



**ALBUQUERQUE
PUBLIC SCHOOLS**



Comprehensive Annual Financial Report and Audited Financial Statements – Volume 7 of 7

Fiscal Year Ended June 30, 2013

Prepared by:

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STATISTICAL SECTION (UNAUDITED)

Statistical Section Narrative

This section of Albuquerque Public School's Comprehensive Annual Financial Report presents detailed information in a context for understanding this year's financial statements, note disclosures and supplementary information. Unless otherwise noted, the information in these tables is derived from District annual financial reports for the relevant year. This information is unaudited.

Financial Trends

These schedules contain information to help the reader understand how the District's financial performance has changed over time. All of these schedules are presented for ten years.

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Schedule 4	Fund Balances, Governmental Funds
Schedule 5	Changes in Fund Balances, Governmental Funds

Revenue Capacity

These schedules present information to help the reader assess the District's most significant local revenue source, property taxes.

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Debt Capacity

These schedules present information to help the reader assess the District's outstanding debt and its ability to absorb additional debt in the future.

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These schedules present operating data to help understand how the information in the District's financial report relates to the services it provides.

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These schedules present demographic and economic information intended to help the reader understand the socioeconomic environment within which the District operates.

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Schedule 1
ALBUQUERQUE PUBLIC SCHOOLS
FINANCIAL TREND DATA

NET ASSETS BY COMPONENT-10 YEARS

Fiscal Year Ending June 30,	Invested in capital assets, net of related debt	Restricted for debt service	Restricted for capital projects	Unrestricted	Total Net Position
2013	\$ 770,843,356	\$ 67,283,741	\$ 148,446,159	\$ 88,024,887	\$ 1,074,598,143
2012	713,057,881	64,869,572	115,388,689	65,141,990	958,458,132
2011	767,159,510	55,519,009	91,722,842	54,561,162	968,962,523
2010	759,437,702	52,654,208	53,684,924	47,911,727	913,688,561
2009	695,519,187	26,589,278	46,373,110	64,783,197	833,264,772
2008	556,657,856	34,882,640	124,082,909	63,567,886	779,191,291
2007	473,280,408	64,055,834	142,492,688	49,230,927	729,059,857
2006	444,509,087	24,563,628	110,229,634	10,937,166	590,239,515
2005	412,885,473	21,488,614	105,349,657	22,778,457	562,502,201
2004	428,905,577	19,804,338	94,099,036	37,610,165	580,419,116

Schedule 2
ALBUQUERQUE PUBLIC SCHOOLS
FINANCIAL TREND DATA

INFORMATION ABOUT NET POSITION - 10 YEARS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Assets										
Cash and investments	\$ 370,208,567	\$ 365,529,765	\$ 414,968,260	\$ 295,810,396	\$ 386,123,427	\$ 317,072,060	\$ 281,768,584	\$ 224,542,623	\$ 245,238,313	\$ 218,035,700
Other current assets	35,023,245	29,031,255	26,409,215	30,513,468	24,522,705	38,650,481	34,816,355	17,655,487	16,056,609	17,413,787
Capital assets net of depreciation	1,278,682,736	1,206,323,859	1,235,405,051	1,170,732,209	1,031,526,696	756,445,732	637,745,969	571,900,700	556,861,978	549,425,577
Other non-current assets	23,588,028	32,555,155	28,175,964	26,356,338	20,516,565	23,279,518	54,762,090	17,318,205	143,758	13,471,012
Total Assets	1,707,502,576	1,633,440,034	1,704,958,490	1,523,412,411	1,462,689,393	1,135,447,791	1,009,092,998	831,417,015	818,300,658	798,346,076
Liabilities										
Accounts payable	3,747,565	2,424,617	2,583,010	4,746,490	4,552,438	778,186	3,930,776	5,372,936	7,588,852	5,521,446
Insurance reserves -short term	16,472,397	27,601,445	28,434,736	28,347,316	34,604,752	27,929,614	25,505,589	21,982,018	18,487,620	3,105,000
Current portion long term obligations	49,934,267	41,696,078	37,191,078	44,686,560	22,819,784	11,233,212	25,113,703	14,717,150	19,187,670	17,854,997
Other current liabilities	67,638,080	68,578,039	95,552,363	98,266,361	112,429,612	98,236,552	76,043,251	71,709,914	79,455,551	76,965,454
Total Current Liabilities	137,792,309	140,300,179	163,761,187	176,046,727	174,406,586	138,177,564	130,593,319	113,782,018	124,719,693	103,446,897
Compensated absences	2,589,529	2,556,910	2,574,378	2,655,259	2,995,000	2,413,000	2,423,695	3,149,276	2,750,429	2,143,063
Net OPEB Obligation	316,763	284,924								
Bonds due in more than one year	478,901,539	514,696,835	556,392,912	419,253,663	448,818,225	205,998,813	139,351,858	112,674,463	121,581,835	106,840,000
Long term portion claims payable	13,304,293	17,143,054	13,267,490	11,768,201	3,204,810	9,667,123	7,664,269	11,571,743	6,746,500	5,497,000
Total long term Liabilities	495,112,124	534,681,723	572,234,780	433,677,123	455,018,035	218,078,936	149,439,822	127,395,482	131,078,764	114,480,063
Total Liabilities	632,904,433	674,981,902	735,995,967	609,723,850	629,424,621	356,256,500	280,033,141	241,177,500	255,798,457	217,926,960
Net Position										
Invested in Capital Assets	770,843,356	713,057,881	767,159,510	759,437,702	695,519,187	556,657,856	473,280,408	444,509,087	412,885,473	428,905,577
Restricted for Debt Service	67,283,741	64,869,572	55,519,009	52,654,208	26,589,278	34,882,640	64,055,834	24,563,628	21,488,614	19,804,338
Restricted for Capital Projects	148,446,159	115,388,689	91,722,842	53,684,924	46,373,110	124,082,909	142,492,688	110,229,634	105,349,657	94,099,036
Unrestricted	88,024,887	65,141,990	54,561,162	47,911,727	64,783,197	63,567,886	49,230,927	10,937,166	22,778,457	37,610,165
Total Net Position	1,074,598,143	958,458,132	968,962,523	913,688,561	833,264,772	779,191,291	729,059,857	590,239,515	562,502,201	580,419,116
Total Liabilities and Net Position	\$ 1,707,502,576	\$ 1,633,440,034	\$ 1,704,958,490	\$ 1,523,412,411	\$ 1,462,689,393	\$ 1,135,447,791	\$ 1,009,092,998	\$ 831,417,015	\$ 818,300,658	\$ 798,346,076

Schedule 3
ALBUQUERQUE PUBLIC SCHOOLS
FINANCIAL TREND DATA

INFORMATION ABOUT CHANGES IN NET POSITION - 10 YEARS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses										
Instruction	\$ 415,372,893	\$ 408,175,828	\$ 422,142,550	\$ 442,536,731	\$ 441,808,481	\$ 407,177,086	\$ 403,090,377	\$ 388,627,073	\$ 386,584,814	\$ 339,504,148
Instructional support	133,118,676	128,224,560	137,045,510	151,656,591	149,131,288	148,669,302	161,133,974	144,014,281	142,626,519	132,989,297
Administration	5,225,441	4,989,105	6,955,227	6,731,422	6,983,909	9,552,429	10,950,359	9,936,432	9,838,292	9,675,842
Business & support services	97,738,269	114,071,296	115,626,709	110,412,219	105,726,439	108,250,441	8,011,983	8,426,444	4,818,298	6,719,298
Operation & maintenance of plant	64,842,630	59,583,864	69,825,012	73,180,201	62,971,371	58,328,952	56,665,211	68,638,365	66,260,520	54,829,790
Student transportation	18,160,713	17,528,079	18,576,309	19,377,641	20,166,661	20,161,414	20,299,083	19,123,659	19,437,811	18,139,160
Food Services Operation	31,785,794	31,612,152	30,631,978	30,124,909	28,963,002	27,617,816	29,078,823	29,455,316	27,553,353	25,214,226
Facilities Supplies & Materials	61,072,398	45,588,525	75,278,234	30,086,679	40,152,729	48,362,756	31,864,317	48,402,587	90,923,121	73,520,717
Interest on long-term debt	22,019,051	21,733,146	20,455,297	19,408,034	8,055,034	10,416,916	8,217,510	2,794,728	6,089,395	5,205,299
Depreciation - unallocated	65,518,044	66,993,533	42,648,192	36,781,683	33,443,130	32,038,227	28,470,659	28,406,036	37,234,601	81,370
Total Expenses	914,853,909	898,500,088	939,185,018	920,296,110	897,402,044	870,575,339	757,782,296	747,824,921	791,366,724	665,879,147
Program Revenues										
Charges for Services										
Employee benefits	30,365,275	32,842,447	37,989,097	36,614,162	26,571,860	25,517,358	-	-	-	-
Food Services Operation	8,619,207	8,854,850	9,613,724	9,778,421	10,171,509	10,806,205	9,813,538	9,008,802	9,701,572	8,488,400
Other Charges for Services	8,437,980	9,292,479	8,476,284	6,439,687	2,978,611	2,017,129	2,059,044	1,796,268	3,756,109	1,932,236
Total Charges for Services	47,422,462	50,989,776	56,079,105	52,832,270	39,721,980	38,340,692	11,872,582	10,805,070	13,457,681	10,420,636
Operating Grants and Contributions	147,552,001	123,904,939	145,253,757	150,267,576	127,070,051	126,941,418	121,084,660	124,138,459	96,524,611	118,300,926
Capital Grants and Contributions	10,178,265	9,815,264	6,738,769	24,660,487	14,524,931	20,737,399	34,124,129	10,098,392	52,194,680	2,190,769
Total Program Revenues	205,152,728	184,709,979	208,071,631	227,760,333	181,316,962	186,019,509	167,081,371	145,041,921	162,176,972	130,912,331
Net (Expense) Revenue	(709,701,181)	(714,065,995)	(731,113,387)	(692,535,777)	(716,085,082)	(684,555,830)	(590,700,925)	(602,783,000)	(629,189,752)	(534,966,816)
General Revenues										
Property taxes:										
Levied for general purposes	4,804,381	4,761,575	4,595,209	4,545,782	4,274,179	4,150,493	4,535,877	3,743,763	2,878,514	2,409,175
Levied for debt service	62,214,506	63,567,100	60,826,278	63,598,426	57,909,583	31,632,788	76,638,213	25,946,034	22,452,108	19,009,918
Levied for capital projects	83,689,294	80,270,401	89,380,289	88,276,942	80,323,366	79,191,888	58,771,935	71,757,176	67,365,948	45,490,804
PSCOC awards	82,925,067	-	27,081,966							
State equalization guarantee	590,190,332	583,644,192	601,789,251	610,595,016	621,262,717	607,660,123	576,123,653	518,914,097	498,194,327	464,176,747
Interest & investment earnings	611,473	345,439	636,130	697,319	4,733,832	9,789,023	14,593,278	7,537,291	3,738,658	2,859,640
Gain/loss on disposal of capital assets	179,810	18,847	12,352	585,604	2,499	9,612	(2,733,627)	(302,440)	1,262,782	(680,611)
Miscellaneous	1,226,329	2,292,502	2,065,874	4,660,477	1,652,384	2,253,337	1,591,938	2,924,393	15,380,500	16,879,772
Total General Revenues	825,841,192	734,900,056	786,387,349	772,959,566	770,158,560	734,687,264	729,521,267	630,520,314	611,272,837	550,145,445
Change in Net Position	116,140,011	21,109,947	55,273,962	80,423,789	54,073,478	50,131,434	138,820,342	27,737,314	(17,916,915)	15,178,629
Net Position Beginning *	958,458,132	937,348,185	913,688,561	833,264,772	779,191,294	729,059,857	590,239,515	562,502,201	580,419,116	565,240,487
Net Position Ending	\$ 1,074,598,143	\$ 958,458,132	\$ 968,962,523	\$ 913,688,561	\$ 833,264,772	\$ 779,191,291	\$ 729,059,857	\$ 590,239,515	\$ 562,502,201	\$ 580,419,116

* 2012 Restatement due to accumulated depreciation adjustment

Schedule 4
ALBUQUERQUE PUBLIC SCHOOLS
FINANCIAL TREND DATA

INFORMATION ABOUT FUND BALANCES - TOTAL GOVERNMENTAL FUNDS - 10 YEARS

	2013	2012	2011	2010 ^{a)}	2009	2008	2007	2006	2005	2004
General Fund										
Nonspendable for										
Inventory	\$ 1,889,540	\$ 1,723,565	\$ 2,470,561	\$ 5,234,132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepays	50,000	50,000	350,000	409,900	-	-	-	-	-	-
Committed for Subsequent Year	20,000,000	20,000,000	20,000,000	15,496,460	-	-	-	-	-	-
Unassigned	12,877,023	7,255,891	4,628,744	(135,200)	-	-	-	-	-	-
Reserved for:										
Inventory	-	-	-	-	3,246,252	3,375,704	2,852,461	2,549,870	2,561,760	2,452,871
Claims	-	-	-	-	-	-	-	4,001,000	2,259,000	2,601,000
Prepays	-	-	-	-	350,000	-	-	-	-	-
Transportation	-	-	-	72,507	132,255	133,031	137,334	94,529	32,086	27,539
Instructional Materials	-	-	-	2,320,704	3,148,751	2,544,581	1,389,303	1,572,665	3,842,752	3,390,157
Unreserved Desig Sub Years	-	-	-	-	-	-	-	-	-	1,661,000
Unreserved, Undesignated	-	-	-	-	28,508,888	42,968,776	40,031,315	6,367,259	21,210,673	29,611,214
Total General Fund	34,816,563	29,029,456	27,449,305	23,398,503	35,386,146	49,022,092	44,410,413	14,585,323	29,906,271	39,743,781
Other Governmental Funds										
Nonspendable for Inventory	1,500,176	1,564,992	1,663,487	1,383,981	-	-	-	-	-	-
Restricted for:										
Transportation	-	(381)	3,302	-	-	-	-	-	-	-
Instructional Materials	1,635,847	321,585	1,027,817	-	-	-	-	-	-	-
Restricted by Grantor	8,208,556	8,229,283	7,819,138	7,385,993	-	-	-	-	-	-
Athletic Program	1,638,853	1,516,581	1,446,866	1,432,285	-	-	-	-	-	-
Capital projects	170,097,574	181,632,911	210,862,432	105,470,740	-	-	-	-	-	-
Debt Service Fund	68,314,017	63,696,205	56,731,992	51,764,922	-	-	-	-	-	-
Committed for Subsequent Year										
Assigned for Food Service	14,606,894	12,158,606	6,892,441	8,356,436	-	-	-	-	-	-
Reserved for inventory	-	-	-	-	1,354,308	1,550,845	1,211,157	969,393	884,565	969,392
Undesignated, reported in:										
Capital Projects	-	-	-	-	184,801,219	107,103,039	129,714,537	96,836,150	105,349,657	91,480,918
Special Revenue Funds	-	-	-	-	16,475,077	14,325,980	8,753,443	6,209,230	4,238,907	4,444,794
Debt Service	-	-	-	-	28,553,941	59,350,822	30,918,292	24,563,627	21,488,614	18,866,085
Total Other Governmental Funds	266,001,917	269,119,782	286,447,475	175,794,357	231,184,545	182,330,686	170,597,429	128,578,400	131,961,743	115,761,189
Total Governmental Funds	\$ 300,818,480	\$ 298,149,238	\$ 313,896,780	\$ 199,192,860	\$ 266,570,691	\$ 231,352,778	\$ 215,007,842	\$ 143,163,723	\$ 161,868,014	\$ 155,504,970

^(a) 2010 Restated per GASB 54

Schedule 5
ALBUQUERQUE PUBLIC SCHOOLS
FINANCIAL TREND DATA

CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS -10 YEARS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
REVENUES										
Property taxes	\$ 152,527,631	\$ 150,743,675	\$ 149,975,114	\$ 154,874,210	\$ 147,341,169	\$ 140,128,561	\$ 101,805,469	\$ 95,430,062	\$ 94,789,047	\$ 83,790,767
State grants	635,935,903	616,924,329	611,178,101	610,408,967	673,293,581	665,189,762	641,955,286	560,539,986	536,919,406	497,532,421
Federal revenue	111,845,678	100,290,970	140,297,917	166,598,485	86,751,992	85,790,846	85,592,891	83,744,579	91,838,164	87,136,020
Miscellaneous	17,594,336	18,747,003	22,823,646	29,998,914	17,617,131	19,865,011	17,535,758	17,539,053	16,385,084	15,444,897
Interest	531,251	290,832	540,432	578,512	4,168,638	8,498,690	12,091,225	3,547,876	3,755,089	2,682,339
Total revenues	918,434,799	886,996,809	924,815,210	962,459,088	929,172,511	919,472,870	858,980,629	760,801,556	743,686,790	686,586,444
EXPENDITURES										
Instruction	450,209,349	441,385,087	458,326,077	477,625,057	471,984,644	451,720,649	401,870,768	388,613,555	386,584,814	343,180,138
Instructional Support	143,819,675	138,240,865	147,918,426	163,768,858	158,466,246	147,877,967	160,185,240	144,027,608	142,626,519	133,186,808
Subtotal Administration	8,478,957	7,105,404	8,600,307	8,003,742	7,483,338	9,799,296	10,950,359	9,937,332	9,838,292	9,695,525
Business & Support Svcs	21,301,106	20,841,503	23,826,891	20,511,880	21,695,124	22,847,617	8,011,983	8,426,444	4,818,298	6,720,977
Operation & Maintenance of Plant	77,024,324	71,631,056	74,222,410	77,548,626	74,332,397	69,683,890	56,060,423	68,638,366	66,260,520	54,808,688
Student Transportation	18,989,915	18,351,779	18,624,007	19,465,567	20,937,785	20,181,283	20,299,083	19,123,659	19,437,811	18,141,381
Food Services Operations	33,584,832	33,225,335	32,491,526	32,117,386	30,298,675	29,118,076	29,078,823	29,455,316	27,553,353	25,461,539
Capital outlay, facilities supplies & materials	116,911,784	118,173,087	156,988,516	205,955,611	354,057,872	201,469,951	131,369,644	96,580,451	93,349,465	95,893,540
Debt service				-						
Principal	49,781,791	34,986,791	43,366,791	21,726,791	88,846,792	24,931,791	14,316,229	19,283,387	13,680,000	24,910,000
Interest	22,703,410	21,849,824	19,115,337	18,046,115	11,351,158	3,347,228	5,590,483	2,794,728	6,089,395	5,205,299
Bond issuance costs	675,351	710,256	948,847	302,471	809,959	132,606	248,868			
Total expenditures	943,480,494	906,500,987	984,429,135	1,045,072,104	1,240,263,990	981,110,354	837,981,903	786,880,846	770,238,467	717,203,895
Excess (deficiency) of revenues over (under) expenditures	(25,045,695)	(19,504,178)	(59,613,925)	(82,613,016)	(311,091,479)	(61,637,484)	20,998,726	(26,079,290)	(26,551,677)	(30,617,451)
Other Financing Sources (Uses)										
Operating Transfers					-				279,721	
Reimbursements to Grantors	(210)	(248,429)	(349,653)	(19,098)	(7,317)					
Bond issuance premiums	5,442,512	-	6,397,495	1,984,283	9,616,709	2,982,420	1,350,955			
Payments to escrow agents	(32,310,000)	-	(9,270,000)	(17,830,000)	-		(14,485,563)			
IRS Bond Subsidy	1,912,635	1,912,635								
Proceeds from bond issues	13,000,000	-	168,600,000	14,300,000	336,700,000	75,000,000	63,980,000	7,375,000	32,635,000	10,050,000
Proceeds from refunding bonds	39,670,000	-	8,940,000	16,800,000						
Total other financing sources (uses)	27,714,937	1,664,206	174,317,842	15,235,185	346,309,392	77,982,420	50,845,392	7,375,000	32,914,721	10,050,000
Net changes in fund balances	2,669,242	(17,839,971)	114,703,917	(67,377,831)	35,217,913	16,344,936	71,844,118	(18,704,290)	6,363,044	(20,567,451)
Fund balances - beginning of year	298,149,238	313,896,777	199,192,860	266,570,691	231,352,778	215,007,842	143,163,724	161,868,014	155,504,970	176,072,421
Prior Period Restatement	-	2,092,432								
Fund balances - end of year	\$ 300,818,480	\$ 298,149,238	\$ 313,896,777	\$ 199,192,860	266,570,691	\$ 231,352,778	\$ 215,007,842	\$ 143,163,724	\$ 161,868,014	\$ 155,504,970
Debt service as percentage of noncapital expenditures	8.4%	6.9%	7.1%	4.6%	10.9%	3.5%	2.7%	3.1%	2.9%	4.6%

Schedule 6
ALBUQUERQUE PUBLIC SCHOOLS
INFORMATION ON REVENUE CAPACITY

INFORMATION ABOUT ASSESSED VALUES - 10 YEARS

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Total Direct Tax Rate	10.641	10.656	10.650	10.651	10.636	10.575	10.585	8.494	8.429	8.490
Assessments										
Value of Land	\$ 5,906,813,865	\$ 5,887,056,085	\$ 6,706,951,740	\$ 6,726,695,811	\$ 6,769,211,315	\$ 6,394,572,060	\$ 5,693,080,262	\$ 5,776,215,991	\$ 5,910,054,482	\$ 5,870,555,417
Improvements	11,130,654,783	11,195,706,123	11,058,299,018	11,369,298,821	10,320,388,566	9,813,287,143	8,877,313,998	8,159,042,246	7,365,803,112	6,855,027,472
Personal Property	417,744,022	418,705,974	438,643,661	465,300,720	461,036,145	431,496,787	409,343,511	404,069,803	412,569,191	442,981,800
Mobile Homes	48,209,149	49,764,320	51,782,208	54,246,774	51,821,632	52,449,749	58,217,349	57,352,512	60,064,833	67,502,318
Livestock	1,005,793	1,144,286	1,225,460	1,324,108	1,253,629	1,571,404	1,493,732	1,387,389	1,290,106	1,254,745
<i>Assessor's Total Valuation</i>	<i>\$ 17,504,427,612</i>	<i>\$ 17,552,376,788</i>	<i>\$ 18,256,902,087</i>	<i>\$ 18,616,866,234</i>	<i>\$ 17,603,711,287</i>	<i>\$ 16,693,377,143</i>	<i>\$ 15,039,448,852</i>	<i>\$ 14,398,067,941</i>	<i>\$ 13,749,781,724</i>	<i>\$ 13,237,321,752</i>
Less Exemptions										
Head of Family	\$ 198,426,899	\$ 199,111,272	\$ 196,472,571	\$ 187,188,776	\$ 185,670,083	\$ 185,854,910	\$ 185,565,058	\$ 184,348,689	\$ 187,479,433	\$ 190,092,726
Veterans	262,668,629	255,765,498	246,647,703	241,032,241	222,996,269	215,218,273	203,541,976	177,948,725	140,327,537	69,883,565
Other	2,898,393,631	2,892,645,981	3,634,036,123	3,510,686,030	3,428,163,155	3,346,344,712	3,017,608,941	3,004,512,849	3,607,018,736	3,612,970,838
<i>Total Exemptions</i>	<i>\$ 3,359,489,159</i>	<i>\$ 3,347,522,751</i>	<i>\$ 4,077,156,397</i>	<i>\$ 3,938,907,047</i>	<i>\$ 3,836,829,507</i>	<i>\$ 3,747,417,895</i>	<i>\$ 3,406,715,975</i>	<i>\$ 3,366,810,263</i>	<i>\$ 3,934,825,706</i>	<i>\$ 3,872,947,129</i>
Assessors Net Valuation	\$ 14,144,938,453	\$ 14,204,854,037	\$ 14,179,745,690	\$ 14,677,959,187	\$ 13,766,881,780	\$ 12,945,959,248	\$ 11,632,732,877	\$ 11,031,257,678	\$ 9,814,956,018	\$ 9,364,374,623
Central Assessed	501,031,823	498,742,594	489,869,794	422,159,016	477,970,749	478,319,628	446,489,372	420,270,507	432,720,216	432,414,140
Total Assessed Valuation	\$ 14,645,970,276	\$ 14,703,596,631	\$ 14,669,615,484	\$ 15,100,118,203	\$ 14,244,852,529	\$ 13,424,278,876	\$ 12,079,222,249	\$ 11,451,528,185	\$ 10,247,676,234	\$ 9,796,788,763
Cross County Assessed Valuation										
Residential	\$ 10,734,595,776	\$ 10,628,874,088	\$ 10,566,359,915	\$ 10,775,752,995	\$ 10,278,917,835	\$ 9,496,659,135	\$ 8,639,709,179	\$ 7,919,792,463	\$ 7,323,681,328	\$ 6,971,908,964
Non-Residential	3,911,374,500	4,074,722,543	4,103,114,034	4,324,365,208	3,965,934,694	3,685,873,376	3,439,513,070	3,531,735,722	2,923,994,907	2,824,879,799
Total	\$ 14,645,970,276	\$ 14,703,596,631	\$ 14,669,473,949	\$ 15,100,118,203	\$ 14,244,852,529	\$ 13,182,532,511	\$ 12,079,222,249	\$ 11,451,528,185	\$ 10,247,676,234	\$ 9,796,788,763
Cross County Assessed Valuation										
Bernalillo County	\$ 14,303,913,042	\$ 14,363,716,915	\$ 14,297,609,856	\$ 14,734,387,233	\$ 13,892,625,134	\$ 12,872,512,863	\$ 11,803,726,360	\$ 11,203,526,789	\$ 10,048,325,370	\$ 9,609,030,639
Sandoval County ⁽¹⁾	342,057,234	339,879,716	371,864,093	365,730,970	352,227,395	310,019,648	275,495,889	248,001,396	199,350,864	187,758,124
Total	\$ 14,645,970,276	\$ 14,703,596,631	\$ 14,669,473,949	\$ 15,100,118,203	\$ 14,244,852,529	\$ 13,182,532,511	\$ 12,079,222,249	\$ 11,451,528,185	\$ 10,247,676,234	\$ 9,796,788,763

(1) Portion of Corrales located in Sandoval County (2A-In Corrales & 2AC - Albuquerque/Corrales).

Source: Official Statement Dated August 21, 2013

Schedule 7
 ALBUQUERQUE PUBLIC SCHOOLS
 INFORMATION ON REVENUE CAPACITY

INFORMATION ABOUT ASSESSED VALUATION - 10 YEARS

HISTORY OF ASSESSED VALUATION BY ENTITY

Following is a ten year history of assessed valuation for the District compared with Bernalillo County and Sandoval County

Tax Year	Albuquerque School District	Bernalillo County	Sandoval County
2012	\$ 14,645,970,276	\$ 14,394,423,187	\$ 3,180,127,526
2011	14,703,596,631	14,452,760,775	3,222,126,760
2010	14,669,473,949	14,014,237,067	3,354,830,744
2009	15,100,118,203	14,823,104,676	3,432,805,105
2008	14,244,852,529	13,976,092,003	3,259,727,705
2007	13,182,532,511	12,948,307,067	2,862,819,902
2006	11,926,144,157	11,715,540,463	2,080,852,068
2005	11,451,528,185	11,260,432,703	1,786,809,118
2004	10,236,146,834	9,684,259,433	1,589,098,941
2003	9,796,788,763	9,660,815,811	1,513,706,569

Source: Official Statement Dated August 21, 2013

Schedule 8
 ALBUQUERQUE PUBLIC SCHOOLS
 INFORMATION ON REVENUE CAPACITY

INFORMATION ABOUT ASSESSED VALUATION - 10 YEARS

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>% Growth</u>
2012	\$ 14,645,970,276	-0.4%
2011	14,703,596,631	0.2%
2010	14,669,473,949	-2.9%
2009	15,100,118,203	6.0%
2008	14,244,852,529	8.1%
2007	13,182,532,511	9.1%
2006	12,079,222,249	5.5%
2005	11,451,528,185	11.7%
2004	10,247,676,234	4.6%
2003	9,796,788,763	3.3%
2002	9,482,500,353	
Average Annual Growth Rate		4.5%

Source: Official Statement Dated August 21, 2013

Schedule 9
ALBUQUERQUE PUBLIC SCHOOLS
INFORMATION ON REVENUE CAPACITY

INFORMATION ABOUT TAX RATES - 10 YEARS

Following is a ten year history of APS School tax rates

<u>Tax Year</u>	<u>Operational</u>		<u>Two Mill Levy</u>		<u>HB 33 Levy</u>		<u>GO</u> <u>Bonds</u>	<u>Debt Service</u> <u>Ed Tech</u> <u>Notes</u>	<u>Combined</u> <u>Debt Service</u>	<u>Total</u>	
	<u>Residential</u>	<u>Non-Residential</u>	<u>Residential</u>	<u>Non-Residential</u>	<u>Residential</u>	<u>Non-Residential</u>				<u>Residential</u>	<u>Non-Residential</u>
2012	\$0.274	\$0.500	\$2.000	\$2.000	\$3.874	\$4.344	\$3.416	\$0.899	\$4.315	\$10.463	\$11.159
2011	0.264	0.500	2.000	2.000	3.874	4.344	4.020	0.294	4.314	10.452	11.158
2010	0.256	0.500	2.000	2.000	3.874	4.344	4.317	0.000	4.317	10.447	11.161
2009	0.244	0.500	2.000	2.000	3.874	4.344	4.316	0.000	4.316	10.434	11.160
2008	0.238	0.500	1.999	2.000	3.812	4.344	4.304	0.000	4.304	10.353	11.148
2007	0.238	0.500	2.000	2.000	3.813	4.344	4.308	0.000	4.308	10.359	11.152
2006	0.241	0.500	1.994	2.000	3.862	4.344	2.167	0.000	2.167	8.264	9.011
2005	0.242	0.460	2.000	1.841	3.874	4.344	2.162	0.000	2.162	8.278	8.807
2004	0.240	0.500	2.000	2.000	3.874	4.344	2.166	0.000	2.166	8.280	9.010
2003	0.239	0.500	2.000	2.000	3.874	4.344	2.162	0.000	2.162	8.275	9.006

Source: Official Statement Dated August 21, 2013

STATEWIDE AVERAGE:

<u>Tax Year</u>	<u>Operational</u>		<u>Two Mill Levy</u>		<u>HB 33 Levy</u>		<u>GO</u> <u>Bonds</u>	<u>ETNs</u>	<u>Total</u>	
	<u>Residential</u>	<u>Non-Residential</u>	<u>Residential</u>	<u>Non-Residential</u>	<u>Residential</u>	<u>Non-Residential</u>			<u>Residential</u>	<u>Non-Residential</u>
2012	\$0.323	\$0.474	\$1.850	\$1.874	\$0.417	\$0.437	\$4.938	\$0.370	\$7.741	\$7.931

Source: New Mexico Public Education Department

Schedule 10
ALBUQUERQUE PUBLIC SCHOOLS
INFORMATION ON REVENUE CAPACITY

INFORMATION ABOUT TAX RATES - 10 YEARS

Article VIII, section 2, of the New Mexico Constitution limits the total ad valorem taxes for operational purposes levied by all overlapping governmental units within in the District to \$20.00 per \$1,000 of assessee. This limitation does not apply to levies for public debt and levies for additional taxes if authorized at an election by a majority of the qualified voters of the jurisdiction voting on the question. The following table summarizes the situation on residential property in Bernalillo County for the tax year 2012 and the previous nine years. A high level of taxation may impact the District's ability to repay the Notes and Bonds.

