



**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2019

INTRODUCTORY SECTION

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SOCORRO CONSOLIDATED SCHOOLS
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**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
OFFICIAL ROSTER
JUNE 30, 2019**

Board of Education

James Chavez	President
Kimberly Gonzales	Vice-President
Carlos Vega	Secretary
Pauline Jaramillo	Member
JC Trujillo	Member

School Officials

Ron Hendrix	Superintendent
Denise Cannon	Assistant Superintendent
Rhiannon Crespín	Executive Director of Finance and Operations
Bonnie Hoke	Controller

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the District Board of Education
Socorro Consolidated Schools
Socorro, New Mexico and
Mr. Brian Colón, Esq.
New Mexico State Auditor
Santa Fe, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major revenue funds of Socorro Consolidated Schools (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents. We have also audited the financial statements of the governmental activities of the discretely presented component unit, presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining financial statements as of and for the year ended June 30, 2019, as listed in the Table of Contents. We have also audited each major fund, the aggregate remaining fund information, and the respective budgetary comparisons of the following discretely presented component unit: Cottonwood Valley Charter School, presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual nonmajor fund financial statements as listed in the Table of Contents as of and for the year ended June 30, 2019.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

To the District Board of Education
Socorro Consolidated Schools and
Mr. Brian Colón, Esq.
New Mexico State Auditor

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information and the respective budgetary comparisons of the following component unit (Cottonwood Valley Charter School) as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of the District's Contributions-ERB, Schedule of the District's Proportionate Share of the Net OPEB Liability, and the Schedule of the District's Contributions-RHCA OPEB on pages 58-61, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our

To the District Board of Education
Socorro Consolidated Schools and
Mr. Brian Colón, Esq.
New Mexico State Auditor

inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion on or provide any assurance on the information because of the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedules required by NMAC 2.2.2 (Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds, Schedule of Collateral Pledged by Depository for Public Fund, Schedule of Cash and Temporary Investment Accounts, and Schedule of Cash Reconciliations), and other information, such as the Introductory Section and Corrective Action Plan, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards and the scheduled required by NMAC 2.2.2 (Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds, Schedule of Collateral Pledged by Depository for Public Fund, Schedule of Cash and Temporary Investment Accounts, and Schedule of Cash Reconciliations), are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, and the schedules required by NMAC 2.2.2 (Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds, Schedule of Collateral Pledged by Depository for Public Fund, Schedule of Cash and Temporary Investment Accounts, and Schedule of Cash Reconciliations), are fairly stated in all material respects in relation to the basic financial statements as a whole.

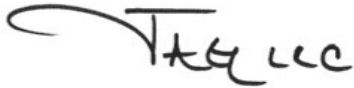
The Introductory Section and Corrective Action Plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and

To the District Board of Education
Socorro Consolidated Schools and
Mr. Brian Colón, Esq.
New Mexico State Auditor

the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "JAG LLC". The signature is stylized with a large, sweeping initial letter.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 14, 2019

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Governmental Activities	
	Primary Government	Component Unit
ASSETS		
Current assets		
Cash and cash equivalents	\$ 9,658,804	\$ 227,736
Receivables (net of allowance for uncollectible accounts)	2,150,843	37,670
Inventory and other assets	7,100	-
Total current assets	11,816,747	265,406
Non-current assets		
Capital assets, net	20,031,460	3,537,380
Total assets	31,848,207	3,802,786
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions and OPEB	9,249,044	1,054,468
LIABILITIES		
Current liabilities		
Accounts payable	21,176	-
Accrued payroll expenses	667,151	12,029
Accrued compensated absences	108,112	-
Accrued interest	106,133	-
Current portion of long-term debt	1,135,975	101,116
Total current liabilities	2,038,547	113,145
Non-current liabilities		
Long-term debt due in more than one year	13,854,538	1,233,285
Compensated absences	200,779	-
Net pension liability	36,999,876	3,686,313
Net OPEB liability	8,863,686	882,281
Total non-current liabilities	59,918,879	5,801,879
Total liabilities	61,957,426	5,915,024
DEFERRED INFLOWS OF RESOURCES		
Related to pensions and OPEB	3,791,714	341,149
NET POSITION		
Net investment in capital assets	5,040,947	2,202,979
Restricted for		
Debt service	1,573,505	-
Capital projects	3,063,056	-
Special revenue funds	1,346,578	5,954
Unrestricted (deficit)	(35,675,975)	(3,607,852)
Total net position (deficit)	\$ (24,651,889)	\$ (1,398,919)

See Accompanying Notes.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets	Component Unit
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions		
Primary government						
Governmental activities						
Instruction	\$ 13,777,836	\$ -	\$ 3,911,941	\$ -	\$ (9,865,895)	\$ 1,671,037
Support services						
Students	1,805,091	218,152	-	-	(1,586,939)	76,429
Instruction	201,735	-	-	-	(201,735)	737
General administration	584,509	-	-	-	(584,509)	117,723
School administration	2,143,730	-	-	-	(2,143,730)	50,452
Other support services	1,113	-	-	-	(1,113)	-
Central services	741,140	-	-	-	(741,140)	68,862
Operation & maintenance of plant	2,360,747	-	-	339,415	(2,021,332)	139,195
Student transportation	652,775	-	641,637	-	(11,138)	-
Food services operation	1,091,507	20,719	-	-	(1,070,788)	-
Community services	-	-	-	-	-	-
Interest on long-term debt	212,017	-	-	-	(212,017)	-
Loss (gain) on disposition of assets	-	-	-	-	-	-
Total primary government	\$ 23,572,200	\$ 238,871	\$ 4,553,578	\$ 339,415	(18,440,336)	2,124,435
Component Unit						
Cottonwood Valley Charter School	\$ 2,124,435	\$ -	\$ 137,347	\$ -	-	(1,987,088)
General Revenues						
Property taxes						
Levied for general purposes					78,987	-
Levied for debt service					1,407,730	-
Levied for capital projects					390,277	-
State Equalization Guarantee					11,699,275	1,361,917
Miscellaneous					106,338	141,503
Total general revenues					13,682,607	1,503,420
Change in net position (deficit)					(4,757,729)	(483,668)
Net position - beginning (deficit)					(19,894,160)	(915,251)
Net position - ending (deficit)					\$ (24,651,889)	\$ (1,398,919)

See Accompanying Notes.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Operational Fund			Title I IASA 24101	USHSD Pregnancy Prevention 24184
	General 11000	Transportation 13000	Instructional Materials 14000		
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 590,053	\$ 22,725	\$ -	\$ -	\$ -
Accounts receivable					
Taxes	10,820	-	-	-	-
Due from other governments	-	-	2,064	417,513	415,088
Other	-	-	-	-	-
Interfund receivables	1,623,116	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ 2,223,989</u>	<u>\$ 22,725</u>	<u>\$ 2,064</u>	<u>\$ 417,513</u>	<u>\$ 415,088</u>
LIABILITIES, DEFERRED INFLOWS & FUND BALANCES					
Current Liabilities					
Accounts payable	\$ 18,006	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	518,734	22,725	-	38,280	-
Interfund payables	-	-	-	379,233	415,088
Total liabilities	<u>536,740</u>	<u>22,725</u>	<u>-</u>	<u>417,513</u>	<u>415,088</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue - property taxes	5,418	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	1,681,831	-	2,064	-	-
Total fund balances	<u>1,681,831</u>	<u>-</u>	<u>2,064</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,223,989</u>	<u>\$ 22,725</u>	<u>\$ 2,064</u>	<u>\$ 417,513</u>	<u>\$ 415,088</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019**

	Bond Building 31100	Capital Improvements SB-9 (State) 31700	Energy Efficiency Bonds 31800	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 2,884,332	\$ -	\$ 3,405,330	\$ 1,530,260	\$ 1,226,104	\$ 9,658,804
Accounts receivable						
Taxes	-	-	-	229,913	59,920	300,653
Due from other governments	-	271,997	-	-	743,528	1,850,190
Other	-	-	-	-	-	-
Interfund receivables	-	-	-	-	-	1,623,116
Prepaid expenditures	-	-	-	-	7,100	7,100
Inventory	-	-	-	-	-	-
Total assets	<u>\$ 2,884,332</u>	<u>\$ 271,997</u>	<u>\$ 3,405,330</u>	<u>\$ 1,760,173</u>	<u>\$ 2,036,652</u>	<u>\$ 13,439,863</u>
LIABILITIES, DEFERRED INFLOWS & FUND BALANCES						
Current Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,170	\$ 21,176
Accrued payroll liabilities	-	-	-	-	87,412	667,151
Interfund payables	-	271,997	-	-	556,798	1,623,116
Total liabilities	<u>-</u>	<u>271,997</u>	<u>-</u>	<u>-</u>	<u>647,380</u>	<u>2,311,443</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue - property taxes	-	-	-	186,668	35,594	227,680
FUND BALANCES						
Nonspendable	-	-	-	-	7,100	7,100
Restricted	2,884,332	-	3,405,330	1,573,505	1,346,578	9,209,745
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	1,683,895
Total fund balances	<u>2,884,332</u>	<u>-</u>	<u>3,405,330</u>	<u>1,573,505</u>	<u>1,353,678</u>	<u>10,900,740</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,884,332</u>	<u>\$ 271,997</u>	<u>\$ 3,405,330</u>	<u>\$ 1,760,173</u>	<u>\$ 2,036,652</u>	<u>\$ 13,439,863</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Fund balances - total governmental funds	\$ 10,900,740
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,031,460
Pension and OPEB plans deferred outflows are not financial resources and, therefore, are not reported in the funds.	9,249,044
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unearned revenue in the fund financial statements, but are considered revenue in the Statement of Activities	227,680
Accrued interest	(106,133)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension and OPEB liability	(45,863,562)
Accrued compensated absences	(308,891)
General obligation bonds	(14,990,513)
Pension and OPEB plans deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(3,791,714)</u>
Net Position (Deficit) - Total Governmental Activities	<u>\$ (24,651,889)</u>

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Operational Fund			Title I IASA 24101	USHSD	
	General	Transportation	Instructional		Pregnancy	Bond
	11000	13000	Materials 14000		Prevention 24184	Building 31100
REVENUES						
Property taxes	\$ 78,680	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	11,764,764	641,637	55,372	-	-	32,729
Federal grants	319,872	-	-	960,127	569,465	-
Miscellaneous	66,280	-	-	-	-	20,153
Interest	299	-	-	-	-	18,914
Total revenues	<u>12,229,895</u>	<u>641,637</u>	<u>55,372</u>	<u>960,127</u>	<u>569,465</u>	<u>71,796</u>
EXPENDITURES						
Current						
Instruction	7,139,118	-	67,707	780,111	-	-
Support services						
Students	1,397,469	-	-	-	-	-
Instruction	42,442	-	-	-	-	-
General administration	350,735	-	-	157,981	27,130	-
School administration	867,120	-	-	-	541,615	-
Central services	562,587	-	-	22,035	-	-
Operation & maintenance of plant	1,937,093	-	-	-	720	-
Student transportation	-	641,637	-	-	-	-
Other support services	1,113	-	-	-	-	-
Food services operations	-	-	-	-	-	-
Community service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	955,848
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>12,297,677</u>	<u>641,637</u>	<u>67,707</u>	<u>960,127</u>	<u>569,465</u>	<u>955,848</u>
Excess (deficiency) of revenues over (under) expenditures	(67,782)	-	(12,335)	-	-	(884,052)
Other financing sources						
Operating transfers	-	-	-	-	-	-
Proceeds from bond issues	-	-	-	-	-	2,000,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>
Net changes in fund balances	(67,782)	-	(12,335)	-	-	1,115,948
Fund balances, beginning of year	1,749,613	-	14,399	-	-	1,768,384
Fund balances, end of year	<u>\$ 1,681,831</u>	<u>\$ -</u>	<u>\$ 2,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,884,332</u>

See Accompanying Notes.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019

	Capital Improvements SB-9 (State) 31700	Energy Efficiency Bonds 31800	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ -	\$ -	\$ 1,407,730	\$ 390,277	\$ 1,876,687
State grants	271,997	-	34,689	960,557	13,761,745
Federal grants	-	-	-	2,663,245	4,512,709
Miscellaneous	-	-	-	238,871	325,304
Interest	-	692	-	-	19,905
Total revenues	<u>271,997</u>	<u>692</u>	<u>1,442,419</u>	<u>4,252,950</u>	<u>20,496,350</u>
EXPENDITURES					
Current					
Instruction	-	-	-	1,359,324	9,346,260
Support services					
Students	-	-	-	346,059	1,743,528
Instruction	-	-	-	159,293	201,735
General administration	-	-	14,043	34,620	584,509
School administration	-	-	-	734,995	2,143,730
Central services	-	-	-	156,518	741,140
Operation & maintenance of plant	-	-	-	23,597	1,961,410
Student transportation	-	-	-	11,138	652,775
Other support services	-	-	-	-	1,113
Food services operations	-	-	-	1,091,507	1,091,507
Community service	-	-	-	-	-
Capital outlay	271,997	102,396	-	355,385	1,685,626
Debt service					
Principal	-	-	1,131,800	-	1,131,800
Interest	-	-	212,017	-	212,017
Total expenditures	<u>271,997</u>	<u>102,396</u>	<u>1,357,860</u>	<u>4,272,436</u>	<u>21,497,150</u>
Excess (deficiency) of revenues over (under) expenditures	-	(101,704)	84,559	(19,486)	(1,000,800)
Other financing sources					
Operating transfers	-	-	-	-	-
Proceeds from bond issues	-	3,507,034	-	-	5,507,034
Total other financing sources	<u>-</u>	<u>3,507,034</u>	<u>-</u>	<u>-</u>	<u>5,507,034</u>
Net changes in fund balances	-	3,405,330	84,559	(19,486)	4,506,234
Fund balances, beginning of year	-	-	1,488,946	1,373,164	6,394,506
Fund balances, end of year	<u>\$ -</u>	<u>\$ 3,405,330</u>	<u>\$ 1,573,505</u>	<u>\$ 1,353,678</u>	<u>\$ 10,900,740</u>

