | 128,991     | 78,998                                    | 49,993  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER (UNDER) EXPENDITURES</b> | (49,141)         | (53,675)    | 299                                       | 53,974  |
| <b>DESIGNATED CASH</b>   | 49,141           | 53,675      | -   | (53,675)  |
| <b>NET CHANGES IN FUND BALANCES</b>                                  | <u>\$ -</u>      | <u>\$ -</u> | 299                                       | <u>\$ 299</u>   |
| <b>RECONCILIATION TO GAAP BASIS</b>                                  |                  |             |   |   |
| Adjustments to revenues  |                  |             | -   |   |
| Adjustments to expenditures  |                  |             | -   |   |
| <b>NET CHANGES IN FUND BALANCES</b>                                  |                  |             | <u>\$ 299</u>                             |   |

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Statement of Fiduciary Assets and Liabilities – Agency Funds**  
**June 30, 2020**

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|                           | <u>Agency<br/>Funds</u>        |
|---------------------------|--------------------------------|
| <b>ASSETS</b>             |                                |
| Cash and Cash Equivalents | <u>\$        13,627</u>        |
| <b>TOTAL ASSETS</b>       | <u><u>\$        13,627</u></u> |
| <b>LIABILITIES</b>        |                                |
| Deposits Held for Others  | <u>\$        13,627</u>        |
| <b>TOTAL LIABILITIES</b>  | <u><u>\$        13,627</u></u> |

# **Montessori of the Rio Grande**

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

### **Notes to Financial Statements**

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#### **Note 1 – Summary of Significant Accounting Policies**

Montessori of the Rio Grande (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 a peaceful, safe, and nurturing academic environment using Montessori principles to develop children who love to learn, contribute to their communities, and continually strive to achieve their full potential.

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

#### **Government-Wide and Fund Financial Statements**

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

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

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Notes to Financial Statements**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

Taxes and other items not properly included among program revenues are reported instead as general revenues. The school does not have any tax abatements as such no GASB No. 77 disclosure is necessary.

Those revenues susceptible to accrual are property taxes, state shared taxes, investment income and charges for services. In accordance with applicable accounting standards, 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.



# Montessori of the Rio Grande

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

### Notes to Financial Statements

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#### Note 1 – Summary of Significant Accounting Policies (continued)

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

Ad valorem taxes (property taxes), and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received.

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

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

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

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

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 (in addition to the General Fund).

The General Fund (11000) is the primary operating fund of the School, and accounts for all financial resources, except those required to be accounted for in other funds.

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Notes to Financial Statements**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

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.

Instruction Materials (Fund 14000) – The Instructional Materials Fund is used to account for a program funded by the New Mexico Public Education Department for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

IDEA-B Entitlement (Fund 24106) – The IDEA-B Entitlement Fund is used to account for a program funded by a Federal grant to assist the Charter in providing free appropriate public education to all children with special needs.

Teacher / Principal Training & Recruiting (Fund 24154) – The Teacher / Principal Training and Recruiting Fund is used to account for a program funded by a Federal grant, that is used 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. **This is a Major Fund.**

Instructional Materials Special Appropriation (27109) is used to account for a special program funded by the New Mexico Public Education Department for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

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.

The Capital Improvements SB9 Fund (31600) is used to account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching and a special tax levy as authorized by the Public School District Capital Improvements Act. (22-25-1 to 22-25-10, NMSA 1978).

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' 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.**

# Montessori of the Rio Grande

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

### Notes to Financial Statements

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#### Note 1 – Summary of Significant Accounting Policies (continued)

The Capital Improvements SB9 State Match Fund (31703) – 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).

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

The Statement of Net (Deficit) Position and the Statement of Activities were prepared using the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Non-Exchange Transactions."

#### **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net (Deficit) Position**

##### **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, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Notes to Financial Statements**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

**Receivables and Payables**

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

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

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

**Capital Assets**

Capital assets costing more than \$5,000 are recorded at historical cost and depreciated over their estimated useful lives (with no salvage value). Donated capital assets valued at more than \$5,000 are recorded at the time of acquisition at estimated fair value plus ancillary charges. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets include land and land improvements, buildings and building improvements, furniture, fixtures, equipment, machinery and vehicles. Capital assets are used in operations and have a useful life of more than one year and a cost exceeding established capitalization thresholds. The School does not own any infrastructure assets such as roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems.

Capital assets are reported net of accumulated depreciation in the statement of net (deficit) 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:

|                         |              |                   |          |
|-------------------------|--------------|-------------------|----------|
| Land                    | N/A          | Land Improvements | 15 Years |
| Furniture, Fixtures and | 3 – 15 Years | Vehicles          | 8 Years  |
| Buildings and Building  | 15 Years     |                   |          |

Depreciation was allocated to the various functions based upon originating purchasing source where identifiable. Unallocated depreciation was recorded in the statement of activities.

# Montessori of the Rio Grande

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

### Notes to Financial Statements

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#### Note 1 – Summary of Significant Accounting Policies (continued)

##### **Accrued Salaries**

Certain employees of the School (primarily school teachers and support staff) work 10 months of the 12-month fiscal year. The School disburses payroll to such employees throughout the entire 12-month period. Accordingly, salaries payable included as accrued expenses in the accompanying financial statements include accrued salaries for services performed through June 30, 2020 for these employees. The accrued salaries will be paid within two months after the end of the fiscal year.

##### **Compensated Absences**

Certain employees of the School can carry over thirty-seven and one half hours of accumulated leave. There was no accrual of vacation leave as the obligation was determined to be immaterial by management.

##### **Long-term Obligations**

In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net (deficit) position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

##### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net (deficit) 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 (deficit) 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 \$830,980 related to the pension plan in this category as of June 30, 2020. In addition, the School reported deferred outflows of resources in the governmental funds that amounted to \$117,112 at June 30, 2020 related to other post-employment benefits.

In addition to liabilities, the statement of net (deficit) 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 (deficit) position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The School reported deferred inflows that amounted to \$170,154 at June 30, 2020 related to the pension plan. In addition, the School reported deferred inflows of resources in the governmental funds that amounted to \$516,486 at June 30, 2020 related to other post-employment benefits.

##### **Fund Balance**

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

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Notes to Financial Statements**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

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

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

**Net Position**

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

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

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

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

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

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

# **Montessori of the Rio Grande**

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

### **Notes to Financial Statements**

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#### **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 \$1,757,409 in state equalization guarantee distributions during the year ended June 30, 2020.