Bernalillo County Within 20 Mill Limit for General Purposes										
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Total Levy										
State of New Mexico	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Bernalillo County	7.208	6.866	6.665	6.340	6.184	6.183	6.113	6.131	7.031	7.007
City of Albuquerque	6.544	6.544	6.389	6.072	3.971	2.970	3.012	3.028	3.019	3.019
AMAFCA ⁽¹⁾	0.176	0.170	0.165	0.165	0.165	0.167	0.178	0.180	0.183	0.186
Albuquerque MSD # 12	<u>0.274</u>	<u>0.264</u>	<u>0.256</u>	<u>0.244</u>	<u>0.238</u>	<u>0.238</u>	<u>0.241</u>	<u>0.242</u>	<u>0.240</u>	<u>0.239</u>
Total	\$14.202	\$13.844	\$13.475	\$12.821	\$10.558	\$9.558	\$9.544	\$9.581	\$10.473	\$10.451
Over 20 Mill Limit - Interest, Principal, Judgment, etc.										
State of New Mexico	\$1.360	\$1.362	\$1.530	\$1.150	\$1.250	\$1.221	\$1.291	\$1.234	\$1.028	\$1.520
Bernalillo County	0.910	1.010	0.669	0.994	0.995	1.004	1.098	1.149	1.169	1.147
City of Albuquerque	4.976	4.976	4.976	4.976	6.976	7.976	7.976	7.976	7.976	7.976
AMAFCA ⁽¹⁾	0.675	0.675	0.675	0.675	0.675	0.675	0.675	0.675	0.675	0.675
Albuquerque MSD #12	<u>10.189</u>	<u>10.188</u>	<u>10.191</u>	<u>10.190</u>	<u>10.115</u>	<u>10.121</u>	<u>8.023</u>	<u>8.036</u>	<u>8.040</u>	<u>8.036</u>
UNM Hospital	6.400	6.400	6.400	6.400	6.401	6.400	6.482	6.500	6.500	6.500
Central New Mexico Community College	<u>3.344</u>	<u>3.237</u>	<u>3.158</u>	<u>3.046</u>	<u>2.990</u>	<u>2.992</u>	<u>3.027</u>	<u>3.038</u>	<u>3.019</u>	<u>3.011</u>
Total	\$27.854	\$27.848	\$27.599	\$27.431	\$29.402	\$30.389	\$28.572	\$28.608	\$28.407	\$28.865
TOTAL LEVY										
City of Albuquerque										
State of New Mexico	\$1.360	\$1.362	\$1.530	\$1.150	\$1.250	\$1.221	\$1.291	\$1.234	\$1.028	\$1.520
Bernalillo County	8.118	7.876	7.334	7.334	7.179	7.187	7.211	7.280	8.200	8.154
City of Albuquerque	11.520	11.520	11.365	11.048	10.947	10.946	10.988	11.004	10.995	10.995
AMAFCA ⁽¹⁾	0.851	0.845	0.840	0.840	0.840	0.842	0.853	0.855	0.858	0.861
Albuquerque MSD #12	<u>10.463</u>	<u>10.452</u>	<u>10.447</u>	<u>10.434</u>	<u>10.353</u>	<u>10.359</u>	<u>8.264</u>	<u>8.278</u>	<u>8.280</u>	<u>8.275</u>
UNM Hospital	6.400	6.400	6.400	6.400	6.401	6.400	6.482	6.500	6.500	6.500
Central New Mexico Community College	<u>3.344</u>	<u>3.237</u>	<u>3.158</u>	<u>3.046</u>	<u>2.990</u>	<u>2.992</u>	<u>3.027</u>	<u>3.038</u>	<u>3.019</u>	<u>3.011</u>
Total Residential	\$42.056	\$41.692	\$41.074	\$40.252	\$39.960	\$39.947	\$38.116	\$38.189	\$38.880	\$39.316
Total Non-Residential in	\$45.648	\$45.651	\$45.480	\$45.424	\$45.613	\$45.692	\$44.749	\$42.493	\$44.377	\$44.843
Village of Corrales										
Residential	\$30.816	\$28.859	\$28.406	\$30.902	\$31.209	\$31.449	\$29.065	\$29.753	\$28.840	\$30.399
Non-Residential	\$37.368	\$34.228	\$32.524	\$37.197	\$37.361	\$38.471	\$36.782	\$34.938	\$36.143	\$35.578
Village of Los Ranchos										
Residential	\$30.536	\$30.273	\$29.857	\$29.278	\$29.173	\$29.159	\$26.275	\$26.330	\$27.027	\$27.460
Non-Residential	\$36.353	\$35.076	\$34.948	\$34.818	\$35.093	\$35.172	\$32.100	\$30.170	\$32.587	\$33.323

(1) Albuquerque Metropolitan Arroyo Flood Control Authority.

Schedule 11
ALBUQUERQUE PUBLIC SCHOOLS
INFORMATION ON REVENUE CAPACITY

INFORMATION ABOUT PRINCIPAL REVENUE PAYERS

<u>Taxpayer</u>	<u>Business</u>	2012 <u>Valuation</u>	% of <u>Total A.V.</u>	<u>Taxpayer</u>	<u>Business</u>	2003 Assessed <u>Valuation</u>	% of <u>Total A.V.</u>
Public Service Co. of New Mexico	Electric Utility	\$154,384,030	1.05%	Qwest Communications	Telecommunications	\$100,941,715	0.99%
Century Link	Telecommunications	78,581,059	0.54%	PNM Electric	Electric Utility	121,419,009	1.19%
Public Service Co. of New Mexico	Gas Utility	42,183,531	0.29%	PNM Gas Services	Gas Utility	26,678,211	0.26%
Comcast	Cable Provider	34,501,285	0.24%	Simon Property Group	Cottonwood Shopping Mall	20,483,754	0.20%
Verizon	Wireless Communications	25,541,916	0.17%	Southwest Airlines	Airline	21,089,467	0.21%
Southwest Airlines	Airline	19,135,077	0.13%	Comcast Cablevision	Cable Provider	21,694,707	0.21%
Simon Property Group	Retail	15,962,333	0.11%	Heitman Properties of NM	Coronado Shopping Mall	19,111,489	0.19%
AHS Medical Center	Medical	12,051,009	0.08%	Crescent Real Estate	Hyatt Hotel	15,965,071	0.16%
ABQ Uptown LLC	Retail	10,097,800	0.07%	Verizon Wireless	Wireless Communications	14,715,110	0.14%
Cricket	Telecommunications	<u>9,842,230</u>	<u>0.07%</u>	GCC Rio Grande Inc.	Real Estate	<u>17,666,667</u>	<u>0.17%</u>
Top Ten Centrally and Locally Assessed Values		\$402,280,270	2.75%	Top Ten Centrally and Locally Assessed Values		\$379,765,200	3.72%
Total 2012 Assessed Valuation		\$14,645,970,276		Total 2003 Assessed Valuation		\$9,796,788,763	

Source: Official Statement Dated August 21, 2013

Schedule 12
ALBUQUERQUE PUBLIC SCHOOLS
INFORMATION ON REVENUE CAPACITY

INFORMATION ABOUT TAX LEVIES AND COLLECTIONS - 10 YEARS

Bernalillo County

Tax Year	Fiscal Year	Net Taxes Charged to Treasurer	Current Tax Collections ⁽¹⁾	Current Collections as a % of Net Levied	Current/Delinquent Tax Collections ⁽²⁾	Current/Delinquent Collections as a % of Net Levied
2012	12/13	\$601,844,884	\$580,736,950	96.49%	\$580,736,950	96.49%
2011	11/12	593,019,949	570,354,626	96.18%	583,066,862	98.32%
2010	10/11	585,432,230	559,806,155	95.62%	578,868,131	98.88%
2009	09/10	594,170,426	561,435,327	94.49%	584,186,271	98.32%
2008	08/09	565,045,755	541,204,499	95.78%	562,335,609	99.52%
2007	07/08	533,488,014	513,363,469	96.23%	530,519,998	99.44%
2006	06/07	459,924,205	443,198,371	96.36%	457,738,164	99.52%
2005	05/06	427,818,360	411,172,774	96.11%	426,755,529	99.75%
2004	04/05	400,292,096	383,127,289	95.71%	398,976,189	99.67%
2003	03/04	386,695,130	375,332,266	97.06%	385,425,233	99.67%

(1) As of June 30 of each fiscal year.

(2) Fiscal year 2012-13, as of June 2013

Source: Official Statement Dated August 21, 2013

Sandoval County

Tax Year	Fiscal Year	Net Taxes Charged to Treasurer	Current Tax Collections ⁽¹⁾	Current Collections as a % of Net Levied	Current/Delinquent Tax Collections ⁽²⁾	Current/Delinquent Collections as a % of Net Levied
2012	12/13	\$114,396,660	\$109,098,898	95.37%	\$109,098,898	95.37%
2011	11/12	111,924,650	107,182,149	95.76%	109,640,881	97.96%
2010	10/11	113,276,279	107,439,020	94.85%	112,285,005	99.12%
2009	09/10	110,756,928	104,094,225	93.98%	109,891,186	99.22%
2008	08/09	87,852,988	81,821,415	93.13%	87,534,928	99.64%
2007	07/08	75,464,680	70,795,219	93.81%	74,173,559	98.29%
2006	06/07	61,559,342	56,076,117	91.09%	58,771,924	95.47%
2005	05/06	50,318,727	48,414,225	96.22%	50,578,473	100.52%
2004	04/05	45,070,232	43,062,828	95.55%	44,974,285	99.79%
2003	03/04	41,186,554	39,837,804	96.73%	41,090,820	99.77%

(1) As of June 30 of each fiscal year.

(2) Fiscal year 2012-13, as of June 2013

Source: Official Statement Dated August 21, 2013

Schedule 13
ALBUQUERQUE PUBLIC SCHOOLS

DEBT CAPACITY INFORMATION

Outstanding Debt at June 30, 2013

Series	Original Amount Issued	Final Maturity	Principal Outstanding
2001 GOB	\$ 50,850,000	8/1/2016	\$ -
2004 GOB	28,010,000	8/1/2020	750,000
2004 QZAB	4,625,000	8/1/2020	1,668,825
2005 GOB	21,375,000	8/1/2014	-
2006 QZAB	7,160,000	8/1/2020	2,994,610
2006C GOB 10/2006	63,980,000	8/1/2021	11,760,000
2007 GOB 12/2007	75,000,000	8/1/2022	47,450,000
2008B GOB	134,000,000	8/1/2023	110,000,000
2009 General Obligation Bonds (2009)	124,700,000	8/1/2022	91,600,000
2009C QSCB	14,300,000	8/1/2024	14,300,000
2009D Refunding	16,800,000	8/1/2018	14,545,000
2010A GOB Regular Bonds	85,410,000	8/1/2021	77,400,000
2010B GOB QSCB	32,690,000	8/1/2027	32,690,000
2010C GOB BAB	31,900,000	8/1/2024	31,900,000
2011 GOB Refunding	8,940,000	8/1/2016	6,020,000
2011 Education Technology Notes	18,600,000	8/1/2015	14,310,000
2012 Refunding	39,670,000	8/1/2021	39,670,000
2012 Education Technology Notes	13,000,000	8/1/2017	13,000,000
	<u>\$ 771,010,000</u>		<u>\$ 510,058,435</u>

Source: APS Financial Report-Note 8

Schedule 14
ALBUQUERQUE PUBLIC SCHOOLS
DEBT INFORMATION

Statement of Estimated Direct and Overlapping Debt

Entity	2013 Preliminary Assessed Value	G/O Debt Outstanding	Percent Applicable	Amount
State of New Mexico	\$54,288,948,607	\$372,700,000	26.694%	\$99,489,537
City of Albuquerque	11,735,108,416	395,542,916	100.00%	395,542,916
Bernalillo County	14,243,481,786	116,105,000	98.28%	114,113,661
Sandoval County	3,143,638,178	16,490,000	2.33%	384,963
Central New Mexico Community College	16,589,690,590	53,530,000	98.30%	52,619,990
Village of Los Ranchos	225,104,345	3,400,000	100.00%	3,400,000
AMAFCA	13,712,145,152	30,625,000	100.00%	30,625,000
S. Sandoval County AFCA	2,491,238,238	25,770,000	2.31%	595,287
Albuquerque MSD #12	14,492,037,500	501,915,000 ^{(1) (2)}	100.00%	501,915,000 ^{(1) (2)}
Total Direct & Overlapping Debt				\$1,198,686,354

Ratio of Estimated Direct & Overlapping Debt to 2013 Preliminary Assessed Valuation: 8.27%

Ratio of Estimated Direct & Overlapping Debt to 2013 Preliminary Actual Valuation: 2.24%

Per Capita Direct & Overlapping Debt: \$1,786.70

Source: Official Statement Dated August 21, 2013

Schedule 15
ALBUQUERQUE PUBLIC SCHOOLS

DEBT CAPACITY INFORMATION

Debt Service Requirements to Maturity

General Obligation Bonds

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2014	35,371,792	18,487,512	53,859,304
2015	36,761,792	17,175,837	53,937,629
2016	37,481,792	15,813,088	53,294,880
2017	37,716,792	14,386,138	52,102,930
2018	37,841,792	12,875,038	50,716,830
2019-2023	206,684,475	38,715,593	245,400,068
2024-2029	90,890,000	6,473,875	97,363,875
Totals	\$ 482,748,435	\$ 123,927,081	\$ 606,675,516

Educational Technology Notes

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2014	11,915,000	684,850	12,599,850
2015	5,745,000	440,025	6,185,025
2016	5,750,000	190,750	5,940,750
2017	1,950,000	43,750	1,993,750
2018	1,950,000	14,625	1,964,625
Totals	\$ 27,310,000	\$ 1,374,000	\$ 28,684,000

Source: APS Financial Statement

Schedule 16
ALBUQUERQUE PUBLIC SCHOOLS
DEBT INFORMATION

LEGAL DEBT MARGIN

Article IX, Section 11 of the New Mexico Constitution limits the powers of a District to incur general obligation debt extending beyond the fiscal year. The District can incur such debt for "the purpose of erecting, remodeling, making additions to and furnishing school buildings or purchasing or improving school grounds or purchasing computer software or hardware for student use in public school classrooms or any combination of these purposes" but only after the proposition to create any such debt has been submitted to a vote of the qualified electors of the District, and a majority of those voting on the question vote in favor of creating the debt. The total indebtedness of the District may not exceed six percent of the assessed valuation of the taxable property within the District as shown by the last preceding general assessment. The District also may create a debt by entering into a lease-purchase arrangement to acquire education technology equipment without submitting the proposition to a vote of the qualified electors of the District, but any such debt is subject to the 6% debt limitation. An issuance of refunding bonds does not have to be submitted to a vote of the qualified electors of the District.

The preliminary valuation of taxable property within the District is \$14,645,970,276 for the tax year 2012. Therefore, the maximum general obligation debt may not exceed \$878,758,217

The calculation of the legal debt margin and ratio of outstanding debt to total personal income for the current and previous nine fiscal years is summarized below:

Fiscal Year	Tax Year	Assessed Value ¹	Debt Limit 6%	Outstanding Debt ²	Debt Service Fund Balance ²	Net Debt ³	Legal Debt Margin ⁴	Ratio of Debt Margin to Debt Limit	Estimated Populations ⁵	Total Net Debt per Capita
2013	2012	\$ 14,645,970,276	\$ 878,758,217	\$ 510,058,435	\$ 68,314,017	\$ 441,744,418	\$ 437,013,799	50%	\$ 901,700	\$ 489.90
2012	2011	14,703,596,631	882,215,798	539,480,227	58,624,175	480,856,052	401,359,746	45%	887,320	\$ 540.30
2011	2010	14,669,473,949	880,168,437	593,583,990	56,731,992	536,851,998	343,316,439	39%	887,568	\$ 605.19
2010	2009	15,100,118,203	906,007,092	463,940,223	51,764,922	412,175,301	493,831,791	55%	855,604	\$ 481.74
2009	2008	14,244,852,529	854,691,152	471,638,009	28,553,941	443,084,068	411,607,084	48%	844,699	\$ 524.55
2008	2007	13,182,532,511	790,951,951	217,232,025	59,350,822	157,881,203	633,070,748	80%	833,232	\$ 189.48
2007	2006	11,926,144,157	715,568,649	164,465,561	30,918,292	133,547,269	582,021,380	81%	816,808	\$ 163.50
2006	2005	11,451,528,185	687,091,691	127,391,613	24,563,627	102,827,986	584,263,705	85%	797,788	\$ 128.89
2005	2004	10,236,146,834	614,168,810	84,790,000	21,488,614	63,301,386	550,867,424	90%	780,142	\$ 81.14
2004	2003	9,796,788,763	587,807,326	120,520,000	18,866,065	101,653,935	486,153,391	83%	765,629	\$ 132.77
2003	2002	9,549,617,685	572,977,061	135,380,000	18,614,750	116,765,250	456,211,811	80%	753,492	\$ 154.97

1- Source: Bernalillo and Sandoval Counties Assessor's Offices

2- Source: APS financial statements-Exhibit B-1, Schedule 13

3- Net debt equals outstanding debt less debt service fund balance

4- Legal debt margin equals debt limit less net debt

5- Estimated population from Schedule 22-Demographic Information-Page 392

Schedule 17
ALBUQUERQUE PUBLIC SCHOOLS
OPERATING DATA

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST NINE FISCAL YEARS

	2012	2011	2010	2009	2008	2007	2006	2005	2004
Instruction	8,034	7,791	7,674	7,556	7,824	7,881	7,938	7,836	7,730
Support Services	3,079	2,973	3,758	3,678	3,961	3,702	3,215	3,294	3,288
Non-Instructional Services	549	490	526	414	191	503	473	391	396
Capital Outlay	82	88	85	86	79	99	-	-	-
TOTAL	11,744	11,342	12,043	11,734	12,055	12,185	11,626	11,521	11,414

Schedule 18
ALBUQUERQUE PUBLIC SCHOOLS
OPERATING DATA

STUDENT ENROLLMENT

Average 80/120 Day Enrollment-Pupil Count-910B-5

	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>
Elementary School	44,332	45,370	45,101	44,778	44,531	44,172	43,488	42,849	43,523	41,315
Middle School	19,251	19,433	19,355	19,532	19,517	19,705	20,047	19,895	19,695	19,872
High School	23,502	23,570	23,580	23,401	23,344	24,133	23,793	23,954	24,226	24,015
APS Authorized Charter Schools	<u>5,024</u>	<u>5,215</u>	<u>4,447</u>	<u>5,979</u>	<u>7,034</u>	<u>6,536</u>	-	-	-	-
Total	92,109	93,587	92,482	93,689	94,426	94,546	87,328	86,698	87,443	85,202

Source: Enrollment data is based on the 80/120 day average enrollments from the State Equalization Funding Formula

Schedule 19
ALBUQUERQUE PUBLIC SCHOOLS
OPERATING DATA

FINAL FUNDED STATE EQUALIZATION GUARANTEE
PROGRAM COST

Fiscal Year	Program Unit Value	Number of Program Units	Program Cost	75% Credits	Final Funded SEG
2012-2013	\$ 3,673.54	161,693.72	\$ 593,988,348	\$ (3,853,666)	\$ 590,134,682
2011-2012	\$ 3,598.87	163,126.23	\$ 587,070,110	\$ (3,672,011)	\$ 583,398,099
2010-2011	\$ 3,712.17	162,940.74	\$ 604,863,794 *	\$ (3,574,543)	\$ 601,289,251
2009-2010	\$ 3,792.65	162,000.14	\$ 614,409,812 **	\$ (3,814,796)	\$ 610,595,016
2008-2009	\$ 3,871.79	161,401.11	\$ 624,911,192	\$ (3,648,475)	\$ 621,262,717
2007-2008	\$ 3,674.26	166,348.36	\$ 611,207,133	\$ (3,547,010)	\$ 607,660,123
2006-2007	\$ 3,446.44	167,689.88	\$ 577,933,120	\$ (2,810,191)	\$ 575,122,929
2005-2006	\$ 3,198.01	158,601.40	\$ 521,734,335	\$ (2,820,238)	\$ 518,914,097
2004-2005	\$ 3,068.70	160,800.81	\$ 493,449,455	\$ (2,752,608)	\$ 490,696,847
2003-2004	\$ 2,976.20	156,975.49	\$ 467,190,462	\$ (3,602,366)	\$ 463,588,096
2002-2003	\$ 2,889.89	152,783.55	\$ 441,527,648	\$ (2,663,498)	\$ 438,864,150

⁽¹⁾ - Includes \$23,284,057 in Federal ARRA Stabilization Funds

⁽²⁾ - Includes \$54,203,625 in Federal ARRA Stabilization Funds

Source: APS Financial Statements

Schedule 20
ALBUQUERQUE PUBLIC SCHOOLS
OPERATING DATA

APS FACILITIES

Facility	Year of Construction	Permanent S F	Portable SF	Total SF
Elementary Schools				
DENNIS CHAVEZ ES	1978	68,580	14,784	83,364
ACOMA ES	1959	45,141	0	45,141
ADOBE ACRES ES	1964	54,254	25,792	80,046
ALAMEDA ES	1954	42,551	3,360	45,911
ALAMOSA ES	1959	37,580	26,880	64,460
ALVARADO ES	1952	43,945	5,376	49,321
APACHE ES	1967	53,678	5,152	58,830
ARMIJO ES	1960	59,827	4,480	64,307
ATRISCO ES	1960	58,652	2,576	61,228
JOHN BAKER ES	1970	66,847	2,688	69,535
EDMUND G. ROSS ES	1983	58,904	6,259	65,163
HUBERT HUMPHREY ES	1978	61,704	14,736	76,440
BANDELIER ES	1939	61,576	14,112	75,688
BARCELONA ES	1961	60,210	16,128	76,338
ONATE ES	1973-75	34,781	10,528	45,309
BEL-AIR ES	1952-54	70,599	4,920	75,519
BELLEHAVEN ES	1966	44,989	6,272	51,261
GOVERNOR BENT ES	1963	40,829	23,968	64,797
KIT CARSON ES	1970	52,531	19,680	72,211
CHAPARRAL ES(Including SPED Pre-K)	1984	55,050	37,632	92,682
CHELWOOD ES	1980	75,948	13,768	89,716
COCHITI ES	1961	44,380	6,272	50,652
COLLET PARK ES	1961	42,344	2,463	44,807
COMANCHE ES	1966	39,622	9,856	49,478
CORONADO ES	1936	43,036	0	43,036
DOLORES GONZALES ES	1975	35,566	17,360	52,926
DURANES ES (E)	1947	51,756	3,584	55,340
MARY ANN BINFORD ES	1984	46,427	27,776	74,203
EAST SAN JOSE ES	1958	60,988	7,186	68,174
EMERSON ES	1952	62,840	4,256	67,096
EUBANK ES	1956	45,890	14,336	60,226
MANZANO MESA ES	2004	65,516	16,128	81,644
EUGENE FIELD ES	1927	48,639	3,472	52,111
EDWARD GONZALES ES	2004	73,601	10,762	84,363
VENTANA RANCH ES	2004	69,761	29,568	99,329
SEVEN BAR ES	2002	63,208	24,080	87,288
GRIEGOS ES	1957	46,749	0	46,749
NORTH STAR ES	2006	79,693	0	79,693
HAWTHORNE ES	1954-56	59,951	8,200	68,151
HODGIN ES	1958	66,752	13,104	79,856
PAINTED SKY ES	1998	69,778	28,674	98,452
INEZ ES	1952	52,925	7,952	60,877
KIRTLAND ES	1961	46,586	6,452	53,038
SUSIE RAYOS MARMON ES	2009-10	94,806	7,952	102,758
LA LUZ ES	1955	49,065	2,607	51,672
LA MESA ES	1981	69,541	13,888	83,429

Schedule 20
ALBUQUERQUE PUBLIC SCHOOLS
OPERATING DATA

APS FACILITIES

Facility	Year of Construction	Permanent S F	Portable SF	Total SF
LAVALAND ES	1946	43,171	21,952	65,123
LONGFELLOW ES	1982	47,698	0	47,698
CHAMIZA ES	1995	57,307	13,440	70,747
LOS PADILLAS ES	1965	35,945	9,856	45,801
LOWELL ES	1954	41,461	12,880	54,341
MacARTHUR ES	1948	38,612	7,616	46,228
MATHESON PARK ES	1967	33,743	9,632	43,375
McCOLLUM ES	1961	58,847	7,840	66,687
MISSION AVENUE ES	1953	46,533	12,300	58,833
MITCHELL ES	1962	48,030	6,048	54,078
MONTE VISTA ES	1931	49,518	6,272	55,790
MONTEZUMA ES	1953	75,997	0	75,997
PETROGLYPH ES	1992	55,609	11,760	67,369
A. MONTOYA ES	1991	65,971	0	65,971
MOUNTAIN VIEW ES	1952	41,412	12,432	53,844
NAVAJO ES	1967	54,000	22,400	76,400
GEORGIA OKEEFFE ES	2010	85,000	0	85,000
ARROYO DEL OSO ES	1974	40,690	9,968	50,658
REGINALD CHAVEZ ES	1966	41,799	4,480	46,279
OSUNA ES	1968-70	44,289	4,480	48,769
PAJARITO ES	1993	61,662	9,408	71,070
LOS RANCHOS ES	1953	51,601	5,376	56,977
CARLOS REY ES	1959	70,006	25,160	95,166
SAN ANTONITO ES	1958	52,823	896	53,719
SANDIA BASE ES	1949-50	45,690	5,740	51,430
DOUBLE EAGLE ES	1996	62,371	3,280	65,651
CORRALES ES	1964	70,034	0	70,034
SIERRA VISTA ES	1966	53,541	19,712	73,253
SOMBRA DEL MONTE ES	1954-56	54,231	8,064	62,295
S.Y. JACKSON ES	1971	51,288	4,100	55,388
TOMASITA ES	1973	55,759	8,960	64,719
MARK TWAIN ES	1954	59,879	12,544	72,423
MARIE M. HUGHES ES	1981	45,974	23,136	69,110
VALLE VISTA ES	1952	52,480	19,712	72,192
LEW WALLACE ES	1934	34,089	0	34,089
WHERRY ES	1952	52,573	14,760	67,333
WHITTIER ES	1950	58,664	9,928	68,592
ZIA ES	1950	49,231	10,752	59,983
ZUNI ES	1960	46,373	10,752	57,125
TIERRA ANTIGUA ES	2009	85,304	0	85,304
RUDOLFO ANAYA ES	2009	85,304	5,376	90,680
SUNSET VIEW ES	2009	85,304	0	85,304
HELEN CORDERO PRIMARY SCHOOL	2009	83,877	0	83,877
Total Elementary Schools (89)		<u>4,951,286</u>	<u>896,031</u>	<u>5,847,317</u>