See Accompanying Notes.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net changes in fund balances - total governmental funds	\$ 4,506,234
Additional GASB 68 and 75 pension and OPEB expenses	(4,303,457)
Change in accrued interest payable	(19,783)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays for the period.	
Depreciation expense	(1,099,541)
Capital outlays	635,206
Loss on disposal of capital assets	-
Revenues that do not provide current financial resources are not reported as revenues in the fund statements but are reporting in the Statement of Activities	
Change in unearned property taxes	(307)
The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:	
Change in accrued compensated absences	(100,847)
Bond and loan proceeds	(5,507,034)
Principal payments on bonds and loans	<u>1,131,800</u>
Change in Net Position - Total Governmental Activities	<u>\$ (4,757,729)</u>

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND (11000)
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ 70,205	\$ 70,205	\$ 70,933	\$ 728
State grants	11,825,148	11,916,071	11,742,599	(173,472)
Federal grants	-	244,872	319,872	75,000
Miscellaneous	500	73,785	88,445	14,660
Interest	500	269	299	30
Total revenues	11,896,353	12,305,202	12,222,148	(83,054)
EXPENDITURES				
Current				
Instruction	6,765,794	7,182,497	7,139,118	43,379
Support services				
Students	1,325,815	1,794,389	1,397,469	396,920
Instruction	44,308	64,308	42,442	21,866
General administration	357,132	407,132	343,723	63,409
School administration	912,122	972,122	867,120	105,002
Central services	661,743	711,743	562,587	149,156
Operation & maintenance of plant	1,961,566	2,207,843	1,926,098	281,745
Other support services	1,249,041	709,041	1,113	707,928
Total expenditures	13,277,521	14,049,075	12,279,670	1,769,405
Excess (deficiency) of revenues over (under) expenditures	(1,381,168)	(1,743,873)	(57,522)	1,686,351
Other financing sources				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources	-	-	-	-
Net changes in fund balances	(1,381,168)	(1,743,873)	(57,522)	1,686,351
Fund balances - beginning of year	(1,195,964)	(2,541,170)	1,750,544	4,291,714
Fund balances - end of year	\$ (2,577,132)	\$ (4,285,043)	\$ 1,693,022	\$ 5,978,065
Reconciliation to GAAP Basis				
Adjustments to revenues			\$ 7,747	
Adjustments to expenditures			(18,007)	
Excess (deficiency) of revenues and other sources (uses) over (under) expenditures (GAAP Basis)			\$ (67,782)	

See Accompanying Notes.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP) AND ACTUAL
TRANSPORTATION FUND (13000)
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
State grants	\$ 641,637	\$ 641,637	\$ 641,637	\$ -
Total revenues	<u>641,637</u>	<u>641,637</u>	<u>641,637</u>	<u>-</u>
EXPENDITURES				
Current				
Student transportation	641,637	641,637	641,637	-
Total expenditures	<u>641,637</u>	<u>641,637</u>	<u>641,637</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			\$ -	
Adjustments to expenditures			<u>-</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP) AND ACTUAL
INSTRUCTIONAL MATERIALS FUND (14000)
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
State grants	\$ 50,308	\$ 50,308	\$ 50,308	\$ -
Total revenues	50,308	50,308	50,308	-
EXPENDITURES				
Current				
Instruction	50,308	69,771	67,707	2,064
Total expenditures	50,308	69,771	67,707	2,064
Excess (deficiency) of revenues over (under) expenditures	-	(19,463)	(17,399)	2,064
Other financing sources				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources	-	-	-	-
Net changes in fund balances	-	(19,463)	(17,399)	2,064
Fund balances - beginning of year	-	(139,903)	13,427	153,330
Fund balances - end of year	\$ -	\$ (159,366)	\$ (3,972)	\$ 155,394
Reconciliation to GAAP Basis				
Adjustments to revenues			\$ 5,064	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ (12,335)	

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
TITLE I IASA FUND (24101)
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Federal grants	\$ 980,941	\$ 980,941	\$ 924,172	\$ (56,769)
Total revenues	980,941	980,941	924,172	(56,769)
EXPENDITURES				
Current				
Instruction	812,955	780,126	780,111	15
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	122,829	158,058	157,981	77
School administration	-	-	-	-
Central services	22,125	22,125	22,035	90
Operation & maintenance of plant	-	-	-	-
Other support services	-	-	-	-
Total expenditures	957,909	960,309	960,127	182
Excess (deficiency) of revenues over (under) expenditures	23,032	20,632	(35,955)	(56,587)
Other financing sources				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources	-	-	-	-
Net changes in fund balances	23,032	20,632	(35,955)	(56,587)
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	\$ 23,032	\$ 20,632	\$ (35,955)	\$ (56,587)
Reconciliation to GAAP Basis				
Adjustments to revenues			\$ 35,955	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over (under) expenditures (GAAP Basis)			\$ -	

See Accompanying Notes.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
PREGNANCY PREVENTION FUND (24184)
YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
Federal grants	\$ -	\$ 569,466	\$ 154,390	\$ (415,076)
Total revenues	-	569,466	154,390	(415,076)
EXPENDITURES				
Current				
General administration	-	27,130	27,130	-
School administration	-	541,616	541,615	1
Operation & maintenance of plant	-	720	720	-
Total expenditures	-	569,466	569,465	1
Excess (deficiency) of revenues over (under) expenditures	-	-	(415,075)	(415,075)
Other financing sources				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources	-	-	-	-
Net changes in fund balances	-	-	(415,075)	(415,075)
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	\$ -	\$ -	\$ (415,075)	\$ (415,075)
Reconciliation to GAAP Basis				
Adjustments to revenues			\$ 415,075	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over (under) expenditures (GAAP Basis)			\$ -	

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2019**

ASSETS

Current assets

Cash

\$ 343,374

Total assets

\$ 343,374

LIABILITIES

Current liabilities

Deposits held in trust for others

\$ 343,374

Total liabilities

\$ 343,374

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Socorro Consolidated School Board was created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District. The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the state of New Mexico and the regulations of the State Board of Education and the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years.

The financial statements of Socorro Consolidated Schools (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the District's accounting policies are described below.

A. Reporting entity

GASB Statement No. 14 established criteria for determining the government reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Based upon the application of these criteria, the following is a brief review of the potential component unit addressed in defining the government's reporting entity:

Cottonwood Valley Charter School is a component unit of the District, as defined by GASB Statement No. 14 and / or GASB Statement No. 39 and No. 61 and has a separate governing board. The Charter School does not issue separate financial statements. Charter schools operate under the Senate Bill 192, Chapter 281, Laws of 1999, and are responsible for maintaining separate accounting records, and are component units of the school districts they operate within. See Note 18 for detailed information on Cottonwood Valley Charter School's assets and liabilities.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and fund financial statements (Continued)

directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB No. 65, *Items Previously Reported as Assets and Liabilities*, amend GASB No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments*, to incorporate deferred outflows of resources and deferred inflows of resources in the financial reporting model.

C. Measurement focus, basis of accounting, and financial statement presentation

Deferred outflows of resources – a consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

Deferred inflows of resources – an acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

Net position – the residual of the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

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

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

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

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

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

Under the requirements of GASB No. 34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which may include funds that were not required to be presented as major but were at the discretion of management:

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

The *Transportation Fund* is used to account for the State Equalization, received from the Public Education Department (PED), which is used to pay for the costs associated with transporting school age children. This is considered by PED to be a sub-fund of the General Fund.

The *Instructional Materials Fund* is used to account for the monies received from the Public Education Department (PED) for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. This is considered by PED to be a sub-fund of the General Fund.

The *Bond Building Capital Projects Fund* is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

The *Debt Service Fund* is used to account for the accumulation of resources for the payment of General Long-Term Debt principal and interest.

Additionally, the government reports the following fund types:

The fiduciary funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. The District's fiduciary funds are used to account for the collection and payment of student activity funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

Program revenues are categorized as (a) charges for services, which include revenues collected for cafeteria fees and lost books, etc., (b) program-specific operating grants, which includes revenues received from state and federal sources such as Title I, IDEA-B, and Charter Schools funding to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources such as SB-9 and HB-33 funding to be used for capital projects. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Assets, liabilities and net position or equity

Cash and Temporary Investments. The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Receivables and Payables. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Socorro County. The funds are collected by the County Treasurer and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the Socorro County Treasurer in July and August 2019 is considered 'measurable and available' and, accordingly, is recorded as revenue during the year ended June 30, 2019.

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

Prepaid Items. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities and net position or equity (Continued)

Instructional Materials. The New Mexico Public Education Department receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, 50% is restricted to the requisition of material listed in the State Board of Education 'State Adopted Instructional Material' list, while 50% of each allocation is available for purchases directly from vendors, for which the school district receives cash draw-downs, or transfer to the other 50% account for requisition of material from the adopted list. The districts are allowed to carry forward unused textbook credits from year to year.

Inventory. Inventory is valued at lower of cost (first-in, first-out) or market. Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed. The U.S.D.A. commodities are recorded at year-end by audit adjusting entries. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories and deferred revenue. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No deferred revenue was recorded for unused commodity inventory as of June 30, 2019.

Capital Assets. Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. However, infrastructure assets have not been included in the June 30, 2019 financial statements of the District, since the District did not own any infrastructure assets as of June 30, 2019. Information Technology Equipment, including software, is being capitalized and included in furniture and equipment as the District did not maintain internally developed software. The District expenses the cost of library books when purchased. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2019.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings/building improvements	20-40 years
Furniture and equipment	3-7 years

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities and net position or equity (Continued)

Unearned Revenues. The District recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be “available” under the current financial resource’s measurement focus are reported as deferred revenues in the governmental fund financial statements.

Compensated Absences. Qualified employees are entitled to earn annual leave of 24 days per year. Employees may accrue and, upon termination, may be paid for up to 36 days of accrued annual leave while the superintendent’s limit is 42 days of leave.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the district-wide statement of net position.

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

For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

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

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

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities and net position or equity (Continued)

Net Position or Fund Equity. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

In the government-wide financial statements, fund equity is classified as net position and is displayed in three components:

Net investment in capital assets: Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position are restricted for “debt service or capital projects.”

Unrestricted Net Position: All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The District’s policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Interfund Transactions. Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the District’s financials include management’s estimate of the useful lives of capital assets.

E. Revenues

State Equalization Guarantee. School districts in the State of New Mexico receive a ‘state equalization guarantee distribution’ which is defined as “that amount of money distributed to each school district to ensure that the school district’s operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district’s program cost.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues (Continued)

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$11,699,275 in state equalization guarantee distributions during the year ended June 30, 2019.

Tax Revenues. The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered to be 'measurable' and 'available'. The District recognized \$1,876,994 in tax revenues during the year ended June 30, 2019. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects property taxes and distributes them to the school district in the month following collection.

Transportation Distribution. School districts in the State of New Mexico receive student transportation distributions. The transportations distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district.

Instructional Materials. The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, 50% is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while 50% of each allocation is available for purchases directly from vendors.

SB-9 State Match. The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary. The District received \$0 in SB-9 matching allocation for the year ended June 30, 2019.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues (Continued)

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

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

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

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis.

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved. The District did not receive any PSCOC funds during the year.

Tax Abatements. GASB Statement No. 77, Tax Abatement Disclosures, has been implemented by governmental entities for the fiscal year ended June 30, 2019. The District does not abate taxes and has not been materially impacted by any tax abatement agreements entered into by other governmental entities.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTIBILITY (CONTINUED)

The District also receives reimbursement under the National School Lunch and Breakfast Programs for its food services operations, and the distributions of commodities through the New Mexico Human Services Department.

Budgetary Information. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Public Education Department. Auxiliary student activity accounts are not budgeted.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget on a functional level, i.e., each budgeted expenditure must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series,' this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

The budgetary information presented in these financial statements has been amended in accordance with the above procedures.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the State of New Mexico Public Education Department (PED) by the District shall contain headings and details as described by law and have been approved by the Public Education Department.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
4. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTIBILITY (CONTINUED)

5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The Superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by major function as follows: Instruction, support services, operation of non-instructional services, capital outlay, and debt service.
9. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of Socorro Consolidated Schools has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.
11. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.
12. The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits a Governmental Agency from exceeding an individual line item.