##### **Revenues**

Tax Revenues: The School receives mill levy and ad valorem tax revenues primarily for debt service and capital outlay purposes. Revenues are recognized for governmental purposes when they are assessed and for fund purposes when they are measurable and available. The School records only the portion of the taxes considered to be 'measurable' and 'available'. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

##### **Property Taxes**

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

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Notes to Financial Statements**

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**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, 2020 totaled \$15,760.

**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, 2020 totaled \$10,908.

**Public School Capital Outlay**

Under the provisions of Chapter 22, Article 24, NMSA 1978 a public school capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program, and capital outlay expenditures are limited to the purchase, or construction of temporary or permanent classrooms.

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

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

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district or charter school has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis. Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved. Allocations received for the year ended June 30, 2020 totaled \$161,041.



# **Montessori of the Rio Grande**

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

### **Notes to Financial Statements**

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#### **Note 1 – Summary of Significant Accounting Policies (continued)**

##### **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.

##### **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement Plan (ERP) and additions to/deductions from ERP's fiduciary net position have been determined on the same basis as they are reported by ERP, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### **Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms.

##### **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.

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Notes to Financial Statements**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

4. Based on criteria set by the SBFAU, the School undergoes either a formal technical review of the proposed budget or a more informal phone review each year. Subsequent to this review, the local Governing Council approves a budget resolution to adopt the proposed budget subject to any technical adjustments by SBFAU. The final budget as approved by SBFAU is provided to the Governing Council for information purposes only.
5. The budget is adjusted throughout the fiscal year based upon changes in programmatic needs. Budgetary control is at the function level; over-expenditure of a function is not allowed per NMAC 6.20.2.9.A.
6. Budgets for the General Fund, Special Revenue Funds and Capital Projects Funds are adopted on a basis consistent with 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, 2020 is presented with each fund’s Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Budgetary Basis) and Actual.

Budgetary comparisons are presented in the balanced presentation format whereby the excess (deficiency) of revenues over expenditures is reflected as Beginning Fund Balance for budgetary purposes. The major differences between the budgetary basis and the GAAP basis are:

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

# **Montessori of the Rio Grande**

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

### **Notes to Financial Statements**

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#### **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, 2020.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the charter school. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The collateral pledged is listed on schedule of collateral pledged by depository for public 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 collateral pledged by depository for public listed in the financial statements for the School will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits. The Foundation is not subject to the same statutory requirements of the School.

#### **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, 2020, the school is not exposed to custodial credit risk as all deposits are either insured or collateralized.

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Notes to Financial Statements**

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**Note 3 – Accounts Receivable**

As of June 30, 2020, accounts receivable consists of the following:

|                   | <u>School</u>   | <u>Foundation</u> |
|-------------------|-----------------|-------------------|
| Intergovernmental | \$ 8,748        | \$ 238            |
| Total             | <u>\$ 8,748</u> | <u>\$ 238</u>     |

The above receivables are deemed to be fully collectible.

**Note 4 – Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2020 follows:

| <u>Primary Government</u>          | <u>Balance<br/>June 30, 2019</u> | <u>Additions</u>  | <u>Deletions</u>  | <u>Transfers</u> | <u>Balance<br/>June 30, 2020</u> |
|------------------------------------|----------------------------------|-------------------|-------------------|------------------|----------------------------------|
| Cost                               |                                  |                   |                   |                  |                                  |
| Land                               | \$ 102,687                       | \$ -              | \$ (1,070)        | \$ -             | \$ 101,617                       |
| Land Improvements                  | 154,989                          | 218,870           | -                 | (11,654)         | 362,205                          |
| Building/leasehold improvements    | 20,000                           | -                 | -                 | 11,654           | 31,654                           |
| Furniture, fixtures, and equipment | 19,798                           | -                 | -                 | -                | 19,798                           |
| Total                              | <u>297,474</u>                   | <u>218,870</u>    | <u>(1,070)</u>    | <u>-</u>         | <u>515,274</u>                   |
| Accumulated Depreciation           |                                  |                   |                   |                  |                                  |
| Land Improvements                  | (12,878)                         | (15,893)          | -                 | -                | (28,771)                         |
| Building/leasehold improvements    | (18,786)                         | (2,110)           | -                 | -                | (20,896)                         |
| Furniture, fixtures, and equipment | (16,692)                         | (1,913)           | -                 | -                | (18,605)                         |
| Total                              | <u>(48,356)</u>                  | <u>(19,916)</u>   | <u>-</u>          | <u>-</u>         | <u>(68,272)</u>                  |
| Net total - primary government     | <u>\$ 249,118</u>                | <u>\$ 198,954</u> | <u>\$ (1,070)</u> | <u>\$ -</u>      | <u>\$ 447,002</u>                |

Depreciation expense for the year ended June 30, 2020 was charged to the following functions:

|                                    |                  |
|------------------------------------|------------------|
| Operation and maintenance of plant | \$ 1,926         |
| Facilities, supplies, & materials  | <u>17,990</u>    |
| Total                              | <u>\$ 19,916</u> |

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Notes to Financial Statements**

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**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](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.

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.

For members hired on or before June 30, 2019 (Tiers 1-3 members), the multiplier is 2.35%. For members hired after June 30, 2019 the multiplier accrues as follows:

| <b>Years of Service</b> | <b>Benefit Percentage Earned</b> |
|-------------------------|----------------------------------|
| <b>1-10</b>             | <b>1.35%</b>                     |
| <b>11-20</b>            | <b>2.35%</b>                     |
| <b>21-30</b>            | <b>3.35%</b>                     |
| <b>31 plus</b>          | <b>2.40%</b>                     |

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.

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Notes to Financial Statements**

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**Note 5 – Pensions (continued)**

***Summary of Plan Provisions for Retirement Eligibility –***

**Tier 1: Membership prior to July 1, 2010**

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs:

- a. The member's age and earned service credit add up to the sum of 75 or more,
- b. The member is at least sixty-five years of age and has five or more years of earned service credit, or
- c. The member has service credit totaling 25 years or more.

**Tier 2: Membership on or after July 1, 2010, but prior to July 1, 2013**

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.

**Tier 3: Membership beginning on or after July 1, 2013**

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.

# Montessori of the Rio Grande

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

### Notes to Financial Statements

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#### Note 5 – Pensions (continued)

##### Tier 4: Membership beginning on or after July 1, 2019

Section 22-11-23.3, NMSA 1978, added eligibility requirements for new members who were first employed on or after July 1, 2019 and had, before that date, been refunded all member contributions and had not restored all refunded contributions and interest before July 1, 2019. A member in this tier must meet one of the following requirements.