Schedule 20
ALBUQUERQUE PUBLIC SCHOOLS
OPERATING DATA

APS FACILITIES

Facility	Year of Construction	Permanent S F	Portable SF	Total SF
Middle Schools				
JOHN ADAMS MS	1956	111,654	16,400	128,054
CLEVELAND MS	1963	97,938	17,920	115,858
GARFIELD MS	1951	89,024	7,168	96,192
GRANT MS	1961	103,602	13,120	116,722
HARRISON MS	1960	113,808	20,608	134,416
HAYES MS	1963	97,142	14,336	111,478
HOOVER MS	1966	104,380	7,840	112,220
JACKSON MS	1958	79,078	9,856	88,934
JEFFERSON MS	1938	116,204	7,168	123,372
KENNEDY MS	1965	100,230	7,552	107,782
DESERT RIDGE MS	1997	148,079	8,960	157,039
MADISON MS	1959	111,332	9,856	121,188
McKINLEY MS	1956	78,311	17,024	95,335
JIMMY CARTER MS	2000	142,267	28,672	170,939
POLK MS	1968	84,949	4,920	89,869
ERNIE PYLE MS	1951	172,273	3,360	175,633
ROOSEVELT MS	1950	100,190	3,280	103,470
TAFT MS	1958	107,904	15,232	123,136
TAYLOR MS	1964	97,916	17,920	115,836
VAN BUREN MS	1960	107,828	5,376	113,204
WASHINGTON MS	1982	92,208	3,280	95,488
WILSON MS	1953	100,408	0	100,408
TRUMAN MS	1975	126,452	47,986	174,438
EISENHOWER MS	1975	108,345	28,672	137,017
LBJ MS	1992	158,691	7,168	165,859
JAMES MONROE MS	2001	147,100	3,584	150,684
TONY HILLERMAN MS	2009	172,000	0	172,000
Total Middle Schools (27)		3,069,313	327,258	3,396,571
High Schools				
DEL NORTE HS	1964-65	305,891	0	305,891
ELDORADO HS	1970-71	351,116	19,504	370,620
NEX+GEN ACADEMY HS	2010	46,894	0	46,894
HIGHLAND HS	1949	390,630	7,168	397,798
LA CUEVA HS	1986	387,921	0	387,921
MANZANO HS	1961	364,912	43,900	408,812
RIO GRANDE HS	1959	373,714	17,014	390,728
SANDIA HS	1958	326,965	9,856	336,821
VALLEY HS	1954-55	338,700	10,680	349,380
WEST MESA HS	1967	313,090	52,480	365,570
VOLCANO VISTA HS	2007-2009	484,630	0	484,630
ATRISCO HERITAGE ACADEMY HS	2008-2010	473,000	0	473,000
CIBOLA HS	1975	339,665	54,880	394,545
ALBUQUERQUE HS	1975	292,761	18,860	311,621
Total High Schools (14)		4,789,889	234,342	5,024,231
Total Traditional Schools		12,810,488	1,457,631	14,268,119

Schedule 20
ALBUQUERQUE PUBLIC SCHOOLS
OPERATING DATA

APS FACILITIES

Facility	Year of Construction	Permanent S F	Portable SF	Total SF
Alternative Schools				
Sandia Mountain Natural History Center (Sandia Rec)		13,200	0	13,200
eCademy HS - APS Alternative Education Complex	2011	44,397	0	44,397
NEW FUTURES - APS Alternative Education Complex	1989	35,933	0	35,933
CAREER ENRICHMENT CENTER FREEDOM HS - APS Alternative Education Complex	1975	42,246	10,660	52,906
SCHOOL ON WHEELS (Hartline SW)	1950	41,434	0	41,434
SCHOOL ON WHEELS (Western Trail NW)	1955	17,546	1,792	19,338
VISION QUEST	2008	0	8,736	8,736
	1952-54 (NewBldg)	0	3,380	3,380
Desert Willow Family School - East Side	2009)	27,659	1,792	29,451
Alternative Schools		222,415	32,100	248,775
Total Schools		13,032,903	1,489,731	14,516,894
Administrative Facilities				
CITY CENTRE	1974	178,851	0	178,851
Aztec Complex	1957	35,025	10,752	45,777
Montgomery Complex	1955	35,832	25,110	60,942
FOOD SERVICES(Rankin)	1981	15,299	2,460	17,759
FOOD SERVICES (old Kmart on Louisiana)	1960-70?	100,000		100,000
KANW RADIO STATION	1950	1,580	0	1,580
<u>LINCOLN COMPLEX</u>				
Lincoln - Main Building	1922	32,061		32,061
Special Projects	1950	8,652		8,652
Minor Shops Building	1955	3,364		3,364
Minor Shops Building	1969	16,191		16,191
Warehouse Yard Area	1965	10,280		10,280
Major Shops Building	1949	13,866		13,866
Warehouse Building	1949/55/61	32,078		32,078
Building Services - Mechanics / Electrical Carpentry	1940	3,648		3,648
Fleet Maintenance Repair Shop	2003	14,826		14,826
Environmental Management Sheds			764	764
Welding Building	1995	6,220		6,220
Central Kitchen / Materials Warehouse	1974	76,748	818	77,566
Facilities Design and Construction	1924	5,627		5,627
DLITS / Data Center	1987	34,600		34,600
Salvage	1974		6,688	6,688
Play Ground Repair & Construction	1940	5,289		5,289
Grounds Building	1970		6,314	6,314
Mason building	1992	2,157		2,157

Schedule 20
ALBUQUERQUE PUBLIC SCHOOLS
OPERATING DATA

APS FACILITIES

Facility	Year of Construction	Permanent S F	Portable SF	Total SF
Structural Shops Shed	1940	2,157		2,157
RDA	2009	4,603		4,603
Other Portable Buildings			1,792	1,792
<u>Lowell West Admin Park</u>				
ACCESS (Lowell West)		0	9,856	9,856
Clothing Bank(Lowell West)		0	4,480	4,480
ROTC (Lowell West)		0	1,792	1,792
Title 1(Lowell West)		0	8,960	8,960
NorthWest Diagnostic Center (Portable Complex)	2010	0	8,960	8,960
NorthEast Diagnostic Center (Portable Complex)	2010	0	9,856	9,856
SouthEast Diagnostic Center (Special Education Diagnostician Office Park))	2010	0	13,440	13,440
MILNE STADIUM	1939	7,820	0	7,820
WILSON STADIUM	1961	7,214	0	7,214
NW Soccer Complex	2009	3,946	0	3,946
Total Admin		673,782	112,042	785,824
Total APS Facilities		13,706,685	1,601,773	15,302,718
Charter Schools				
Montessori of the Rio Grande Charter School		14,671	0	14,671
Native American Community Academy	portables only	0	30,912	30,912
Old Armijo bldg AKA Nuestros Valores Charter		0	0	0
Public Academy for Performing Arts	portables only	0	29,568	29,568
Robert F. Kennedy High School	portables only	0	43,904	43,904
South Valley Academy		0	0	0
Juvenile Detention Center	portables only		4,480	
Total Charter Schools		14,671	104,384	119,055
Total APS Facilities (Including Charters Schools)		13,721,356	1,706,157	15,421,773

Schedule 21
ALBUQUERQUE PUBLIC SCHOOLS
DEMOGRAPHIC INFORMATION

POPULATION INFORMATION

US Census <u>Year</u>	Albuquerque <u>MSA</u>	<u>% Change</u>	State of <u>New Mexico</u>	<u>% Change</u>
1960	323,473		951,023	
1970	379,132	17.2%	1,017,055	6.9%
1980	492,922	30.0%	1,303,143	28.1%
1990	599,416	21.6%	1,515,069	16.3%
2000	729,649	21.7%	1,821,078	20.2%
2010	867,318	18.9%	2,065,826	13.4%
2020	N/A		2,351,724	13.8%
2030	N/A		2,613,332	11.1%
2040	N/A		2,827,692	8.2%

% of Population

<u>Age</u>	Albuquerque <u>MSA</u>	New <u>Mexico</u>	United <u>States</u>
0 - 17	24.4%	25.0%	23.7%
18 - 24	9.6%	9.9%	10.0%
25 - 34	13.7%	13.0%	13.1%
35 - 44	12.6%	11.9%	12.9%
45 - 54	13.7%	13.3%	14.0%
55 & Older	26.0%	26.9%	26.3%

Source: Official Statement dated August 21, 2013

Schedule 22
ALBUQUERQUE PUBLIC SCHOOLS
DEMOGRAPHIC INFORMATION

Total Population Estimates

New Mexico Metropolitan Statistical Areas: 2000 to 2012

Area	July 1, 2012 ^p	July 1, 2011 ^r	July 1, 2010 ^f	July 1, 2009 ^f	July 1, 2008 ^f	July 1, 2007 ^f	July 1, 2006 ^f	July 1, 2005 ^f	July 1, 2004 ^f	July 1, 2003 ^f	July 1, 2002 ^f	July 1, 2001 ^f	July 1, 2000 ^f	April 1, 2000 ^f Population Estimates	Census 2000 Population
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Base	Population
New Mexico	2,085,538	2,078,674	2,064,767	2,007,315	1,984,179	1,966,357	1,940,631	1,914,699	1,890,215	1,868,121	1,849,187	1,828,437	1,820,802	1,819,017	1,819,046
Metro Portion ¹	1,391,049	1,383,646	1,374,478	1,334,083	1,314,525	1,297,575	1,274,074	1,249,238	1,224,578	1,204,630	1,185,112	1,163,146	1,151,028	1,147,725	1,147,424
Albuquerque MSA ²	901,700	897,320	889,568	855,604	844,699	833,232	816,808	797,788	780,142	765,629	753,492	739,700	731,957	729,729	729,649
Farmington MSA ³	128,529	128,063	130,144	124,550	122,640	122,359	121,707	122,024	120,972	119,920	118,335	115,161	114,029	113,812	113,801
Las Cruces MSA ⁴	214,445	212,944	210,325	206,395	201,706	198,551	194,117	189,590	185,256	182,444	178,735	176,675	175,199	174,880	174,682
Santa Fe MSA ⁵	146,375	145,319	114,441	147,534	145,480	143,433	141,442	139,836	138,208	136,637	134,550	131,610	129,843	129,304	129,292
Nonmetro Portion ¹	694,489	695,028	690,289	673,232	669,654	668,782	666,557	665,461	665,637	663,491	664,075	665,291	669,774	671,292	671,622

p Preliminary.

r Revised.

1 Metropolitan and nonmetropolitan portions are based on current metropolitan statistical area (MSA) definitions.

2 Bernalillo, Sandoval, Torrance and Valencia counties.

3 San Juan County.

4 Dona Ana County.

5 Santa Fe County.

Note: The entire annual series of metro area estimates will be revised to be consistent with the April 1, 2010 Census counts.

Source: U.S. Dept. Of Commerce, Bureau of the Census, Population Estimates Program, Population Division.

Table prepared by: Bureau of Business and Economic Research, University of New Mexico.

Schedule 23
ALBUQUERQUE PUBLIC SCHOOLS
DEMOGRAPHIC INFORMATION

EMPLOYMENT

Year	<u>Albuquerque MSA</u>		<u>State of New Mexico</u>		<u>United States</u>
	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Labor Force</u>	<u>Percent Unemployed</u>	<u>Percent Unemployed</u>
2013*	399,188	6.60%	936,300	6.40%	7.60%
2012	396,421	6.90%	929,362	6.50%	8.10%
2011	398,129	7.00%	929,230	6.60%	8.50%
2010	410,134	8.40%	957,591	8.10%	9.40%
2009	407,396	7.00%	947,309	5.20%	7.60%
2008	411,990	4.80%	959,884	4.50%	4.90%
2007	409,370	3.70%	947,622	3.80%	4.60%
2006	407,076	4.70%	944,475	5.00%	4.70%
2005	406,138	4.00%	947,696	4.40%	5.50%
2004	394,696	4.40%	902,523	5.30%	6.00%
2003	389,299	5.00%	890,997	5.90%	6.00%

* As of May 2013

Source: Official Statement dated August 21, 2013

Schedule 24
ALBUQUERQUE PUBLIC SCHOOLS
DEMOGRAPHIC INFORMATION

Major Employers in the Albuquerque Metropolitan Area

<u>Employer</u>	<u>Business</u>	<u>2012</u>			<u>2011</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Kirtland AFB (Civilian)	Defense	16,728	1	4.22%	16,200	1	4.07%
University of New Mexico	Education	15,360	2	3.87%	15,890	2	3.99%
Albuquerque Public Schools	Education	17,810	3	4.49%	14,000	3	3.52%
Sandia National Labs	Research Development	8,856	4	2.23%	7,940	4	1.99%
Presbyterian	Healthcare	7,310	5	1.84%	7,369	5	1.85%
UNM Hospital	Healthcare	5,960	6	1.50%	5,950	6	1.49%
City of Albuquerque	Government	5,500	7	1.39%	5,940	7	1.49%
State of New Mexico	Government	4,950	8	1.25%	5,910	8	1.48%
Lovelace	Healthcare	4,000	9	1.01%	3,700	9	0.93%
Intel Corporation	Semiconductor Manufacturer	3,500	10	0.88%	3,300	10	0.83%
Ten Largest Employers		89,974		22.60%	86,199		21.65%

Source: Albuquerque Economic Development

Schedule 25
ALBUQUERQUE PUBLIC SCHOOLS
DEMOGRAPHIC INFORMATION

HOUSEHOLD INCOME

Estimated Median Household Income

<u>YEAR</u>	<u>Albuquerque MSA</u>	<u>New Mexico</u>	<u>United States</u>
2013	\$48,494	\$43,273	\$49,297
2012	\$45,942	\$41,958	\$49,581
2011	\$46,022	\$42,030	\$49,726
2010	\$47,775	\$43,932	\$52,795
2009	\$46,392	\$42,752	\$51,433

Percent of Household by Effective Buying Income Groups - April 2013

<u>Effective Buying Income Group</u>	<u>Albuquerque MSA</u>	<u>New Mexico</u>	<u>United States</u>
Under \$25,000	25.3%	29.7%	25.4%
\$25,000 - \$34,999	11.0%	11.9%	10.9%
\$35,000 - \$49,999	15.2%	15.1%	14.4%
\$50,000 - \$74,999	18.5%	17.6%	18.1%
\$75,000 & Over	30.0%	25.6%	31.2%

Source: Official Statement dated August 31, 2013

Schedule 26
ALBUQUERQUE PUBLIC SCHOOLS
DEMOGRAPHIC INFORMATION

Total Personal Income¹ (\$000s), by Metropolitan and Nonmetropolitan Portions: 2002-2011

Area	2011 ^p	2010 ^r	2009 ^r	2008 ^r	2007	2006	2005	2004	2003	2002
Metropolitan Portion ²	\$48,191,233	\$47,039,405	\$45,601,156	\$46,394,948	\$43,892,552	\$41,432,873	\$38,387,997	\$35,696,497	\$33,339,563	\$32,194,081
Albuquerque MSA ³	31,459,030	30,687,620	29,899,277	30,310,730	28,819,987	27,377,152	25,338,334	23,662,762	22,237,929	21,494,461
Farmington MSA ⁴	4,022,020	3,832,208	3,754,688	3,999,896	3,568,773	3,331,394	3,043,813	2,781,849	2,577,220	2,460,259
Las Cruces MSA ⁵	6,400,012	6,249,942	5,865,691	5,698,173	5,297,009	4,857,042	4,544,076	4,177,217	3,865,773	3,702,346
Santa Fe MSA ⁶	6,310,171	6,269,635	6,081,500	6,395,149	6,206,783	5,867,285	5,461,774	5,074,669	4,658,641	4,537,015
Nonmetro Portion ²	22,881,953	21,842,953	20,369,051	20,942,942	19,143,125	17,841,494	16,953,829	15,882,194	14,799,841	14,146,434
New Mexico	\$71,073,186	\$68,882,358	\$65,970,207	\$67,337,890	\$63,035,677	\$59,274,367	\$55,341,826	\$51,578,691	\$48,139,404	\$46,340,515

p Preliminary.

r Revised.

1 Total personal income data are by place of residence.

2 Metropolitan and nonmetropolitan portions are based on current metropolitan statistical area (MSA) definitions.

3 Bernalillo, Sandoval, Tarrant and Valencia counties.

4 San Juan County.

5 Dona Ana County.

6 Santa Fe County.

Source: U.S. Department of Commerce, Bureau of Economic Analysis. Data released April 25, 2012

Table prepared by: Bureau of Business and Economic Research, University of New Mexico.

Schedule 27
ALBUQUERQUE PUBLIC SCHOOLS
DEMOGRAPHIC INFORMATION

New Mexico Gross Receipts Tax

Fiscal Year	<u>Bernalillo County</u>		<u>Sandoval County</u>		<u>State of New Mexico</u>	
	(000s) <u>Retail</u>	(000s) <u>Total</u>	(000s) <u>Retail</u>	(000s) <u>Total</u>	(000s) <u>Retail</u>	(000s) <u>Total</u>
2013*	5,998,180	23,949,194	505,431	1,801,493	18,315,548	81,092,953
2012	7,883,404	31,367,092	685,312	2,414,153	23,914,774	104,221,141
2011	7,736,773	30,616,678	818,368	3,096,652	23,789,930	102,715,750
2010	7,724,391	29,663,675	731,028	2,723,090	18,488,631	70,166,804
2009	7,879,244	30,861,715	672,504	2,844,192	23,812,635	104,562,006
2008	8,747,460	32,671,406	785,917	3,117,745	25,711,762	110,710,200
2007	8,095,799	33,139,257	693,973	3,015,406	26,012,240	103,740,330
2006	7,682,692	31,886,942	1,113,413	3,290,815	24,014,746	94,347,408
2005	6,769,594	29,411,880	844,832	2,248,768	20,415,829	79,173,289
2004	6,440,237	27,288,148	621,763	1,778,075	18,414,335	70,477,792
2003	6,835,927	24,076,633	766,338	1,828,559	18,700,757	63,358,240

* Through March 2013 (Quarters 1, 2 and 3 of FY2013)

Source: Official Statement dated August 21, 2013

OTHER SUPPLEMENTARY INFORMATION



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

State of New Mexico
Albuquerque Municipal School District No. 12
To the Board of Education and
Hector H. Balderas
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 aggregate discretely presented component units, each major fund, the aggregate remaining fund information and the budgetary comparisons of the general fund and major special revenue funds of the Albuquerque Municipal School District No. 12, New Mexico (District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds and related budgetary comparisons of the District, presented as supplementary information and have issued our report thereon dated November 8, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (2013-64, 2012-09, 2013-46, 2013-45, 2013-15, 2013-50, 2013-72, and 2012-17).

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies (2012-06, 2012-05, 2012-03, 2013-23, 2012-01, 2013-65, 2013-71, 2013-06, FS 10-05, 2013-56, 2012-10, 2012-08, 2013-53, FS 11-21, FS 11-48, FS 11-43, 2013-32, 2012-24, 2012-23, FS 07-141, 2013-36, and 2013-18).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2013-20, 2013-21, 2013-22, 2013-03, 2013-24, 2013-10, 2013-02, 2013-07, 2013-08, 2013-09, 2013-28, 2013-29, 2013-68, 2013-01, 2013-69, 2013-70, 2013-19, 2013-66, 2013-47, 2013-48, 2013-49, 2013-63, 2013-67, 2013-14, FA 07-97, 2013-26, 2013-27, 2013-25, 2012-19, 2013-61, 2013-62, 2013-16, 2013-17, 2013-60, 2012-22, 2013-35, 2013-59, 2013-37, 2013-38, 2013-39, 2013-40, 2013-58, 2013-57, 2013-54, 2013-30, 2013-31, FS 09-197, 2013-33, 2013-34, FS 11-42, 2013-11, 2013-12, 2013-13, 2013-52, 2013-41, 2013-42, 2013-43, 2013-44, 2013-51, 2013-05, FS 09-176, 2013-04, and 2013-55.

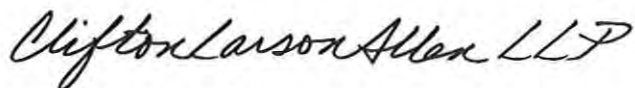
The District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP



Albuquerque, NM
November 8, 2013



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

State of New Mexico
Albuquerque Municipal School District No. 12
To the Board of Education and
Hector H. Balderas
New Mexico State Auditor

Report on Compliance for Each Major Federal Program

We have audited the Albuquerque Municipal School District No. 12, New Mexico's (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2012-01. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2012-01 that we consider to be a significant deficiency.

The District's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Albuquerque, New Mexico
November 8, 2013

State Of New Mexico
 Albuquerque Municipal School District No. 12
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2013

Amounts are reported in dollars.

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Number		CFDA Number	Federal Expenditures
U.S. Department of Health and Human Services				
<i>Passthrough State of New Mexico Children Youth & Families Department</i>				
Title XX Health & Social Services	25129		93.667	\$ 567,452
Asthma Management	25168		93.938	59,443
Total U.S. Department of Health and Human Services				\$ 626,895
U.S. Department of Education				
<i>Passthrough State of New Mexico Department of Education</i>				
Title I	24101	*	84.010	24,957,947
Title I Charter School Total	24101	*	84.010	881,431
Total - Title I (Title I Cluster)				<u>25,839,378</u>
Title I School Improvement	24162	*	84.010A	1,092,569
Title I School Improvement Charter School Total	24162	*	84.010A	699,507
Total- Title I School Improvement (Title I Cluser)				<u>1,792,076</u>
Entitlement IDEA B	24106	*	84.027	26,658,157
Entitlement IDEA B Charter School Total	24106	*	84.027	1,091,995
IDEA B Early Intervention Services	24112	*	84.027	3,134,624
IDEA B Private School	24115	*	84.027	179,326
Reallocation IDEA-B	24120	*	84.027A	124,331
Reallocation IDEA-B Charter School Total	24120	*	84.027A	56,258
Total- Entitlement IDEA B (Special Education Cluster)				<u>31,244,691</u>
Preschool IDEA-B (Special Education Cluster)	24109	*	84.173	428,154
School Improvement Title I 1003g Grant	24124	*	84.377	2,073,010
School Improvement Title I 1003g Federal Stimulus	24224	*	84.388	1,839,946
Total - School Improvement Grant Cluster				<u>3,912,956</u>
English Language Acquisition	24153		84.365A	1,011,994
English Language Acquisition Charter School Total	24153		84.365A	39,174
Total ELL Title III Incentive Awards				<u>1,051,168</u>
Teacher / Principal Training / Recruiting	24154	*	84.367A	4,223,710
Teacher / Principal Training / Recruiting Charter School Total	24154	*	84.367A	263,287
Total - Teacher/Principal Training / Recruiting				<u>4,486,997</u>
Education of Homeless	24113		84196	70,812
21st Century Community Living Centers	24119		84.287C	120,228
Carl Perkins Special Projects - Current	24171		84.048	45,205
Carl Perkins Secondary - Current	24174		84.048	868,587
Carl D. Perkins-Secondary Redistribution	24176		84.048	135,207
Carl D. Perkins-HSTW Current	24180		84.048	54,886
Carl D. Perkins-HSTW Current	24182		84.048	7,945
Total - Carl Perkins				<u>1,111,830</u>

State Of New Mexico
 Albuquerque Municipal School District No. 12
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2013

Amounts are reported in dollars.

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Number	CFDA Number	Federal Expenditures
Impact Aid	11000	84.041	325,515
Title VII Impact Aid Special Education	25145	84.041	76,463
Title VII Impact Aid Indian Education	25147	84.041	12,648
Total - Title VII			414,626
School Leadership Program	25173	84.363A	633,625
After-School (PICAASO)	25174	84.287N	44,894
Indian Education Formula Grant	25184	84.060A	1,164,934
Indian Education Formula Grant Charter School Total	25184	84.060A	30,000
Elementary School Counseling	25215	84.215E	512,172
Smaller Learning Communities	25217	84.215L	1,326,809
Safe School/Healthy Students	25243	84.184L	1,979,075
Start Smart K-3 Utah State University Study	28191	84.396B	493,842
Total U.S. Department of Education			76,658,267
U.S. Department of the Interior			
<i>Direct to Albuquerque Public Schools</i>			
Johnson O'Malley	25131	15.130	\$ 158,612
U.S. Dept. of Interior Fish & Wildlife	25251	15.631	5,407
Total U.S. Department of the Interior			164,019
U.S. Department of Defense			
<i>Direct to Albuquerque Public Schools</i>			
Collaborative Research & Development	25112	12.114	\$ 85,221
ROTC	25200	12.357	33,662
Total U.S. Department of Defense			118,883
U.S. Department of Agriculture			
<i>Passthrough State of New Mexico Department of Education</i>			
Child Nutrition Cluster			
School Breakfast Program	21000	*	10.553
National School Lunch Program	21000	*	10.555
National School Lunch Program Charter School Total ¹	21000	*	10.555
Total - Child Nutrition Cluster			27,925,211
¹ These funds are passed through PED direct to the Charter Schools			
U.S.D.A Commodities	21000	*	10.555
Child and Adult Food Program - Charter School Total	25171		10.558
Forest Reserve	11000		10.672
Total U.S. Department of Agriculture			29,735,391
Total Federal Financial Assistance			\$ 107,303,455

(* Denotes Major Federal Financial Assistance Program)

State Of New Mexico
 Albuquerque Municipal School District No. 12
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2013

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Albuquerque Public School District (District) and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Subrecipients - N/A

3. Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2013 was \$1,744,732 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA number 10.555. Commodities are recorded as miscellaneous revenues and expenditures in the food service fund.

4. Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Primary Government

Total federal awards expended	
per Schedule of Expenditures of Federal Awards	\$ 107,303,455
Nutrition Cluster - USDA Food Service Revenue	(27,925,211)
Charter School Child and Adult Food Program Revenue	(33,611)
Total expenditures funded by other sources	<u>864,135,861</u>
Total expenditures, governmental funds	<u><u>\$ 943,480,494</u></u>

**STATE OF NEW MEXICO
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified that are not considered to be material weakness(es)? yes none reported

Type of auditor's report issued on compliance for major program: Unmodified

Any audit findings, disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.010	Title I Cluster
84.027 / 84.027A / 84.173	Special Education Cluster
84.377 / 84.388	School Improvement Grant Cluster
84.367A	Improving Teacher Quality State Grants
10.553 / 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs \$3,000,000

Auditee qualified as low-risk auditee? yes no

**STATE OF NEW MEXICO
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SECTION II – FINANCIAL STATEMENT FINDINGS

ALBUQUERQUE PUBLIC SCHOOLS

2012-01 - Payroll (Significant Deficiency)

Condition: During our single audit test work over payroll we noted the following:

- Title I, Part A Cluster - 1 out of 40 payroll disbursements charged to the grant was identified as a summer payroll item that is uploaded into the payroll system through a spread sheet. It was determined that the rate that was being paid to the employee was higher than the approved pay rate. As a result of the incorrect pay rate, the grant was overcharged \$360.
- Title I, Part A Cluster - The District was unable to provide a time and effort certification for 1 out of 40 disbursements tested.
- IDEA - B Cluster - The District was unable to provide a time and effort certification for 1 out of 40 disbursements tested.
- Improving Teacher Quality - The District was unable to provide a time and effort certification for 3 out of 40 disbursements tested.
- School Improvement Grant - The District was unable to provide a time and effort certification for 2 out of 40 disbursements tested.

Criteria: Per OMB A-133 and federal agreements, the programs will be reimbursed for actual costs incurred. In addition, A-102 Common Rule requires that non-Federal entities receiving Federal Awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations and program compliance requirements. In addition, per OMB Circular A-87, for employees who work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personal activity reports or equivalent documentation.

Effect: The program is not in compliance with grant requirements and the District may have incorrectly charged costs to the programs.

Cause: Management oversight and lack of effective internal controls surrounding the processing of payroll time sheets uploads to the payroll system, and ensuring complete collection of time and effort sheets.

Auditor's Recommendation: We recommend that APS establish effective internal controls surrounding the processing of time sheet payroll uploads. We recommend the processing of these payroll items be reviewed prior to uploading the information in to the payroll module to ensure the most accurate pay rate is entered. We recommend that the process be monitored by the grants management department. In addition, we recommend that the District continue to strive for full compliance in receiving all time and effort sheets. It has been brought to our attention by the grants department that they believe this can be achieved when the new grant module is implemented in the 2013-2014 school year.

Management's Response:

Over Payment: Grant Management has implemented internal control processes to prevent future overpayments related to supplemental pay. GM technicians will verify that hourly rates on uploaded spreadsheets correspond to the rates approved on the original timesheets and/or in Lawson.