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

NOTE 3. CASH AND TEMPORARY INVESTMENTS

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 3. CASH AND TEMPORARY INVESTMENTS (CONTINUED)

revenues and other sources of financial resources for the year ended June 30, 2019, is presented on each funds' Statement of Revenue, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual.

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2019.

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

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

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

The collateral pledged is listed on the Schedule of Collateral Pledged by Depository for Public Funds of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

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

Deposits. New Mexico state statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Schools for a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 3. CASH AND TEMPORARY INVESTMENTS (CONTINUED)

	First State Bank	Wells Fargo Bank	Total
	<u> </u>	<u> </u>	<u> </u>
Deposits			
Checking	\$ 1,548,084	\$ 3,424,506	\$ 4,972,590
Certificates of deposit	<u>32,400</u>	<u>124,888</u>	<u>157,288</u>
Bank balance of deposits	1,580,484	3,549,394	5,129,878
FDIC coverage	<u>(282,400)</u>	<u>(374,888)</u>	<u>(657,288)</u>
Total uninsured public funds	<u>1,298,084</u>	<u>3,174,506</u>	<u>4,472,590</u>
Collateral requirement (50% of uninsured public funds)	649,042	1,587,253	2,236,295
Pledged collateral held by pledging bank's trust department or agent but not in District's name	<u>2,786,754</u>	<u>2,024,600</u>	<u>4,811,354</u>
Total (under) over collateralized	<u><u>\$ 2,137,712</u></u>	<u><u>\$ 437,347</u></u>	<u><u>\$ 2,575,059</u></u>

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2019, \$4,472,590 of the District's bank balance of \$5,129,878 was exposed to custodial credit risk as it was uninsured and the collateral was held by pledging bank's trust department, not in the District's name. At June 30, 2019, the carrying amount of these deposits was \$9,335,032.

Government Funds - Balance Sheet

Cash and cash equivalents	\$ 9,658,804
Statement of Fiduciary Assets and Liabilities - Agency Funds	
Cash and cash equivalents	<u>343,374</u>
Total cash and cash equivalents	10,002,178
Add: outstanding checks and other reconciling items	501,463
Less: cash held by the New Mexico Finance Authority	(5,372,563)
Less: petty cash	<u>(1,200)</u>
Bank balance of deposits	<u><u>\$ 5,129,878</u></u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 4. RECEIVABLES

Receivables as of June 30, 2019 are as follows:

	Operational Fund	Debt Service	Other Governmental	Total
Property taxes	\$ 10,820	\$ 229,913	\$ 59,920	\$ 300,653
Intergovernmental	-	-	1,850,190	1,850,190
	<u>\$ 10,820</u>	<u>\$ 229,913</u>	<u>\$ 1,910,110</u>	<u>\$ 2,150,843</u>

The above receivables are deemed 100% collectible. In the governmental funds, for property taxes not received within 60 days (modified accrual), the District has offset the property tax receivable with unearned revenue balances.

NOTE 5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

“Interfund balances” have primarily been recorded when funds overdraw their share of pooled cash when the District is waiting for grant reimbursements. The composition of interfund balances at June 30, 2019 is as follows:

	Interfund Receivables	Interfund Payables
Major Funds		
General Fund	\$ 1,623,116	\$ -
Nonmajor Funds		
Special Revenue Funds	-	1,351,119
Capital Project Funds	-	271,997
	<u>\$ 1,623,116</u>	<u>\$ 1,623,116</u>

There were no net operating transfers made to close out funds, to supplement other funding sources, or to repay previous transfers for the year ended June 30, 2019.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 6. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2019 follows. Land is not subject to depreciation.

	Balance				Balance
	June 30, 2018	Additions	Deletions	Transfers	June 30, 2019
Capital Assets not being depreciated					
Land	\$ 852,468	\$ -	\$ -	\$ -	\$ 852,468
Construction in process	<u>1,635,610</u>	<u>20,300</u>	<u>-</u>	<u>(1,635,610)</u>	<u>20,300</u>
Total capital assets not being depreciated	<u>2,488,078</u>	<u>20,300</u>	<u>-</u>	<u>(1,635,610)</u>	<u>872,768</u>
Capital Assets being depreciated					
Buildings and improvements	33,731,453	594,572	-	1,635,610	35,961,635
Furniture, fixtures, vehicles and equipment	<u>4,568,366</u>	<u>20,334</u>	<u>-</u>	<u>-</u>	<u>4,588,700</u>
Total capital assets being depreciated	<u>38,299,819</u>	<u>614,906</u>	<u>-</u>	<u>1,635,610</u>	<u>40,550,335</u>
Accumulated depreciation					
Buildings and improvements	(16,342,748)	(970,803)	-	-	(17,313,551)
Furniture, fixtures, vehicles, and equipment	<u>(3,949,354)</u>	<u>(128,738)</u>	<u>-</u>	<u>-</u>	<u>(4,078,092)</u>
Total accumulated depreciation	<u>(20,292,102)</u>	<u>(1,099,541)</u>	<u>-</u>	<u>-</u>	<u>(21,391,643)</u>
Net capital assets being depreciated	<u>18,007,717</u>	<u>(484,635)</u>	<u>-</u>	<u>1,635,610</u>	<u>19,158,692</u>
Government activities capital assets, net	<u>\$ 20,495,795</u>	<u>\$ (464,335)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,031,460</u>

Depreciation expense for the year ended June 30, 2019 was charged to governmental activities as follows:

Depreciation expenses	
Instruction	\$ 3,435
Support services	61,563
Operation & maintenance of plant	<u>1,034,543</u>
	<u>\$ 1,099,541</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 7. LONG-TERM DEBT

During the year ended June 30, 2019, the following changes occurred in the liabilities reported in the government- wide statement of net position:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
General Obligation Bonds	\$ 10,335,000	\$ 2,000,000	\$ (1,105,600)	\$ 11,229,400	\$ 1,109,100
NMFA Energy Efficiency	280,270	3,507,043	(26,200)	3,761,113	26,875
Compensated Absences	208,044	189,225	(88,378)	308,891	108,112
Total	<u>\$ 10,823,314</u>	<u>\$ 5,696,268</u>	<u>\$ (1,220,178)</u>	<u>\$ 15,299,404</u>	<u>\$ 1,244,087</u>

The annual requirements to amortize the General Obligation Bonds as of June 30, 2019, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2020	\$ 1,109,100	\$ 224,532	\$ 1,333,632
2021	1,133,800	192,838	1,326,638
2022	1,110,000	166,410	1,276,410
2023	944,000	142,474	1,086,474
2024	980,900	116,305	1,097,205
2025-2029	4,277,000	259,118	4,536,118
2030-2034	1,674,600	48,565	1,723,165
	<u>\$ 11,229,400</u>	<u>\$ 1,150,242</u>	<u>\$ 12,379,642</u>

In prior years, the general fund was typically used to liquidate long-term liabilities other than debt.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 7. LONG-TERM DEBT (CONTINUED)

The District received proceeds from NMFA for Energy Efficiency and Renewable Energy Bonds, which it will make payments, including interest as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2020	\$ 26,875	\$ 84,035	\$ 110,910
2021	67,637	89,578	157,215
2022	74,085	88,246	162,331
2023	82,779	86,681	169,460
2024	110,294	84,898	195,192
2025-2029	624,386	386,299	1,010,685
2030-2034	782,841	314,238	1,097,079
Thereafter	<u>1,992,216</u>	<u>214,086</u>	<u>2,206,302</u>
	<u>\$ 3,761,113</u>	<u>\$ 1,348,061</u>	<u>\$ 5,109,174</u>

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2019, compensated absences increased \$100,847 from the prior year accrual. See Note 1 for more details.

Operating Leases – The District leases office equipment, including copy machines and postage meter machines, under short-term cancelable operating leases. Rental cost for the year ended June 30, 2019 was \$68,991.

NOTE 8. UNEARNED REVENUE

In accordance with the terms of the various grant agreements within the Special Revenue Funds, revenues received in excess of expenditures carry over to the subsequent years, unless such excess revenues are requested to be returned to the grantor.

NOTE 9. RISK MANAGEMENT

The District is a member of the New Mexico Public Schools Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers' Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 9. RISK MANAGEMENT (CONTINUED)

The NMPSIA provides coverage for up to a maximum of \$750,000,000 for each property damage claim with a \$25,000 deductible per occurrence with a maximum annual deductible of \$100,000. General liability coverage is afforded to all employees, volunteers, and Board members, and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$250,000 applies to Money and Securities, which include a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2019, there have been no claims that have exceeded insurance coverage.

NOTE 10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

- A. Deficit fund balance of individual funds. There were no funds reporting a deficit fund balance at June 30, 2019:
- B. Excess of expenditures over appropriations. The following fund exceeded approved budgetary authority for the year ended June 30, 2019:

Fund 31800	Energy Efficiency Bonds	<u>\$ 101,074</u>
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NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD

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

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

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

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NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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

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

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

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

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on, or after, July 1, 2010 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 was refunded all member contributions and then becomes re-employed after July 1, 2010 is as follows:

- The member's age and earned service credit add up to the sum of 80 or more,
- The member is at least sixty-seven years of age and has five or more years of earned service credit, or
- The member has service credit totaling 30 years or more.

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

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

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
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NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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

Benefit Options. The Plan has three benefit options available:

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

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

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

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

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.5%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%.

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SOCORRO CONSOLIDATED SCHOOLS
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NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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

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

Contributions. For the fiscal years ended June 30, 2019 and 2018, educational employers contributed to the Plan based on the following rate schedule:

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2019	7-1-18 to 6-30-19	Over \$20K	10.70%	13.90%	24.60%	0.00%
2019	7-1-18 to 6-30-19	\$20K or less	7.90%	13.90%	21.80%	0.00%
2018	7-1-17 to 6-30-18	Over \$20K	10.70%	13.90%	24.60%	0.00%
2018	7-1-17 to 6-30-18	\$20K or less	7.90%	13.90%	21.80%	0.00%

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2019 and 2018, the District paid employee and employer contributions of \$2,273,566 and \$2,098,690, respectively, which equal the amount of the required contributions for each fiscal year. For the fiscal years ended June 30, 2019 and 2018, the Charter paid employee and employer contributions of \$222,092 and \$211,840 which equal the amount of the required contributions for each fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the District reported a liability of \$36,999,876 for its proportionate share of the net pension liability. At June 30, 2019, the Charter reported a liability of \$3,686,313 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the ERB Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. Therefore, the District's and Charter's portion was established as of the measurement date of June 30, 2018. The District's and Charter's proportion of the net pension liability was based on a projection of the District and Charter long-term share of contributions to the pension plan relative to the projected contributions of all participating educational

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
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NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

institutions at June 30, 2018, actuarially determined. At June 30, 2018, the District's proportion was 0.31115%, which was a decrease of 0.00612% from its proportion measured at June 30, 2017. At June 30, 2018, the Charter's proportion was 0.03100%, which was an increase of 0.00144% from its proportion measured at June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$4,572,733. For the year ended June 30, 2019, the Charter recognized pension expense of \$508,005.

At June 30, 2019, the District and Charter reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

District:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 27,004	\$ 704,167
Changes of assumptions	7,625,500	-
Net difference between projected and actual earnings on pension plan investments	81,908	-
Changes in proportion and differences between contributions and proportionate share of contributions	22,102	491,147
District contributions subsequent to the measurement date	<u>1,303,960</u>	<u>-</u>
Total	<u>\$ 9,060,474</u>	<u>\$ 1,195,314</u>

Charter:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,690	\$ 70,156
Changes of assumptions	759,732	-
Net difference between projected and actual earnings on pension plan investments	8,161	-
Changes in proportion and differences between contributions and proportionate share of contributions	108,383	43,027
Charter contributions subsequent to the measurement date	<u>126,137</u>	<u>-</u>
Total	<u>\$ 1,005,103</u>	<u>\$ 113,183</u>

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NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

The District reported \$1,303,960 and the Charter reported \$126,137 as deferred outflows of resources related to pensions resulting from the District’s and Charter’s contributions subsequent to the measurement date June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

District:		Charter:	
<u>Year Ending June 30,</u>		<u>Year Ending June 30,</u>	
2019	\$4,115,268	2019	461,593
2020	2,573,031	2020	\$ 290,991
2021	(128,177)	2021	13,092
2022	1,078	2022	107
2023	-	2023	-
Thereafter	<u>-</u>	Thereafter	<u>-</u>
Total	<u>\$6,561,200</u>	Total	<u>\$ 765,783</u>

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Inflation	2.50%												
Salary increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.												
Investment rate of return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.												
Average of expected remaining service lives	<table border="0" style="margin-left: 40px;"> <tr> <td style="padding-right: 20px;">Fiscal year</td> <td style="padding-right: 10px;"><u>2018</u></td> <td style="padding-right: 10px;"><u>2017</u></td> <td style="padding-right: 10px;"><u>2016</u></td> <td style="padding-right: 10px;"><u>2015</u></td> <td style="padding-right: 10px;"><u>2014</u></td> </tr> <tr> <td>Service life in years</td> <td>3.56</td> <td>3.65</td> <td>3.77</td> <td>3.92</td> <td>3.88</td> </tr> </table>	Fiscal year	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	Service life in years	3.56	3.65	3.77	3.92	3.88
Fiscal year	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>								
Service life in years	3.56	3.65	3.77	3.92	3.88								
Mortality	<p><i>Healthy males:</i> Based on the RP-2000 Combined Healthy Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table’s base year of 2000.</p> <p><i>Healthy females:</i> Based on GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.</p> <p><i>Disabled males:</i> RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p><i>Disabled females:</i> RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p><i>Active members:</i> RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table’s base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>												
Retirement age	Experience-based table rates based on age and service, adopted by the NMERB Board on April 21, 2017 in conjunction with the six-year experience study for the period ending June 30, 2016.												
Cost-of-living increases	1.90% per year, compounded annually; increases deferred until July 1 following the year a member retires, or the year in which a member attains the age of 65 (67 for Tier 3), whichever is later or, for disabled retirees, until July 1 of the third year following retirement.												
Payroll growth	3.00% per year (with no allowance for membership growth).												
Contribution accumulation	The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in the past as well as the future.												
Disability incidence	Approved rates are applied to eligible members with at least 10 years of service.												