- The member's minimum age must be 58 and the member has earned 30 or more years of service credit. (A member who retires earlier than age 58, receives a reduction in benefits equal to the actuarial equivalent of retiring at age 58.)
- 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, receive reduced retirement benefits.)
- Or, the member's age is 67 and the member 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.

**Montessori of the Rio Grande**  
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**Notes to Financial Statements**

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**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).

If a member is eligible for a COLA, the amount depends on the annual change in the Consumer Price Index (CPI) and whether the fund is fully funded (that is, the fund's funded ratio is 100%). Accordingly, if there is no increase in the CPI, or the CPI is negative, the amount of the COLA will be zero (if the CPI is negative, retirement benefits will not be decreased).

When CPI has increased and the fund is fully funded, the COLA will be the same amount as the increase in the CPI except as follows: If the increase in the CPI is 2% or greater, the COLA will be one-half of the CPI increase, not to exceed 4% or to be less than 2%.

However, while the fund is not fully funded, the COLA for retirees will be reduced based on the median annual retirement benefit, calculated after the end of each fiscal year:

- When the funded ratio is 90% or less, the COLA for retirees whose annuity is at or below the median and who have 25 or more years of service credit at retirement will be reduced by 10%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 20%.
- When the funded ratio exceeds 90% but is less than 100%, the COLA for retirees whose annuity is at or below the median adjusted annuity and who had 25 or more years of service credit at retirement and will be reduced by 5%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 10%.

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.



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**Note 5 – Pensions (continued)**

**Contributions** – For the fiscal years ended June 30, 2020 and 2019, educational employers contributed to the Plan based on the following rate schedule.

| <u>Fiscal Year</u> | <u>Date Range</u> | <u>Wage Category</u> | <u>Member Rate</u> | <u>Employer Rate</u> | <u>Combined Rate</u> | <u>Increase Over Prior Year</u> |
|--------------------|-------------------|----------------------|--------------------|----------------------|----------------------|---------------------------------|
| 2020               | 7/1/19 to 6/30/20 | Over \$24k           | 10.7%              | 14.15%               | 24.9%                | 0.25%                           |
| 2020               | 7/1/19 to 6/30/20 | \$24k or less        | 7.9%               | 14.15%               | 22.1%                | 0.25%                           |
| 2019               | 7/1/18 to 6/30/19 | Over \$20k           | 10.7%              | 13.9%                | 24.6%                | 0.00%                           |
| 2019               | 7/1/18 to 6/30/19 | \$20k or less        | 7.9%               | 13.9%                | 21.8%                | 0.00%                           |

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, 2020, the School paid employee and employer contributions of \$191,387, 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, 2020, the School reported a liability of \$3,130,184 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2019 using generally accepted actuarial principles.

House Bill 360 made several changes to benefit provisions, which were effective July 1, 2019. These included:

- Increasing the employer contribution rate by 0.25%, from 13.90% to 14.15%;
- Increasing from \$20,000 to \$24,000 the member salary range subject to the lower 7.90% contribution rate (higher rate is 10.70%);
- Increasing the employer contribution to ERP on behalf of ARP members from 3.00% to 3.25%;
- Implementing anti-spiking measures to prevent artificially increasing benefits;
- Requiring all working retirees and their employers to contribute to ERP; and
- For members hired after June 30, 2019, using a tiered multiplier instead of a single multiplier to calculate retirement benefits upon retirement.

These changes have been reflected in the roll-forward and in the projection used to determine the single discount rate. 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 at June 30, 2019, actuarially determined. At June 30, 2019, the school's proportion was 0.04131%, which was an increase of 0.0025% from its proportion measured as of June 30, 2018.

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**Note 5 – Pensions (continued)**

For the year ended June 30, 2020, the School recognized pension income of \$1,092,215. At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between expected and actual experience  | \$ -  | \$ 82,038                                    |
| Changes of assumptions  | 441,050                                       | -  |
| Net difference between projected and actual earnings on<br>pension plan investments                                       | -   | 66,662                                       |
| Changes in proportion and differences between the<br>employer's contributions and proportionate share of<br>contributions | 198,543                                       | 21,454                                       |
| Employer's contributions subsequent to the measurement date   | <u>191,387</u>                                | <u>-</u>                                     |
| Total   | <u>\$ 830,980</u>                             | <u>\$ 170,154</u>                            |

Deferred outflows of resources related to pensions includes \$191,387, 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|---------------|
| 2021                        | \$ 408,301    |
| 2022                        | 48,440        |
| 2023                        | 21,388        |
| 2024                        | (8,690)       |

**Montessori of the Rio Grande**  
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**Notes to Financial Statements**

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**Note 5 – Pensions (continued)**

**Actuarial Assumptions** – The total pension liability in the June 30, 2019 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.  |
| Mortality                 | <p><b>Healthy males:</b> 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><b>Healthy females:</b> 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><b>Disabled males:</b> RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p><b>Disabled females:</b> RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p><b>Active members:</b> 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> |
| 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; 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 and Tier 4), 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).   |

**Montessori of the Rio Grande**  
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**Notes to Financial Statements**

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**Note 5 – Pensions (continued)**

|                           |  |
|---------------------------|--|
| Contribution accumulation | The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in the past as well as the future. |
| Disability incidence      | Approved rates are applied to eligible members with at least 10 years of service.  |

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

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

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

| <u>Asset Class</u>      | <u>Target Allocation</u> | <u>Long-Term Expected Rate of Return</u> |
|-------------------------|--------------------------|--|
| Equities                | 31%                      |  |
| Fixed income            | 26%                      |  |
| Alternative investments | 42%                      |  |
| Cash                    | 1%                       |  |
| Total                   | 100%                     | 7.25%                                    |

**Montessori of the Rio Grande**  
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**Notes to Financial Statements**

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**Note 5 – Pensions (continued)**

**Discount Rate** – A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2019. This is a 1.56% increase over the rate of 5.69% rate used in the prior measurement year. The 7.25% was based on a long-term expected rate of return on pension plan investments of 7.25%. 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 of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine the 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 7.25%, 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 (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

| Proportionate Share of Net Pension Liability |               |              |
|--|---------------|--------------|
|  | Current       |              |
| 1% Decrease                                  | Discount Rate | 1% Increase  |
| (6.25%)                                      | (7.25%)       | (8.25%)      |
| \$ 4,225,508                                 | \$ 3,130,184  | \$ 2,224,246 |