Time and Effort: Grant Management has updated internal control processes to confirm receipt of all Time and Effort sheets. The GM administrative assistant will provide Associate Superintendents with a report of all employees with missing T/E reports. In instances where the missing T/E report was mailed to the incorrect location, the GM staffing specialist will work with HR to confirm all records are updated and ensure subsequent T/E reports are routed to the correct location. Additionally, all employees paid from grant funds are required to complete a Time & Effort training annually.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

ALBUQUERQUE PUBLIC SCHOOLS (CONTINUED)

2012-03 - Financial Close and Reporting (Significant Deficiency)

Condition: During test work over accounts receivable, we noted that subsequent cash receipts relating to FY13, totaling approximately \$23,500, were not included in the current year revenue and related accounts receivable.

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

Effect: Possible misstatements to the financial statements.

Cause: The receipt of these funds were processed as a journal entry, and management's financial close and reporting process to identify receipts for an accurate accrual in the correct period did not include the review of this journal entry.

Auditor's Recommendation: We recommend management establish policies and procedures during the financial close and reporting process to include an evaluation of all transactions that could be subject to accrual or recognition in a different or current period.

Management's Response: During the FY 2013 closing, management established and implemented improved processes to help ensure the recognition of transactions subject to accrual. These processes will be further strengthened and greater care taken in future closings to help ensure the recognition of all transactions subject to accrual.

2012-05 - Internal Controls Surrounding Capital Asset Management (Significant Deficiency)

Condition: During our test work over capital assets, we noted the following:

- It was noted that \$1,500,000 dollars of assets were improperly capitalized in the current year. This error occurred due to a formula in the capital asset spread sheet that only took into consideration that the asset was over the \$5,000 threshold, however, the assets were paid in bulk. Therefore, in bulk the assets exceeded the capitalization threshold, but not individually.
- At the end of June 30, 2013, the District reported to the State Auditor's Office assets totaling \$1,197,194 which the District deemed missing and removed from the asset listing. The District established a policy on June 30, 2010 to remove these assets from the listing if they were still missing after two years; these were removed in accordance with the policy. However, the district should strengthen controls over the safe guarding of assets.
- It was noted that CIP activity of approximately \$4,600,000 was closed out as of year end and transferred to a building improvement asset. Even though the activity was closed during the current year, after review of the supporting documentation it was determined that the activity should have been closed out as of June 30, 2010. It was noted that the depreciation for the three years that the asset should have been in place was taken in the current year. However, the review of open and closed projects which are then transferred to assets is only performed once a year, which allows more room for error.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

ALBUQUERQUE PUBLIC SCHOOLS (CONTINUED)

2012-05 - Internal Controls Surrounding Capital Asset Management (Significant Deficiency)
(continued)

Criteria: NMAC 6.20.2.22 requires that assets of a long-term character which are intended to continue to be held or used, such as land (including acquisition and improvements to grounds), buildings (including initial, acquisition, improvements, remodeling, additions, and replacement), furniture, machinery and equipment, shall be acquired and accounted for through the development and implementation of a complete property control system which shall be adopted by the local board and in accordance with GAAP. In addition, every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP.

Effect: Possible misappropriation of assets and potential misstatements of financial statements. In addition, if confidential records or data are stored on any missing laptops, this information is at risk of unauthorized access.

Cause: Lack of proper review of the capital asset workbook and lack of timely review of missing assets. In addition, lack of proper review over open and closed projects in a timely manner.

Auditor's Recommendation: Currently, management has corrected the issue related to the formula in the capital asset workbook. In addition, the Capital Asset Department is in the process of addressing the missing assets in a timely manner. A procedural directive has been issued that reports assets that have been missing after two years to the Board of Education and deletes those assets from the District's Asset Management System. We recommend the District establish policies and procedures to evaluate all missing assets on an annual basis to identify the causes of the missing assets, in which the District will be able to implement additional procedures to safeguard all assets. We would also recommend that the review of open and closed activity for CIP projects be performed on a monthly basis to ensure timely reporting of assets and depreciation.

Management's Response:

Improperly Capitalized Assets: Capital Fiscal Services Asset Management personnel responsible for recording new assets have been notified about the importance of properly identifying assets as individual units during their review. Close attention will be used to properly identify that bulk purchases (i.e. ten packs, etc.) are separated into individual units and cost is determined at the unit basis. Additionally the price associated with the asset description will be intuitively reviewed for reasonableness.

Missing Assets: Capital Fiscal Services Asset Management will continue following the Procedural Directive (established June 30, 2010) of reporting assets missing greater than two years to the Finance Committee, Board of Education and New Mexico State Auditor. These assets will remain on the district's asset management system until authorization from the state auditor or until one month has passed since notifying the state auditor without receipt of their response. Additionally, all sites will have an annual physical inventory conducted and reconciled. Upon completion of the reconciliation, the site will receive a listing of all assets missing during the physical inventory, with instructions to attempt to locate the assets and report back to Capital Fiscal Services Asset Management with their results. Capital Fiscal Services Asset Management will update the asset(s) record with the information received. On a quarterly basis, Capital Fiscal Services Asset Management will provide both the Executive Finance Director and Chief Financial Officer a listing (by site) of all assets categorized as missing.

STATE OF NEW MEXICO
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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

ALBUQUERQUE PUBLIC SCHOOLS (CONTINUED)

2012-05 - Internal Controls Surrounding Capital Asset Management (Significant Deficiency)
(continued)

CIP Activity Close Out: This \$4.6 million project was funded through the Public School Capital Outlay Council (PSCOC), and could not be closed until the PSCOC provided final closing documents. APS will recommend to PSCOC that projects must be closed out on a more timely basis to avoid this delay. Also, PSCOC projects will be identified, listed and reviewed individually to help ensure timeliness of identifying closeouts and capturing the PSFA portion as an asset(s) during the year the project is completed.

APS will also work closely with other departments to require them to close out older, inactive project numbers so that capitalization will begin on time. We acknowledge that this review should be completed on a monthly basis, and will encourage these other departments to follow this schedule.

2012-06 - Risk Management (Significant Deficiency)

Condition: During internal control test work over the risk management function, it was noted out of 38 risk payments tested, one payment in the amount of approximately \$2,000 that was processed and paid through accounts payable was never recorded in the APS QISS risk management software system.

Criteria: Proper control should be exercised over risk management claims.

Effect: The tracking of risk payments and claims in the risk management software is essential for the monitoring of claims paid and outstanding by management, estimating future risk payments and proper financial statement reporting. The data contained in the risk management system is sent to the District's independent actuary on an annual basis for the purpose of estimating claims incurred but not reported (IBNR), showing current claims reserves and estimated future cash flows needed to pay these claims. If the information is not complete because all information has not been entered into the claims system, then the chances for an inaccurate actuarial report and estimated liability that is recorded on the District's financial statements are both increased.

Cause: Lack of effective internal controls surrounding the processing of claims.

Auditor's Recommendation: The Risk Management Department should obtain a listing of all claim disbursements processed through the accounts payable department and reconcile this report with a similar report produced by the QISS system on a monthly basis.

Management's Response: The Risk Management Department agrees that a \$2,000 payment was processed and paid through the accounts payable system and never recorded in the APS QISS risk management software system.

We have implemented the following internal control systems to ensure this problem does not occur again. Our new procedure is as follows:

All requests for claim payments must be accompanied by a special check request form and posted and/or recorded into QISSs at that time. The claim payment request form will be primarily completed by the claim adjusting staff. The check payment request form will be routed directly to the risk management department secretary. The secretary then performs a random check of the payment request against posted entries in the QISS system. The request is then forwarded to the Director of Risk Management for his review and approval. If approved by the director, the check request is taken to accounts payable. The accounts payable department produces checks for risk management.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

ALBUQUERQUE PUBLIC SCHOOLS (CONTINUED)

2012-06 - Risk Management (Significant Deficiency) (continued)

They return the checks to risk management with a ledger sheet. The ledger sheet lists every payment and/or check. The risk management secretary reviews and reconciles each check to the check register from Accounts Payable. The Secretary delivers the physical check to the adjuster. The adjuster matches each payment to the correct claim file and QISS posting. The posting and/or recording status is then changed in the QISSs software system from posted to a paid status.

By following the above change procedure, the risk management department will avoid payments being made that are not recorded or posted into the QISS system.

2013-01 - Review of P-Card Reconciliations by Cardholders (Compliance and Other Matters)

Condition: During our test work over internal controls of purchasing cards, it was noted that 19 out of 22 p-card reconciliations tested were not signed by the cardholders as required per APS Purchasing Card Program Policies and Procedures.

Criteria: Per District purchasing card program policies and procedures, p-card reconciliations should be signed by the cardholders.

Effect: Unauthorized purchases made with a p-card could possibly go undetected; non-compliance with District policy.

Cause: Management oversight and lack of approval surrounding the reconciliation of p-card monthly statements and expenses.

Auditor's Recommendation: We recommend that the district follow the policy of reviewing and approving p-card reconciliations on a monthly basis in order to ensure authorized purchases are being made with the cards.

Management's Response: APS has already revised our internal departmental process to ensure all P-card purchases are signed by the cardholder. In addition, the AP department has gone back and received cardholder signatures on all P-card purchases since the beginning of the current fiscal year.

2013-02 - Personnel Files (Compliance and Other Matters)

Condition: During our review of 22 personnel files, we noted 4 which lacked W-4 forms.

Criteria: Per NMAC 6.20.2.18, school districts shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments),

personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations.

Effect: The District is not in compliance with NMAC 6.20.2.18.

Cause: Lack of effective procedures surrounding the maintenance of personnel files.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

ALBUQUERQUE PUBLIC SCHOOLS (CONTINUED)

2013-02 - Personnel Files (Compliance and Other Matters) (continued)

Auditor's Recommendation: We recommend management establish procedures to ensure that the documents received by the district from employees are properly stored and filed to ensure compliance with NMAC 6.20.2.18

Management's Response: The payroll office is responsible for the W-4 forms for each employee, and is currently implementing a process whereby the W-4 forms are scanned into the personnel records imaging system. Tracking 14,000 to 15,000 forms is cumbersome, and this new imaging process should improve tracking and locating these very important documents.

2013-03 – Travel and Per Diem (Compliance and Other Matters)

Condition: During test work over travel and per diem the following issues were noted:

- Out of 22 reimbursements tested, two were not reimbursed at the current reimbursable mileage rate.
- All 22 travel reimbursements tested were out of district travel and did not receive approval by the Chief Financial Officer prior to travel.
- Out of 22 reimbursements tested, two reimbursements were based upon actual mileage, but odometer readings were not provided.
- Out of the 22 reimbursements tested, 5 reimbursements had disallowed costs (alcohol etc.). It was noted that the accounts payable staff did remove the disallowed items from the reimbursement and that none of the 5 employees were reimbursed for the disallowed costs. However, there was no uniform way for calculating the removal of the disallowed costs, including tip and tax.
- We noted that the District does not have controls in place to track travel and per diem reimbursements that exceed the reimbursement limit of \$1,500. Employees must provide to their department director/head a memo that details all expenses that have been reimbursed to them to date related to travel and per diem. The detail should indicate that the employee has reached the limit so that the department director/head can assess the need of any further travel.

Criteria: Per NMAC 6.20.2.19, each school district shall establish and implement written policies and procedures for travel and training. Travel policies and procedures shall be in compliance with the Per Diem and Mileage Act, Sections 10-8-1 through 10-8-8, NMSA 1978, and Department of Finance and Administration (DFA) regulations. In addition, per 10-8-5 (I) NMSA, any person who is not an employee, appointee or elected official of a county or municipality and who is reimbursed under the provisions of the Per Diem and Mileage Act in an amount that singly or in the aggregate exceeds one thousand five hundred dollars (\$1,500) in any one year shall not be entitled to further reimbursement under the provisions of that act until the person furnishes in writing to his department head or, in the case of a department head or board or commission member, to the governor or, in the case of a member of the legislature, to the New Mexico legislative council, an itemized statement on each separate instance of travel covered within the reimbursement, the place traveled to and the executive, judicial or legislative purpose served by the travel.

Effect: Non-compliance with applicable statutes and possible inaccurate reimbursements.

Cause: Management oversight and lack of effective internal controls surrounding the reimbursement of travel and per diem.

STATE OF NEW MEXICO
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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

ALBUQUERQUE PUBLIC SCHOOLS (CONTINUED)

2013-03 – Travel and Per Diem (Compliance and Other Matters) (continued)

Auditor's Recommendation: We recommend management establish policies and procedures to ensure that reimbursements for travel or per diem are preformed uniformly. We recommend that management review the policies and procedures related to travel and per diem to ensure that they have been currently updated. In addition, management should also establish controls surrounding the approval and tracking of travel/per diem reimbursements that exceed \$1,500, singly or in the aggregate in any one year.

Management's Response: APS has reviewed the processes currently in place and has:

- revised the travel form to ensure the current mileage rate will be utilized;
- begun the process of revising the procedural directive requiring CFO approval prior to out of district travel but keeping the required supervisor approval;
- received the appropriate formula for calculations when disallowed costs are removed from reimbursements and is already using this;
- begun the process of revising the travel form to ensure Rand McNally mileage rates are used in any absence of odometer readings; and
- added a line requiring employee affirmation they will not be exceeding the \$1,500 per year reimbursement limit with the travel listed on the form.

2013-71 – Activity Funds (Significant Deficiency)

Condition: The administration and recordkeeping of the various student activity funds within the district is decentralized, in which the responsibility is assigned to the school principal and assigned bookkeeper for the school. The internal audit of the District performs thorough audits of each activity fund during the course of the fiscal year. The internal audit report as of October 29, 2012, which covered the results of the activity fund audits for the first part of FY13, included 43 audits. These 43 audits included 400 findings, which was an approximate 12% increase from the prior year audit on those specific activity funds. In addition, approximately 21% received a lower overall compliance rating compared to the prior year, in which approximately 60% have compliance ratings less than a commendable rating. These results indicate that the internal control structure surrounding most activity funds is deficient and overall shows no improvement from prior year results.

Criteria: Per PSAB Supplement 18 - Student Activities & Athletics, the activity funds of the district are considered agency funds in which they are custodial in nature and the district is responsible for the accountability of agency funds. In addition, the Board of Education has fiduciary responsibility to establish and enforce policies and procedures to safeguard agency assets consistent with other assets of the school district. In addition, these funds are subject to the same internal controls as are all other district funds, in which any weaknesses in accounting practices and procedures should be addressed as soon as possible.

Effect: Possible misappropriations of activity funds in which the district has a fiduciary responsibility.

Cause: Due to the quantity of the activity funds in the district and the de-centralized processing of transactions.

Auditor's Recommendation: We recommend the district evaluate how the transactions of activity funds are processed and consider, with the assistance of internal audit, centralizing some or all of the transaction processing of the activity funds.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

2013-71 – Activity Funds (Significant Deficiency) (continued)

Management's Response: Management is concerned with the increase in the number and the nature of findings in the school activity funds. Management agrees with weakness in internal controls that the current decentralized model poses, as well as the potential for fraud, waste and abuse. Management has looked at centralizing the activity fund process in the past; however, outcry from the school sites, collective bargaining units and staff, as well as concern from the Board of Education, halted the initiative. Centralizing the management and transaction processing of the activity funds will require multiple phases and span several fiscal years. Management will work with the Internal Auditor to develop a proof of concept for the centralization of the activity funds.

21ST CENTURY PUBLIC ACADEMY

FS 10-05 - Internal Control Structure (Significant Deficiency)

Condition: During our audit we noted the following:

- 1) For the majority of the fiscal year, the school inappropriately utilized journal entries to record the transactions of the school instead of utilizing the various modules of the accounting software.
- 2) An audit adjustment to increase the year-end payroll accrual in the amount of \$18,200 was necessary.

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

Effect: Possible misappropriation of assets and potential misstatements of financial statements.

Cause: Lack of effective internal controls over the financial close and reporting process.

Auditor's Recommendation: We understand that since APS took over the business manager function the modules of the accounting system are now properly being utilized. We recommend that management continue to review and establish effective internal controls surrounding the financial close and reporting process to ensure financial statements are prepared in accordance with GAAP.

Management's Response: The APS Finance department assumed financial and budgetary responsibility for 21st Century Public Academy on May 20, 2013. APS has begun to utilize all available functions of the APTA software system to assure effective controls and accurate financial reporting. APS is also recommending and implementing procedural changes as necessary to improve internal controls at the school, and to ensure compliance with generally accepted accounting principles. The Governing Council has become, and will continue to be, strongly encouraged to be actively engaged in discussion of these matters.

**STATE OF NEW MEXICO
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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

21ST CENTURY PUBLIC ACADEMY (CONTINUED)

2013-61 – Purchasing (Compliance and Other Matters)

Condition: During our review of 16 disbursements, we noted the following:

- 12 disbursements which lacked an approved purchase order or documentation of approval prior to the purchase.
- The processing of payments was not always processed in a timely manner.
- Disbursements totaling approximately \$25,000 to a transportation company which lacked evidence of quotes being obtained.

Criteria: Per PSAB Supplement 13-Purchasing, the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services or construction. In addition, policies and procedures to ensure compliance with the NM Procurement Code should be established and documented.

Effect: Possible unauthorized purchases or purchases without adequate budget authority. Non-compliance with the NM Procurement Code.

Cause: Lack of adequate controls and effective procedures surrounding the purchasing process.

Auditor's Recommendation: The school has ceased operations as of June 30, 2013 and is no longer in operation.

Management's Response: Purchase orders are now processed through the APTA software system, and precede the order for goods and services. Compliance with the NM Procurement Code will be followed by the APS Finance Department's licensed Business Manager who has been working with the charter school. The principal will also be brought into the approval process.

2013-62 - Timely Deposit of Cash Receipts (Compliance and Other Matters)

Condition: During our review cash receipts, we noted the school doesn't consistently indicate in the cash receipt book the actual date of receipt; therefore, we were unable to determine whether the school deposited the receipts within 24 hours of receipt as required.

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

Effect: Non-compliance with NMAC 6.20.2.14.

Cause: Management oversight.

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

Management's Response: Arrangements have been implemented to deposit all cash receipts within 24 hours of receipt as required. The principal has also been advised of this requirement.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

21ST CENTURY PUBLIC ACADEMY (CONTINUED)

2013-63 – Financial Reporting (Compliance and Other Matters)

Condition: During our audit, it was noted that the school is not posting the required quarterly reports on the school's website.

Criteria: Per 22-8-13.2 NMSA 1978, the school shall post the following required reports on the school's website at least quarterly:

- (1) a report on the budget status of the charter school, including the approved operating budget for revenues and expenses compared with year-to-date actual revenue and expenses;
- (2) a statement of any budget adjustment requests;
- (3) cash reports, including revenue, expenses, temporary loans and cash balances for operational, state and federal grants, capital outlay and debt service funds;
- (4) voucher reports, including a list of issued warrants or checks;
- (5) reports listing procurement, travel or gas card expenses; and
- (6) investment reports.

Effect: Non compliance with 22-8-13.2 NMSA 1978.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management establish procedures to ensure the required reports are posted to the school's website at least quarterly.

Management's Response: The APS Finance Department's licensed Business Manager will coordinate with school personnel responsible for maintaining the school's website to place a link to the Sunshine Portal prior to the 1st quarter's submission deadline of October 31, 2013.

2013-64 - Budgetary Conditions/Cash Management (Material Weakness)

Condition: During the audit, we noted the School has expenditure functions where actual expenditures exceeded budgetary authority:

Fund 11000 – Instruction - \$245,920
Fund 21000 – Food Services - \$12,588
Fund 24153 – Instruction - \$1,450
Fund 24154 – Instruction - \$8,000
Fund 31200 – Capital Outlay - \$170,184

In addition, the operating fund of the school at June 30, 2012 had a deficit fund balance of \$188,427. This deficit was communicated to those charged with governance at the conclusion of the June 30, 2012 audit. However, as a result of continued poor cash management and budgeting and the school moving during FY13, the operating fund balance deficit increased to \$309,334.

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

Effect: Non-compliance with state statutes and, as a result of not monitoring the budget, the school is at risk of not having adequate resources for its obligations.

Cause: Lack of effective internal controls surrounding the budget review and monitoring process.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

21ST CENTURY PUBLIC ACADEMY (CONTINUED)

2013-64 - Budgetary Conditions/Cash Management (Material Weakness) (continued)

Auditor's Recommendation: The school should establish effective internal controls to ensure the budget is reviewed and monitored on a more consistent basis, and process budgets adjustments or reduce expenditures as necessary.

Management's Response: The APS Finance Department's licensed Business Manager will monitor and review the budget monthly and prepare BARs as necessary. BARs will be presented to the APS Board of Education for approval and reviewed with the 21st Century Governance Council.

2013-65 – Accounting for Food Services (Significant Deficiency)

Condition: During the audit, it was noted that the school accounted for some of the food service costs and USDA claims in the activity fund instead of the food service special revenue fund.

Criteria: 6.20.2.23 NMAC states that food service funds are to be accounted for in the special revenue fund or the enterprise fund. All monies collected from the sale of food for the food service operation are to be accounted for in accordance with GAAP, U.S. Department of Agriculture (USDA) requirements, and Section 22-13-13, NMSA 1978.

Effect: Non-compliance with state statutes and misstatements to the activity and food service fund.

Cause: Lack of effective internal controls and understanding surrounding the proper accounting for these funds.

Auditor's Recommendation: The school should establish effective internal controls to ensure proper accounting of the food service funds.

Management's Response: The APS Finance Department's licensed Business Manager working with the charter school will be utilizing APTA software to properly record all food service revenue and costs to the food service special revenue fund as required.

2013-66 – Temporary Inter-Fund Loans (Compliance and Other Matters)

Condition: Often, expenditure-based reimbursement funds require temporary inter-fund loans from the operating fund pending receipt of the reimbursement request. However, the school required temporary inter-fund loans totaling approximately \$133k as of June 30, 2013 from other special revenue funds due to inadequate cash available in the operating fund, which are restricted funds.

Criteria: PSAB Supplement 7-Cash Controls states that special revenue funds require a loan from the operational fund to cover the original expenditure. To insure adequate cash flow, reimbursements must be filed as often as permitted and the reimbursement tracked to ensure repayment. In addition, special revenue funds with cash balances are restricted and should not be used as temporary inter-fund loans; adequate cash balance should be available in the operating fund.

Effect: Non-compliance with applicable statutes and regulations.

Cause: Depleted available cash from the previous year operating fund balance deficit. Reimbursement requests not submitted frequently enough.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

21ST CENTURY PUBLIC ACADEMY (CONTINUED)

2013-66 – Temporary Inter-Fund Loans (Compliance and Other Matters) (continued)

Auditor's Recommendation: We recommend that management establish appropriate controls and procedures to ensure all reimbursement requests are submitted as frequently as necessary to prevent inter-fund loans with funds other than the operating fund.

Management's Response: The APS Finance Department has made budget reductions for the 2013-2014 school year to absorb the deficient cash in the operating fund. RFRs will be completed as soon as possible to assist with cash flow.

ACADEMIA DE LENGUA Y CULTURA

2012-08 - Cash Control Standards/PED Cash Reporting (Significant Deficiency)

Condition: During our field work, we noted the following issues related to the June 30, 2013 bank reconciliation:

- The business manager was unable to provide a bank reconciliation and 4th quarter PED cash report until September 24, 2013.
- An approximate \$1,300 variance between the bank reconciliation and the trial balance.
- The outstanding items included a check from December 1, 2010 for \$586.52.

Criteria: Per NMAC 6.20.2.14, school districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the Office of Management and Budget (OMB) Circular A-102 and applicable state and federal laws and regulations. Whenever any warrant or check is unpaid for one year, the fiscal officer shall cancel it in accordance with Section 6-10-57(A), NMSA 1978. Per State Audit Rule, the audit report of each school district shall include a cash reconciliation schedule which reconciles the cash balances as of the end of the previous year to the cash balance as of the end of the current fiscal year.

Effect: Possible misappropriation of assets and potential misstatements of financial statements. In addition, PED does not have accurate accounting of the school activity.

Cause: Lack of effective internal controls surrounding the monthly bank reconciliation process.

Auditor's Recommendation: The school has ceased operations as of June 30, 2013 and is no longer in operation.

Management's Response: The Professional Services Contract for financial management services was selected by the charter school. This contractor experienced staffing difficulties throughout the year that affected accurate and timely reconciliations and reporting. Academia de Lengua y Cultura's renewal application was denied and the charter school closed June 30, 2013.

2012-09 - Internal Control Structure (Material Weakness)

Condition: During the audit we encountered the following issues:

- The original trial balance provided to the auditors to audit excluded the June bank reconciliation activity. The revised trial balance provided contained numerous misstatements which required audit adjustment.
- Approximately \$39,000 in unrecorded liabilities were identified and required accrual.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

ACADEMIA DE LENGUA Y CULTURA (CONTINUED)

2012-09 - Internal Control Structure (Material Weakness) (continued)

- The trial balance included a payroll accrual which was overstated by approximately \$40,000 which required an audit adjustment.
- Approximately \$16,000 in reimbursement requests were not processed until identification by the auditors, \$1,707 of which the school is no longer eligible to claim a reimbursement for.
- A bank reconciliation was not provided until September 24, 2013, which still contained errors.

Criteria: Every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP. Per NMAC 6.20.2.23, for grant money that is sent directly, school districts shall utilize the funding

for the purpose for which it was awarded. School districts shall submit complete and accurate reports required by the grant within the prescribed time.

Effect: Possible misappropriation of assets and potential misstatements of financial statements. Possible loss in funding for reimbursable expenses, non-compliance with statutes.

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

Auditor's Recommendation: The school has ceased operations as of June 30, 2013 and is no longer in operation.

Management's Response: The Professional Services Contract for financial management services was selected by the charter school. This contractor experienced staffing difficulties throughout the year that affected accurate and timely reconciliations, reimbursements and reporting. Academia de Lengua y Cultura's renewal application was denied and the charter school closed June 30, 2013.

2012-10 - Internal Controls Surrounding Capital Asset Management (Significant Deficiency)

Condition: During our test work over capital assets, we noted that the school has capital assets totaling approximately \$247,000 in original cost with a net book value of approximately \$0 as of June 30, 2013; the school was unable to provide a detailed listing of these assets.

Criteria: NMAC 6.20.2.22 requires that assets of a long-term character which are intended to continue to be held or used, such as land (including acquisition and improvements to grounds), buildings (including initial, acquisition, improvements, remodeling, additions, and replacement), furniture, machinery and equipment, shall be acquired and accounted for through the development and implementation of a complete property control system which shall be adopted by the local board and in accordance with GAAP. In addition, every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP.

Effect: Possible misappropriation of assets and potential misstatements of financial statements.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

ACADEMIA DE LENGUA Y CULTURA (CONTINUED)

2012-10 - Internal Controls Surrounding Capital Asset Management (Significant Deficiency)
(continued)

Cause: Lack of effective internal controls surrounding capital asset management for capital assets.

Auditor's Recommendation: The school has ceased operations as of June 30, 2013 and is no longer in operation.

Management's Response: The Professional Services Contract for financial management services was selected by the charter school. This contractor experienced staffing difficulties throughout the year that affected accurate and timely reconciliations and reporting. Academia de Lengua y Cultura's renewal application was denied and the charter school closed June 30, 2013.

2013-56 – Purchasing (Significant Deficiency)

Condition: During our review of 16 disbursements, we noted the following:

- 5 disbursements in which the purchase order was established after the purchase.
- 1 disbursement which lacked a purchase order.
- 1 disbursement which lacked a supporting invoice.
- 1 disbursement which didn't agree to the invoice amount.
- 1 disbursement with a purchase order for \$4,000 in which the invoice exceeded \$20,000.
- 2 disbursements for which the school should have received 3 written quotes per the school policy; however, there was no evidence the quotes were obtained.

Criteria: Per PSAB Supplement 13-Purchasing, the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services or construction. In addition, policies and procedures to ensure compliance with the NM Procurement Code should be established and documented.

Effect: Possible unauthorized purchases or purchases without adequate budget authority. Non-compliance with the NM Procurement Code.

Cause: Lack of adequate controls and effective procedures surrounding the purchasing process.

Auditor's Recommendation: The school has ceased operations as of June 30, 2013 and is no longer in operation.

Management's Response: The Professional Services Contract for financial management services was selected by the charter school. This contractor experienced staffing difficulties throughout the year that affected accurate and timely reconciliations and reporting. Academia de Lengua y Cultura's renewal application was denied and the charter school closed June 30, 2013.

2013-57 – Personnel Files (Compliance and Other Matters)

Condition: During our audit, we noted 2 of 2 personnel files reviewed which lacked the ERB enrollment forms and I-9 forms.

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ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

ACADEMIA DE LENGUA Y CULTURA (CONTINUED)

2013-57 – Personnel Files (Compliance and Other Matters) (continued)

Criteria: Per NMAC 6.20.2.18, the local board shall establish written payroll policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. School districts shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations.

Effect: Non compliance with the applicable statutes.

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

Auditor's Recommendation: The school has ceased operations as of June 30, 2013 and is no longer in operation.

Management's Response: The Professional Services Contract for financial management services was selected by the charter school. This contractor experienced staffing difficulties throughout the year that affected accurate personnel files. Academia de Lengua y Cultura's renewal application was denied and the charter school closed June 30, 2013.