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NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

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

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

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

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

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

The June 30, 2018 single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, and a municipal bond rate of 3.62%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2050. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2050 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

The projections of cash flows used to determine the June 30, 2018 single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

STATE OF NEW MEXICO
 SOCORRO CONSOLIDATED SCHOOLS
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 JUNE 30, 2019

NOTE 11. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)

Sensitivity of the District’s and Charters’ proportionate share of the net pension liability to changes in the discount rate. The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 5.69%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.69%) or 1-percentage-point higher (6.69%) than the current rate.

	1 % Decrease 4.69%	Current Discount Rate 5.69%	1 % Increase 6.69%
District's proportionate share of the net pension liability	<u>\$ 48,085,668</u>	<u>\$ 36,999,876</u>	<u>\$ 27,954,562</u>
Charter's proportionate share of the net pension liability	<u>\$ 4,790,795</u>	<u>\$ 3,686,313</u>	<u>\$ 2,785,124</u>

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

NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE PLAN

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

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

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Employees covered by benefit terms. At June 30, 2018, the Fund’s measurement date, the following State of New Mexico employees were covered by the benefit terms:

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

Contributions. Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the District were \$210,750 for the year ended June 30, 2019. Contributions to the Fund from the Charter were \$18,149 for the year ended June 30, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2019, the District reported a liability of \$8,863,686 for its proportionate share of the net OPEB liability. At June 30, 2019, the Charter reported a liability of \$882,281 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The District’s and Charter’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the District’s proportion was 0.20384%. The Charter’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the Charter’s proportion was 0.02029%.

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SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

For the year ended June 30, 2019, the District recognized OPEB income of \$76,652. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ 524,787
Net Difference between actual and projected earnings on OPEB plan investments	-	110,615
Changes of assumptions	-	1,654,811
Change in Proportion	-	306,187
Contributions made after the measurement date	<u>210,750</u>	<u>-</u>
Total	<u>\$ 210,750</u>	<u>\$ 2,596,400</u>

For the year ended June 30, 2019, the Charter recognized OPEB expense of \$5,440. At June 30, 2019, the Charter reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ 52,237
Net Difference between actual and projected earnings on OPEB plan investments	-	11,011
Changes of assumptions	-	164,718
Change in Proportion	31,216	-
Contributions made after the measurement date	<u>18,149</u>	<u>-</u>
Total	<u>\$ 49,365</u>	<u>\$ 227,966</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Deferred outflows of resources totaling \$210,750 represent District contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2019	\$ (646,764)
2020	(646,764)
2021	(646,764)
2022	(514,239)
2023	<u>(141,869)</u>
Total	<u>\$ (2,596,400)</u>

Deferred outflows of resources totaling \$18,149 represent Charter contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2019	\$ (51,307)
2020	(51,307)
2021	(51,307)
2022	(38,116)
2023	<u>(4,713)</u>
Total	<u>\$ (196,750)</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

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

Valuation Date	June 30, 2018
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Rate of Return</u>
U.S. core fixed income	20%	2.1%
U.S. equity - large cap	20%	7.7%
Non U.S. - emerging markets	15%	10.2%
Non U.S. - developed equities	12%	7.8%
Private equity	10%	11.8%
Credit and structured finance	10%	5.3%
Real estate	5%	4.9%
Absolute return	5%	4.1%
U.S. equity - small/mid cap	3%	7.1%

STATE OF NEW MEXICO
 SOCORRO CONSOLIDATED SCHOOLS
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Discount Rate. The discount rate used to measure the Fund’s total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.08% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the **current discount rate**:

1% Decrease (3.08%)	Current Discount (4.08%)	1% Increase (5.08%)
\$ 10,727,148	\$ 8,863,686	\$ 7,394,864

The following presents the net OPEB liability of the Charter, as well as what the Charter’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the **current discount rate**:

1% Decrease	Current Trend Rates	1% Increase
\$ 7,492,923	\$ 8,863,686	\$ 9,938,396

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

1% Decrease (3.08%)	Current Discount (4.08%)	1% Increase (5.08%)
\$ 1,067,768	\$ 882,281	\$ 736,076

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 12. OTHER POST EMPLOYMENT BENEFITS (OPEB) – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

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

<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
\$ 745,837	\$ 882,281	\$ 989,257

OPEB plan fiduciary net position. Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2018.

NOTE 13. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District’s legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

NOTE 14. DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, available to all District employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries.

NOTE 15. BUDGETED ACTIVITY FUNDS

The Student Activity Funds, while budgeted under Non-Instructional Support in the financial statements, are considered for reporting purposes as agency funds and the related activity has been reported as such in the Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds section of the financial statements.

NOTE 16. JOINT POWERS AGREEMENTS

The City of Socorro (City) and Socorro Consolidated Schools (SCS) are in agreement to design, construct, maintain and operate a joint purpose baseball and softball field for use by City youth baseball and Socorro High School girls’ softball. Fiscal responsibility is with the City. The agreement is effective October 2008 and will continue indefinitely until terminated.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 16. JOINT POWERS AGREEMENTS (CONTINUED)

The New Mexico Public Education Department (PED) and Socorro Consolidated Schools (SCS) are in agreement to provide the Graduation Reality and Dual Roles Skills (GRADS) Systems to New Mexico School Districts. Fiscal responsibility is with Socorro Consolidated Schools. The agreement is effective August 2011 and will continue indefinitely until terminated.

The New Mexico Public School Facilities Authority (NMPSFA) and Socorro Consolidated Schools (SCS) are in agreement to provide on-going inventory of school facilities and equipment, their condition, and maintenance activities related to them. Fiscal responsibility is with the District. The agreement is effective August 2010 and will continue indefinitely until terminated.

NOTE 17. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2019, the District contracted services from two related parties (board of education members). The amounts paid to the vendors during the year were: Positive Outcomes - \$286,835 and Jaramillo Plumbing - \$32,933. There were no payables or receivables at June 30, 2019 for either of these related party vendors.

NOTE 18. COMPONENT UNIT - COTTONWOOD VALLEY CHARTER SCHOOL

Cottonwood Valley Charter School (CVCS) is a dependent charter school formed under NMSA 22-8A and as such is presented here as a discrete component unit of Socorro Consolidated Schools. CVCS is presented as a component unit since its operating budget and charter are annually presented and approved by the District's board. The New Mexico Public Education Department has determined that charter schools are major component units of their respective Districts. Refer to Notes 1 through 17 for significant policies of CVCS, as the charter school is subject to the same State and Federal regulations and follows the same policies as the District. The following are summarized details of the CVCS's balances and transactions as of June 30, 2019 and for the year then ended:

Revenues

State Equalization Guarantee: CVCS received \$1,361,917 in state equalization guarantee distributions during the year ended June 30, 2019.

Instructional Materials: Allocations received by CVCS from the State for the year ended June 30, 2019 totaled \$6,191.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

NOTE 18. COMPONENT UNIT - COTTONWOOD VALLEY CHARTER SCHOOL (CONTINUED)

Cash and Temporary Investments

Deposits: New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the schools for a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

	Wells Fargo Bank
Total amounts of deposit	\$ 233,709
FDIC coverage	(250,000)
Total uninsured public funds	\$ -
Collateral requirement (50% of uninsured public funds	\$ -
Pledged security	-
Total under (over) collateralized	\$ -

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2019, none of CVCS's bank balance of \$233,709 was exposed to custodial credit risk. At June 30, 2019, the carrying amount of these deposits was \$227,736.

Government Funds - Balance Sheet	
Cash and cash equivalents	\$ 227,736
Add: outstanding checks and other reconciling items	6,073
Less: petty cash	(100)
Bank balance of deposits	\$ 233,709

Receivables. There were no material receivables as of June 30, 2019.

Interfund Balances. There were no interfund receivables and payables as of June 30, 2019.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 18. COMPONENT UNIT- COTTONWOOD VALLEY CHARTER SCHOOL (CONTINUED)

Capital Assets. A summary of capital assets and changes occurring during the year ended June 30, 2019 follows:

	Balance June 30, 2018	Additions	Deletions / Adjustments	Balance June 30, 2019
Capital Assets used in Governmental Activities				
Capital assets not being depreciated				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Construction in progress	-	-	-	-
Total assets not being depreciated	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Capital assets being depreciated				
Land improvements	80,258	-	(4,500)	75,758
Buildings/building improvements	3,760,186	-	-	3,760,186
Furniture, fixtures, & equipment	35,964	-	-	35,964
Total assets being depreciated	<u>3,876,408</u>	<u>-</u>	<u>(4,500)</u>	<u>3,871,908</u>
Total assets	<u>4,026,408</u>	<u>-</u>	<u>(4,500)</u>	<u>4,021,908</u>
Accumulated depreciation				
Land improvements	(39,935)	(2,752)	600	(42,087)
Buildings/building improvements	(324,242)	(100,453)	-	(424,695)
Furniture, fixtures, & equipment	(15,948)	(1,798)	-	(17,746)
Total accumulated depreciation	<u>(380,125)</u>	<u>(105,003)</u>	<u>600</u>	<u>(484,528)</u>
Net Capital Assets	<u>\$ 3,646,283</u>	<u>\$ (105,003)</u>	<u>\$ (3,900)</u>	<u>\$ 3,537,380</u>

Depreciation expense for the year ended June 30, 2019 was charged to instruction in the amount of \$105,003.

Other Required Individual Fund Disclosures. Generally accepted accounting principles require disclosures as part of the Combined Statements of certain information concerning individual funds including:

1. Deficit fund balance of individual funds. At June 30, 2019, no funds reported a deficit fund balance.
2. Excess of expenditures over appropriations. At June 30, 2019, no funds exceeded approved budgetary authority.

ERA Pension Plan. The Charter's contributions to ERA for the years ended June 30, 2019, 2018 and 2017 were \$126,137, \$120,426, and \$117,027, respectively.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 18. COMPONENT UNIT- COTTONWOOD VALLEY CHARTER SCHOOL (CONTINUED)

Post-Employment Benefits. For the years ended June 30, 2019, 2018 and 2017, the Charter remitted \$18,149, \$17,327 and \$16,859, respectively, in employer contributions.

Lease Purchase Agreement. On September 19, 2018, the Charter entered into a lease purchase arrangement with the County of Socorro for a new facility. During the year ended June 30, 2019, the following changes occurred in the liabilities reported in the government- wide statement of net position:

	Balance June 30, 2018	Additions	Deletions / Adjustments	Balance June 30, 2019	Due in one year
Lease purchase agreement	\$ 1,433,948	\$ -	\$ (99,547)	<u>\$ 1,334,401</u>	<u>\$ 101,116</u>

The annual requirements to amortize the Lease Purchase Agreement as of June 30, 2019, including interest payments, are as follows:

	Principal	Interest	Total
2020	\$ 101,116	\$ 20,159	\$ 121,275
2021	102,710	18,565	121,275
2022	104,329	16,946	121,275
2023	105,973	15,302	121,275
2024	107,643	13,632	121,275
2025-2029	564,208	42,168	606,376
Thereafter	<u>248,422</u>	<u>4,234</u>	<u>252,656</u>
	<u>\$ 1,334,401</u>	<u>\$ 131,006</u>	<u>\$ 1,465,407</u>

NOTE 19. RECENT ACCOUNTING PRONOUNCEMENTS

In January 2017, GASB Statement No. 84, *Fiduciary Activities* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The University is still evaluating how this pronouncement will affect future financial statements.

In June 2017, GASB Statement No. 87, *Leases* was issued. Effective Date: For reporting periods beginning after December 15, 2019. The University is still evaluating how this pronouncement will affect future financial statements.

In June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The University is still evaluating how this pronouncement will affect future financial statements.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 19. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In August 2018, GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The University is still evaluating how this pronouncement will affect future financial statements.

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The University is still evaluating how this pronouncement will affect future financial statements.