**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](https://www.nmerb.org/Annual_reports.html).

**Montessori of the Rio Grande**  
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**Notes to Financial Statements**

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**Note 6 – OPEB**

**General Information about the OPEB**

***Plan Description***

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

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

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

***Employees Covered by Benefit Terms*** – At June 30, 2019, the Fund's measurement date, the following employees were covered by the benefit terms:

|  |         |
|--|---------|
| Plan membership                            |         |
| Current retirees and surviving spouses     | 52,179  |
| Inactive and eligible for deferred benefit | 10,916  |
| Current active members                     | 91,082  |
|  | 154,177 |
|  |         |
| Active membership                          |         |
| State general                              | 17,097  |
| State police and corrections               | 1,830   |
| Municipal general                          | 17,538  |
| Municipal police                           | 3,159   |
| Municipal Fire                             | 1,966   |
| Education retirement board                 | 49,492  |
|  | 91,082  |

**Montessori of the Rio Grande**  
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**Notes to Financial Statements**

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**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 \$27,053 for the year ended June 30, 2020.

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

At June 30, 2020, the School reported a liability of \$884,848 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The School’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2019. At June 30, 2019, the School’s proportion was 0.02729 percent.

For the year ended June 30, 2020, the School recognized OPEB income of \$75,143. At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|--|--------------------------------------|-------------------------------------|
| Changes in proportion  | \$ 90,059                            | \$ -                                |
| Differences between expected and actual experience                               | -                                    | 222,673                             |
| Changes of assumptions   | -                                    | 285,586                             |
| Net difference between projected and actual earnings on<br>OPEB plan investments | -                                    | 8,227                               |
| Employer's contributions subsequent to the measurement date                      | <u>27,053</u>                        | <u>-</u>                            |
| Total  | <u>\$ 117,112</u>                    | <u>\$ 516,486</u>                   |

**Montessori of the Rio Grande**  
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**Notes to Financial Statements**

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**Note 6 – OPEB (continued)**

Deferred outflows of resources totaling \$27,053 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

| Year Ending June 30, | Amount       |
|----------------------|--------------|
| 2021                 | \$ (120,165) |
| 2022                 | (120,165)    |
| 2023                 | (102,422)    |
| 2024                 | (55,410)     |
| 2025                 | (28,265)     |

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

|                             |  |
|-----------------------------|--|
| 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 members  |
| Projected payroll increases | 3.25% to 13.50%, 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 | 8.00% graded down to 4.50% over 14 years for Non-Medicare medical plan costs and 7.50% graded down to 4.50% over 12 for Medicare medical plan costs  |
| Mortality                   | ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2014 Combined Healthy Mortality |



**Montessori of the Rio Grande**  
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**Notes to Financial Statements**

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**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                   | Long-term Rate of Return |
|-------------------------------|--------------------------|
| 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 4.16% as of June 30, 2019. 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, 2039. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2039. The index rate for 20-year, tax exempt rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher was used beyond 2039, resulting in a blended discount rate of 4.16%.

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**Notes to Financial Statements**

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**Note 6 – OPEB (continued)**

***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 (3.16 percent) or 1-percentage-point higher (5.16 percent) than the current discount rate:

| Proportionate Share of Net Pension Liability |               |             |
|--|---------------|-------------|
|  | Current       |             |
| 1% Decrease                                  | Discount Rate | 1% Increase |
| (3.16%)                                      | (4.16%)       | (5.16%)     |
| \$ 1,082,382                                 | \$ 884,848    | \$ 779,567  |

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 |               |              |
|--|---------------|--------------|
|  | Current Trend |              |
| 1% Decrease                                  | Rates         | 1% Increase  |
|  |               |              |
| \$ 736,693                                   | \$ 884,848    | \$ 1,003,467 |

***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, 2020.

**Montessori of the Rio Grande**  
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**Notes to Financial Statements**

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**Note 7 – Commitments and Liabilities**

Lease payments were made to Albuquerque Public Schools (APS) under a short-term memorandum of understanding (MOU) for the use of the school building owned by APS. As part of the MOU, all HB-33 distributions to the school are paid to APS. These totaled \$161,041 for the fiscal year. The school also leases office equipment under short-term cancelable operating leases. Rental expense related to the leases for the year ended June 30, 2020 was \$162,467. Commitments for lease obligations for the following periods as of June 30, 2020 are as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u>     |
|-----------------------------|-------------------|
| 2021                        | \$ 162,467        |
| 2022                        | 162,467           |
| 2023                        | 162,467           |
| 2024                        | 162,467           |
| 2025                        | 162,467           |
| Thereafter                  | <u>162,467</u>    |
|                             | <u>\$ 974,802</u> |

**Note 8 – Related Party Transactions**

The Foundation is considered to be a related party of the School. The Foundation’s primary focus is to provide supplemental funding to the School. The Foundation provided the School with \$90,000 during fiscal year 2020.

**Note 9 – 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, 2020 are listed below.

|   | <u>Due from<br/>Other Funds</u> | <u>Due to<br/>Other Funds</u> |
|---|---------------------------------|-------------------------------|
| General                                 | \$ 1,875                        | \$ -                          |
| Teacher/Principal Training & Recruiting | <u>-</u>                        | <u>1,875</u>                  |
| Total                                   | <u>\$ 1,875</u>                 | <u>\$ 1,875</u>               |

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Notes to Financial Statements**

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**Note 9 – Other Required Individual Fund Disclosures (continued)**

B. Deficit fund balance of individual funds.

No funds reporting a deficit fund balance at June 30, 2020.

C. Excess of expenditures over appropriations.

No funds exceeded budgetary authority for the year ended June 30, 2020.

**Note 10 – 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.

**Note 11 – 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. 95 – Postponement of the Effective Dates of Certain Authoritative Guidance***

**Effective date:** Immediately upon issuance

The Statement extends the implementation dates of several existing GASB authoritative guidance, most importantly to the Company GASB No. 84 to reporting periods beginning after December 15, 2019 and GASB No. 87 to fiscal years beginning after June 15, 2021.

***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.

# Montessori of the Rio Grande

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

### Notes to Financial Statements

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#### **Note 11 – Subsequent Accounting Standard Pronouncements (continued)**

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.