2013-58 - Timely Deposit of Cash Receipts (Compliance and Other Matters)

Condition: During our review of 8 cash receipts, we noted 2 deposits in the amount of \$15 that were not deposited within 24 hours of receipt as required.

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

Effect: Non-compliance with NMAC 6.20.2.14.

Cause: Management oversight.

Auditor's Recommendation: The school has ceased operations as of June 30, 2013 and is no longer in operation.

Management's Response: The Professional Services Contract for financial management services was selected by the charter school. This contractor experienced staffing difficulties throughout the year that affected the oversight of cash receipts. Academia de Lengua y Cultura's renewal application was denied and the charter school closed June 30, 2013.

2013-59 – Financial Reporting (Compliance and Other Matters)

Condition: During our audit, we noted the following issues regarding compliance with financial reporting:

- It was noted that the school is not posting the required quarterly reports on the school's website.
- The school didn't submit timely and accurate reports to PED by July 31 as required.
- 3 of 12 ERB contributions were not submitted within 15 days of month end.
- Management was unable to provide evidence of the December 2012 941 filing.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

ACADEMIA DE LENGUA Y CULTURA (CONTINUED)

2013-59 – Financial Reporting (Compliance and Other Matters) (continued)

Criteria: Per 22-8-13.2 NMSA 1978, the school shall post the following required reports on the school's website at least quarterly:

- (1) a report on the budget status of the charter school, including the approved operating budget for revenues and expenses compared with year-to-date actual revenue and expenses;
- (2) a statement of any budget adjustment requests;
- (3) cash reports, including revenue, expenses, temporary loans and cash balances for operational, state and federal grants, capital outlay and debt service funds;
- (4) voucher reports, including a list of issued warrants or checks;
- (5) reports listing procurement, travel or gas card expenses; and
- (6) investment reports.

In addition, PED cash reports should agree to the school's accounting records. ERB contributions should be submitted within 15 days of the end of the month.

Effect: Non compliance with 22-8-13.2 NMSA 1978 and inaccurate reporting to PED regarding the school's cash. Non-compliance with ERB regulations.

Cause: Lack of effective processes and controls surrounding the reporting process.

Auditor's Recommendation: The school has ceased operations as of June 30, 2013 and is no longer in operation.

Management's Response: The Professional Services Contract for financial management services was selected by the charter school. This contractor experienced staffing difficulties throughout the year that affected accurate and timely reconciliations and reporting. Academia de Lengua y Cultura's renewal application was denied and the charter school closed June 30, 2013.

2013-60 –Governing Council Meeting Minutes (Compliance and Other Matters)

Condition: During our audit, management was unable to provide meeting minutes after August 28, 2012.

Criteria: 10-15-1 NMSA 1978 requires written minutes of all meetings.

Effect: Non compliance with 10-15-1 NMSA 1978.

Cause: Lack of adequate controls and procedures surrounding the record keeping of the meeting minutes.

Auditor's Recommendation: The school has ceased operations as of June 30, 2013 and is no longer in operation.

Management's Response: Academia de Lengua y Cultura's renewal application was denied and the charter school closed June 30, 2013.

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ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
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ALBUQUERQUE TALENT DEVELOPMENT SECONDARY CHARTER SCHOOL

2013-20 – Purchasing (Compliance and Other Matters)

Condition: We noted 1 of 25 disbursements tested in which the purchase amount exceeded the approved purchase order amount by \$122.

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

Effect: Possible unauthorized purchases or purchases without adequate budget authority.

Cause: Lack of adequate controls and effective procedures surrounding the purchasing process.

Auditor's Recommendation: We recommend that management establish appropriate controls and procedures to ensure all purchases have an approved purchase order/purchase requisition that is at least equal to the purchase amount prior to the purchase.

Management's Response: The school hired a new Business Manager in order to address inconsistencies in internal control and compliance such as the one noted. The school believes that these were isolated instances and they will not be repeated.

2013-21 - Travel and Per Diem (Compliance and Other Matters)

Condition: During our review of 2 travel and per diem reimbursements, it was noted that on both of the reimbursements the employee was reimbursed at 100% of the IRS rate.

Criteria: Per NMAC 6.20.2.19, each school district shall establish and implement written policies and procedures for travel and training. Travel policies and procedures shall be in compliance with the Per Diem and Mileage Act, Sections 10-8-1 through 10-8-8, NMSA 1978, and Department of Finance and Administration (DFA) regulations. Additionally, per the school policy, mileage reimbursements shall be at 80% of the IRS rate.

Effect: Non-compliance with NMAC 6.20.2.19.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management ensure all staff involved with travel and per diem reimbursements are familiar with the established procedures to ensure compliance.

Management's Response: The school will ensure that all mileage is reimbursed at the authorized amount, which is at 80% of the IRS rate from the previous year.

2013-22 – ERB Contributions (Compliance and Other Matters)

Condition: During our audit it was noted that the school didn't submit the ERB contributions for 2 of 12 months in a timely manner.

Criteria: ERB requires the monthly ERB contributions to be submitted within 15 days of the end of the month.

Effect: Non compliance with ERB contribution and filing requirements.

Cause: Management oversight.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

ALBUQUERQUE TALENT DEVELOPMENT SECONDARY CHARTER SCHOOL (CONT.)

2013-22 – ERB Contributions (Compliance and Other Matters) (continued)

Auditor's Recommendation: We recommend management establish procedures to ensure timely submission of the ERB contributions.

Management's Response: The late payments were due to turnover in the Business Manager position. The school has hired a new Business Manager to address the inconsistencies and compliance issues. A calendar is being kept to ensure timely, monthly contributions.

2013-23 - Reimbursement Requests (Significant Deficiency)

Condition: During our audit, we noted reimbursement requests within the expense reimbursement funds of the school totaling \$7,887 which were not submitted timely, and the school is no longer eligible to make a reimbursement claim for these expenses.

Criteria: Per NMAC 6.20.2.23, for grant money that is sent directly, school districts shall utilize the funding for the purpose for which it was awarded. School districts shall submit complete and accurate reports required by the grant within the prescribed time.

Effect: Possible loss in funding for reimbursable expenses, non-compliance with statutes.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management establish procedures surrounding the reimbursement process to ensure timely and accurate submission.

Management's Response: The school hired a new Business Manager in order to address inconsistencies in internal control and compliance such as the one noted. The school believes that these were isolated instances and they will not be repeated. The school will be reviewing this on a quarterly basis to ensure compliance.

2013-24 - Cash Control Standards/PED Cash Reporting (Compliance and Other Matters)

Condition: During our audit, we noted outstanding items in the June 30, 2013 bank reconciliation included 2 checks totaling \$2,848 that were one year or older, that should have been cancelled. In addition, we noted numerous errors in the 4th quarter PED cash report in which amounts reported didn't agree to the trial balance.

Criteria: Per NMAC 6.20.2.14, school districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the Office of Management and Budget (OMB) Circular A-102 and applicable state and federal laws and regulations. Whenever any warrant or check is unpaid for one year, the fiscal officer shall cancel it in accordance with Section 6-10-57(A), NMSA 1978. Per State Audit Rule, the audit report of each school district shall include a cash reconciliation schedule which reconciles the cash balances as of the end of the previous year to the cash balance as of the end of the current fiscal year.

Effect: Non-compliance with applicable statutes. In addition, PED does not have accurate accounting of the school activity.

Cause: Management oversight, lack of effective internal controls surrounding the cash reporting.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

ALBUQUERQUE TALENT DEVELOPMENT SECONDARY CHARTER SCHOOL (CONT.)

2013-24 - Cash Control Standards/PED Cash Reporting (Compliance and Other Matters) (continued)

Auditor's Recommendation: We recommend that management ensure that adequate internal controls are established to ensure accurate reporting and compliance with applicable cash control standards.

Management's Response: Outstanding checks will be reviewed and removed as appropriate. Stale dated items will be removed prior to year end. The PED cash report will be reviewed with the General Ledger to ensure it is accurate before it is sent to PED.

ALICE KING COMMUNITY SCHOOL

2013-06 – Internal Control Structure (Significant Deficiency)

Condition: During our audit we noted the following issues:

- During our review of the year-end bank reconciliation, it was noted that the outstanding checks contained numerous inaccuracies in which the bank reconciliation required revision. It was also noted that the reconciliation was reviewed and approved by the governing council without detection of the errors contained within the reconciliation.
- During our journal entry review, we noted a journal entry in the amount of \$1,017 for food costs that was inappropriately reclassified to the instruction function within the operating fund instead of the food services function.

Criteria: Per NMAC 6.20.2.14, school districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the Office of Management and Budget (OMB) Circular A-102, and applicable state and federal laws and regulations. In addition, every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP.

Effect: Non-compliance with state statutes, possible misstatements to the financial statements.

Cause: Lack of effective internal controls surrounding the bank reconciliation and journal entry processes.

Auditor's Recommendation: We recommend that management ensure that adequate internal controls are established to ensure accurate processing of journal entries and accurate bank reconciliations are performed monthly as required.

Management's Response: Alice King Community School (AKCS) recognizes the inaccuracies associated with the bank reconciliation. This was caused by a "cut and paste" error made by the business manager as they copied outstanding check information from the accounting system to the bank reconciliation template which still contained outstanding check information from the prior month. The current month's outstanding check values were copied over the prior month's information, but the current payee and check number information was not copied. Therefore the payee and check numbers (prior month's information) did not match current month outstanding check values. Because the values matched the amount of outstanding checks for the month, the balance per book and the balance per the bank were reconcilable. Had the Governing Council compared the outstanding check numbers on the

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

ALICE KING COMMUNITY SCHOOL (CONTINUED)

2013-06 – Internal Control Structure (Significant Deficiency) (continued)

reconciliation to the bank statement, they would have realized that the many of the check numbers from the reconciliation had already cleared (and the amounts for the cleared checks did not match the amounts on the reconciliation). The Governing Council has carefully reviewed this issue and has clarified its expectations related to performing reviews of financial documents. Also, it has implemented an additional internal control into the bank reconciliation process. Prospectively, all bank reconciliations will be accompanied by a printout directly from the accounting system reflecting outstanding checks. Before approval, the Governing Council will ensure that check information on the bank reconciliation agrees with accounting system data. Furthermore, we will continue to perform our quarterly internal audit process of selected financial documents.

As for the journal entry error, the Governing Council and business manager will continue to perform monthly analysis to ensure adequate budget exists by fund and function and submit timely budget adjustment requests to properly fund the appropriate functions.

2013-07 - Timely Deposit of Cash Receipts (Compliance and Other Matters)

Condition: During our review of 6 cash receipts, we noted 2 deposits in the amount of approximately \$2,388 were not deposited within 24 hours of receipt as required.

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

Effect: Non-compliance with NMAC 6.20.2.14.

Cause: Management oversight.

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

Management's Response: The AKCS business office will continue to make every effort to collect funds and deposit within 24 hours. A meeting was held with all staff to stress the importance of submitting all receipts to the business office within 24 hours.

2013-08 – Purchasing (Compliance and Other Matters)

Condition: We noted 1 of 7 disbursements tested in which the purchase amount exceeded the approved purchase order amount by \$10.

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

Effect: Possible unauthorized purchases or purchases without adequate budget authority.

Cause: Lack of adequate controls and effective procedures surrounding the purchasing process.

Auditor's Recommendation: We recommend that management establish appropriate controls and procedures to ensure all purchases have an approved purchase order/purchase requisition that is at least equal to the purchase amount prior to the purchase.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

ALICE KING COMMUNITY SCHOOL (CONTINUED)

2013-08 – Purchasing (Compliance and Other Matters) (continued)

Management's Response: AKCS recognizes the error associated with this purchase order. This was caused by not including estimated shipping charges in the purchase order value. The business office will carefully prepare purchase orders to ensure adequate value to cover all expected costs, including shipping. The finance committee will add to their internal review procedures of reviewing POs or certain POs to verify they are not less than the invoiced amount.

2013-09 - Budgetary Conditions (Compliance and Other Matters)

Condition: The School has expenditure functions where actual expenditures exceeded budgetary authority:

Fund 24154 – Instruction - \$775
Fund 11000 – Food Services - \$1,017

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

Effect: Non-compliance with state statutes.

Cause: Management oversight.

Auditor's Recommendation: The School should establish a policy of budgetary review at year-end and make the necessary budgetary adjustments.

Management's Response: The Governing Council and business manager will continue to perform monthly analysis to ensure adequate budget exists by fund and function and submit timely budget adjustment requests to properly fund the appropriate functions.

2013-10 – Financial Reporting (Compliance and Other Matters)

Condition: During our audit, it was noted that the school is not posting the required quarterly reports on the school's website. In addition, the school didn't submit the March 2013 ERB in a timely manner; it was submitted 3 days late and, as a result, the school incurred a penalty.

Criteria: Per 22-8-13.2 NMSA 1978 the school shall post the following required reports on the school's website at least quarterly:

- (1) a report on the budget status of the charter school, including the approved operating budget for revenues and expenses compared with year-to-date actual revenue and expenses;
- (2) a statement of any budget adjustment requests;
- (3) cash reports, including revenue, expenses, temporary loans and cash balances for operational, state and federal grants, capital outlay and debt service funds;
- (4) voucher reports, including a list of issued warrants or checks;
- (5) reports listing procurement, travel or gas card expenses; and
- (6) investment reports.

In addition, ERB requires the monthly ERB contributions to be submitted within 15 days of the end of the month.

Effect: Non compliance with 22-8-13.2 NMSA 1978 and ERB contribution and filing requirements.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

ALICE KING COMMUNITY SCHOOL (CONTINUED)

2013-10 – Financial Reporting (Compliance and Other Matters) (continued)

Cause: Management oversight.

Auditor's Recommendation: We recommend that management establish procedures to ensure the required reports are posted to the school's website at least quarterly. In addition, we recommend management establish procedures to ensure timely submission of the ERB contributions.

Management's Response: AKCS recognizes its failure to following the reporting requirements and will post a link to the quarterly financial statements on its web site, effective 10/7/13. Also, AKCS's business manger will ensure all ERB payments are made timely. AKCS will implement a process whereby the business manager will report to the governing council during monthly finance committee meetings regarding any penalties associated with faulty or delinquent business practices. This will ensure that any needed corrective action is promptly initiated.

CHRISTINE DUNCAN HERITAGE ACADEMY

2013-28 - Timely Deposit of Cash Receipts (Compliance and Other Matters)

Condition: During our review of 7 cash receipts, we noted 1 deposit in the amount of \$102 which was not deposited within 24 hours of receipt as required.

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

Effect: Non-compliance with NMAC 6.20.2.14.

Cause: Management oversight.

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

Management's Response: The Business Manager has given a copy of the NMAC 6.20.2.14, Cash Control Standards, to the staff involved with cash receipts and deposits. The Administrative Assistant will take deposits to the bank on Monday, Wednesday, and Friday to ensure deposits are made within twenty-four hours, or one banking day.

2013-29 – Financial Reporting (Compliance and Other Matters)

Condition: During our audit, it was noted that the school is not posting the required quarterly reports on the school's website.

Criteria: Per 22-8-13.2 NMSA 1978 the school shall post the following required reports on the school's website at least quarterly:

- (1) a report on the budget status of the charter school, including the approved operating budget for revenues and expenses compared with year-to-date actual revenue and expenses;
- (2) a statement of any budget adjustment requests;
- (3) cash reports, including revenue, expenses, temporary loans and cash balances for operational, state and federal grants, capital outlay and debt service funds;

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

CHRISTINE DUNCAN HERITAGE ACADEMY (CONTINUED)

2013-29 – Financial Reporting (Compliance and Other Matters) (continued)

- (4) voucher reports, including a list of issued warrants or checks;
- (5) reports listing procurement, travel or gas card expenses; and
- (6) investment reports.

Effect: Non compliance with 22-8-13.2 NMSA 1978.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management establish procedures to ensure the required reports are posted to the school's website at least quarterly.

Management's Response: The school has taken action to post the financial reports quarterly on the school's website. The school's website includes links to the State of New Mexico's Sunshine Portal and the Albuquerque Public School's Accounting Department. The Business Manager will assume this responsibility.

CORRALES INTERNATIONAL CHARTER SCHOOL

FS 11-21 - Internal Control Structure (Significant Deficiency)

Condition: During our audit, we noted the following:

- 1) An approximate \$10,000 journal entry to accrued payroll liabilities was required.
- 2) Approximately \$8,000 in outstanding checks were reported as outstanding checks against cash based on the invoice date instead of the actual date the check was sent for payment.
- 3) An approximate \$1,700 adjustment to fund balance in the operating fund was required and a revision to the previously submitted PED cash report was required.

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

Effect: Potential misstatements of financial statements and/or inaccurate reporting to PED.

Cause: Lack of effective internal controls over the year-end financial reporting process.

Auditor's Recommendation: We recommend that management evaluate the internal controls surrounding the year-end financial reporting process.

Management's Response: The identified journal entries had no significant impact on the financial status of the school and was based on traditional reporting methods used in past years. The audit committee and management have already discussed a corrective action plan and will implement a year-end procedure to identify accrual items and verify their accuracy in APTA to ready for audit.

**STATE OF NEW MEXICO
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2013**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

CORRALES INTERNATIONAL CHARTER SCHOOL (CONTINUED)

2013-68 – Financial Reporting (Compliance and Other Matters)

Condition: During our audit, it was noted that the school is not posting the required quarterly reports on the school's website.

Criteria: Per 22-8-13.2 NMSA 1978, the school shall post the following required reports on the school's website at least quarterly:

- (1) a report on the budget status of the charter school, including the approved operating budget for revenues and expenses compared with year-to-date actual revenue and expenses;
- (2) a statement of any budget adjustment requests;
- (3) cash reports, including revenue, expenses, temporary loans and cash balances for operational, state and federal grants, capital outlay and debt service funds;
- (4) voucher reports, including a list of issued warrants or checks;
- (5) reports listing procurement, travel or gas card expenses; and
- (6) investment reports.

Effect: Non compliance with 22-8-13.2 NMSA 1978.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management establish procedures to ensure the required reports are posted to the school's website at least quarterly.

Management's Response: The Business Manager will post all financial reports from each finance meeting on its website and will also include a link to the Sunshine Portal so that the public has access to all financial data by November 1, 2013; posting of this information will continue from that date forward.

DIGITAL ARTS AND TECHNOLOGY ACADEMY

2013-69 – Purchasing (Compliance and Other Matters)

Condition: We noted 1 of 5 disbursements tested totaling \$523 which lacked an approved purchase order prior to the purchase of goods or services.

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

Effect: Possible unauthorized purchases or purchases without adequate budget authority.

Cause: Lack of adequate controls and effective procedures surrounding the purchasing process.

Auditor's Recommendation: We recommend that management establish appropriate controls and procedures to ensure all purchases have an approved purchase order/purchase requisition prior to the purchase.

Management's Response: The school has procedures in place over the purchase of goods and services. The assistant business manager will review the procedures and ensure that staff comply with them.

STATE OF NEW MEXICO
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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

DIGITAL ARTS AND TECHNOLOGY ACADEMY (CONTINUED)

2013-70 – Financial Reporting (Compliance and Other Matters)

Condition: During our audit, it was noted that the school is not posting the required quarterly reports on the school's website.

Criteria: Per 22-8-13.2 NMSA 1978, the school shall post the following required reports on the school's website at least quarterly:

- (1) a report on the budget status of the charter school, including the approved operating budget for revenues and expenses compared with year-to-date actual revenue and expenses;
- (2) a statement of any budget adjustment requests;
- (3) cash reports, including revenue, expenses, temporary loans and cash balances for operational, state and federal grants, capital outlay and debt service funds;
- (4) voucher reports, including a list of issued warrants or checks;
- (5) reports listing procurement, travel or gas card expenses; and
- (6) investment reports.

Effect: Non-compliance with 22-8-13.2 NMSA 1978.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management establish procedures to ensure the required reports are posted to the school's website at least quarterly.

Management's Response: The NM PED has not issued any guidance as required in the statute 22-8-13.2 NMSA 1978. The Business Manager will contact the NM PED to obtain the correct procedure to be implemented by the school.

GORDON BERNELL CHARTER SCHOOL

2012-17 - Reimbursement Requests (Material Weakness)

Condition: During our audit, we noted reimbursement requests within the expense reimbursement funds of the school totaling \$16,737 which were not submitted timely, and the school is no longer eligible to make a reimbursement claim for these expenses. In addition, the fund 31700 of the school has a deficit fund balance of \$11,390 from previous year reimbursement requests not submitted as previously reported. This was left unresolved from the prior year.

Criteria: Per NMAC 6.20.2.23, for grant money that is sent directly, school districts shall utilize the funding for the purpose for which it was awarded. School districts shall submit complete and accurate reports required by the grant within the prescribed time.

Effect: Loss in funding for reimbursable expenses, non-compliance with statutes. In addition, the expenses had to be reclassified in the operating fund, which may lack adequate budget authority.

Cause: Lack of effective procedures and processes to ensure timely submission of all reimbursement requests.

Auditor's Recommendation: We recommend that management establish procedures surrounding the reimbursement process to ensure timely and accurate submission. In addition, we recommend management obtain approval to do a permanent cash transfer to cover the deficit fund balance in fund 31700.

STATE OF NEW MEXICO
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

GORDON BERNELL CHARTER SCHOOL (CONTINUED)

2012-17 - Reimbursement Requests (Material Weakness) (continued)

Management's Response: The school has hired a new business manager, effective October 21, 2013, who will ensure, under the supervision of her mentor, that all RfRs are submitted timely and accurately. The Finance Committee will review RfRs in its monthly meetings.

2013-47 – Financial Reporting (Compliance and Other Matters)

Condition: During our audit, the following was noted regarding required financial and other reporting of the school:

- The school is not posting the required quarterly reports on the school's website.
- The activity for the operating fund in the 4th quarter PED cash report and OBMS actual upload didn't agree to the trial balance provided to the auditors.

Criteria: Per 22-8-13.2 NMSA 1978, the school shall post the following required reports on the school's website at least quarterly:

- (1) a report on the budget status of the charter school, including the approved operating budget for revenues and expenses compared with year-to-date actual revenue and expenses;
- (2) a statement of any budget adjustment requests;
- (3) cash reports, including revenue, expenses, temporary loans and cash balances for operational, state and federal grants, capital outlay and debt service funds;
- (4) voucher reports, including a list of issued warrants or checks;
- (5) reports listing procurement, travel or gas card expenses; and
- (6) investment reports.

In addition, accurate data should be submitted to PED by July 31.

Effect: Non-compliance with 22-8-13.2 NMSA 1978.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management establish procedures to ensure the required reports are posted to the school's website at least quarterly.

Management's Response: The school was unaware of the requirement to post quarterly reports on the school's website as this has never been a finding in years past. The school will either begin posting reports on its website or link to the State's Sunshine Portal.

2013-48 – Personnel Files (Compliance and Other Matters)

Condition: During our audit, we noted 1 of 2 personnel files reviewed which lacked the ERB enrollment form.

Criteria: Per NMAC 6.20.2.18, the local board shall establish written payroll policies and procedures which comply with state and federal regulations on payroll, as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. School districts shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations.

**STATE OF NEW MEXICO
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

GORDON BERNELL CHARTER SCHOOL (CONTINUED)

2013-48 – Personnel Files (Compliance and Other Matters) (continued)

Effect: Non compliance with the applicable statutes.

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

Auditor's Recommendation: We recommend that management establish procedures to ensure the required documentation is contained in all personnel files.

Management's Response: The school believes that the ERB form in question was misplaced during a previous audit. All proper paperwork is on file with ERB, however, so the employee in question has not missed any payments. We will request that this employee submit a new ERB form so all files are complete.

2013-49 – Purchasing (Compliance and Other Matters)

Condition: We noted 3 of 20 disbursements tested totaling \$1,569 which lacked an approved purchase order or purchase requisition prior to the purchase of goods or services.

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

Effect: Possible unauthorized purchases or purchases without adequate budget authority.

Cause: Lack of adequate controls and effective procedures surrounding the purchasing and disbursement process.

Auditor's Recommendation: We recommend that management establish appropriate controls and procedures to ensure all purchases have an approved purchase order/purchase requisition prior to the purchase.

Management's Response: Staff members have been trained in proper purchasing procedures. The full time, on-site business manager will closely monitor that these procedures are being followed with fidelity.

2013-50 - Internal Control Structure (Material Weakness)

Condition: During our audit we encountered the following issues:

- During our journal entry review, we noted there is not a formal review process for journal entries. There is no documentation that the Finance Committee reviews journal entries after they are prepared and posted by the business manager.
- The original trial balance provided during the audit excluded an approximate \$126,000 summer payroll accrual.
- We noted expenditures totaling \$16,737 within the various expense reimbursement funds of the school which were no longer eligible for reimbursement and required an audit adjustment to reclassify these expenditures to the operating fund.
- The fixed asset schedule for FY13 included additions in the amount of approximately \$188,000 which represented individual capital assets below the \$5,000 capitalization threshold and shouldn't have been capitalized.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

GORDON BERNELL CHARTER SCHOOL (CONTINUED)

2013-50 - Internal Control Structure (Material Weakness) (continued)

Criteria: Every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP. In addition, 12-6-10 NMSA 1978 requires agencies to capitalize only chattels and equipment that cost over \$5,000.

Effect: Misstatements of financial statements and/or possible misappropriation of assets.

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

Auditor's Recommendation: We recommend that management establish a formal review process over journal entries to ensure that entries entered into the general ledger are proper and have proper back up documentation. We recommend that management establish a yearend financial review and reporting process. To ensure timely and proper reimbursement for expenditures relating to grant activities we recommend that management submit monthly reimbursement requests. In addition, we recommend that that adequate internal controls are established surrounding the capitalization of fixed assets.

Management's Response: Journal entries were reviewed previously at each Finance Committee meeting by a Finance Committee member. This practice has not been occurring, however, since our former business manager left GPS employment. Our new, full time, on-site business manager will ensure that journal entries are reviewed and signed off on at monthly FC meetings.

The \$188,000 capital expenditure was mistakenly capitalized in the aggregate. The new business manager, under the supervision of her mentor, will ensure that items purchases under \$5000 are not capitalized in the future.

The school anticipates that the other items will be rectified by the new business manager and will not re-occur.

2013-67 – Security for Deposits of Public Money (Compliance and Other Matters)

Condition: During our audit, we noted the school had approximately \$338,000 in deposits in excess of FDIC which were not secured as of June 30, 2013.

Criteria: Per 6-10-16 NMSA 1978, deposits of public money shall be secured by: (1) securities of the United States, its agencies or instrumentalities; (2) securities of the state of New Mexico, its agencies, instrumentalities, counties, municipalities or other subdivisions; (3) securities, including student loans, that are guaranteed by the United States or the state of New Mexico; (4) revenue bonds that are underwritten by a member of the financial industry regulatory authority, known as FINRA, and are rated "BAA" or above by a nationally recognized bond rating service; or (5) letters of credit issued by a federal home loan bank. Per 6-10-17 NMSA 1978, the securities delivered shall have an aggregate value equal to one-half the amount of public money to be received.

Effect: Non-compliance with statutes.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management ensure deposits of public money be secured as required.

**STATE OF NEW MEXICO
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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

GORDON BERNELL CHARTER SCHOOL (CONTINUED)

2013-67 – Security for Deposits of Public Money (Compliance and Other Matters) (continued)

Management's Response: The school was not informed that the FDIC unlimited insurance coverage expired on December 31, 2012 and was under the assumption it was in place during the entire fiscal year under audit. The school changed banks in July, 2013, and now has sufficient collateral to be in compliance with 6-10-16 NMSA, 1978.

LA ACADEMIA DE ESPERANZA

FA 07-97 - Budgetary Conditions (Compliance and Other Matters)

Condition: The school has expenditure functions where actual expenditures exceeded budgetary authority:

24101 – Support Services - \$2,648

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

Effect: Non-compliance with state statutes.

Cause: Lack of effective internal controls surrounding the budget review and monitoring process.

Auditor's Recommendation: The School should establish a policy of budgetary review at year-end and make the necessary budgetary adjustments.

Management's Response: The business manager will review budgetary conditions at year-end and will make the necessary adjustments. The principal and the budget committee will review the adjustments.

2013-14 – Financial Reporting (Compliance and Other Matters)

Condition: During our audit, we noted the following issues regarding compliance with financial reporting:

- It was noted that the school is not posting the required quarterly reports on the school's website.
- Due to an error within the submitted 4th quarter PED cash report, cash for fund 31600 was under-stated by \$168,535

Criteria: Per 22-8-13.2 NMSA 1978, the school shall post the following required reports on the school's website at least quarterly:

- (1) a report on the budget status of the charter school, including the approved operating budget for revenues and expenses compared with year-to-date actual revenue and expenses;
- (2) a statement of any budget adjustment requests;
- (3) cash reports, including revenue, expenses, temporary loans and cash balances for operational, state and federal grants, capital outlay and debt service funds;
- (4) voucher reports, including a list of issued warrants or checks;
- (5) reports listing procurement, travel or gas card expenses; and
- (6) investment reports.