NOTE 20. GOVERNMENTAL FUND BALANCE

In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Some governments may not have policies or procedures that are comparable to those policies that underlie the classifications and therefore would not report amounts in all possible fund balance classifications. In the governmental financial statements, fund balance is classified and is displayed in five components:

Nonspendable: Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Consists of amounts that are restricted to specific purposes as a result of a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed: Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Assigned: Consist of amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned: Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

NOTE 20. GOVERNMENTAL FUND BALANCE (CONTINUED)

	Major Funds				Other	Total
	Operational	Special	Capital Project	Debt Service	Governmental	
	Fund	Revenue Funds	Funds	Funds	Funds	
Fund Balances						
Nonspendable						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 7,100	\$ 7,100
Prepaid expenditures	-	-	-	-	-	-
Restricted for						
Instructional materials	-	-	-	-	-	-
Food service	-	-	-	-	581,878	581,878
Special revenue	-	-	-	-	585,976	585,976
Capital projects	-	-	6,289,662	-	178,724	6,468,386
Debt service	-	-	-	1,573,505	-	1,573,505
Committed to	-	-	-	-	-	-
Assigned to	-	-	-	-	-	-
Unassigned	<u>1,683,895</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,683,895</u>
Total fund balances	<u><u>\$ 1,683,895</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,289,662</u></u>	<u><u>\$ 1,573,505</u></u>	<u><u>\$ 1,353,678</u></u>	<u><u>\$ 10,900,740</u></u>

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2019 - 2015
LAST 10 FISCAL YEARS* (UNAUDITED)
(IN THOUSANDS)

Fiscal Year Measurement Date	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
District's proportion of the net pension liability	0.31%	0.31%	0.32%	0.32%	0.36%
District's proportionate share of the net pension liability	\$ 37,000	\$ 35,260	\$ 23,161	\$ 20,737	\$ 20,602
District's covered employee payroll	\$ 9,380	\$ 8,756	\$ 9,265	\$ 8,741	\$ 9,953
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	394%	403%	263%	237%	207%
Plan fiduciary net position as a percentage of the total pension liability	52.17%	52.95%	61.58%	63.97%	66.54%

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

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2019 - 2015
LAST 10 FISCAL YEARS* (UNAUDITED)
(IN THOUSANDS)

	June 30,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 1,304	\$ 1,211	\$ 1,254	\$ 1,265	\$ 1,309
Contribution in relation to the statutorily required contributions	<u>\$ 1,304</u>	<u>\$ 1,211</u>	<u>\$ 1,254</u>	<u>\$ 1,265</u>	<u>\$ 1,309</u>
Annual contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
RETIREE HEALTH CARE AUTHORITY (RHCA) OPEB PLAN
FOR THE YEAR ENDED JUNE 30, 2019 - 2018
LAST 10 FISCAL YEARS* (UNAUDITED)

	Fiscal Year Measurement Date	2019 2018	2018 2017
District's proportion of the net OPEB liability		0.20384%	0.21051%
District's proportionate share of the net OPEB liability		\$ 8,863,686	\$ 9,539,625
District's covered employee payroll		\$ 8,745,993	\$ 8,769,104
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll		101.35%	108.79%
RHCA Plan fiduciary net position as a percentage of the total pension liability		13.14%	11.34%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for available years.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
RETIREE HEALTH CARE AUTHORITY (RHCA) OPEB PLAN
FOR THE YEAR ENDED JUNE 30, 2019 - 2018
LAST 10 FISCAL YEARS* (UNAUDITED)

	June 30,	
	2019	2018
Contractually required contribution	\$ 318,534	\$ 668,468
Contributions in relation to the contractually required contribution	<u>\$ 314,645</u>	<u>\$ 335,497</u>
Contribution deficiency (excess)	<u>\$ 3,889</u>	<u>\$ 332,971</u>
District's covered employee payroll	\$ 8,745,993	\$ 8,769,104
Contributions as a percentage of covered employee payroll	3.60%	3.83%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for available years.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2019

ERB PLAN

Changes in benefit provisions. There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2018.

Changes in assumptions and methods. There were no modifications to the actuarial assumptions and methods reflected in the actuarial valuation at June 30, 2018.

RHCA PLAN

Changes in benefit provisions. There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2018.

Changes in assumptions and methods. The actuary removed 4,010 members that were deemed participants of non-participating employers. There were no other modifications to the assumptions and methods that were reflected in the actuarial valuation at June 30, 2018.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS
JUNE 30, 2019**

The Special Revenue Funds are used to account for Federal, State and Local funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational tasks. Grants accounted for in the Special Revenue Funds include:

Food Services (21000). To account for the cost of operating a student food program and is financed with federal grants and fees paid by program users.

Athletics (22000). This fund is used to account for fees generated at athletic activities throughout the District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC.

NM Autism Project (24108). To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Program funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100, 639, and 101-476, 20 U.S.C. 1411-1420.

Preschool IDEA-B (24109). The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17.

Education of Homeless (24113). To ensure that homeless children and youth have equal access to the same free, appropriate public education as other children; to provide activities for and services to ensure that these children enroll in, attend, and achieve success in school; to establish or designate an office in each State educational agency (SEA) for the coordination of education for homeless children and youth; to develop and implement programs for school personnel to heighten awareness of specific problems of homeless children and youth; and to provide grants to local educational agencies (LEAs). Funding is authorized by McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.

Fresh Fruits & Vegetables USDA (24118). To assist States, through cash grants, in providing free fresh fruits and vegetables to school children in designated participating schools. Authorized by National School Lunch Act, as amended, 42 U.S.C. 1769.

21st Century Community Learning Center (24119). To account for a grant utilized to expand an after school, weekend and summer program. The program is designed to integrate the visual and performing arts with literacy, life skills and physical activity for kindergarten to 12th grade focusing on the neighborhood and the community as a classroom. Funding authorized by public law 103-382.

IDEA-B Risk Pool (24120). Funding for students with disabilities who are parentally placed in private elementary and secondary schools ("equitable participation services") located in the District.

IDEA-B Results Plan Total (24132). RDA is focused on early elementary reading achievement elementary schools. The project's goals include increasing reading achievement for all students in Kindergarten through grade three, with a specific emphasis on students scoring in the lowest quartile.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS
JUNE 30, 2019

SPECIAL REVENUE FUNDS (CONTINUED)

Teacher / Principal Training / Recruiting (24154). To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students. This program is authorized by Title II, Part A, subparts 1-3 of the ESEA as amended.

Rural and Low-Income Schools (24160). To account for a grant with the purpose of providing financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Authorized by Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

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

Carl D. Perkins - Secondary (24174 – Current, 24176 – Redistribution, 24183 – Redistribution 2 and 24184 – HSTW 2). The objective of this grant is to provide secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Department of Education. This program is authorized by the Carl D. Perkins Career and Technical Education Act of 2006. This program is used for the deployment of the Career-Focused Student Learning System at Secondary Level using the Career Cluster Framework. With these funds, SHS implemented a pharmacology component with in the SHS Science curriculum.

Student Support & Academic Enrichment Program (24189) – To account for funds used to improve student’s academic achievement by increasing the capacity of States, local educational agencies (LEAs), schools and local communities to: (1) provide all students with access to a well-rounded education; (2) improve school conditions for student learning; and (3) improve the use of technology in order to improve the academic achievement and digital literacy for all students. Authorized by Section 4101 of the Elementary and Secondary Education Act.

Title XIX MEDICAID 3/21 Years (25153). To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children.

Dual Credit Instructional Materials (27103). To purchase college textbooks for students who dual enroll in college credited courses while still attending high school. Program is authorized by state statute.

2012 GO Bonds Student Library Fund (SB 66) (27107). Funds used to purchase books, supplies, and other media for school libraries. Laws of 2012. This fund replaced 27106.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS
JUNE 30, 2019**

SPECIAL REVENUE FUNDS (CONTINUED)

New Mexico Reads to Lead K-3 Reading Initiative (27114). To account for funds received to 1) increase the quality of reading instruction; 2) provide a screening assessment for use in planning data-driven instruction; 3) provide quality professional development for administrators, reading coaches, and teachers; 4) ensure that districts/charter schools have a comprehensive plan for addressing literacy instruction; and 5) reach out to parents and families with free resources in English and Spanish to support children's reading at home. Authority for the creation of this fund is New Mexico House Bill 2.

Pre-K Initiative (27149). To account for monies received from the State of New Mexico to be used to provide direct services to 4-year old children in Pre-Kindergarten programs.

GRADS (27151), GRADS Childcare (28189) and GRADS Instruction (28190). To account for a program funded by the Public Education Department for the purpose to establish and maintain an in-school, family and consumer science instructional and intervention program for pregnant and parenting students, which focuses on knowledge and skills related to positive self, pregnancy, parenting and economic independence. Special Revenue fund established by the local school board.

Breakfast for Elementary Students (27155). The 2005 Legislative General Appropriations Act allocated \$475,000 to implement Breakfast in the Classroom for elementary schools in need of improvement based on 2004-2005 AYP designation.

Kindergarten – Three Plus (27166). Funds allow for an extended school year for Kindergarten through third grade students. The program focuses on acclimating young students to the structure of a classroom environment and spending additional time to prepare them for the next grade. Authority for the creation of this fund is the New Mexico Public Education Department.

2013 School Bus Replacement (27178). The purpose of this fund is to account for a program funded by the Public Education Department to purchase school buses statewide. Funding is authorized by the Laws of 2013, SB-60, Section 53.

Teachers Hard to Staff Stipend (27195). To provide all students high-quality education in STEM (grades 7-12), Special Education (grades K-12), Bilingual (grades K-12) and other hard to staff areas that promote 21st century skills for college and career readiness.

K3, 4-5 PILOT (Fund 27198). Provides funding for additional educational time for students in the kindergarten through fifth grade with at least 25 instructional days, beginning up to two months earlier than the regular school year.

New Mexico Highway Department (28120). To account for monies received from the NM Department of Transportation to assist with surface needs such as paving school parking areas and bus areas.

NM Arts Division (28131). To account for the grant activity from the New Mexico Arts, a division of the Office of cultural affairs. Special Revenue Fund established by the local school board.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS
JUNE 30, 2019**

SPECIAL REVENUE FUNDS (CONTINUED)

Grads Plus (28203). To account for an agreement to provide childcare services in conjunction with the Graduation, Reality and Dual Role Skills Program. Funding is provided by State of New Mexico Child Youth and Families Department. Program is authorized by state statute.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS
JUNE 30, 2019**

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Public School Capital Outlay (31200). To account for Critical Capital Outlay funds and other special capital outlay funds received from the State of New Mexico. The funds are restricted for the purposes outlined in the applicable legislation under which the funds were approved. This generally includes construction of new schools or improvements to existing schools.

SB-9 State (31700). To account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching and a special tax levy as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

SB-9 Local (31701). To account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching and a special tax levy as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

Energy Efficiency & Renewable Energy Bond (38100). New Mexico's Energy Efficiency and Renewable Energy Bonding Act, which became law in April 2005, authorizes up to \$20 million in bonds to finance energy efficiency and renewable energy improvements in state government and school district buildings. At the request of a state agency or school district, the New Mexico Energy, Minerals and Natural Resources Department will conduct an energy assessment of a building to determine specific efficiency measures which will result in energy and cost savings. A state agency or school district may install or enter into contracts for the installation of energy efficiency measures on the building identified in the assessment. An installation contract may be entered into for a term of up to 10 years. The bonds are exempt from taxation by the state, and any type of renewable energy system and most energy efficiency measures, including energy recovery and combined heat and power (CHP) systems, are eligible for funding. Projects financed with the bonds will be paid back to the bonding authority using the savings on energy bills.