#### **Note 12 – Uncertainty Due to COVID-19**

During fiscal year 2020, an outbreak of a novel coronavirus (COVID-19) occurred in the United States, along with various other countries globally. On March 11, 2020, the World Health Organization assessed the novel coronavirus outbreak and characterized it as a pandemic. Subsequent to the declaration of a pandemic, a variety of federal, state, and local governments have taken actions in response to the pandemic, which have ranged by jurisdiction, but are generally expected to result in a variety of negative economic consequences, the scope of which are not currently known or quantifiable.

The duration and intensity of the impact of the coronavirus and resulting impact to the School is unknown.

## **Required Supplementary Information**

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**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Schedule of Proportionate Share of the Net Pension Liability and Contributions**  
**(Required Supplementary Information)**  
**June 30, 2020**

**SCHEDULE OF MONTESSORI OF THE RIO GRANDE'S  
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Educational Retirement Board (ERB) Plan**  
**Last 10 Fiscal Years\***

|   | Measurement Date |               |               |               |               |               |
|---|------------------|---------------|---------------|---------------|---------------|---------------|
|   | June 30, 2019    | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |
| Proportion of the net pension liability (asset)   | 0.04131%         | 0.03882%      | 0.03807%      | 0.39880%      | 0.38280%      | 0.04400%      |
| Proportionate share of the net pension liability  | \$ 3,130,184     | \$ 4,616,215  | \$ 4,230,897  | \$ 2,869,938  | \$ 2,479,498  | \$ 2,073,463  |
| Covered payroll   | \$ 1,376,885     | \$ 1,050,079  | \$ 1,084,026  | \$ 1,139,058  | \$ 1,088,173  | \$ 1,001,544  |
| Proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 227.34%          | 439.61%       | 390.29%       | 251.96%       | 227.86%       | 207.03%       |
| Plan fiduciary net position as a percentage of the total pension liability                      | 64.13%           | 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 Montessori of the Rio Grande is not available prior to fiscal year 2014, the year the statement's requirements became effective.

**SCHEDULE OF MONTESSORI OF THE RIO GRANDE'S CONTRIBUTIONS**  
**Educational Retirement Board (ERB) Plan**  
**Last 10 Fiscal Years\***

|  | Year Ended June 30, |              |              |              |              |              |
|--|---------------------|--------------|--------------|--------------|--------------|--------------|
|  | 2020                | 2019         | 2018         | 2017         | 2016         | 2015         |
| Contractually required contributions                                 | \$ 191,387          | \$ 167,875   | \$ 145,961   | \$ 150,713   | \$ 158,329   | \$ 151,256   |
| Contributions in relation to the contractually required contribution | 191,387             | 167,875      | 145,961      | 150,713      | 158,329      | 151,256      |
| Contribution deficiency (excess)                                     | \$ -                | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| Covered payroll  | \$ 1,376,885        | \$ 1,207,734 | \$ 1,050,079 | \$ 1,084,266 | \$ 1,139,058 | \$ 1,088,173 |
| Contributions as a percentage of covered payroll                     | 13.90%              | 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 Montessori of the Rio Grande is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Notes to Required Supplementary Information**  
**June 30, 2020**

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**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**

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%.



**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Schedule of Proportionate Share of the Net OPEB Liability and Contributions**  
**(Required Supplementary Information)**  
**June 30, 2020**

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**SCHEDULE OF MONTESSORI OF THE RIO GRANDE'S  
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
Retiree Health Care Authority (RHCA) Plan  
Last 10 Fiscal Years\***

|   | <u>Measurement Date<br/>June 30, 2019</u> | <u>Measurement Date<br/>June 30, 2018</u> | <u>Measurement Date<br/>June 30, 2017</u> |
|---|---|---|---|
| Proportion of the net OPEB liability (asset)  | 0.02729%                                  | 0.02541%                                  | 0.25260%                                  |
| Proportionate share of the net OPEB liability   | \$ 884,848                                | \$ 1,104,917                              | \$ 1,144,701                              |
| Covered payroll   | \$ 1,138,792                              | \$ 1,090,246                              | \$ 1,052,243                              |
| Proportionate share of the net OPEB liability<br>(asset) as a percentage of its covered payroll | 77.70%                                    | 101.35%                                   | 108.79%                                   |
| Plan fiduciary net position as a percentage of the<br>total OPEB liability                      | 18.92%                                    | 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, Montessori of the Rio Grande will present information for those years for which information is available.

**SCHEDULE OF MONTESSORI OF THE RIO GRANDE'S CONTRIBUTIONS  
Retiree Health Care Authority (RHCA) Plan  
Last 10 Fiscal Years\***

|   | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>June 30, 2018</u> |
|---|----------------------|----------------------|----------------------|
| Contractually required contributions                                    | \$ 24,156            | \$ 39,707            | \$ 80,212            |
| Contributions in relation to the contractually<br>required contribution | <u>24,156</u>        | <u>39,223</u>        | <u>40,258</u>        |
| Contribution deficiency (excess)  | <u>\$ -</u>          | <u>\$ 484</u>        | <u>\$ 39,954</u>     |
| Covered payroll   | \$ 1,138,792         | \$ 1,090,246         | \$ 1,052,243         |
| Contributions as a percentage of covered payroll                        | 2.12%                | 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, Montessori of the Rio Grande will present information for those years for which information is available.

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Notes to Required Supplementary Information**  
**June 30, 2020**

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In the June 30, 2019 actuarial valuation, changes in assumptions and differences between expected and actual experience include adjustments resulting from an increase in the discount rate from 4.08% to 4.16%, decrease in expected participation rates for future retirees from 75% to 60%, and a decrease in the spousal coverage rate for future male retirees from 55% to 35%.