In addition, PED cash reports should agree to the school's accounting records.

**STATE OF NEW MEXICO
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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

LA ACADEMIA DE ESPERANZA (CONTINUED)

2013-14 – Financial Reporting (Compliance and Other Matters) (continued)

Effect: Non compliance with 22-8-13.2 NMSA 1978 and inaccurate reporting to PED regarding the school's cash.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management establish procedures to ensure the required reports are posted to the school's website at least quarterly. In addition, we recommend management establish procedures to ensure accurate reporting to PED.

Management's Response: Required reports have been posted to the school's website and will be updated quarterly by the counselor. The cash report will be corrected, by the business manager, to include formulas to ensure accurate reporting

LOS PUENTES CHARTER SCHOOL FOUNDATION

2013-25 - Internal Control Structure (Compliance and Other Matters)

Condition: During our audit, we noted the following issues:

- The quarterly review of bank reconciliations by the finance committee lacks documentation or evidence of when and who performed the review.
- Foundation disbursements lack documentation of the disbursement initiation and approval process.

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

Effect: Possible misappropriation of assets or misstatements without adequate approval and review of the foundations transactions.

Cause: Lack of adequate controls and processes surrounding review and disbursement processes.

Auditor's Recommendation: We recommend that management ensure adequate processes and controls are in place to ensure proper documentation and adequate review and approval of bank reconciliations and disbursements.

Management's Response: The Business Manager will work with the foundation to establish procedures to ensure that approvals are documented and that adequate reviews are completed for financial transactions.

2013-26 – Financial Reporting (Compliance and Other Matters)

Condition: During our audit, it was noted that the school is not posting the required quarterly reports on the school's website.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

LOS PUENTES CHARTER SCHOOL (CONTINUED)

2013-26 – Financial Reporting (Compliance and Other Matters) (continued)

Criteria: Per 22-8-13.2 NMSA 1978, the school shall post the following required reports on the school's website at least quarterly:

- (1) a report on the budget status of the charter school, including the approved operating budget for revenues and expenses compared with year-to-date actual revenue and expenses;
- (2) a statement of any budget adjustment requests;
- (3) cash reports, including revenue, expenses, temporary loans and cash balances for operational, state and federal grants, capital outlay and debt service funds;
- (4) voucher reports, including a list of issued warrants or checks;
- (5) reports listing procurement, travel or gas card expenses; and
- (6) investment reports.

Effect: Non compliance with 22-8-13.2 NMSA 1978.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management establish procedures to ensure the required reports are posted to the school's website at least quarterly.

Management's Response: The Business Manager will submit the required reports on a quarterly basis to be posted on the school website.

2013-27 – Payroll Advances (Compliance and Other Matters)

Condition: During our audit, it was noted that, due to the structure of the school's licensed staff contract, the school is making payroll advances as the contract has a start date that precedes the actual starting date of the licensed staff.

Criteria: 13-1-158 NMSA 1978 expressly states that "no warrant, check or other negotiable instrument shall be issued in payment for any purchase of services...unless the central purchasing office or the using agency certifies that the services...have been received and meet specifications...". In addition, the anti-donation clause of the New Mexico Constitution, Article IX, Section 14, provides that "neither the state nor any county, school district or municipality, except as otherwise provided in the constitution, shall directly or indirectly lend or pledge its credit or make any donation to or in aid of any person, association or public or private corporation...".

Effect: Non-compliance with 13-1-158 NMSA 1978.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management work with their general counsel to determine the best approach to revise the licensed staff contract to avoid future payroll advances and non-compliance.

Management's Response: The school has worked to revise employee contracts to be paid out over 28 pay periods for 2013-2014, resulting in next school year's contract to begin being paid after employees begin work.

**STATE OF NEW MEXICO
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

FRIENDS OF THE MONTESSORI FOUNDATION

2013-19 - Internal Control Structure (Compliance and Other Matters)

Condition: During our audit we noted the following issues:

- The collections of the donations from the donation box involve one individual, furthermore, there are no controls in place to ensure the donation collections agree to the amount of the deposit.
- The Foundation has not established controls over the review process of the paypal activity of the school.
- The Foundation does not consistently document the approved donations to the school in the minutes of the foundation.

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

Effect: There exists the possibility of loss of donations due to lack of segregation of duties and lack of controls pertaining to the collection of donations and PayPal activity.

Cause: Management was not aware that the existing procedures and controls needed be further improved to better safe-guard against loss from unauthorized use or disposition, and that transactions need to be executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP.

Auditor's Recommendation: We recommend that management establish controls over the collection of donations and consistently document the approval of donations to the school the foundation's minutes. In addition, we recommend that management establish an effective review process of the foundation's paypal activity.

Management's Response: Management responds to each of the conditions identified as follows:

- With respect to the deposit process the Foundation will implement the practice of involving a second person in the opening of the lockbox.
- In regards to controls over PayPal, we would contend that while controls are in place, they will be improved to ensure that review of PayPal activity is adequate.
- Lastly, donations to the school will be consistently approved by the Foundation and documented in the minutes

MOUNTAIN MAHOGANY COMMUNITY SCHOOL

2012-19 - Budgetary Conditions (Compliance and Other Matters)

Condition: The School has expenditure functions where actual expenditures exceeded budgetary authority:

Fund 29102 – Instruction - \$8,374
Fund 26177 – Support Services - \$4,301

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

STATE OF NEW MEXICO
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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

MOUNTAIN MAHOGANY COMMUNITY SCHOOL (CONTINUED)

Effect: Non-compliance with state statutes.

Cause: Lack of effective internal controls surrounding the budget review and monitoring process.

Auditor's Recommendation: The School should establish a policy of budgetary review at year-end and make the necessary budgetary adjustments.

Management's Response: The finance committee will review the year-end budget and ensure that necessary budgetary adjustments are made.

2013-15 - Internal Control Structure (Material Weakness)

Condition: During our audit, we encountered the following issues:

- During our journal entry review, we noted 1 out of 5 journal entries which lacked evidence of review by someone independent of the preparer.
- During our search for unrecorded liabilities, we noted \$4,647 in liabilities that should have been accrued at June 30, 2013.
- During our review of the school's payroll accrual at June 30, 2013, we noted numerous debit balances on various liability accounts, an indication that reconciliation at the account level was not adequately performed at year-end. In addition, the school did not identify the year-end payroll accrual for year round employees, which was determined to be approximately \$3,000.
- We noted that expenses related to the EMSI funding was incurred in fund 11000 and the cash receipts were recorded in fund 26177. A reclassification of the expenditures should have been performed at year-end; as a result, an audit adjustment was required.
- The school received notification from the IRS on August 5, 2013 that stated that an amount of \$15,434 was due immediately related to unpaid taxes from a prior period. The school failed to disclose this notification and potential liability to the auditors during the audit. It was discovered during our review of the 941 file.

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

Effect: Potential misstatements of financial statements and/or possible misappropriation of assets.

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

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

Management's Response: Internal controls are being put in place to insure segregated duties as regards finances. This will address the journal entries concern. We will reconcile all payroll liability accounts monthly and, in the future, will supply payroll accrual for year-round employees. We have no EMSI grant this year. The IRS notice we received we did not expect to have to pay. We actively addressed the situation and worked to resolve it with no penalties or payment due. In the future, our Business Official will assure that 941 totals agree with W2s being submitted.

STATE OF NEW MEXICO
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

MOUNTAIN MAHOGANY COMMUNITY SCHOOL (CONTINUED)

2013-16 – Personnel Files (Compliance and Other Matters)

Condition: During our audit, we noted 2 of 2 personnel files reviewed which lacked ERB beneficiary designation forms.

Criteria: Per NMAC 6.20.2.18, the local board shall establish written payroll policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. School districts shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations. In addition, per 22-11-29 NMSA 1978, all members covered by the New Mexico Educational Retirement Board must complete ERB Form 42 to designate a beneficiary for their account.

Effect: Non-compliance with the applicable statutes.

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

Auditor's Recommendation: We recommend that management establish procedures to ensure the required documentation is contained in all personnel files.

Management's Response: The business official will ensure that current and future hires will complete ERB beneficiary designation forms, and file forms in a timely fashion.

2013-17 – Purchasing (Compliance and Other Matters)

Condition: We noted 2 of 14 disbursements tested totaling \$1,396 which lacked an approved purchase order prior to the purchase of goods or services. In addition, we noted 1 of 14 disbursements tested in the amount of \$436 which was a reimbursement to an employee and included reimbursement of gross receipts tax.

Criteria: Per PSAB Supplement 13-Purchasing, the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services or construction. In addition, school policy does not allow for reimbursement of gross receipt tax to employees.

Effect: Possible unauthorized purchases or purchases without adequate budget authority.

Cause: Lack of adequate controls and effective procedures surrounding the purchasing and disbursement process.

Auditor's Recommendation: We recommend that management establish appropriate controls and procedures to ensure all purchases have an approved purchase order/purchase requisition prior to the purchase and that reimbursements to employees are in compliance with school policy.

Management's Response: The business official will develop procurement procedure which allows for purchase requisitions with signature to serve as a purchase order in emergency situations.

**STATE OF NEW MEXICO
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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

MOUNTAIN MAHOGANY COMMUNITY SCHOOL (CONTINUED)

2013-18 – 941 Reporting (Significant Deficiency)

Condition: During our audit, we noted the 1st quarter of 2013 (Jan-Mar) was filed using the 2012 form. As a result, the calculations appeared incorrect due to the increase in the employer rate effective January 1, 2013. In addition, this appeared to the IRS that the school had amended the 1st quarter 2012 filing, for which the IRS has now notified the school of a liability for unpaid taxes from the 1st quarter 2012 941 filing in the amount of \$15,434.

Criteria: The IRS requires accurate quarterly filing and reporting of the school's wages and related taxes on form 941.

Effect: Non compliance with IRS reporting requirements. Possible penalties and seizure of property by the IRS.

Cause: Lack of adequate controls and procedures surrounding the 941 filing and reporting process.

Auditor's Recommendation: We recommend that management establish adequate controls and procedures surrounding the 941 filing and reporting process. In addition, we recommend management continue to work with the IRS to properly resolve this issue.

Management's Response: The business official will ensure that the correct form will be used for filing in the future.

NATIVE AMERICAN COMMUNITY ACADEMY

FS 07-141 - Budgetary Conditions (Significant Deficiency)

Condition: The School has expenditure functions where actual expenditures exceeded budgetary authority:

- Fund 11000 – Support Services - \$18,026
- Fund 13000 – Support Services - \$26,282
- Fund 25146 – Instruction - \$1,000
- Fund 25147 – Support Services - \$6,740
- Fund 25184 – Support Services - \$30,000
- Fund 26176 – Support Services - \$28,314
- Fund 26185 – Instruction - \$2,869
- Fund 26207 – Instruction - \$103
- Fund 29131 – Support Services - \$1,084
- Fund 31600 – Capital Outlay - \$23,775

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

Effect: Non-compliance with state statutes and, as a result of not monitoring the budget, the school is at risk of not having adequate resources for its obligations.

Cause: Lack of effective internal controls surrounding the budget review and monitoring process.

STATE OF NEW MEXICO
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

NATIVE AMERICAN COMMUNITY ACADEMY (CONTINUED)

FS 07-141 - Budgetary Conditions (Significant Deficiency) (continued)

Auditor's Recommendation: The school should establish effective internal controls to ensure the budget is reviewed and monitored on a more consistent basis, and process budgets adjustments or reduce expenditures as necessary.

Management's Response: The Business Office will start reviewing monthly financials to ensure there are no budgetary conditions and submit BARs as needed in a timely manner.

2012-22 - Agency Issued Credit Cards (Compliance and Other Matters)

Condition: During our field work, we noted the school was utilizing credit cards issued to the school instead of P-Cards. In addition, the school incurred credit card related fees and finance charges totaling approximately \$230.

Criteria: State Audit Rule 2.2.2.10 G (17) states for agencies receiving general fund appropriations, Laws of 2011 Regular Session, Chapter 179, Section 3, Subsection M states, "Except for gasoline credit cards used solely for operation of official vehicles, telephone credit cards used solely for official business and procurement cards used as authorized by Section 6-5-9(1) NMSA 1978, none of the appropriations contained in the General Appropriation Act of 2011 may be expended for payment of agency-issued credit card invoices."

Effect: Non-compliance with 2.2.2.10 G (17).

Cause: Management oversight.

Auditor's Recommendation: We recommend that the school eliminate the use of credit cards and consider the use of P-Cards as deemed necessary.

Management's Response: As of July 2013, NACA is no longer using credit cards. We are currently doing purchases on a reimbursement basis or by check if possible.

2013-35 – Purchasing (Compliance and Other Matters)

Condition: During our review of disbursements we noted the following:

- We noted 7 of 34 disbursements reviewed totaling \$14,437 in which an approved purchase order was not established prior to the purchase.
- We noted that the school lacks policies and procedures surrounding procurement.
- We noted 2 of 10 credit card purchases which lacked an approved purchase requisition.

Criteria: Per PSAB Supplement 13-Purchasing, the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services or construction. In addition, policies and procedures to ensure compliance with the NM Procurement Code should be established and documented.

Effect: Possible unauthorized purchases or purchases without adequate budget authority. Non-compliance with the NM Procurement Code.

Cause: Lack of adequate controls and effective procedures surrounding the purchasing process.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

NATIVE AMERICAN COMMUNITY ACADEMY (CONTINUED)

2013-35 – Purchasing (Compliance and Other Matters) (continued)

Auditor's Recommendation: We recommend that management establish appropriate controls and procedures to ensure all purchases have an approved purchase order/purchase requisition that is at least equal to the purchase amount prior to the purchase. In addition, we recommend management become familiar with the NM Procurement Code and establish appropriate policies and procedures.

Management's Response: NACA will implement new checks and balances to ensure to have a purchase order in place before services are rendered. Also, a contracted accounting consultant will conduct random checks to ensure compliance.

2013-36 – Payroll (Significant Deficiency)

Condition: During our review of payroll and related personnel files we noted the following issues:

- It was noted that, due to the structure of the school's licensed staff contract, the school is making payroll advances as the contract has a start date that precedes the actual starting date of the licensed staff.
- 2 of 2 personnel files reviewed lacked ERB beneficiary designation forms.
- 1 of 2 personnel files reviewed included a licensed staff contract that was not signed by the employee at all and was signed by the school personnel approximately 3 months after the start date. In addition, there was an error in the salary amount per the contract we compared to the actual paycheck. However, it was noted that the actual salary the employee was being paid was correct.

Criteria: Per NMAC 6.20.2.18, the local board shall establish written payroll policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. School districts shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations. In addition, per 22-11-29 NMSA 1978, all members covered by the New Mexico Educational Retirement Board must complete ERB Form 42 to designate a beneficiary for their account. In addition, 13-1-158 NMSA 1978 expressly states that "no warrant, check or other negotiable instrument shall be issued in payment for any purchase of services...unless the central purchasing office or the using agency certifies that the services...have been received and meet specifications...". In addition, the anti-donation clause of the New Mexico Constitution, Article IX, Section 14, provides that "neither the state nor any county, school district or municipality, except as otherwise provided in the constitution, shall directly or indirectly lend or pledge its credit or make any donation to or in aid of any person, association or public or private corporation...".

Effect: Non compliance with applicable statutes.

Cause: Lack of effective internal controls and processes surrounding the payroll and human resources functions of the school.

Auditor's Recommendation: We recommend management establish effective internal controls and process surrounding payroll and human resources functions. In addition, we recommend that management work with their general counsel to determine the best approach to revise the licensed staff contract to avoid future payroll advances and non-compliance.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

NATIVE AMERICAN COMMUNITY ACADEMY (CONTINUED)

2013-36 – Payroll (Significant Deficiency) (continued)

Management's Response: The Business Office is currently working on creating checklists for payroll file and also changing contracts for next year so that we ensure that payments are done after services have been rendered.

2013-37 - Travel and Per Diem (Compliance and Other Matters)

Condition: During our review of 1 travel and per diem reimbursement, it was noted that a reimbursement rate of .505 was used for reimbursement. However, the school utilizes the federal IRS reimbursable rate, which should have been .555.

Criteria: Per NMAC 6.20.2.19, each school district shall establish and implement written policies and procedures for travel and training. Travel policies and procedures shall be in compliance with the Per Diem and Mileage Act, Sections 10-8-1 through 10-8-8, NMSA 1978, and Department of Finance and Administration (DFA) regulations. Additionally, per the school policy, mileage reimbursements shall be at the IRS rate.

Effect: Non-compliance with NMAC 6.20.2.19.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management ensure all staff involved with travel and per diem reimbursements are familiar with the established procedures to ensure compliance.

Management's Response: NACA will begin to print out the reimbursement rates each time a mileage reimbursement is done to ensure the proper rate is being paid.

2013-38 – 941 Reporting (Compliance and Other Matters)

Condition: During our review of the school's 941 filings, we noted that the FICA wages reported by the school for the period ending December 31, 2012 were reported at \$424,201 instead of \$474,201, and the FICA wages reported by the school for the period ending September 30, 2012 were reported at \$382,925 instead of \$383,925.

Criteria: The IRS requires accurate quarterly filing and reporting of the school's wages and related taxes on form 941.

Effect: Non compliance with IRS reporting requirements and possible penalties.

Cause: Lack of adequate controls and procedures surrounding the 941 filing and reporting process.

Auditor's Recommendation: We recommend that management establish adequate controls and procedures surrounding the 941 filing and reporting process.

Management's Response: NACA will ensure that a second review is done by a finance committee member before submitting the 941.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

NATIVE AMERICAN COMMUNITY ACADEMY (CONTINUED)

2013-39 – Temporary Inter-Fund Loans (Compliance and Other Matters)

Condition: Often, expenditure-based reimbursement funds require temporary inter-fund loans from the operating fund pending receipt of the reimbursement request. However, the school required temporary inter-fund loans totaling approximately \$67k as of June 30, 2013 from other special revenue funds due to inadequate cash available in the operating fund, which are restricted funds.

Criteria: PSAB Supplement 7-Cash Controls states that special revenue funds require a loan from the operational fund to cover the original expenditure. To ensure adequate cash flow, reimbursements must be filed as often as permitted and the reimbursement tracked to ensure repayment. In addition, special revenue funds with cash balances are restricted and should not be used as temporary inter-fund loans; adequate cash balance should be available in the operating fund.

Effect: Non-compliance with applicable statutes and regulations.

Cause: Depleted available cash from the previous year operating fund balance deficit. Reimbursement requests not submitted frequently enough.

Auditor's Recommendation: We recommend that management establish appropriate controls and procedures to ensure all reimbursement requests are submitted as frequently as necessary to prevent inter-fund loans with funds other than the operating fund.

Management's Response: We will implement policies in budgeting that will ensure NACA budgets accurately in order to project a sufficient cash carryover. As of June 30, 2013, the operational fund is no longer in a deficit and the 2014 budget was created in order to allow for a cash carryover. The Business Office will also ensure reimbursements are done on a quarterly basis.

2013-40 – Financial Reporting (Compliance and Other Matters)

Condition: During our audit we noted that the school is not posting the required quarterly reports on the school's website.

Criteria: Per 22-8-13.2 NMSA 1978 the school shall post the following required reports on the school's website at least quarterly:

- (1) a report on the budget status of the charter school, including the approved operating budget for revenues and expenses compared with year-to-date actual revenue and expenses;
- (2) a statement of any budget adjustment requests;
- (3) cash reports, including revenue, expenses, temporary loans and cash balances for operational, state and federal grants, capital outlay and debt service funds;
- (4) voucher reports, including a list of issued warrants or checks;
- (5) reports listing procurement, travel or gas card expenses; and
- (6) investment reports.

Effect: Non compliance with 22-8-13.2 NMSA 1978.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management establish procedures to ensure the required reports are posted to the school's website at least quarterly.

Management's Response: We will update our website to include a link to the NM Sunshine Portal so that financial information is available on a quarterly basis.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

NUESTROS VALORES CHARTER SCHOOL

FS 11-42 - Budgetary Conditions (Compliance and Other Matters)

Condition: The school has expenditure functions where actual expenditures exceeded budgetary authority:

Fund 11000 – Food Services - \$23,000

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

Effect: Non-compliance with state statutes.

Cause: Management oversight.

Auditor's Recommendation: The school should establish a policy of budgetary review at year-end and make the necessary budgetary adjustments.

Management's Response: A daily actual count will be taken and given to Bocadillos in order to ensure that there are not extra lunch charges throughout the year (Receptionist). The business manager will reconcile the account on a monthly basis to make sure meal counts are matching billing and monthly claims.

2012-23 - Untimely Reimbursement Requests (Significant Deficiency)

Condition: During our audit, we noted reimbursement requests totaling \$2,611 which were not submitted timely, and the school is no longer eligible to make a reimbursement claim for these expenses.

Criteria: Per NMAC 6.20.2.23, for grant money that is sent directly, school districts shall utilize the funding for the purpose for which it was awarded. School districts shall submit complete and accurate reports required by the grant within the prescribed time.

Effect: Possible loss in funding for reimbursable expenses, non-compliance with statutes.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management establish procedures surrounding the reimbursement process to ensure timely and accurate submission.

Management's Response: The finance committee and business manager will review all year-end receivables by mid-June to ensure all outstanding balances are billed for. This amount will be reinstated in the 2013-2014 fiscal year so NVCS can bill for this amount.

2012-24 - Internal Control Structure (Significant Deficiency)

Condition: During our journal entry review, we noted 1 journal entry in the amount of \$23,000 in which expenses were inappropriately re-classified to the instruction function within the operating fund instead of the food services function.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

NUESTROS VALORES CHARTER SCHOOL (CONTINUED)

2012-24 - Internal Control Structure (Significant Deficiency) (continued)

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

Effect: Potential misstatements of financial statements.

Cause: Lack of effective internal controls surrounding the journal entry process to ensure journal entries are appropriate and adequately supported.

Auditor's Recommendation: We recommend that management ensure that adequate internal controls are established surrounding the journal entry process.

Management's Response: A journal entry will not be needed if meal counts are correct for the 2013-2014 fiscal year. If so, the difference will be allocated to the correct function within the operating account.

2013-30 – Purchasing (Compliance and Other Matters)

Condition: We noted 2 of 3 travel disbursements reviewed totaling \$734 in which an approved purchase order was not established prior to the travel.

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

Effect: Possible unauthorized purchases or purchases without adequate budget authority.

Cause: Lack of adequate controls and effective procedures surrounding the purchasing process.

Auditor's Recommendation: We recommend that management establish appropriate controls and procedures to ensure all purchases have an approved purchase order/purchase requisition that is at least equal to the purchase amount prior to the purchase.

Management's Response: All purchase orders will be issued prior to the travel date. This had been done correctly throughout the 2012-2013 fiscal year. The travel reviewed of \$734 was a carryover balance from the 2011-2012 fiscal year.

2013-31 – Payroll Advances (Compliance and Other Matters)

Condition: During our audit, it was noted that, due to the structure of the school's licensed staff contract, the school is making payroll advances as the contract has a start date that precedes the actual starting date of the licensed staff.

Criteria: 13-1-158 NMSA 1978 expressly states that "no warrant, check or other negotiable instrument shall be issued in payment for any purchase of services...unless the central purchasing office or the using agency certifies that the services...have been received and meet specifications...". In addition, the anti-donation clause of the New Mexico Constitution, Article IX, Section 14, provides that "neither the state nor any county, school district or municipality, except as otherwise provided in the constitution, shall directly or indirectly lend or pledge its credit or make any donation to or in aid of any person, association or public or private corporation...".

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

NUESTROS VALORES CHARTER SCHOOL (CONTINUED)

2013-31 – Payroll Advances (Compliance and Other Matters) (continued)

Effect: Non compliance with 13-1-158 NMSA 1978.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management work with their general counsel to determine the best approach to revise the licensed staff contract to avoid future payroll advances and non-compliance.

Management's Response: A special GC meeting will be held with the staff to try to resolve this problem. Most likely, pay will be allocated over 2 additional pay periods so that employees do not miss a pay date.

2013-32 - Internal Controls Surrounding Capital Asset Management and Reporting (Significant Deficiency)

Condition: During our test work over capital assets, we noted an asset with an original cost of \$80,000 and put into service in 2003 was never depreciated. As a result, a correction was made to the accumulated depreciation on the asset in the amount of \$36,000.

Criteria: NMAC 6.20.2.22 requires that assets of a long-term character which are intended to continue to be held or used, such as land (including acquisition and improvements to grounds), buildings (including initial, acquisition, improvements, remodeling, additions, and replacement), furniture, machinery and equipment, shall be acquired and accounted for through the development and implementation of a complete property control system which shall be adopted by the local board and in accordance with GAAP. In addition, every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP. In addition, Section 12-6-10(A) NMSA 1978 requires each agency to conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year.

Effect: Misstatements of financial statements.

Cause: Management oversight and the lack of effective internal controls surrounding the reporting of capital assets.

Auditor's Recommendation: We recommend that management establish effective internal controls surrounding the management and reporting of capital assets.

Management's Response: This is now being depreciated as the building has been in use. The difference was made up through the 2013 fiscal year.

2013-33 – 941 Reporting (Compliance and Other Matters)

Condition: During our audit, we noted the 2nd quarter 2013 filing incorrectly had the 1st quarter 2013 box checked, which may appear to the IRS that the school has duplicate filings and no filings for the correct period.

Criteria: The IRS requires accurate quarterly filing and reporting of the school's wages and related taxes on form 941.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

NUESTROS VALORES CHARTER SCHOOL (CONTINUED)

2013-33 – 941 Reporting (Compliance and Other Matters) (continued)

Effect: Non compliance with IRS reporting requirements and possible penalties.

Cause: Lack of adequate controls and procedures surrounding the 941 filing and reporting process.

2013-33 – 941 Reporting (Compliance and Other Matters) (continued)

Auditor's Recommendation: We recommend that management establish adequate controls and procedures surrounding the 941 filing and reporting process.

Management's Response: The Business Manager will have the finance committee review such report prior to submitting to the IRS.

2013-34 – Financial Reporting (Compliance and Other Matters)

Condition: During our audit, we noted that the school is not posting the required quarterly reports on the school's website.

Criteria: Per 22-8-13.2 NMSA 1978, the school shall post the following required reports on the school's website at least quarterly:

- (1) a report on the budget status of the charter school, including the approved operating budget for revenues and expenses compared with year-to-date actual revenue and expenses;
- (2) a statement of any budget adjustment requests;
- (3) cash reports, including revenue, expenses, temporary loans and cash balances for operational, state and federal grants, capital outlay and debt service funds;
- (4) voucher reports, including a list of issued warrants or checks;
- (5) reports listing procurement, travel or gas card expenses; and
- (6) investment reports.

Effect: Non-compliance with 22-8-13.2 NMSA 1978.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management establish procedures to ensure the required reports are posted to the school's website at least quarterly.

Management's Response: NVCS is now working with LDD consulting to set up a website. The quarterly financial will now be posted on the website. Also, a link will be set up to review the annual financial reports (BM and LDD consulting).

PUBLIC ACADEMY FOR PERFORMING ARTS

FS 11-43 - Internal Control Structure (Significant Deficiency)

Condition: During our journal entry review, we noted 1 journal entry in the amount of \$17,236 in which expenses were inappropriately re-classified to the instruction function within the operating fund instead of the food services function.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

PUBLIC ACADEMY FOR PERFORMING ARTS (CONTINUED)

FS 11-43 - Internal Control Structure (Significant Deficiency) (continued)

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

Effect: Potential misstatements of financial statements.

Cause: Lack of effective internal controls surrounding the journal entry process to ensure journal entries are appropriate and adequately supported.

Auditor's Recommendation: We recommend that management ensure that adequate internal controls are established surrounding the journal entry process.

Management's Response: A daily actual count will be taken and given to Bocadoillos in order to ensure that there are not extra lunch charges throughout the year (Receptionist). The business manager will reconcile account on a monthly basis to make sure meal counts are matching billing and monthly claims.

2013-11 - Timely Deposit of Cash Receipts (Compliance and Other Matters)

Condition: During our review of 6 cash receipts, we noted 1 deposit in the amount of approximately \$63 that was not deposited within 24 hours of receipt as required.

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

Effect: Non-compliance with NMAC 6.20.2.14.

Cause: Management oversight.

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

Management's Response: The business office makes every effort to collect and deposit receipts within 24 hours.

2013-12 - Budgetary Conditions (Compliance and Other Matters)

Condition: The School has expenditure functions where actual expenditures exceeded budgetary authority:

Fund 24154 – Support Services - \$700
Fund 11000 – Food Services - \$17,236

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

Effect: Non-compliance with state statutes.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

PUBLIC ACADEMY FOR PERFORMING ARTS (CONTINUED)

2013-12 - Budgetary Conditions (Compliance and Other Matters) (continued)

Cause: Management oversight.

Auditor's Recommendation: The School should establish a policy of budgetary review at year-end and make the necessary budgetary adjustments.