Charter School Specific:

Special Capital Outlay – Local (31300). To account revenues that are derived from local sources such as the sale of a building.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue	Capital Projects	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,070,256	\$ 155,848	\$ 1,226,104
Accounts receivable			
Taxes	-	59,920	59,920
Due from other governments	743,528	-	743,528
Other	-	-	-
Interfund receivables	-	-	-
Prepaid expenditures	7,100	-	7,100
Inventory	-	-	-
	<u>\$ 1,820,884</u>	<u>\$ 215,768</u>	<u>\$ 2,036,652</u>
Total assets			
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Current Liabilities			
Accounts payable	\$ 1,720	\$ 1,450	\$ 3,170
Accrued payroll liabilities	87,412	-	87,412
Interfund payables	556,798	-	556,798
	<u>645,930</u>	<u>1,450</u>	<u>647,380</u>
Total liabilities			
DEFERRED INFLOWS OF RESOURCES			
Property taxes	-	35,594	35,594
	<u>-</u>	<u>35,594</u>	<u>35,594</u>
FUND BALANCES			
Nonspendable	7,100	-	7,100
Restricted	1,167,854	178,724	1,346,578
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
	<u>1,174,954</u>	<u>178,724</u>	<u>1,353,678</u>
Total fund balances			
Total liabilities, deferred inflows and fund balances	<u>\$ 1,820,884</u>	<u>\$ 215,768</u>	<u>\$ 2,036,652</u>

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue	Capital Projects	Total
REVENUES			
Property taxes	\$ -	\$ 390,277	\$ 390,277
State grants	960,557	-	960,557
Federal grants	2,663,245	-	2,663,245
Miscellaneous	238,871	-	238,871
Interest	-	-	-
Total revenues	3,862,673	390,277	4,252,950
EXPENDITURES			
Current			
Instruction	1,359,324	-	1,359,324
Support services			
Students	346,059	-	346,059
Instruction	159,293	-	159,293
General administration	28,905	5,715	34,620
School administration	734,995	-	734,995
Central services	156,518	-	156,518
Operation & maintenance of plant	23,597	-	23,597
Student transportation	11,138	-	11,138
Other support services	-	-	-
Food services operations	1,091,507	-	1,091,507
Community service	-	-	-
Capital outlay	4,550	350,835	355,385
Debt service	-		
Principal	-	-	-
Interest	-	-	-
Total expenditures	3,915,886	356,550	4,272,436
Excess (deficiency) of revenues over (under) expenditures	(53,213)	33,727	(19,486)
Other financing sources			
Operating transfers	-	-	-
Total other financing sources	-	-	-
Net changes in fund balances	(53,213)	33,727	(19,486)
Fund balances, beginning of year	1,228,167	144,997	1,373,164
Fund balances, end of year	\$ 1,174,954	\$ 178,724	\$ 1,353,678

See Accompanying Notes.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Food Service 21000	Athletics 22000	IDEA-B Entitlement 24106	IDEA-B Preschool 24109	Fresh Fruits & Vegetables 24118
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 498,675	\$ 64,835	\$ -	\$ -	\$ -
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	111,100	-	130,157	-	4,826
Other	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Inventory	7,100	-	-	-	-
Total assets	<u>\$ 616,875</u>	<u>\$ 64,835</u>	<u>\$ 130,157</u>	<u>\$ -</u>	<u>\$ 4,826</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Current Liabilities					
Accounts payable	\$ -	\$ 1,071	\$ -	\$ -	\$ -
Accrued payroll liabilities	27,897	-	12,744	-	-
Interfund payables	-	-	117,413	-	4,826
Total liabilities	<u>27,897</u>	<u>1,071</u>	<u>130,157</u>	<u>-</u>	<u>4,826</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes	-	-	-	-	-
FUND BALANCES					
Nonspendable	7,100	-	-	-	-
Restricted	581,878	63,764	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>588,978</u>	<u>63,764</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 616,875</u>	<u>\$ 64,835</u>	<u>\$ 130,157</u>	<u>\$ -</u>	<u>\$ 4,826</u>

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2019

	IDEA-B Results Plan 24132	Teacher/Principal Training & Recruiting 24154	Rural and Low-Income Schools 24160	Carl D. Perkins Secondary Current 24174	Student Support & Academic Enrichment 24189
ASSETS					
Current Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	11,688	34,307	40,200	-	143,507
Other					
Interfund receivables	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ 11,688</u>	<u>\$ 34,307</u>	<u>\$ 40,200</u>	<u>\$ -</u>	<u>\$ 143,507</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Current Liabilities					
Accounts payable	\$ (1)	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	316	3,435	-	-	-
Interfund payables	11,373	30,872	40,200	-	143,507
Total liabilities	<u>11,688</u>	<u>34,307</u>	<u>40,200</u>	<u>-</u>	<u>143,507</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 11,688</u>	<u>\$ 34,307</u>	<u>\$ 40,200</u>	<u>\$ -</u>	<u>\$ 143,507</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2019**

	Title I Comprehensive Support & Imp. 24190	Title XIX Medicaid 3/21 Years 25153	2012 GO Bonds - Student Library SB-66 27107	New Mexico Reads to Lead 27114	Excellence in Teaching 27125
ASSETS					
Current Assets					
Cash and cash equivalents	\$ -	\$ 446,045	\$ -	\$ -	\$ -
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	38,957	28,220	-	12,234	-
Other					
Interfund receivables	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ 38,957</u>	<u>\$ 474,265</u>	<u>\$ -</u>	<u>\$ 12,234</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Current Liabilities					
Accounts payable	\$ 1	\$ 650	\$ -	\$ -	\$ -
Accrued payroll liabilities	5,212	12,104	-	4,156	-
Interfund payables	33,744	-	-	8,078	-
Total liabilities	<u>38,957</u>	<u>12,754</u>	<u>-</u>	<u>12,234</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	461,511	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>461,511</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 38,957</u>	<u>\$ 474,265</u>	<u>\$ -</u>	<u>\$ 12,234</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2019**

	Pre-K Initiative 27149	NM GRADS 27151	Breakfast for Elementary Students 27155	Kindergarten - Three Plus 27166	After School Enrichment 27168
ASSETS					
Current Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	48,462	105,889	564	-	17,289
Other					
Interfund receivables	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Inventory	-	-	-	-	-
Total assets	<u>\$ 48,462</u>	<u>\$ 105,889</u>	<u>\$ 564</u>	<u>\$ -</u>	<u>\$ 17,289</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Current Liabilities					
Accounts payable	\$ (1)	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	15,029	6,519	-	-	-
Interfund payables	33,434	99,370	564	-	17,289
Total liabilities	<u>48,462</u>	<u>105,889</u>	<u>564</u>	<u>-</u>	<u>17,289</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 48,462</u>	<u>\$ 105,889</u>	<u>\$ 564</u>	<u>\$ -</u>	<u>\$ 17,289</u>

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2019

	NM Grown Fresh Fruit & Vegetable Award 27183	K3, 4-5 PILOT 27198	NM Highway Department 28120	NM Arts Division 28131	GRADS - Child Care 28189
ASSETS					
Current Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 60,701	\$ -	\$ -
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	757	-	-	-	1,332
Other					
Interfund receivables	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Inventory	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 757</u>	<u>\$ -</u>	<u>\$ 60,701</u>	<u>\$ -</u>	<u>\$ 1,332</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Current Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-	-
Interfund payables	757	-	-	-	1,332
	<u>757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,332</u>
Total liabilities	<u>757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,332</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	60,701	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>60,701</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>60,701</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 757</u>	<u>\$ -</u>	<u>\$ 60,701</u>	<u>\$ -</u>	<u>\$ 1,332</u>

See Accompanying Notes.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2019**

	GRADS - Instruction 28190	GRADS Plus 28203	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ -	\$ -	\$ 1,070,256
Accounts receivable			
Taxes	-	-	-
Due from other governments	1,953	12,086	743,528
Other			
Interfund receivables	-	-	-
Prepaid expenditures	-	-	-
Inventory	-	-	7,100
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,953</u>	<u>\$ 12,086</u>	<u>\$ 1,820,884</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ 1,720
Accrued payroll liabilities	-	-	87,412
Interfund payables	1,953	12,086	556,798
	<u>1,953</u>	<u>12,086</u>	<u>645,930</u>
Total liabilities	<u>1,953</u>	<u>12,086</u>	<u>645,930</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	7,100
Restricted	-	-	1,167,854
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>1,174,954</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,953</u>	<u>\$ 12,086</u>	<u>\$ 1,820,884</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2019**

	Food Service 21000	Athletics 22000	IDEA-B Entitlement 24106	IDEA-B Preschool 24109
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	1,043,977	-	610,206	11,538
Miscellaneous	20,719	218,152	-	-
Interest	-	-	-	-
Total revenues	<u>1,064,696</u>	<u>218,152</u>	<u>610,206</u>	<u>11,538</u>
EXPENDITURES				
Current				
Instruction	-	155,961	257,399	11,538
Support services				
Students	-	-	119,140	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	159,921	-
Central services	-	-	73,746	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	1,047,424	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,047,424</u>	<u>155,961</u>	<u>610,206</u>	<u>11,538</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,272</u>	<u>62,191</u>	<u>-</u>	<u>-</u>
Other financing sources				
Operating transfers	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	17,272	62,191	-	-
Fund balances, beginning of year	571,706	1,573	-	-
Fund balances, end of year	<u>\$ 588,978</u>	<u>\$ 63,764</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

	Fresh Fruits & Vegetables 24118	IDEA-B Results Plan 24132	Teacher/Principal Training & Recruiting 24154	Rural & Low Income Schools 24160
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	26,419	37,500	108,498	40,200
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>26,419</u>	<u>37,500</u>	<u>108,498</u>	<u>40,200</u>
EXPENDITURES				
Current				
Instruction	-	37,500	-	40,200
Support services				
Students	-	-	-	-
Instruction	-	-	94,505	-
General administration	-	-	4,254	-
School administration	-	-	-	-
Central services	-	-	9,739	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	26,419	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>26,419</u>	<u>37,500</u>	<u>108,498</u>	<u>40,200</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources				
Operating transfers	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

	Carl D. Perkins Secondary Current <u>24174</u>	Student Support & Academic Enrichment <u>24189</u>	Title I Comprehensive Support & Imp. <u>24190</u>	Title XIX Medicaid 3/21 Years <u>25153</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	21,502	169,711	150,189	443,505
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>21,502</u>	<u>169,711</u>	<u>150,189</u>	<u>443,505</u>
EXPENDITURES				
Current				
Instruction	21,502	168,336	86,776	69,645
Support services				
Students	-	-	-	224,482
Instruction	-	1,375	63,413	-
General administration	-	-	-	8,536
School administration	-	-	-	193,412
Central services	-	-	-	73,033
Operation & maintenance of plant	-	-	-	21,377
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	4,550
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>21,502</u>	<u>169,711</u>	<u>150,189</u>	<u>595,035</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(151,530)</u>
Other financing sources				
Operating transfers	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	(151,530)
Fund balances, beginning of year	-	-	-	613,041
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 461,511</u>

See Accompanying Notes.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

	2012 GO Bonds - Student Library SB-66 27107	New Mexico Reads to Lead 27114	Excellence in Teaching 27125	Pre K Initiative 27149
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	2,437	55,944	48,443	253,959
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>2,437</u>	<u>55,944</u>	<u>48,443</u>	<u>253,959</u>
EXPENDITURES				
Current				
Instruction	-	55,944	48,443	246,290
Support services				
Students	2,437	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	7,669
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>2,437</u>	<u>55,944</u>	<u>48,443</u>	<u>253,959</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources				
Operating transfers	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

	NM GRADS 27151	Breakfast for Elementary Students 27155	Kindergarten - Three Plus 27166	After School Enrichment 27168
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	399,997	16,907	69,313	44,081
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>399,997</u>	<u>16,907</u>	<u>69,313</u>	<u>44,081</u>
EXPENDITURES				
Current				
Instruction	-	-	66,844	44,081
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	16,115	-	-	-
School administration	381,662	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	2,220	-	-	-
Student transportation	-	-	2,469	-
Other support services	-	-	-	-
Food services operations	-	16,907	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>399,997</u>	<u>16,907</u>	<u>69,313</u>	<u>44,081</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources				
Operating transfers	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

	NM Grown Fresh Fruit & Vegetable Award 27183	K3, 4-5 PILOT 27198	NM Highway Department 28120	NM Arts Division 28131
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	757	23,649	18,854	6,216
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
Total revenues	<u>757</u>	<u>23,649</u>	<u>18,854</u>	<u>6,216</u>
EXPENDITURES				
Current				
Instruction	-	22,649	-	6,216
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	1,000	-	-
Other support services	-	-	-	-
Food services operations	757	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>757</u>	<u>23,649</u>	<u>-</u>	<u>6,216</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>18,854</u>	<u>-</u>
Other financing sources				
Operating transfers	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	18,854	-
Fund balances, beginning of year	-	-	41,847	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,701</u>	<u>\$ -</u>

See Accompanying Notes.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2019

	GRADS - Child Care 28189	GRADS - Instruction 28190	GRADS Plus 28203	Total
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	1,500	2,500	16,000	960,557
Federal grants	-	-	-	2,663,245
Miscellaneous	-	-	-	238,871
Interest	-	-	-	-
Total revenues	<u>1,500</u>	<u>2,500</u>	<u>16,000</u>	<u>3,862,673</u>
EXPENDITURES				
Current				
Instruction	1,500	2,500	16,000	1,359,324
Support services				-
Students	-	-	-	346,059
Instruction	-	-	-	159,293
General administration	-	-	-	28,905
School administration	-	-	-	734,995
Central services	-	-	-	156,518
Operation & maintenance of plant	-	-	-	23,597
Student transportation	-	-	-	11,138
Other support services	-	-	-	-
Food services operations	-	-	-	1,091,507
Community service	-	-	-	-
Capital outlay	-	-	-	4,550
Debt service				-
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,500</u>	<u>2,500</u>	<u>16,000</u>	<u>3,915,886</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,213)</u>
Other financing sources				
Operating transfers	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	(53,213)
Fund balances, beginning of year	-	-	-	1,228,167
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,174,954</u>

See Accompanying Notes.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2019

		Capital Improvements SB-9 (Local) <u>31701</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$	155,848
Accounts receivable		
Taxes		59,920
Due from other governments		-
Other		-
Interfund receivables		-
Prepaid expenditures		-
Inventory		-
		<u> -</u>
Total assets	\$	<u>215,768</u>
 LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES		
Current Liabilities		
Accounts payable	\$	1,450
Accrued payroll liabilities		-
Interfund payables		-
		<u> -</u>
Total Liabilities		<u>1,450</u>
 DEFERRED INFLOWS OF RESOURCES		
Property taxes		<u>35,594</u>
 FUND BALANCES		
Nonspendable		-
Restricted		178,724
Committed		-
Assigned		-
Unassigned		-
		<u> -</u>
Total fund balances		<u>178,724</u>
 Total liabilities, deferred inflows and fund balances	 \$	 <u>215,768</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECT FUNDS
YEAR ENDED JUNE 30, 2019**

	Capital Improvements SB-9 (Local) 31701
	31701
REVENUES	
Property taxes	\$ 390,277
State grants	-
Federal grants	-
Miscellaneous	-
Interest	-
	-
Total revenues	390,277
EXPENDITURES	
Current	
Instruction	-
Support services	
Students	-
Instruction	-
General administration	5,715
School administration	-
Central services	-
Operation & maintenance of plant	-
Student transportation	-
Other support services	-
Food services operations	-
Community service	-
Capital outlay	350,835
Debt service	
Principal	-
Interest	-
	-
Total expenditures	356,550
Excess (deficiency) of revenues over (under) expenditures	33,727
Other financing sources	
Operating transfers	-
	-
Total other financing sources	-
Net changes in fund balances	33,727
Fund balances, beginning of year	144,997
Fund balances, end of year	\$ 178,724

See Accompanying Notes.