## **Supplementary Information**

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**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Combining Balance Sheet – Non-Major Governmental Funds**  
**June 30, 2020**

|   | 14000            | 24106       | 27109            | 31200         | 31400       | 31600            | 31700            | 31703           |                  |
|---|------------------|-------------|------------------|---------------|-------------|------------------|------------------|-----------------|------------------|
|   | Instructional    | Entitlement | Instructional    | Public School | Legislative | Capital          | Capital          | SB-9 State      |                  |
|   | Materials        | IDEA-B      | Materials        | Capital       | Capital     | Improvements     | Improvements     | Match           | Total            |
|   |                  |             | Special Appro.   | Outlay        | Outlay      | HB-33            | SB-9 State Match | Cash            |                  |
| <b>ASSETS</b>                             |                  |             |                  |               |             |                  |                  |                 |                  |
| <b>Current assets:</b>                    |                  |             |                  |               |             |                  |                  |                 |                  |
| Cash and cash equivalents                 | \$ 10,408        | \$ -        | \$ 13,844        | \$ -          | \$ -        | \$ 8,581         | \$ -             | \$ 5,448        | \$ 38,281        |
| Accounts receivable:                      |                  |             |                  |               |             |                  |                  |                 |                  |
| Due from other governments                | -                | -           | -                | -             | -           | 3,868            | -                | -               | 3,868            |
| Due from other funds                      | -                | -           | -                | -             | -           | -                | -                | -               | -                |
| Prepaid expenses                          | -                | -           | -                | -             | -           | -                | -                | -               | -                |
| <b>TOTAL ASSETS</b>                       | <b>\$ 10,408</b> | <b>\$ -</b> | <b>\$ 13,844</b> | <b>\$ -</b>   | <b>\$ -</b> | <b>\$ 12,449</b> | <b>\$ -</b>      | <b>\$ 5,448</b> | <b>\$ 42,149</b> |
| <b>LIABILITIES AND FUND BALANCE</b>       |                  |             |                  |               |             |                  |                  |                 |                  |
| <b>LIABILITIES</b>                        |                  |             |                  |               |             |                  |                  |                 |                  |
| <b>Current liabilities:</b>               |                  |             |                  |               |             |                  |                  |                 |                  |
| Accounts payable                          | \$ -             | \$ -        | \$ -             | \$ -          | \$ -        | \$ -             | \$ -             | \$ -            | \$ -             |
| Accrued liabilities                       | -                | -           | -                | -             | -           | -                | -                | -               | -                |
| Due to other funds                        | -                | -           | -                | -             | -           | -                | -                | -               | -                |
| <b>TOTAL LIABILITIES</b>                  | <b>-</b>         | <b>-</b>    | <b>-</b>         | <b>-</b>      | <b>-</b>    | <b>-</b>         | <b>-</b>         | <b>-</b>        | <b>-</b>         |
| <b>FUND BALANCE</b>                       |                  |             |                  |               |             |                  |                  |                 |                  |
| Restricted                                | 10,408           | -           | 13,844           | -             | -           | 12,449           | -                | 5,448           | 42,149           |
| Committed                                 | -                | -           | -                | -             | -           | -                | -                | -               | -                |
| Unassigned                                | -                | -           | -                | -             | -           | -                | -                | -               | -                |
| Total fund balance                        | 10,408           | -           | 13,844           | -             | -           | 12,449           | -                | 5,448           | 42,149           |
| <b>TOTAL LIABILITIES AND FUND BALANCE</b> | <b>\$ 10,408</b> | <b>\$ -</b> | <b>\$ 13,844</b> | <b>\$ -</b>   | <b>\$ -</b> | <b>\$ 12,449</b> | <b>\$ -</b>      | <b>\$ 5,448</b> | <b>\$ 42,149</b> |

**Montessori of the Rio Grande**  
**(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, 2020**

|   | 14000            | 24106         | 27109            | 31200          | 31400          | 31600            | 31700            | 31703           |                  |
|---|------------------|---------------|------------------|----------------|----------------|------------------|------------------|-----------------|------------------|
|   | Instructional    | Entitlement   | Instructional    | Public School  | Legislative    | Capital          | Capital          | SB-9 State      |                  |
|   | Materials        | IDEA-B        | Materials        | Capital        | Capital        | Improvements     | Improvements     | Match           |                  |
|   |                  |               | Special Appro.   | Outlay         | Outlay         | HB-33            | SB-9 State Match | Cash            | Total            |
| <b>REVENUES</b>   |                  |               |                  |                |                |                  |                  |                 |                  |
| Property taxes  | \$ -             | \$ -          | \$ -             | \$ -           | \$ -           | \$ 156,702       | \$ -             | \$ -            | \$ 156,702       |
| Local and county sources                                    | -                | -             | -                | -              | -              | 1,070            | -                | -               | 1,070            |
| State sources   | -                | -             | 15,760           | 161,041        | 195,530        | -                | 5,460            | 5,448           | 383,239          |
| Federal sources   | -                | 44,677        | -                | -              | -              | -                | -                | -               | 44,677           |
| <b>Total revenues</b>                                       | <b>-</b>         | <b>44,677</b> | <b>15,760</b>    | <b>161,041</b> | <b>195,530</b> | <b>157,772</b>   | <b>5,460</b>     | <b>5,448</b>    | <b>585,688</b>   |
| <b>EXPENDITURES</b>   |                  |               |                  |                |                |                  |                  |                 |                  |
| Current:  |                  |               |                  |                |                |                  |                  |                 |                  |
| Instruction   | -                | -             | 1,916            | -              | -              | -                | -                | -               | 1,916            |
| Support services:   |                  |               |                  |                |                |                  |                  |                 |                  |
| Students  | -                | 44,677        | -                | -              | -              | -                | -                | -               | 44,677           |
| 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                           | -                | -             | -                | 161,041        | 195,530        | 280,043          | 5,460            | -               | 642,074          |
| Debt Service - Principal                                    | -                | -             | -                | -              | -              | -                | -                | -               | -                |
| Debt Service - Interest                                     | -                | -             | -                | -              | -              | -                | -                | -               | -                |
| <b>Total expenditures</b>                                   | <b>-</b>         | <b>44,677</b> | <b>1,916</b>     | <b>161,041</b> | <b>195,530</b> | <b>280,043</b>   | <b>5,460</b>     | <b>-</b>        | <b>688,667</b>   |
| <b>EXCESS (DEFICIENCY OF REVENUES OVER (UNDER) EXPENSES</b> | <b>-</b>         | <b>-</b>      | <b>13,844</b>    | <b>-</b>       | <b>-</b>       | <b>(122,271)</b> | <b>-</b>         | <b>5,448</b>    | <b>(102,979)</b> |
| <b>FUND BALANCES, BEGINNING OF YEAR</b>                     | <b>10,408</b>    | <b>-</b>      | <b>-</b>         | <b>-</b>       | <b>-</b>       | <b>134,720</b>   | <b>-</b>         | <b>-</b>        | <b>145,128</b>   |
| <b>FUND BALANCES, END OF YEAR</b>                           | <b>\$ 10,408</b> | <b>\$ -</b>   | <b>\$ 13,844</b> | <b>\$ -</b>    | <b>\$ -</b>    | <b>\$ 12,449</b> | <b>\$ -</b>      | <b>\$ 5,448</b> | <b>\$ 42,149</b> |