Management's Response: 24154 were last minute expenditures where there was not enough time to create a BAR; however, the funds were received early enough this fiscal year so we can make appropriate adjustments throughout the year. As for fund 11000, a journal entry will not be needed if meal counts are correct for the 2013-2014 fiscal year. If so, the difference will be allocated to the correct function within the operating account

2013-13 – Financial Reporting (Compliance and Other Matters)

Condition: During our audit we noted the following issues regarding compliance with financial reporting:

- It was noted that the school is not posting the required quarterly reports on the school's website.
- Due to a typo within the submitted 4th quarter PED cash report, cash was over-stated by \$2,823,334.

Criteria: Per 22-8-13.2 NMSA 1978, the school shall post the following required reports on the school's website at least quarterly:

- (1) a report on the budget status of the charter school, including the approved operating budget for revenues and expenses compared with year-to-date actual revenue and expenses;
- (2) a statement of any budget adjustment requests;
- (3) cash reports, including revenue, expenses, temporary loans and cash balances for operational, state and federal grants, capital outlay and debt service funds;
- (4) voucher reports, including a list of issued warrants or checks;
- (5) reports listing procurement, travel or gas card expenses; and
- (6) investment reports.

In addition, PED cash reports should agree to the school's accounting records.

Effect: Non compliance with 22-8-13.2 NMSA 1978 and inaccurate reporting to PED regarding the school's cash.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management establish procedures to ensure the required reports are posted to the school's website at least quarterly. In addition, we recommend management establish procedures to ensure accurate reporting to PED.

Management's Response: All financials will be posted on the PAPA website, as well as a link to all annual financial reports (BM and Technology Administrator).

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

ROBERT F. KENNEDY CHARTER SCHOOL

FS 09-176 - Untimely Deposit of Cash Receipts (Compliance and Other Matters)

Condition: During our review, we noted that 2 out of 6 cash receipts totaling \$180 were not deposited within 24 hours of receipt as required.

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

Effect: Non-compliance with NMAC 6.20.2.14.

Cause: Management oversight, lack of effective processes to ensure timely deposit of all receipts.

Auditor's Recommendation: We recommend that management implement processes to ensure timely deposits of all receipts as required.

Management's Response: The School has implemented policies and procedure to address this issue. The policy indicates that deposits will be made within 72 hours of receipt. This is in compliance with State Statute for non-significant cash receipts. In addition, the School will be requesting a waiver from PED to insure this is not an issue in future audits.

FS 11-48 - Cash Control Standards (Significant Deficiency)

Condition: During our review of the year-end bank reconciliation, the following issues were noted:

- The June 30, 2013 bank reconciliation included the outstanding items, which consisted of 29 checks totaling \$6,651 dated 11/30/11 and older. In addition, there was 1 outstanding deposit dated 3/28/11 for \$29.
- The school was unable to provide an accurate bank reconciliation for June 2013 until October 1, 2013.
- The June 2013 bank statement showed the school had a negative cash balance from June 19 to June 24. During this period, the school had 12 checks returned by the bank due to NSF totaling \$58,171, with NSF fees in the amount of \$400.

Criteria: Per NMAC 6.20.2.14, school districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the Office of Management and Budget (OMB) Circular A-102, and applicable state and federal laws and regulations. Whenever any warrant or check is unpaid for one year, the fiscal officer shall cancel it in accordance with Section 6-10-57(A), NMSA 1978. In addition, all bank accounts shall be reconciled on a monthly basis.

Effect: Non-compliance with state statutes.

Cause: Lack of effective internal controls surrounding the bank reconciliation and cash management process to ensure compliance with cash control standards. Potential misstatements of financial statements and/or possible misappropriation of assets.

Auditor's Recommendation: We recommend that management ensure that adequate internal controls are established to ensure accurate reporting and accurate bank reconciliations are performed monthly as required, and that all warrants unpaid for one year are properly cancelled in accordance with section 6-10-57(A).

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

ROBERT F. KENNEDY CHARTER SCHOOL (CONTINUED)

FS 11-48 - Cash Control Standards (Significant Deficiency) (continued)

Management's Response: The School experienced issues with the Aptafund accounting program during the fiscal year related to the general ledger and bank reconciliation process. The issues have been resolved and should not continue in 2013-14 fiscal year.

2013-41 Budgetary Conditions (Compliance and Other Matters)

Condition: The School has expenditure functions where actual expenditures exceeded budgetary authority:

Fund 11000 – Instruction - \$32,611
Fund 11000 – Food Services - \$4,856
Fund 11000 – Capital Outlay - \$22,128

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

Effect: Non-compliance with state statutes and, as a result of not monitoring the budget, the school is at risk of not having adequate resources for its obligations.

Cause: As a result of untimely requests for reimbursement submissions, the operating fund absorbed the expenses from these funds no longer eligible for reimbursement in which adequate budget authority was not available in the operating fund.

Auditor's Recommendation: The school should establish effective internal controls to ensure reimbursement requests are processed in a timely manner and budget adjustments should be posted as necessary.

Management's Response: The overages indicated resulted from audit adjustments which are affecting the Schools budget basis financial reporting. Technically, these items should be addressed in the subsequent year through budget adjustment requests and transfers to be approved by PED and the Governance Board. Due to these changes, the School will be required to resubmit reports and seek PED approval. The School will ensure this situation is not repeated.

2013-42 – Financial Reporting (Compliance and Other Matters)

Condition: During our audit the following was noted regarding required financial and other reporting of the school:

- The school is not posting the required quarterly reports on the school's website.
- The school didn't submit the ERB contributions for 3 of 12 months in a timely manner.
- The school didn't upload the 4th quarter budget and actual data in the OBMS in a timely manner.
- The school didn't provide an accurate 4th quarter PED cash report in a timely manner.

Criteria: Per 22-8-13.2 NMSA 1978, the school shall post the following required reports on the school's website at least quarterly:

- (1) a report on the budget status of the charter school, including the approved operating budget for revenues and expenses compared with year-to-date actual revenue and expenses;
- (2) a statement of any budget adjustment requests;

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

ROBERT F. KENNEDY CHARTER SCHOOL (CONTINUED)

2013-42 – Financial Reporting (Compliance and Other Matters) (continued)

- (3) cash reports, including revenue, expenses, temporary loans and cash balances for operational, state and federal grants, capital outlay and debt service funds;
- (4) voucher reports, including a list of issued warrants or checks;
- (5) reports listing procurement, travel or gas card expenses; and
- (6) investment reports.

In addition, ERB requires the monthly ERB contributions to be submitted within 15 days of the end of the month. In addition, accurate data should be submitted to PED by July 31.

Effect: Non-compliance with 22-8-13.2 NMSA 1978 and ERB contribution and filing requirements.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management establish procedures to ensure the required reports are posted to the school's website at least quarterly. In addition, we recommend management establish procedures to ensure timely submission of the ERB contributions.

Management's Response: The School will post quarterly reports to the web-site and submit ERB reports timely. The School experienced issues with the Aptafund accounting program during the fiscal year related to the general ledger. The issues have been resolved and should not continue in the 2013-14 fiscal year and result in timely reporting.

2013-43 – Governing Council Conflicts of Interest (Compliance and Other Matters)

Condition: During our audit, it was noted that one of the governing council members resigned at the September 10, 2012 meeting as a result of a contract the school had with a company the member was associated with due to the violation of the conflicts of interest statute.

Criteria: Per 22-8B-5.2 NMSA 1978 (Governing body conflicts of interest), a person shall not serve as a member of a governing body of a charter school if the person or an immediate family member of the person is an owner, agent of, contractor with or otherwise has a financial interest in a for-profit or nonprofit entity with which the charter school contracts directly for professional services, goods or facilities. A violation of this subsection renders the contract between the person or the person's immediate family member and the charter school voidable at the option of the chartering authority, the department or the governing body. A person who knowingly violates this subsection may be individually liable to the charter school for any financial damage caused by the violation. No member of a governing body or employee, officer or agent of a charter school shall participate in selecting, awarding or administering a contract with the charter school if a conflict of interest exists. A conflict of interest exists when the member, employee, officer or agent or an immediate family member of the member, employee, officer or agent has a financial interest in the entity with which the charter school is contracting. A violation of this subsection renders the contract voidable.

Effect: Non compliance with 22-8B-5.2 NMSA 1978.

Cause: Lack of effective processes and procedures to ensure compliance with the statute.

Auditor's Recommendation: We recommend that management establish procedures to ensure that current governing council members and future governing council members are familiar with all laws and regulations pertaining to their responsibilities as a governing council member.

STATE OF NEW MEXICO
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

ROBERT F. KENNEDY CHARTER SCHOOL (CONTINUED)

2013-43 – Governing Council Conflicts of Interest (Compliance and Other Matters) (continued)

Management's Response: The School followed appropriate protocol. Once it was evident that the member of the governing council maintained a conflict of interest, that individual was asked to resign from the board.

2013-44 - Travel and Per Diem (Compliance and Other Matters)

Condition: During our review of 2 travel and per diem reimbursements, we noted both were advances to employees for travel in the amount of \$354. However, the actual receipts amounted to \$400, in which there was no evidence that the employees were reimbursed any additional amount if allowable.

Criteria: Per NMAC 6.20.2.19, each school district shall establish and implement written policies and procedures for travel and training. Travel policies and procedures shall be in compliance with the Per Diem and Mileage Act, Sections 10-8-1 through 10-8-8, NMSA 1978, and Department of Finance and Administration (DFA) regulations.

Effect: Non-compliance with NMAC 6.20.2.19, inaccurate reimbursements.

Cause: Lack of effective processes and procedures surrounding the travel and per diem reimbursement process.

Auditor's Recommendation: We recommend that management establish processes and procedures to ensure accurate reimbursements and compliance.

Management's Response: The School reviews travel and per diem documentation very carefully. These two instances did not result in over-expenditure. The School will continue to monitor travel expenses and ensure employees are properly reimbursed.

2013-45 - Reimbursement Requests (Material Weakness)

Condition: During our audit, we noted reimbursement requests within the expense reimbursement funds of the school totaling \$71,688 which were not submitted timely, and the school is no longer eligible to make a reimbursement claim for these expenses.

Criteria: Per NMAC 6.20.2.23, for grant money that is sent directly, school districts shall utilize the funding for the purpose for which it was awarded. School districts shall submit complete and accurate reports required by the grant within the prescribed time.

Effect: Loss in funding for reimbursable expenses, non-compliance with statutes. In addition, the expenses had to be reclassified in the operating fund, which didn't have adequate budget authority.

Cause: Lack of effective procedures and processes to ensure timely submission of all reimbursement requests.

Auditor's Recommendation: We recommend that management establish procedures surrounding the reimbursement process to ensure timely and accurate submission.

Management's Response: The School will implement procedures to ensure timely requests for reimbursement are processed. This was a result in turnover at the business manager position by the School's contracted service.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

ROBERT F. KENNEDY CHARTER SCHOOL (CONTINUED)

2013-46 - Internal Control Structure (Material Weakness)

Condition: During our audit, we encountered the following issues:

- During our journal entry review, we noted 4 out of 5 journal entries which lacked evidence of review by someone independent of the preparer.
- The original trial balance provided during the audit included a \$77,615 debit balance in the accounts payable account, which required revision.
- The original bank reconciliation had a variance of \$40,808 when compared to the trial balance.
- During our search for unrecorded liabilities, we noted \$9,208 in liabilities that should have been accrued at June 30, 2013.
- We noted a cash receipt in the amount of \$18,181 incorrectly recorded to fund 24162 instead of fund 11000.
- We noted a cash receipt in the amount of \$18,479 incorrectly recorded to fund 31200 instead of fund 21000.
- We noted a cash receipt in the amount of \$12,663 incorrectly recorded to fund 24162 instead of fund 24154.
- We noted the food services fund had excess expenses over revenues in the amount of \$12,856, which required reclassification to the operating fund to prevent a deficit fund balance.
- We noted expenditures totaling \$71,688 within the various expense reimbursement funds of the school which were no longer eligible for reimbursement and required an audit adjustment to reclassify these expenditures to the operating fund.

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

Effect: Misstatements of financial statements and/or possible misappropriation of assets.

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

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

Management's Response: The School experienced issues with the Aptafund accounting program during the fiscal year related to the general ledger and bank reconciliation process. The issues have been resolved and should not continue in the 2013-14 fiscal year. The School will implement procedures to ensure these instances do not repeat, including approval of journal entries by the finance committee.

SIATECH

2013-55 – Financial Reporting (Compliance and Other Matters)

Condition: During our audit, it was noted that the school is not posting the required quarterly reports on the school's website.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

SIATECH (CONTINUED)

Criteria: Per 22-8-13.2 NMSA 1978, the school shall post the following required reports on the school's website at least quarterly:

- (1) a report on the budget status of the charter school, including the approved operating budget for revenues and expenses compared with year-to-date actual revenue and expenses;
- (2) a statement of any budget adjustment requests;
- (3) cash reports, including revenue, expenses, temporary loans and cash balances for operational, state and federal grants, capital outlay and debt service funds;
- (4) voucher reports, including a list of issued warrants or checks;
- (5) reports listing procurement, travel or gas card expenses; and
- (6) investment reports.

Effect: Non compliance with 22-8-13.2 NMSA 1978.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management establish procedures to ensure the required reports are posted to the school's website at least quarterly.

Management's Response: Management has been under the impression that since the school's financial information is uploaded quarterly to the New Mexico Public Education Department and the Public Education Department posts all of the uploaded information onto the State of New Mexico Sunshine Portal, the school was in compliance with the posting requirement. Upon learning that the school was required to have a link to the Sunshine Portal on its website pursuant to 10-16D-6(C), one was established, although it was not in place during the year under audit.

As a result of this finding, the school has now created its own separate online finance reporting portal whereby all of the financial information enumerated in 22-8-13.2 and 10-16D-6 is available for review.

SOUTH VALLEY ACADEMY

2013-04 – Use of Procurement Cards (Compliance and Other Matters)

Condition: During our audit, we noted the following regarding the school's use of procurement cards:

- 1) The school establishes blanket purchase orders at the beginning of the fiscal year for most purchases made with the procurement cards during the year. The actual purchases made during the year are not reviewed and approved by the principal.
- 2) The current process allows one individual to make purchases with the procurement card and then subsequently process an electronic payment for the balance on the procurement card without a review or approval of the purchase or payment.
- 3) The school does not have documented policies and procedures surrounding the use of the procurement cards.

Criteria: Per 22-8-5.1 NMSA 1978, *Procurement, travel and gas cards. (2011)*, the department shall promulgate rules governing the use of procurement, travel and gas cards by school districts and charter schools. At a minimum, the rules shall require local school boards and governing bodies to adopt policies for the use of procurement, travel or gas cards, including placing limits on the amount and types of purchases that may be made on such cards and procedures to monitor, control and report expenditures.

Effect: Risk of fraud and/or misappropriation of the school's assets.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

SOUTH VALLEY ACADEMY (CONTINUED)

2013-04 – Use of Procurement Cards (Compliance and Other Matters) (continued)

Cause: Lack of effective internal controls and policies surrounding the use of procurement cards.

Auditor's Recommendation: We recommend that management evaluate the internal controls surrounding the procurement card process and establish written policies and procedures.

Management's Response: We will implement a procurement card policy and ensure that the principal reviews purchases.

2013-05 – Financial Reporting (Compliance and Other Matters)

Condition: During our audit, it was noted that the school is not posting the required quarterly reports on the school's website.

Criteria: Per 22-8-13.2 NMSA 1978, the school shall post the following required reports on the school's website at least quarterly:

- (1) a report on the budget status of the charter school, including the approved operating budget for revenues and expenses compared with year-to-date actual revenue and expenses;
- (2) a statement of any budget adjustment requests;
- (3) cash reports, including revenue, expenses, temporary loans and cash balances for operational, state and federal grants, capital outlay and debt service funds;
- (4) voucher reports, including a list of issued warrants or checks;
- (5) reports listing procurement, travel or gas card expenses; and
- (6) investment reports.

Effect: Non compliance with 22-8-13.2 NMSA 1978.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management establish procedures to ensure the required reports are posted to the school's website at least quarterly.

Management's Response: We have updated our website to include a link to the NM Sunshine Portal so that financial information is available on a quarterly basis.

THE BATAAN MILITARY ACADEMY

FS 09-197 - Internal Controls over Disbursements (Compliance and Other Matters)

Condition: During our audit we noted the following related to disbursements:

- We noted 2 of 11 disbursements totaling \$975 in which the purchase was made prior to having an approved purchase order or requisition.
- We noted 1 of 11 disbursements in which the vendor incorrectly sent an invoice for another entity, yet the school still paid the invoice. The vendor was over-paid approximately \$400 during the fiscal year.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

THE BATAAN MILITARY ACADEMY (CONTINUED)

FS 09-197 - Internal Controls over Disbursements (Compliance and Other Matters) (continued)

Criteria: Every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP. Per PSAB Supplement 13-Purchasing, the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services or construction.

Effect: Possible unauthorized purchases/payments or purchases without adequate budget authority.

Cause: Lack of adequate controls and processes surrounding the purchase and disbursement process.

Auditor's Recommendation: We recommend that management ensure adequate processes and controls are in place to ensure compliance with purchasing and disbursement policies and regulations.

Management's Response: The school hired a new Business Manager in order to address inconsistencies in internal control and compliance such as the one noted. The school believes that these were isolated instances and they will not be repeated.

2013-51 – Financial Reporting (Compliance and Other Matters)

Condition: During our audit it was noted that the school is not posting the required quarterly reports on the school's website. In addition, the school didn't submit the ERB contributions for 2 of 12 months in a timely manner.

Criteria: Per 22-8-13.2 NMSA 1978 the school shall post the following required reports on the school's website at least quarterly:

- (1) a report on the budget status of the charter school, including the approved operating budget for revenues and expenses compared with year-to-date actual revenue and expenses;
- (2) a statement of any budget adjustment requests;
- (3) cash reports, including revenue, expenses, temporary loans and cash balances for operational, state and federal grants, capital outlay and debt service funds;
- (4) voucher reports, including a list of issued warrants or checks;
- (5) reports listing procurement, travel or gas card expenses; and
- (6) investment reports.

In addition, ERB requires the monthly ERB contributions to be submitted within 15 days of the end of the month.

Effect: Non-compliance with 22-8-13.2 NMSA 1978 and ERB contribution and filing requirements.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management establish procedures to ensure the required reports are posted to the school's website at least quarterly. In addition, we recommend management establish procedures to ensure timely submission of the ERB contributions.

Management's Response: The late payments were due to turnover in the Business Manager position. The school has hired a new Business Manager to address the inconsistencies and compliance issues. A calendar is being kept to ensure timely, monthly contributions and submission of reports to be posted on the website.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

THE BATAAN MILITARY ACADEMY (CONTINUED)

2013-52 – Governing Council Conflicts of Interest (Compliance and Other Matters)

Condition: During our audit, it was noted that the school signed a contract with an existing governing council member in the amount of \$9,000; the governing council member ultimately resigned approximately one month after entering into the contract.

Criteria: Per 22-8B-5.2 NMSA 1978 (Governing body conflicts of interest), a person shall not serve as a member of a governing body of a charter school if the person or an immediate family member of the person is an owner, agent of, contractor with or otherwise has a financial interest in a for-profit or nonprofit entity with which the charter school contracts directly for professional services, goods or facilities. A violation of this subsection renders the contract between the person or the person's immediate family member and the charter school voidable at the option of the chartering authority, the department or the governing body. A person who knowingly violates this subsection may be individually liable to the charter school for any financial damage caused by the violation. No member of a governing body or employee, officer or agent of a charter school shall participate in selecting, awarding or administering a contract with the charter school if a conflict of interest exists. A conflict of interest exists when the member, employee, officer or agent or an immediate family member of the member, employee, officer or agent has a financial interest in the entity with which the charter school is contracting. A violation of this subsection renders the contract voidable.

Effect: Non compliance with 22-8B-5.2 NMSA 1978.

Cause: Lack of effective processes and procedures to ensure compliance with the statute.

Auditor's Recommendation: We recommend that management establish procedures to ensure that current governing council members and future governing council members are familiar with all laws and regulations pertaining to their responsibilities as a governing council member

Management's Response: The Board Member officially resigned before the contract was signed; however, the resignation was not reviewed until the following Governing Council meeting. The Board has reviewed the bylaws and will continue to do so on an annual basis.

2013-53 - Reimbursement Requests (Significant Deficiency)

Condition: During our audit, we noted reimbursement requests within the expense reimbursement funds of the school totaling \$8,982 which were not submitted timely, and the school is no longer eligible to make a reimbursement claim for these expenses.

Criteria: Per NMAC 6.20.2.23, for grant money that is sent directly, school districts shall utilize the funding for the purpose for which it was awarded. School districts shall submit complete and accurate reports required by the grant within the prescribed time.

Effect: Possible loss in funding for reimbursable expenses, non-compliance with statutes.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management establish procedures surrounding the reimbursement process to ensure timely and accurate submission.

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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

THE BATAAN MILITARY ACADEMY (CONTINUED)

2013-53 - Reimbursement Requests (Significant Deficiency) (continued)

Management's Response: The school hired a new Business Manager in order to address inconsistencies in internal control and compliance such as the one noted. The school believes that these were isolated instances and they will not be repeated. The school will be reviewing this on a quarterly basis to ensure compliance.

2013-54 – Security for Deposits of Public Money (Compliance and Other Matters)

Condition: During our audit, we noted the school had approximately \$96,000 in deposits in excess of FDIC which were not secured as of June 30, 2013.

Criteria: Per 6-10-16 NMSA 1978, deposits of public money shall be secured by: (1) securities of the United States, its agencies or instrumentalities; (2) securities of the state of New Mexico, its agencies, instrumentalities, counties, municipalities or other subdivisions; (3) securities, including student loans, that are guaranteed by the United States or the state of New Mexico; (4) revenue bonds that are underwritten by a member of the financial industry regulatory authority, known as FINRA, and are rated "BAA" or above by a nationally recognized bond rating service; or (5) letters of credit issued by a federal home loan bank. Per 6-10-17 NMSA 1978, the securities delivered shall have an aggregate value equal to one-half the amount of public money to be received.

Effect: Non-compliance with statutes.

Cause: Management oversight.

Auditor's Recommendation: We recommend that management ensure deposits of public money be secured as required.

Management's Response: Appropriate members of the Governing Council and the Administration have completed the Pledged Collateral Form and the school is now in compliance.

APS FOUNDATION

2013-72 – Prior Period Restatement – Agency Transaction Determination (Material Weakness)

Condition: Certain donors impose restriction on use of monies to benefit programs of APS. In the current year, the Foundation determined that it had the authority to make spending decisions on the restricted funds to each program. As a result of the change in evaluation, management has restated its previously reported net position balance by \$1.9 million to reflect the recording of the agency activity in the statement of revenues, expenses and change in net position of the prior years.

Criteria: All activity should be properly recorded in the Foundation's records.

Cause: The Foundation has not implemented a formal policy and procedure for identifying an agency fund vs. operational transaction when donor monies are received.

Effect: The FY 2012 net position balance was understated by \$1.9 million and the error was corrected in FY 2013.

Recommendation: We recommend that all future activity be evaluated through a formal process to properly evaluate the correct recording of transactions.

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ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

APS FOUNDATION (CONTINUED)

2013-72 – Prior Period Restatement – Agency Transaction Determination (Material Weakness)
(continued)

Management's Response: The Foundation's board members and accounting staff determined the presentation in the 2012 financial statement was incorrect. Based on this, we believe the prior period adjustment is based on management correctly evaluating the program activity. All future activity will be evaluated proactively to ensure the proper presentation of the program activity.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

ALBUQUERQUE PUBLIC SCHOOLS

2012-01 - Payroll (Significant Deficiency, Instance of Non-compliance)

Federal Program: Title I, Part A Cluster (CFDA # 84.010) IDEA – B Cluster (CFDA # 84.027/84.027A-ARRA, School Improvement Grant Cluster (84.377/84.388A-ARRA, and Improving Teacher Quality State Grants (CFDA # 84.367A)

Federal Agency: Department of Education (Passthrough State of New Mexico Department of Education)

Questioned Costs: None

Condition: During our single audit test work over payroll we noted the following:

- Title I, Part A Cluster - 1 out of 40 payroll disbursements charged to the grant was identified as a summer payroll item that is uploaded into the payroll system through a spread sheet. It was determined that the rate that was being paid to the employee was higher than the approved pay rate. As a result of the incorrect pay rate, the grant was overcharged \$360.
- Title I, Part A Cluster - The District was unable to provide a time and effort certification for 1 out of 40 disbursements tested.
- IDEA - B Cluster - The District was unable to provide a time and effort certification for 1 out of 40 disbursements tested.
- Improving Teacher Quality - The District was unable to provide a time and effort certification for 3 out of 40 disbursements tested.
- School Improvement Grant - The District was unable to provide a time and effort certification for 2 out of 40 disbursements tested.

Criteria: Per OMB A-133 and federal agreements, the programs will be reimbursed for actual costs incurred. In addition, A-102 Common Rule requires that non-Federal entities receiving Federal Awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations and program compliance requirements. In addition, per OMB Circular A-87, for employees who work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personal activity reports or equivalent documentation.

Effect: The program is not in compliance with grant requirements and the District may have incorrectly charged costs to the programs.

Cause: Management oversight and lack of effective internal controls surrounding the processing of payroll time sheets uploads to the payroll system, and ensuring complete collection of time and effort sheets.

STATE OF NEW MEXICO
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2013

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

ALBUQUERQUE PUBLIC SCHOOLS (CONTINUED)

2012-01 - Payroll (Significant Deficiency) (continued)

Auditor's Recommendation: We recommend that APS establish effective internal controls surrounding the processing of time sheet payroll uploads. We recommend the processing of these payroll items be reviewed prior to uploading the information in to the payroll module to ensure the most accurate pay rate is entered. We recommend that the process be monitored by the grants management department. In addition, we recommend that the District continue to strive for full compliance in receiving all time and effort sheets. It has been brought to our attention by the grants department that they believe this can be achieved when the new grant module is implemented in the 2013-2014 school year.

Management's Response:

Over Payment: Grant Management has implemented internal control processes to prevent future overpayments related to supplemental pay. GM technicians will verify that hourly rates on uploaded spreadsheets correspond to the rates approved on the original timesheets and/or in Lawson.

Time and Effort: Grant Management has updated internal control processes to confirm receipt of all Time and Effort sheets. The GM administrative assistant will provide Associate Superintendents with a report of all employees with missing T/E reports. In instances where the missing T/E report was mailed to the incorrect location, the GM staffing specialist will work with HR to confirm all records are updated and ensure subsequent T/E reports are routed to the correct location. Additionally, all employees paid from grant funds are required to complete a Time & Effort training annually.

STATE OF NEW MEXICO
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

ALBUQUERQUE PUBLIC SCHOOLS

2012-01 - Payroll (Significant Deficiency) - Repeated

Condition: During our payroll test work we noted the following:

- 1) Title I, Part A Cluster – 1 out of 40 payroll disbursements charged to the grant was identified as a journal entry to make a retroactive payroll correction. However, it was determined the payroll correction was corrected by both grants management and the payroll department. As a result of the duplication of this correction, the grant was over-charged \$10,419.
- 2) IDEA – B Cluster – 1 out of 40 payroll disbursements charged to the grant was identified as a journal entry to make a retroactive payroll correction for an employee. However, during this retroactive correction the District also charged the grant for mentoring activities the employee was receiving compensation for, which should have been paid out of operations. The total amount incorrectly charged to the grant totaled \$462.
- 3) School Improvement Grant – The District was unable to provide a time and effort certification for 1 out 40 disbursements tested.

2012-02 - Internal Control Surrounding Warehouse/Supply Inventory (Significant Deficiency) - Resolved

Condition: During our year-end physical inventory observations, we noted the following:

During our inventory observation of the Maintenance and Operations (M&O) inventory, we noted that inventory leaving the warehouse is not checked by M&O personnel after it is placed on the technicians' trucks to ensure that what was ordered is what was physically removed from the warehouse. In addition, during our test counts we identified 1 out of 20 inventory items with a count discrepancy of 2.

During our inventory observation of the Instructional Materials department, it was noted the department does not have written policies concerning inventory counting procedures. In addition, during our test counts we identified 2 out of 20 inventory items with count discrepancies with variances of 1 and 8.

During our inventory observation at the Food & Nutrition Services at the Rankin Warehouse, counts were not rechecked by personnel other than those who made the original counts. Also, test counts were not conducted to check the accuracy of the initial counts prior to the audit test counts and inventory tags were not utilized to ensure no duplicate counts were made. In addition, during our test counts we identified 5 out of 20 inventory items with count discrepancies with variances ranging from 1 up to 50.

2012-03 - Financial Close and Reporting (Material Weakness) – Repeated-Updated

Condition: During our test work, we noted the following misstatements as of June 30, 2011 that required prior period adjustments:

- 1) It was determined that the May and June 2011 USDA claims for the National School Lunch Program (CFDA 10.555) totaling \$2,535,198 were received and recognized as revenue in August 2012. However, they should have been accrued as an accounts receivable and recognized as revenue as of June 30, 2011.
- 2) It was determined that Fund 31300 included an accounts receivable in the amount of \$442,766 which was recorded twice by the District, overstating the accounts receivable and revenue as of June 30, 2011.