OTHER SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND
LIABILITIES - AGENCY FUNDS
JUNE 30, 2019**

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Socorro High School	\$ 80,229	\$ 63,655	\$ (64,122)	\$ 79,762
Sarracino Middle School	27,231	37,799	(42,496)	22,534
Parkview Elementary	11,470	42,181	(38,267)	15,384
San Antonio Elementary	16,038	24,988	(20,070)	20,956
Midway Elementary	10,213	14,720	(18,638)	6,295
District Activity (Bus)	102,637	67,323	(117,739)	52,221
Staters Scholarship	10,400	-	-	10,400
World War II Scholarship	10,000	-	-	10,000
Elizim Baca Scholarship	119,304	6,518	-	125,822
Total All Schools	<u>\$ 387,522</u>	<u>\$ 257,184</u>	<u>\$ (301,332)</u>	<u>\$ 343,374</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED
BY DEPOSITORY FOR PUBLIC FUNDS
JUNE 30, 2019**

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2019	Name & Location of SafeKeeper
District:			
First State Bank	FFCB, 2.270%, 07/22/24 CUSIP #3133EEB33	\$ 1,773,293	Bank of New York Mellon New York, New York
First State Bank	FFCB, 2.140%, 07/25/28 CUSIP #3133EGNH4	-	Bank of New York Mellon New York, New York
First State Bank	FFCB, Non CBL CUSIP #3133XN4B2	<u>1,013,461</u>	Bank of New York Mellon New York, New York
Total First State Bank		<u>2,786,754</u>	
Wells Fargo	FNMA FNMS, 3.000%, 02/01/43 CUSIP #3138W3QC0	<u>2,024,600</u>	
Total Wells Fargo		<u>2,024,600</u>	
Total District		<u><u>\$ 4,811,354</u></u>	

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2019

Bank Account Type	First State Bank	Wells Fargo Bank	Totals
Checking - Operational/Federal	\$ -	\$ 3,424,506	\$ 3,424,506
Checking - Payroll Clearing	-	-	-
Checking - Accounts Payable Clearing	-	-	-
Checking - Activity/Athletics - Clearing Account	683,984	-	683,984
Checking - Operational Account	864,100	-	864,100
Checking - Operational Account (Component Unit)	233,709	-	233,709
Money Market Account-Scholarship 3826	-	124,888	124,888
Certificate of Deposit-High School Activity 6174	5,000	-	5,000
Certificate of Deposit-Middle School Activity 1355	4,000	-	4,000
Certificate of Deposit-Middle School Activity 4671	3,000	-	3,000
Certificate of Deposit-Scholarship Investment 6888	<u>20,400</u>	<u>-</u>	<u>20,400</u>
Total on Deposit	1,814,193	3,549,394	5,363,587
Reconciling Items-District	(265)	(1,168,344)	(1,168,609)
Reconciling Items-Component Unit	<u>-</u>	<u>(6,073)</u>	<u>(6,073)</u>
Reconciled Balance June 30, 2019	<u>\$ 1,813,928</u>	<u>\$ 2,374,977</u>	4,188,905
Plus: Petty Cash-District			1,200
Plus: Petty Cash-Component Unit			100
Plus: District checks held at year end			667,146
Plus: Cash held by the New Mexico Finance Authority			<u>5,372,563</u>
Cash and Investments per Government-wide Financial Statements			<u>\$ 10,229,914</u>
Cash per Government-wide Financial Statements - Governmental Funds			\$ 9,658,804
Cash per Government-wide Financial Statements - Component Unit			227,736
Agency Fund Cash			<u>343,374</u>
Total Cash and Investments			<u>\$ 10,229,914</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF CASH RECONCILIATION
JUNE 30, 2019**

	Operational Account 11000	Transportation Account 13000	Instructional Materials 14000	Food Services Account 21000	Athletics Account 22000	Non-Instruction Account 23000
Cash and Equivalents, June 30, 2018	\$ 476,632	\$ -	\$ 17,399	\$ 513,710	\$ 1,573	\$ 387,523
Add:						
2018-2019 revenues	12,222,148	641,637	50,308	926,088	218,151	257,185
Repayment of loans	1,275,024	-	-	-	-	-
Loans from other funds	-	-	-	-	-	-
Total cash available	13,973,804	641,637	67,707	1,439,798	219,724	644,708
Less:						
2018-2019 expenditures	(12,279,369)	(641,637)	(67,707)	(969,020)	(154,889)	(301,334)
Repayment of loans	-	-	-	-	-	-
Transfers to/from other funds	-	-	-	-	-	-
Held checks	518,734	22,725	-	27,897	-	-
Loans to other funds	(1,623,116)	-	-	-	-	-
Reclassification of cash balances	-	-	-	-	-	-
Cash and Equivalents, June 30, 2019	<u>\$ 590,053</u>	<u>\$ 22,725</u>	<u>\$ -</u>	<u>\$ 498,675</u>	<u>\$ 64,835</u>	<u>\$ 343,374</u>

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
JUNE 30, 2019

	Federal Flowthrough 24000	Federal Direct 25000	State Flowthrough 27000	State Direct 28000	Local or State Fund 29000	Bond Building 31100
Cash and Equivalents, June 30, 2018	\$ -	\$ 605,255	\$ -	\$ 41,847	\$ -	\$ 1,768,384
Add:						
2018-2019 revenues	2,368,670	388,452	899,758	29,705	-	2,071,796
Repayment of loans	-	-	-	-	-	-
Loans from other funds	<u>1,176,256</u>	<u>-</u>	<u>159,492</u>	<u>15,371</u>	<u>-</u>	<u>-</u>
Total cash available	3,544,926	993,707	1,059,250	86,923	-	3,840,180
Less:						
2018-2019 expenditures	(2,702,381)	(559,766)	(915,486)	(26,222)	-	(955,848)
Repayment of loans	(902,532)	-	(169,468)	-	-	-
Transfers to/from other funds	-	-	-	-	-	-
Held checks	59,987	12,104	25,704	-	-	-
Loans to other funds	-	-	-	-	-	-
Reclassification of cash balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Equivalents, June 30, 2019	<u>\$ -</u>	<u>\$ 446,045</u>	<u>\$ -</u>	<u>\$ 60,701</u>	<u>\$ -</u>	<u>\$ 2,884,332</u>

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
JUNE 30, 2019

	Cap. Improv. SB9 State 31700	Cap. Improv. SB9 Local 31701	Energy Efficiency 31800	Debt Service Fund 41000	Total
Cash and Equivalents, June 30, 2018	\$ -	\$ 144,996	\$ -	\$ 1,449,147	\$ 5,406,466
Add:					
2018-2019 revenues	203,024	365,950	3,507,726	1,404,283	25,554,881
Repayment of loans	-	-	-	-	1,275,024
Loans from other funds	<u>271,997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,623,116</u>
Total cash available	475,021	510,946	3,507,726	2,853,430	33,859,487
Less:					
2018-2019 expenditures	(271,997)	(355,098)	(102,396)	(1,323,170)	(21,626,320)
Repayment of loans	(203,024)	-	-	-	(1,275,024)
Transfers to/from other funds	-	-	-	-	-
Held checks	-	-	-	-	667,151
Loans to other funds	-	-	-	-	(1,623,116)
Reclassification of cash balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and Equivalents, June 30, 2019	<u>\$ -</u>	<u>\$ 155,848</u>	<u>\$ 3,405,330</u>	<u>\$ 1,530,260</u>	<u>\$ 10,002,178</u>

COMPONENT UNIT

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS-COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	Operational Funds				
	General * 11000	Instructional Materials* 14000	Non-Instructional Support 23000	Title I IASA 24101	IDEA -B Entitlement 24106
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 174,165	\$ -	\$ 5,653	\$ -	\$ -
Accounts receivable	238	-	301	-	-
Due from other governments	-	-	-	-	-
Interfund receivables	37,042	-	-	-	-
Total assets	\$ 211,445	\$ -	\$ 5,954	\$ -	\$ -
LIABILITIES AND FUND BALANCES					
Current Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	12,029	-	-	-	-
Interfund payables	-	-	-	-	-
Total liabilities	12,029	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	5,954	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	199,416	-	-	-	-
Total fund balances	199,416	-	5,954	-	-
Total liabilities and fund balances	\$ 211,445	\$ -	\$ 5,954	\$ -	\$ -

* Indicates a Major Fund of the Charter School.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS-COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019

	Teacher / Principal Training & Recruiting 24154	Turner Foundation 26156	Reads to Lead K-3 Initiative* 27114	Northrop Grumman FabSchool Lab* 29102	Public School Capital Outlay* 31200
ASSETS					
Current Assets					
Cash and cash equivalents	\$ -	\$ 2,910	\$ -	\$ 45,008	\$ -
Accounts receivable	89	-	-	-	-
Due from other governments	-	-	7,466	-	29,576
Interfund receivables	-	-	-	-	-
Total assets	<u>\$ 89</u>	<u>\$ 2,910</u>	<u>\$ 7,466</u>	<u>\$ 45,008</u>	<u>\$ 29,576</u>
LIABILITIES AND FUND BALANCES					
Current Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-	-
Interfund payables	-	-	7,466	-	29,576
Total liabilities	<u>-</u>	<u>-</u>	<u>7,466</u>	<u>-</u>	<u>29,576</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	45,008	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	89	2,910	-	-	-
Total fund balances	<u>89</u>	<u>2,910</u>	<u>-</u>	<u>45,008</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 89</u>	<u>\$ 2,910</u>	<u>\$ 7,466</u>	<u>\$ 45,008</u>	<u>\$ 29,576</u>

* Indicates a Major Fund of the Charter School.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS-COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2019

	Special Capital Outlay 31300	Capital Improvements SB-9 31700	Total Governmental Funds
ASSETS			
Current Assets			
Cash and cash equivalents	\$ -	\$ -	\$ 227,736
Accounts receivable	-	-	628
Due from other governments	-	-	37,042
Interfund receivables	-	-	37,042
	<u>-</u>	<u>-</u>	<u>37,042</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,448</u>
LIABILITIES AND FUND BALANCES			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	12,029
Interfund payables	-	-	37,042
	<u>-</u>	<u>-</u>	<u>37,042</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>49,071</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	50,962
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	202,415
	<u>-</u>	<u>-</u>	<u>202,415</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>253,377</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,448</u>

* Indicates a Major Fund of the Charter School.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS-COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Fund balances - total governmental funds	\$ 253,377
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,537,380
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds.	1,054,468
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension and OPEB liability	(4,568,594)
Long-term debt	(1,334,401)
Defined benefit pension plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(341,149)</u>
Net Position (Deficit) - Total Governmental Activities	<u><u>\$ (1,398,919)</u></u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COTTONWOOD VALLEY CHARTER SCHOOL
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	Operational Funds				
	General*	Instructional Materials*	Non-Instructional Support	Title I IASA	IDEA -B Entitlement
	11000	14000	23000	24101	24106
REVENUES					
State grants	\$ 1,361,917	\$ 6,191	\$ -	\$ 22,035	\$ 73,746
Miscellaneous	4,921	-	16,544	-	-
Total revenues	<u>1,366,838</u>	<u>6,191</u>	<u>16,544</u>	<u>22,035</u>	<u>73,746</u>
EXPENDITURES					
Current					
Instruction	934,490	6,699	12,561	22,035	19,149
Support services					
Students	21,832	-	-	-	54,597
Instruction	737	-	-	-	-
General administration	117,723	-	-	-	-
School administration	50,452	-	-	-	-
Central services	68,862	-	-	-	-
Operation & maintenance of plant	139,195	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>1,333,291</u>	<u>6,699</u>	<u>12,561</u>	<u>22,035</u>	<u>73,746</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,547</u>	<u>(508)</u>	<u>3,983</u>	<u>-</u>	<u>-</u>
Other financing sources					
Transfer in from Socorro County for building	-	-	-	-	-
Proceeds from loan	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	33,547	(508)	3,983	-	-
Fund balances, beginning of year	165,869	508	1,971	-	-
Fund balances, end of year	<u>\$ 199,416</u>	<u>\$ -</u>	<u>\$ 5,954</u>	<u>\$ -</u>	<u>\$ -</u>