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Schedule of Changes in Fiduciary Assets and Liabilities –**  
**Agency Funds (Required by 2.2.2 NMAC)**  
**June 30, 2020**

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|                           | <u>Balance</u><br><u>July 1, 2019</u> | <u>Additions</u> | <u>Deletions</u>   | <u>Balance</u><br><u>June 30, 2020</u> |
|---------------------------|---------------------------------------|------------------|--------------------|--|
| <b>ASSETS</b>             |                                       |                  |                    |  |
| Cash and cash equivalents | \$ 5,371                              | \$ 90,593        | \$ (82,337)        | \$ 13,627                              |
| <b>TOTAL ASSETS</b>       | <u>\$ 5,371</u>                       | <u>\$ 90,593</u> | <u>\$ (82,337)</u> | <u>\$ 13,627</u>                       |
| <b>LIABILITIES</b>        |                                       |                  |                    |  |
| Deposits held for others  | \$ 5,371                              | \$ 90,593        | \$ (82,337)        | \$ 13,627                              |
| <b>TOTAL LIABILITIES</b>  | <u>\$ 5,371</u>                       | <u>\$ 90,593</u> | <u>\$ (82,337)</u> | <u>\$ 13,627</u>                       |

**Montessori of the Rio Grande**  
**(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, 2020**

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| <u>Name of Depository</u> | <u>Description of<br/>Pledged Collateral</u>                          | <u>Fair/Par<br/>Market Value<br/>June 30, 2020</u> | <u>Safekeeping<br/>Agent</u> |
|---------------------------|---|--|------------------------------|
| US Bank                   | FHLB Cincinnati holds a Line of Credit on behalf of US Bank 9/10/2020 | \$ 850,000   | US Bank                      |
|                           |   | <u>\$ 850,000</u>                                  |                              |
|                           |   | <u>US Bank</u>                                     |                              |
|                           | Total amount on deposit   | \$ 305,214   |                              |
|                           | Less: FDIC  | <u>(250,000)</u>                                   |                              |
|                           | Total uninsured public money  | 55,214   |                              |
|                           | 50% collateral requirement  | 27,607   |                              |
|                           | Total pledged   | <u>850,000</u>                                     |                              |
|                           | Over pledged  | <u>\$ 822,393</u>                                  |                              |

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Schedule of Cash and Cash Equivalents**  
**(Required by 2.2.2 NMAC)**  
**June 30, 2020**

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|   |                   |
|---|-------------------|
| Primary government:   |                   |
| Operating account - US Bank   | \$ 305,214        |
| Reconciling items   | <u>(51,814)</u>   |
| Reconciled balance at June 30, 2020   | 253,400           |
| Less: activity funds  | <u>13,627</u>     |
| Balance per statement of net position   | <u>\$ 239,773</u> |
| Foundation:   |                   |
| Operating account- Bank of Albuquerque  | \$ 34,119         |
| Reconciling items   | <u>-</u>          |
| Reconciled balance at June 30, 2020 and balance per statement of net position | <u>\$ 34,119</u>  |



**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Cash Reconciliation**  
**(Required by 2.2.2 NMAC)**  
**June 30, 2020**

|   | Operational<br>Account<br>11000 | Instructional<br>Materials<br>14000 | Student<br>Activity<br>23000 | Projects<br>Account<br>24000 | State<br>Flowthrough Fund<br>27000 |
|---|---------------------------------|-------------------------------------|------------------------------|------------------------------|------------------------------------|
| <b>June 30, 2019 Cash (Book Balance)</b>                  | \$ 123,525                      | \$ 9,908                            | \$ 5,371                     | \$ -                         | \$ -                               |
| June 30, 2019 Payroll Liabilities                         | -                               | -                                   | -                            | -                            | -                                  |
| June 30, 2019 Temporary Interfund Loans                   | 38,980                          | -                                   | -                            | -                            | -                                  |
| June 30, 2019 Adjustments/Reconciling Differences         | -                               | 500                                 | -                            | -                            | -                                  |
| <b>June 30, 2019 Cash Available to Budget</b>             | 162,505                         | 10,408                              | 5,371                        | -                            | -                                  |
| 2019-2020 Revenue   | 2,047,893                       | -                                   | 90,593                       | 49,920                       | 15,760                             |
| 2019-2020 Expenditures                                    | (2,060,624)                     | -                                   | (82,337)                     | (49,920)                     | (1,916)                            |
| Permanent Cash Transfers/Revisions                        | -                               | -                                   | -                            | -                            | -                                  |
| Adjustments   | -                               | -                                   | -                            | -                            | -                                  |
| <b>June 30, 2020 Cash Available to Budget</b>             | 149,774                         | 10,408                              | 13,627                       | -                            | 13,844                             |
| June 30, 2020 Payroll Liabilities                         | -                               | -                                   | -                            | -                            | -                                  |
| June 30, 2020 Temporary Interfold Loans                   | (1,875)                         | -                                   | -                            | 1,875                        | -                                  |
| June 30, 2020 Adjustments/Reconciling Differences         | -                               | -                                   | -                            | (1,875)                      | -                                  |
| <b>June 30, 2020 Cash (Book Balance)</b>                  | <u>\$ 147,899</u>               | <u>\$ 10,408</u>                    | <u>\$ 13,627</u>             | <u>\$ -</u>                  | <u>\$ 13,844</u>                   |
| <b>Reconciliation to PED Cash Report Line 7</b>           |                                 |                                     |                              |                              |                                    |
| June 30, 2020 Cash (Book Balance)                         | \$ 147,899                      | \$ 10,408                           | \$ 13,627                    | \$ -                         | \$ 13,844                          |
| June 30, 2020 Payroll Liabilities                         | -                               | -                                   | -                            | -                            | -                                  |
| June 30, 2020 Temporary Interfold Loans                   | 1,875                           | -                                   | -                            | (1,875)                      | -                                  |
| Audit adjustments and reclassifications/other reconciling | -                               | -                                   | -                            | -                            | -                                  |
| <b>Line 7 PED Cash Report June 30, 2020</b>               | <u>\$ 149,774</u>               | <u>\$ 10,408</u>                    | <u>\$ 13,627</u>             | <u>\$ (1,875)</u>            | <u>\$ 13,844</u>                   |