STATE OF NEW MEXICO
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

ALBUQUERQUE PUBLIC SCHOOLS (CONTINUED)

2012-04 - Information Technology (Significant Deficiency) - Resolved

Condition: During our evaluation of internal controls over information technology (IT), it was noted that the District does not have an adequate internal control structure over information technology. The District is in the process of developing an IT strategic plan and establishing IT policies and standards; however, the following deficiencies were noted:

- 1) The district does not have a policy or procedure to periodically review established users to determine they are current, authorized and have the correct access rights.
- 2) Prior to December 2011, there was not a process for closing user rights when users terminate employment and there could be terminated employees that still have user rights.
- 3) There are no formal backup and recovery procedures, as they are in the process of being developed and tested.

2012-05 - Internal Controls Surrounding Capital Asset Management (Material Weakness) – Repeated-Updated

Condition: During our test work over capital assets we noted the following:

- 1) It was noted that accumulated depreciation on various assets when recalculated was understated by \$33,706,770. This error occurred during the GASB 34 implementation in 2002 and was never corrected prior to entering the assets into Lawson. It was noted that current year depreciation expense was properly calculated.
- 2) At the end of June 30, 2012, the District reported to the State Auditors' Office assets totaling \$1,893,074 in which the District deemed missing and removed from the asset listing. These assets were first identified as missing during the years of 2003 through 2009. The District established a policy June 30, 2010 to remove these assets from the listing if they were still missing after two years, these were removed in accordance with the policy; however, the district was unable to account for all of these assets.

2012-06 - Risk Management (Significant Deficiency) – Repeated- Updated

Condition: During internal control test work over the risk management function, the following items were noted:

- 1) Out of 38 risk payments tested, one payment in the amount of \$247.38 that was processed and paid through accounts payable was never recorded in the APS QISS risk management software system. Neither the claim, which was a property claim, nor the single payment paid on the claim, was set up in the QISS risk tracking system.
- 2) During review of controls over claims reserves, it was noted that claims analysts have the ability to enter an unlimited case reserve amount per case without requiring management approval. Currently, the QISS risk management software does not require approval of case reserve amounts. In addition, it was noted that a report is not generated from the system that would show reserve amounts by case as a way to monitor reserves that have been set. However, it was noted that the Risk Management Department is currently working with the software company to add a control in the system that would require reserves entered in by a claims analyst over a certain amount to be approved by the risk management director.

**STATE OF NEW MEXICO
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June 30, 2013**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

COMPONENT UNITS

21ST CENTURY PUBLIC ACADEMY

FS 10-05 - Internal Control Structure (Significant Deficiency) - Repeated

Condition: During our field work we noted the following:

- 1) The fixed asset listing provided during our test work had included a cost variance of \$7,500 compared to the financial statements in prior year; the school was unable to identify the reason for the variance.
- 2) During our search for unrecorded liabilities, we identified 2 disbursements subsequent to year end totaling approximately \$25,000 that should have been accrued as accounts payable at year-end, however, they were not identified by school as liabilities as of June 30, 2012.
- 3) During our journal entry review, 4 out of 5 journal entries reviewed did not have evidence of principal review and approval.

2012-07 – OSA Audit Confidentiality (Compliance and Other Matters) - Resolved

Condition: During our review of the August 31, 2011 governing council minutes, it was noted that there was discussion of a specific audit finding for the FY 2011 Audit. At this time, the report had not yet been submitted and officially released by the State Auditor.

ACADEMIA DE LENGUA Y CULTURA

2012-08 - Cash Control Standards/PED Cash Reporting (Significant Deficiency) - Repeated

Condition: During our field work, we noted the June 30, 2012 bank reconciliation had a variance of \$639 when compared to the final trial balance. In addition, the beginning balance on the cash report did not agree to the final cash balance from the audited June 30, 2011 financials. In addition, it was noted that the outstanding items included a check from December 1, 2010 for \$586.52.

2012-09 - Internal Control Structure (Significant Deficiency) - Repeated

Condition: The school policy for cash disbursements requires the signature of the governing council president; however, it was noted that the school is not following this policy.

2012-10 - Internal Controls Surrounding Capital Asset Management (Significant Deficiency) - Repeated

Condition: During our test work over capital assets, we noted the following:

- 1) The school has capital assets totaling approximately \$247,000 in original cost with a net book value of approximately \$8,000 as of June 30, 2011; the school was unable to provide a detailed listing of these assets with the proper depreciation calculation for the current year.
- 2) The school was unable to determine if a physical inventory of the assets was performed as of June 30, 2012.

**STATE OF NEW MEXICO
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2013**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

COMPONENT UNITS (CONTINUED)

CAREER ACADEMIC AND TECHNICAL ACADEMY

2012-11 – Procurement (Compliance and Other Matters) - Resolved

Condition: During our procurement test work, we noted contracts in the amount of \$41,516 and \$68,704 awarded which lacked evidence of an RFP process.

2012-12 - Operating Leases (Compliance and Other Matters) - Resolved

Condition: During our test work, we noted the school entered into an operating lease inappropriately on behalf of Albuquerque Public Schools.

CORRALES INTERNATIONAL CHARTER SCHOOL

FS 11-21 - Internal Control Structure (Significant Deficiency) - Repeated

Condition: During our field work, we noted the following:

- 4) A journal entry in which \$85 was posted to function 1000 instead of function 2200 in fund 27106 and \$3,900 was posted to function 4000 instead of function 1000 in fund 31700.
- 5) Fund 24106 was overdrawn by \$47 and is due back to APS.

2012-13 - Travel and Per Diem (Compliance and Other Matters) - Resolved

Condition: During our review of 2 travel and per diem reimbursements, it was noted that on one of the reimbursements the employee was reimbursed at 100% of the IRS rate.

DIGITAL ARTS AND TECHNOLOGY ACADEMY

2012-14 - Travel and Per Diem (Compliance and Other Matters) - Resolved

Condition: During our review of 1 travel and per diem reimbursement, it was noted that on the last day of travel the employee was reimbursed for actual expenses of \$38 instead of using the partial day per diem rates, in which the maximum amount is \$30.

2012-15 - Timely Deposit of Cash Receipts (Compliance and Other Matters) - Resolved

Condition: During our review of 2 cash receipt batches, we noted 1 batch included a deposit that was not deposited within 24 hours of receipt as required.

FS 09-66 - Untimely Federal Reimbursement Back to Government (Compliance and Other Matters) - Resolved

Condition: We noted that the school has \$88,853 of unspent fund sitting in cash from FY 2006 that they have not paid back to the state.

STATE OF NEW MEXICO
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

COMPONENT UNITS (CONTINUED)

EL CAMINO REAL ACADEMY

2012-16 - Cash Control Standards (Compliance and Other Matters) - Resolved

Condition: During our review of cash controls, it was noted the checks of the charter school do not state "Void after one year" as required.

GORDON BERNELL CHARTER SCHOOL

2012-17 - Reimbursement Requests (Compliance and Other Matters) - Repeated

Condition: During our audit, we noted a state reimbursement request for fund 31700 in the amount of \$5,816 was not properly submitted and was subsequently disapproved. In addition, the fund has a deficit of \$5,574 from a previous year in which the school was not reimbursed.

LA ACADEMIA DE ESPERANZA

FA 07-90 - Internal Control Structure (Significant Deficiency) - Resolved

Condition: During our test work, we noted material adjustments in excess of customary cash-modified accrual adjustments.

FA 07-97 - Budgetary Conditions (Compliance and Other Matters) - Repeated

Condition: The school has expenditure functions where actual expenditures exceeded budgetary authority:

IDEA B – Support Services - \$146,758

2012-18 - Internal Controls Surrounding Capital Asset Management (Significant Deficiency) - Resolved

Condition: During our test work over fixed assets, we noted the following:

- 1) 2 assets in which depreciation was incorrectly calculated by approximately \$3,600.
- 2) The fixed asset listing doesn't include placed-in-service dates for all assets.
- 3) Additions in current year incorrectly excluded installation and related costs to be included with the capitalized amount of the asset.

LA ACADEMIA DE ESPERANZA FOUNDATION

FS 11-32 - No Accounting Record (Significant Deficiency) - Resolved

Condition: The Foundation of the school does not have a chart of accounts or a general ledger. The Foundation also does not perform bank reconciliations.

**STATE OF NEW MEXICO
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2013**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

COMPONENT UNITS (CONTINUED)

MOUNTAIN MAHOGANY

2012-19 - Budgetary Conditions (Compliance and Other Matters) - Repeated

Condition: The School has expenditure functions where actual expenditures exceeded budgetary authority:

EMS! – Instruction - \$243

2012-20 - Timely Deposit of Cash Receipts (Compliance and Other Matters) - Resolved

Condition: During our review of 1 cash receipt batch, we noted 6 receipts within the batch that were not deposited within 24 hours of receipt as required.

NATIVE AMERICAN COMMUNITY ACADEMY

FS 07-141 - Budgetary Conditions (Compliance and Other Matters) - Repeated

Condition: The School has expenditure functions where actual expenditures exceeded budgetary authority:

Operational – Instruction - \$66,037
Operational – Support Services - \$104,627
Operational – Non-Instructional Services - \$48
Instruction Support – Instruction - \$4,327
Food Services – Non-Instructional Services - \$9,690
Title I – Support Services - \$1,692
IDEA B – Support Services - \$56,205
Kellogg Fund – Instruction - \$882
Kellogg Fund – Support Services - \$12,975
NM Community Foundation – Support Services - \$31,922
2008 GO Bond Student Library Fund – Support Services - \$799
Private Direct Grants – Support Services - \$45,676
Public School Capital Outlay – Capital Outlay - \$362,070
Capital Improvements – Support Services - \$51,182

FS 08-106 - Budget Adjustment Requests (BAR) (Compliance and Other Matters) - Resolved

Condition: During our audit, we noted that not all of the awards in the Local and State Flow-Through Grants were properly budgeted based on the awarded amounts.

2012-21 - Cash Management/Cash Control Standards (Material Weakness) - Resolved

Condition: During our field work, we noted the following:

- 1) Monthly bank reconciliations were not performed in a timely manner consistently during the fiscal year.
- 2) The school incurred late/finance charges in the amount of \$460 during the fiscal year as a result of untimely credit card payments and payments not made in full of the amount outstanding.
- 3) Due to inadequate budgeting and cash management, the school has fund balance deficits of \$100,767 in the General Fund and \$9,442 in the Food Services Fund as of June 30, 2012.

**STATE OF NEW MEXICO
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2013**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

COMPONENT UNITS (CONTINUED)

NATIVE AMERICAN COMMUNITY ACADEMY (CONTINUED)

2012-22 - Agency Issued Credit Cards (Compliance and Other Matters) - Repeated

Condition: During our field work, we noted the school was utilizing credit cards issued to the school instead of P-Cards.

NUESTROS VALORES

**FS 11-40 - Untimely Federal Reimbursement Back to Government (Compliance and Other Matters)
- Resolved**

Condition: We noted that the school has \$3,267 of unspent funds in cash from FY 2010 that they have not paid back to the state.

FS 11-42 - Budgetary Conditions (Compliance and Other Matters) - Repeated

Condition: The school has expenditure functions where actual expenditures exceeded budgetary authority:

IDEA-B - Instruction - \$21,067
Title I - Instruction - \$1,373
Instruction Support – Support Services - \$151
General Fund – Support Services - \$70,488
General Fund – Food Services - \$10,401

2012-23 - Untimely Reimbursement Requests (Significant Deficiency) - Repeated

Condition: During our audit, we noted within the food services fund that expenditures exceed revenue by \$10,401; this was a result of USDA claims not being properly submitted within a timely manner. As a result, the school will be unable to claim those funds and the expenses were reclassified to the general fund.

2012-24 - Internal Control Structure (Significant Deficiency) - Repeated

Condition: During our test work, we noted numerous adjustments in excess of customary cash-modified accrual adjustments.

PUBLIC ACADEMY FOR PERFORMING ARTS

FS 11-43 - Internal Control Structure (Significant Deficiency) - Repeated

Condition: During our field work we noted the following:

- 1) The reported general ledger balances on the bank reconciliation for the operating account and the activity account had discrepancies of approximately \$3k to the actual general ledger.

**STATE OF NEW MEXICO
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2013**

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

COMPONENT UNITS (CONTINUED)

ROBERT F. KENNEDY

FS 09-176 - Untimely Deposit of Cash Receipts (Compliance and Other Matters) - Repeated

Condition: During our review of 1 cash receipt batch, we noted 6 receipts within the batch that were not deposited within 24 hours of receipt as required.

FS 11-48 - Cash Control Standards (Compliance and Other Matters) - Repeated

Condition: During our review of the year-end bank reconciliation, it was noted that the outstanding items included 29 checks totaling \$6,627.24 dated 6/30/11 and older. In addition, there was 1 outstanding deposit dated 3/28/11 for \$29.

THE BATAAN MILITARY ACADEMY

FS 09-197 - Internal Controls over Disbursements (Compliance and Other Matters) - Repeated

Condition: During our budget test work, it was noted that \$641 for the 2010 Library GO Bonds fund was incorrectly charged to support services.

**STATE OF NEW MEXICO
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2013**

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

ALBUQUERQUE PUBLIC SCHOOLS

Finding FA 11-02 – Suspension and Debarment (Significant Deficiency, Compliance) - Resolved

Federal Program: Title I, Part A Cluster (CFDA #84.010/84.389A-ARRA)

Federal Agency: Department of Education

Condition: During our procurement test work, we noted that 5 of 5 vendors tested that were awarded contracts on the Title I grant were not checked for suspension and debarment.

Finding 2012-01 - Payroll (Significant Deficiency) - Repeated

Federal Program: Title I, Part A Cluster (CFDA # 84.010/84.389A-ARRA) IDEA – B Cluster (CFDA # 84.027/84.027A-ARRA and School Improvement Grant Cluster (84.377/84.388A-ARRA)

Federal Agency: Department of Education

Condition: During our payroll test work we noted the following:

- 1) Title I, Part A Cluster – 1 out of 40 payroll disbursements charged to the grant was identified as a journal entry to make a retroactive payroll correction. However, it was determined the payroll correction was corrected by both grants management and the payroll department. As a result of the duplication of this correction, the grant was over-charged \$10,419.
- 2) IDEA – B Cluster – 1 out of 40 payroll disbursements charged to the grant was identified as a journal entry to make a retroactive payroll correction for an employee. However, during this retroactive correction the District also charged the grant for mentoring activities the employee was receiving compensation for, which should have been paid out of operations. The total amount incorrectly charged to the grant totaled \$462.
- 3) School Improvement Grant – The District was unable to provide a time and effort certification for 1 out of 40 disbursements tested.

2012-03 Financial Close and Reporting (Material Weakness) – Resolved *

Federal Program: National School Lunch Program (CFDA #10.555)

Federal Agency: Department of Agriculture

Condition: During our test work, we noted the following misstatements as of June 30, 2011 that required prior period adjustments:

- 1) It was determined that the May and June 2011 USDA claims for the National School Lunch Program (CFDA 10.555) totaling \$2,535,198 were received and recognized as revenue in August 2012. However, they should have been accrued as an accounts receivable and recognized as revenue as of June 30, 2011.
- 2) It was determined that Fund 31300 included an accounts receivable in the amount of \$442,766 which was recorded twice by the District, overstating the accounts receivable and revenue as of June 30, 2011.

*Please note that this finding is repeated – modified in the financial statement findings. However, the current year finding does not pertain to federal awards. Therefore, the finding is resolved in Section III – Federal Awards Findings and Questioned Costs.

**STATE OF NEW MEXICO
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
EXIT CONFERENCES
June 30, 2013**

EXIT CONFERENCES

The following details the exit conferences held for the District and each respective component unit, which includes the date and attendance of each exit conference. In addition, each exit 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.

ALBUQUERQUE PUBLIC SCHOOLS

The following individuals were in attendance on October 25, 2013:

Dr. Donald Duran, Member, Finance Committee Chair
Martin Esquivel, Board President
Lorenzo Garcia, Member, Capital Outlay, Property and Technology Committee Chair
Dr. Analee Maestas, Member, District and Community Relations Committee Chair
Don Moya, Chief Financial Officer
Steven Michael Queazda, Board Secretary
Kathy Korte, Board Vice President, Audit Committee Chair
Tami Coleman, Executive Director of Accounting
Peg Koshmider, Director of Internal Audit
Mike Wilson, Director of Risk Management
Art Melendrez, Modrall Sperling Law Firm
Brad Winter, Chief Operations Officer
Georgie Ortiz, CPA, CGFM, Principal, CliftonLarsonAllen LLP
Matt Bone, CPA, CGFM, Manager, CliftonLarsonAllen LLP
Cammie Archuleta, Senior Associate, CliftonLarsonAllen LLP

21ST CENTURY PUBLIC ACADEMY

The following individuals were in attendance on October 25, 2013:

Mary Tarango, Principal
Dr. Donald Duran, Member, Finance Committee Chair
Martin Esquivel, Board President
Lorenzo Garcia, Member, Capital Outlay, Property and Technology Committee Chair
Dr. Analee Maestas, Member, District and Community Relations Committee Chair
Don Moya, Chief Financial Officer
Steven Michael Queazda, Board Secretary
Kathy Korte, Board Vice President, Audit Committee Chair
Tami Coleman, Executive Director of Accounting
Peg Koshmider, Director of Internal Audit
Art Melendrez, Modrall Sperling Law Firm
Brad Winter, Chief Operations Officer
Georgie Ortiz, CPA, CGFM, Principal, CliftonLarsonAllen LLP
Matt Bone, CPA, CGFM, Manager, CliftonLarsonAllen LLP
Cammie Archuleta, Senior Associate, CliftonLarsonAllen LLP

**STATE OF NEW MEXICO
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
EXIT CONFERENCES
June 30, 2013**

ACADEMIA DE LENGUA Y CULTURA

The following individuals were in attendance on October 25, 2013:

Dr. Donald Duran, Member, Finance Committee Chair
Martin Esquivel, Board President
Lorenzo Garcia, Member, Capital Outlay, Property and Technology Committee Chair
Dr. Analee Maestas, Member, District and Community Relations Committee Chair
Don Moya, Chief Financial Officer
Steven Michael Queazda, Board Secretary
Kathy Korte, Board Vice President, Audit Committee Chair
Tami Coleman, Executive Director of Accounting
Peg Koshmider, Director of Internal Audit
Art Melendrez, Modrall Sperling Law Firm
Brad Winter, Chief Operations Officer
Georgie Ortiz, CPA, CGFM, Principal, CliftonLarsonAllen LLP
Matt Bone, CPA, CGFM, Manager, CliftonLarsonAllen LLP
Cammie Archuleta, Senior Associate, CliftonLarsonAllen LLP

ALBUQUERQUE TALENT DEVELOPMENT SECONDARY CHARTER SCHOOL

The following individuals were in attendance on September 30, 2013:

Rommie Compher, Principal
Maureen Senetra, Vice-President, Governing Council
Frank Barka, Secretary, Governing Council
Carl R. Stenger IV, Member, Audit Committee
Judy Bergs, Charter School Business Manager
Mark Tolley, APS Charter/Magnet Schools Director
Georgie Ortiz, CPA, CGFM, Principal, CliftonLarsonAllen LLP
Matt Bone, CPA, CGFM, Manager, CliftonLarsonAllen LLP

ALICE KING COMMUNITY SCHOOL

The following individuals were in attendance on September 30, 2013:

Tamara Henderson, Assistant Principal/Director
Rhonda Cordova, Business Manager
Jason Kugler, Audit Committee Chair
R. J. Romero, APS Charter & Management Officer
Judy Bergs, APS Charter School Business Manager
Georgie Ortiz, CPA, CGFM, Principal, CliftonLarsonAllen LLP
Matt Bone, CPA, CGFM, Manager, CliftonLarsonAllen LLP

**STATE OF NEW MEXICO
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
EXIT CONFERENCES
June 30, 2013**

CHRISTINE DUNCAN HERITAGE ACADEMY

The following individuals were in attendance on October 1, 2013:

Jesus A. Moncada, School Principal
Yolanda Sanchez, Business Manager
Jacob Sanchez, Treasurer, Governing Council
Chris Parrino, Member, Audit Committee
Judy Bergs, APS Charter School Business Manager
Georgie Ortiz, CPA, CGFM, Principal, CliftonLarsonAllen LLP
Matt Bone, CPA, CGFM, Manager, CliftonLarsonAllen LLP

CORRALES INTERNATIONAL CHARTER SCHOOL

The following individuals were in attendance on September 30, 2013:

Diane Gunn Miles, Business Manager
Joe Marico, Member, Audit Committee
Matt Peterson, Member, Audit Committee
Judy Bergs, APS Charter School Business Manager
Mark Tolley, APS Charter/Magnet Schools Director
Georgie Ortiz, CPA, CGFM, Principal, CliftonLarsonAllen LLP
Matt Bone, CPA, CGFM, Manager, CliftonLarsonAllen LLP

DIGITAL ARTS & TECHNOLOGY

The following individuals were in attendance on September 30, 2013:

Evelyn Hunemuller, CEO
Al Sanchez, President, Member, Governing Council
Michael Vigil, The Vigil Group, Business Manager
Michael Vigil II, The Vigil Group, Business Manager
Lynette Quintana, Assistant Business Manager
Judy Bergs, APS Charter School Business Manager
Mark Tolley, APS Charter/Magnet Schools Director
Georgie Ortiz, CPA, CGFM, Principal, CliftonLarsonAllen LLP
Matt Bone, CPA, CGFM, Manager, CliftonLarsonAllen LLP

EL CAMINO REAL ACADEMY

The following individuals were in attendance on September 30, 2013:

Paym Greene, Principal
Mary Scofield, Business Manager
Mike Reid, Secretary, Treasurer, Governing Council
Georgie Ortiz, CPA, CGFM, Principal, CliftonLarsonAllen LLP
Matt Bone, CPA, CGFM, Manager, CliftonLarsonAllen LLP

**STATE OF NEW MEXICO
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
EXIT CONFERENCES
June 30, 2013**

GORDON BERNELL CHARTER SCHOOL

The following individuals were in attendance on October 20, 2013:

Greta Roskom, Director
Kristalyn Loftis, Business Manager
Claudia Duran, Business Manager
Curt Szarek, Member, Finance/Audit Committee
Erik Bose, Board Member
J.J. Griego, GPS Business Manager
Tami Coleman, APS Executive Director of Accounting
Judy Bergs, APS Charter School Business Manager
Matt Bone, CPA, CGFM, Manager, CliftonLarsonAllen LLP

LA ACADEMIA DE ESPERANZA

The following individuals were in attendance on September 30, 2013:

Steve Wood, Principal
Jama Sullivan, Business Manager
Lee L. Farris, Board Member
R. J. Romero, APS Charter & Management Officer
Judy Bergs, APS Charter School Business Manager
Georgie Ortiz, CPA, CGFM, Principal, CliftonLarsonAllen LLP
Matt Bone, CPA, CGFM, Manager, CliftonLarsonAllen LLP

LOS PUENTES CHARTER SCHOOL AND FOUNDATION

The following individuals were in attendance on October 1, 2013:

Donna "Lexi" Miles, Principal
Patrick Kelly, Business Manager
Doug Mitchell, Board Member
Joan Staveley, Board Member
Judy Bergs, APS Charter School Business Manager
Georgie Ortiz, CPA, CGFM, Principal, CliftonLarsonAllen LLP
Matt Bone, CPA, CGFM, Manager, CliftonLarsonAllen LLP

MONTESSORI OF THE RIO GRANDE/FRIENDS OF THE MONTESSORI FOUNDATION

The following individuals were in attendance on October 1, 2013:

Bonnie M. Dodge, Principal
Chris Parrino, Business and Finance Director
Ryan Hieronymous, Member, Council and Foundation
Judy Bergs, APS Charter School Business Manager
Georgie Ortiz, CPA, CGFM, Principal, CliftonLarsonAllen LLP
Matt Bone, CPA, CGFM, Manager, CliftonLarsonAllen LLP

**STATE OF NEW MEXICO
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
EXIT CONFERENCES
June 30, 2013**

MOUNTAIN MAHOGANY COMMUNITY SCHOOL

The following individuals were in attendance on September 30, 2013:

Balor Del Rosairo, Administrator
Ina Rivera, Business Manager
Delcie Dobrovolny, Member, President
Brenda Bentley, Member, Governing Council
Judy Bergs, APS Charter School Business Manager
Georgie Ortiz, CPA, CGFM, Principal, CliftonLarsonAllen LLP
Matt Bone, CPA, CGFM, Manager, CliftonLarsonAllen LLP

NATIVE AMERICAN COMMUNITY ACADEMY

The following individuals were in attendance on September 30, 2013:

Kara Bobroff, NACA Principal
Rebekah Estrado, NACA Business Support Specialist
Carmen Rodriguez, NACA Business Manager
Judy Bergs, APS Charter School Business Manager
Mark Tolley, APS Charter/Magnet Schools Director
Georgie Ortiz, CPA, CGFM, Principal, CliftonLarsonAllen LLP
Matt Bone, CPA, CGFM, Manager, CliftonLarsonAllen LLP

NUESTROS VALORES CHARTER SCHOOL

The following individuals were in attendance on September 30, 2013:

Monica Aguilar, Executive Director
Rhonda Cordova, Business Manager
Lawrence Chavez, Member, Audit Committee
R. J. Romero, APS Charter & Management Officer
Judy Bergs, APS Charter School Business Manager
Georgie Ortiz, CPA, CGFM, Principal, CliftonLarsonAllen LLP
Matt Bone, CPA, CGFM, Manager, CliftonLarsonAllen LLP

PUBLIC ACADEMY FOR PERFORMING ARTS

The following individuals were in attendance on September 30, 2013:

Doreen Winn, Executive Director
Rhonda Cordova, Business Manager
Rebekah Weems, Counselor
R. J. Romero, APS Charter & Management Officer
Judy Bergs, APS Charter School Business Manager
Georgie Ortiz, CPA, CGFM, Principal, CliftonLarsonAllen LLP
Matt Bone, CPA, CGFM, Manager, CliftonLarsonAllen LLP

**STATE OF NEW MEXICO
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
EXIT CONFERENCES
June 30, 2013**

ROBERT F. KENNEDY CHARTER SCHOOL

The following individuals were in attendance on October 20, 2013:

Robert D. Baade, Director
Claudia Duran, Business Manager
Roy Burton, Member, Finance Committee
Michael Perez, Member, Finance Committee
J.J. Griego, GPS Business Manager
Judy Bergs, APS Charter School Manager
Matt Bone, CPA, CGFM, Manager, CliftonLarsonAllen LLP

SCHOOL FOR INTEGRATED ACADEMICS & TECHNOLOGY

The following individuals were in attendance on September 30, 2013:

Erik Bose, Executive Director
Curt Szarek, Business Manager
Jacob Kennedy, Member, Governing Board/Audit Committee
R. J. Romero, APS Charter & Management Officer
Judy Bergs, APS Charter School Business Manager
Georgie Ortiz, CPA, CGFM, Principal, CliftonLarsonAllen LLP
Matt Bone, CPA, CGFM, Manager, CliftonLarsonAllen LLP

SOUTH VALLEY ACADEMY

The following individuals were in attendance on September 30, 2013:

Katarina Sandoval, Principal
Carmen Rodriguez, Business Manager
Alicia Maldonado, President, Governing Council
Judy Bergs, APS Charter School Business Manager
Georgie Ortiz, CPA, CGFM, Principal, CliftonLarsonAllen LLP
Matt Bone, CPA, CGFM, Manager, CliftonLarsonAllen LLP

THE BATAAN MILITARY ACADEMY

The following individuals were in attendance on September 30, 2013:

Manuel Alzaga, Principal
Jan Zink, Vice Principal
Ned Keltner, Member, Finance Committee
Judy Bergs, APS Charter School Business Manager
Mark Tolley, APS Charter/Magnet Schools Director
Georgie Ortiz, CPA, CGFM, Principal, CliftonLarsonAllen LLP
Matt Bone, CPA, CGFM, Manager, CliftonLarsonAllen LLP

**STATE OF NEW MEXICO
ALBUQUERQUE MUNICIPAL SCHOOL DISTRICT NO. 12
EXIT CONFERENCES
June 30, 2013**

ALBUQUERQUE PUBLIC SCHOOLS FOUNDATION

The following individuals were in attendance on October 25, 2013:

Phil Casaus, Executive Director
Jeff Lansford, Board Member
Cathy Cavin, Resource Specialist
Rachel Rios, Accountant
Cheryl Burgman, Accountant
Ann Lerner, Board Member, Finance Committee
J.J. Griego, GPS Business Manager, Treasurer
Georgie Ortiz, CPA, CGFM, Principal, CliftonLarsonAllen LLP

PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements for the primary government presented in this report have been prepared by management. The financial statements for the component units presented in this report have been prepared by the independent auditor. However, they are the responsibility of management, as addressed in the Independent Auditor's Report. Management reviewed and approved the financial statements.