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Cash Reconciliation (continued)**  
**(Required by 2.2.2 NMAC)**  
**June 30, 2020**

|   | Public School<br>Capital Outlay<br>31200 | Special Capital<br>Outlay<br>31400 | Capital Improve.<br>HB-33<br>31600 | Capital Improve.<br>State SB-9<br>31700 | Capital Improve.<br>Local SB-9<br>31701              | Total<br>Primary<br>Government |
|---|--|------------------------------------|------------------------------------|---|--|--------------------------------|
| <b>June 30, 2019 Cash (Book Balance)</b>                  | \$ -                                     | \$ -                               | \$ 131,571                         | \$ -                                    | \$ 53,676  | \$ 324,051                     |
| June 30, 2019 Payroll Liabilities                         | -  | -                                  | -                                  | -                                       | -  | -                              |
| June 30, 2019 Temporary Interfund Loans                   | -  | -                                  | -                                  | -                                       | -  | 38,980                         |
| June 30, 2019 Adjustments/Reconciling Differences         | -  | -                                  | -                                  | -                                       | -  | 500                            |
| <b>June 30, 2019 Cash Available to Budget</b>             | -  | -                                  | 131,571                            | -                                       | 53,676   | 363,531                        |
| 2019-2020 Revenue   | 161,041                                  | 195,530                            | 157,053                            | 10,908                                  | 78,915   | 2,807,613                      |
| 2019-2020 Expenditures                                    | (161,041)                                | (195,530)                          | (280,043)                          | (5,460)                                 | (78,998)   | (2,915,869)                    |
| Permanent Cash Transfers/Revisions                        | -  | -                                  | -                                  | -                                       | -  | -                              |
| Adjustments   | -  | -                                  | -                                  | -                                       | -  | -                              |
| <b>June 30, 2020 Cash Available to Budget</b>             | -  | -                                  | 8,581                              | 5,448                                   | 53,593   | 255,275                        |
| June 30, 2020 Payroll Liabilities                         | -  | -                                  | -                                  | -                                       | -  | -                              |
| June 30, 2020 Temporary Interfold Loans                   | -  | -                                  | -                                  | -                                       | -  | -                              |
| June 30, 2020 Adjustments/Reconciling Differences         | -  | -                                  | -                                  | -                                       | -  | (1,875)                        |
| <b>June 30, 2020 Cash (Book Balance)</b>                  | <u>\$ -</u>                              | <u>\$ -</u>                        | <u>\$ 8,581</u>                    | <u>\$ 5,448</u>                         | <u>\$ 53,593</u>                                     | 253,400                        |
| <b>Reconciliation to PED Cash Report Line 7</b>           |  |                                    |                                    |   | Less activity funds<br>Per statement of net position | (13,627)                       |
|   |  |                                    |                                    |   |  | <u>\$ 239,773</u>              |
| June 30, 2020 Cash (Book Balance)                         | \$ -                                     | \$ -                               | \$ 8,581                           | \$ 5,448                                | \$ 53,593  | \$ 253,400                     |
| June 30, 2020 Payroll Liabilities                         | -  | -                                  | -                                  | -                                       | -  | -                              |
| June 30, 2020 Temporary Interfold Loans                   | -  | -                                  | -                                  | -                                       | -  | -                              |
| Audit adjustments and reclassifications/other reconciling | -  | -                                  | -                                  | -                                       | -  | -                              |
| <b>Line 7 PED Cash Report June 30, 2020</b>               | <u>\$ -</u>                              | <u>\$ -</u>                        | <u>\$ 8,581</u>                    | <u>\$ 5,448</u>                         | <u>\$ 53,593</u>                                     | <u>\$ 253,400</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***

Montessori of the Rio Grande  
Governing Council and  
Mr. 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, the discretely presented component unit, each major fund, the aggregate remaining fund information and the budgetary comparison of the general fund and major special revenue funds of the Montessori of the Rio Grande (the School) as of and for the year ended June 30, 2020, 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 26, 2020.

### **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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 financial statements. 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 matter that is required to be reported under *Government Auditing Standards*.

We noted a certain matter that is required to be reported per Section 12-6-5 NMSA 1978, that we have described in the schedule of findings and responses as item 2020-001.

### **Response to Findings**

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

### ***Purpose of this Report***

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

*Mess Adams LLP*

Albuquerque, New Mexico  
October 26, 2020

**Montessori of the Rio Grande**  
**(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, 2020**

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***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

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Schedule of Findings and Responses**  
**June 30, 2020**

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**SECTION I – FINANCIAL STATEMENT FINDINGS**

School

No matters noted.

Foundation

**2020-001 – Cash Receipt Support (Other Non-Compliance)**

**Condition:** Support for revenue of \$100 could not be provided.

**Criteria:** The Foundation shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from authorized use or deposition, and that transactions are executed in accordance with management’s authorization and recorded properly to permit the preparation of financial statements in accordance with GAAP and the correct reporting framework in accordance with GASBS No. 39 paragraph 5.

**Cause:** Management oversight

**Effect:** Possible misstatements to the financial statements.

**Repeat Finding:** Not a prior year finding.

**Recommendation:** We recommend that the Foundation update its policies and procedures to ensure that accurate and supporting documentation is available for all transactions.

**Agency Response:** The support that was not provided for the \$100 finding is from PayPal. This past year has had many transitions changing of the Executive Director position in May 2020. The Executive Director is responsible for the admin and bookkeeping for the Foundation. PayPal tends to be a simple way to collect people’s information when it comes to making online payments. to the Foundation will use this as a reminder to keep a closer look on transactions received through PayPal and as soon as we notice that someone’s information is not fully displayed or accounted for, we will start the process earlier to trace the payment and the person who is making it. This will help prevent future findings for the Foundation and be a smoother process for the years to come.

**Person Responsible:** *Executive Director*

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Summary Schedule of Prior Audit Findings**  
**June 30, 2020**

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**Montessori of the Rio Grande**

No Prior Audit Findings

**Friends of Montessori Foundation**

No Prior Audit Findings

**Montessori of the Rio Grande**  
**(A Component Unit of Albuquerque Municipal School District No. 12)**  
**Exit Conference**  
**June 30, 2020**

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An exit conference was held with the School and the Foundation on October 23, 2020. 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:

**Montessori of the Rio Grande**

Ryan Hieronymus, Government Council Treasurer/Audit committee  
Deborah Henwood, Principal  
Chris Parrino, Business and Finance Director  
Roberta Velasquez, Albuquerque Public Schools Business Manager

**Friends of the Montessori of the Rio Grande Foundation**

Ruben Duran, Executive Director  
Diana Chavez, Board President

**Moss Adams LLP**

Sheila Herrera, Senior Manager  
Alex Bradbury, Senior

**Preparation of Financial Statements**

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