* Indicates a Major Fund of the Charter School.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COTTONWOOD VALLEY CHARTER SCHOOL
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Teacher / Principal Training & Recruiting 24154	Turner Foundation 26156	Reads to Lead K-3 Initiative* 27114	Northrop Grumman FabSchool Lab* 29102	Public School Capital Outlay* 31200
REVENUES					
State grants	\$ 9,828	\$ 3,000	\$ 22,547	\$ -	\$ -
Miscellaneous	-	-	-	-	118,305
Total revenues	<u>9,828</u>	<u>3,000</u>	<u>22,547</u>	<u>-</u>	<u>118,305</u>
EXPENDITURES					
Current					
Instruction	9,739	90	22,547	17,550	-
Support services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Capital outlay	-	-	-	-	118,305
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>9,739</u>	<u>90</u>	<u>22,547</u>	<u>17,550</u>	<u>118,305</u>
Excess (deficiency) of revenues over (under) expenditures	<u>89</u>	<u>2,910</u>	<u>-</u>	<u>(17,550)</u>	<u>-</u>
Other financing sources					
Transfer in from Socorro County for building	-	-	-	-	-
Proceeds from loan	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	89	2,910	-	(17,550)	-
Fund balances, beginning of year	-	-	-	62,558	-
Fund balances, end of year	<u>\$ 89</u>	<u>\$ 2,910</u>	<u>\$ -</u>	<u>\$ 45,008</u>	<u>\$ -</u>

* Indicates a Major Fund of the Charter School.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COTTONWOOD VALLEY CHARTER SCHOOL
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	Special Capital Outlay 31300	Capital Improvements SB-9 31700	Total Governmental Funds
REVENUES			
State grants	\$ -	\$ -	\$ 1,499,264
Miscellaneous	-	1,733	141,503
Total revenues	<u>-</u>	<u>1,733</u>	<u>1,640,767</u>
EXPENDITURES			
Current			
Instruction	-	-	1,044,860
Support services			
Students	-	-	76,429
Instruction	-	-	737
General administration	-	-	117,723
School administration	-	-	50,452
Central services	-	-	68,862
Operation & maintenance of plant	-	-	139,195
Capital outlay	1,486	1,733	121,524
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>1,486</u>	<u>1,733</u>	<u>1,619,782</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,486)</u>	<u>-</u>	<u>20,985</u>
Other financing sources			
Transfer in from Socorro County for building	-	-	-
Proceeds from loan	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(1,486)	-	20,985
Fund balances, beginning of year	1,486	-	232,392
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 253,377</u>

* Indicates a Major Fund of the Charter School.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COTTONWOOD VALLEY CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES-GOV FUNDS
TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net changes in fund balances - total governmental funds	\$ 20,985
Additional GASB 68 pension expense	(508,006)
Additional GASB 75 OPEB (expense) income	12,709
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays for the period.</p>	
Capital outlays	-
Depreciation expense	(105,003)
Loss on disposition of capital assets	(3,900)
<p>The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:</p>	
Principal payments on long-term debt	<u>99,547</u>
Change in Net Position - Total Governmental Activities	<u>\$ (483,668)</u>

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS-COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
FUND BALANCES - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND (11000)
YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
REVENUES				
State grants	\$ 1,348,172	\$ 1,361,917	\$ 1,361,917	\$ -
Miscellaneous	-	4,777	4,684	(93)
Total revenues	<u>1,348,172</u>	<u>1,366,694</u>	<u>1,366,601</u>	<u>(93)</u>
EXPENDITURES				
Current				
Instruction	940,043	1,010,535	934,490	76,045
Support services				
Students	27,169	45,169	21,832	23,337
Instruction	500	800	737	63
General administration	113,763	125,573	117,723	7,850
School administration	50,855	51,855	50,452	1,403
Central services	67,520	73,395	68,862	4,533
Operation & maintenance of plant	258,322	225,237	139,195	86,042
Total expenditures	<u>1,458,172</u>	<u>1,532,564</u>	<u>1,333,291</u>	<u>199,273</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(110,000)</u>	<u>(165,870)</u>	<u>33,310</u>	<u>199,180</u>
Other financing sources				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(110,000)	(165,870)	33,310	199,180
Fund balances, beginning of year	<u>(125,633)</u>	<u>(157,663)</u>	<u>165,869</u>	<u>323,532</u>
Fund balances, end of year	<u>\$ (235,633)</u>	<u>\$ (323,533)</u>	<u>\$ 199,179</u>	<u>\$ 522,712</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			\$ 237	
Adjustments to expenditures			<u>-</u>	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ 33,547</u>	

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS-COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
INSTRUCTIONAL MATERIALS FUND (14000)
YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	-	-	-	-
State grants	\$ 5,769	\$ 6,191	\$ 6,191	\$ -
Total revenues	<u>5,769</u>	<u>6,191</u>	<u>6,191</u>	<u>-</u>
EXPENDITURES				
Current				
Instruction	<u>5,769</u>	<u>6,699</u>	<u>6,699</u>	<u>-</u>
Total expenditures	<u>5,769</u>	<u>6,699</u>	<u>6,699</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(508)</u>	<u>(508)</u>	<u>-</u>
Other financing sources				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	(508)	(508)	-
Fund balances, beginning of year	<u>9,396</u>	<u>7,425</u>	<u>508</u>	<u>(6,917)</u>
Fund balances, end of year	<u>\$ 9,396</u>	<u>\$ 6,917</u>	<u>\$ -</u>	<u>\$ (6,917)</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (508)</u>	

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS-COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
READS TO LEAD K-3 INITIATIVE FUND (27114)
YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	-	-	-	-
Federal Grants	\$ 30,750	\$ 30,750	\$ 22,547	\$ (8,203)
Total revenues	<u>30,750</u>	<u>30,750</u>	<u>22,547</u>	<u>(8,203)</u>
EXPENDITURES				
Current				
Instruction	<u>30,750</u>	<u>30,750</u>	<u>22,547</u>	<u>8,203</u>
Total expenditures	<u>30,750</u>	<u>30,750</u>	<u>22,547</u>	<u>8,203</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of year	<u>9,396</u>	<u>9,071</u>	<u>-</u>	<u>(9,071)</u>
Fund balances, end of year	<u>\$ 9,396</u>	<u>\$ 9,071</u>	<u>\$ -</u>	<u>\$ (9,071)</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS-COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL
NORTHROP GRUMMAN FABSCHOOL LAB FUND (29102)
YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	-	-	-	-
Federal Grants	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current				
Instruction	-	-	17,550	(17,550)
Total expenditures	<u>-</u>	<u>-</u>	<u>17,550</u>	<u>(17,550)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(17,550)</u>	<u>(17,550)</u>
Other financing sources				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	(17,550)	(17,550)
Fund balances, beginning of year	<u>9,396</u>	<u>9,071</u>	<u>62,558</u>	<u>53,487</u>
Fund balances, end of year	<u>\$ 9,396</u>	<u>\$ 9,071</u>	<u>\$ 45,008</u>	<u>\$ 35,937</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (17,550)</u>	

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS - COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
SCHEDULE OF THE CHARTER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEARS ENDED JUNE 30, 2019 - 2015
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
LAST 10 FISCAL YEARS* (UNAUDITED)
(IN THOUSANDS)

Fiscal Year Measurement Date	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
Charter's proportion of the net pension liability	0.31%	0.30%	0.31%	0.32%	0.36%
Charter's proportionate share of the net pension liability	\$ 3,686	\$ 3,285	\$ 2,230	\$ 1,882	\$ 1,753
Charter's covered employee payroll	\$ 907	\$ 886	\$ 842	\$ 847	\$ 793
Charter's proportionate share of the net pension liability as a percentage of its covered employee payroll	406%	371%	263%	237%	207%
ERB Plan fiduciary net position as a percentage of the total pension liability	52.17%	52.95%	61.58%	63.97%	66.54%

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

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS - COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
SCHEDULE OF THE CHARTER'S CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2019 - 2015
LAST 10 FISCAL YEARS* (UNAUDITED)
(IN THOUSANDS)

	June 30,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 126,137	\$ 120	\$ 117	\$ 115	\$ 111
Contribution in relation to the statutorily required contributions	<u>\$ 126,137</u>	<u>\$ 120</u>	<u>\$ 117</u>	<u>\$ 115</u>	<u>\$ 111</u>
Annual contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS - COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
SCHEDULE OF THE CHARTER'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
RETIREE HEALTH CARE AUTHORITY (RHCA) OPEB PLAN
FOR THE YEAR ENDED JUNE 30, 2019
LAST 10 FISCAL YEARS* (UNAUDITED)

	Fiscal Year Measurement Date	2019 2018	2018 2017
Charter's proportion of the net OPEB liability		0.02029%	0.01961%
Charter's proportionate share of the net OPEB liability		\$ 882,281	\$ 888,661
Charter's covered employee payroll		\$ 870,566	\$ 816,883
Charter's proportionate share of the net OPEB liability as a percentage of its covered employee payroll		101.35%	108.79%
RHCA Plan fiduciary net position as a percentage of the total pension liability		13.14%	11.34%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Charter will present information for available years.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS-COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
SCHEDULE OF THE CHARTER'S PROPORTIONATE SHARE OF
RETIREE HEALTH CARE AUTHORITY (RHCA) OPEB PLAN
FOR THE YEAR ENDED JUNE 30, 2019
LAST 10 FISCAL YEARS* (UNAUDITED)

	June 30,	
	2019	2018
Contractually required contribution	\$ 31,707	\$ 62,271
Contributions in relation to the contractually required contribution	<u>\$ 31,319</u>	<u>\$ 31,253</u>
Contribution deficiency (excess)	<u><u>\$ 388</u></u>	<u><u>\$ 31,018</u></u>
Charter's covered employee payroll	\$ 870,566	\$ 816,883
Contributions as a percentage of covered-employee payroll	3.60%	3.83%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Charter will present information for available years.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COTTONWOOD VALLEY CHARTER SCHOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2019**

ERB PLAN

Changes in benefit provisions. There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2018.

Changes in assumptions and methods. There were no modifications to the actuarial assumptions and methods reflected in the actuarial valuation at June 30, 2018.

RHCA PLAN

Changes in benefit provisions. There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2018.

Changes in assumptions and methods. The actuary removed 4,010 members that were deemed participants of non-participating employers. There were no other modifications to the assumptions and methods that were reflected in the actuarial valuation at June 30, 2018.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS-COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
SCHEDULE OF CASH RECONCILIATION
JUNE 30, 2019

	Operational Account 11000	Instructional Materials 14000	Non-Instruction Account 23000	Federal Flowthrough 24000	State Flowthrough 27000
Cash, June 30, 2018	\$ 150,590	\$ 508	\$ 1,971	\$ -	\$ -
Add:					
2018-19 revenues	1,366,601	6,191	16,244	127,935	18,081
Proceeds from loans	28,951	-	-	-	-
Loans from other funds	-	-	-	-	7,466
Total cash available	1,546,142	6,699	18,215	127,935	25,547
Less:					
2018-19 expenditures	(1,334,935)	(6,699)	(12,562)	(105,520)	(17,338)
Repayment of loans	-	-	-	(22,415)	(5,299)
Transfers to/from other funds	-	-	-	-	-
Loans to other funds	(37,042)	-	-	-	-
Reclassification of cash balances	-	-	-	-	-
Cash, June 30, 2019	<u>\$ 174,165</u>	<u>\$ -</u>	<u>\$ 5,653</u>	<u>\$ -</u>	<u>\$ 2,910</u>

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS-COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
SCHEDULE OF CASH RECONCILIATION (CONTINUED)
JUNE 30, 2019

	Local or State Fund 29000	Public School Capital Outlay 31200	Special Capital Outlay Local 31300	Cap. Improv. SB9 31700	Total
Cash, June 30, 2018	\$ 62,558	\$ -	\$ 1,486	\$ -	\$ 217,113
Add:					
2018-19 revenues	-	88,729	0	2,970	1,626,751
Proceeds from loans	-	-	-	-	28,951
Loans from other funds	-	29,576	-	-	37,042
Total cash available	62,558	118,305	1,486	2,970	1,909,857
Less:					
2018-19 expenditures	(17,550)	(118,305)	(1,486)	(1,733)	(1,616,128)
Repayment of loans	-	-	-	(1,237)	(28,951)
Transfers to/from other funds	-	-	-	-	-
Loans to other funds	-	-	-	-	(37,042)
Reclassification of cash balances	-	-	-	-	-
Cash, June 30, 2019	<u>\$ 45,008</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,736</u>

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S 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***

To the District Board of Education
Socorro Consolidated Schools
Socorro, New Mexico and
Mr. Brian Colón, Esq.
New Mexico State Auditor
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and major revenue funds of Socorro Consolidated Schools (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed on the Table of Contents. We have also audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the discretely presented component unit, presented as supplementary information, as defined by the Governmental Accounting Standards Board (GASB) as of and for the year ended June 30, 2019, as listed in the Table of Contents, and have issued our report thereon dated November 14, 2019.

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.

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

To the District Board of Education
Socorro Consolidated Schools and
Mr. Brian Colón, Esq.
New Mexico State Auditor

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Governmental Auditing Standards*.

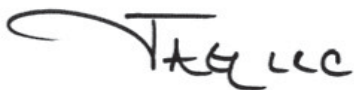
We noted certain matters that are required to be reported per Section 12-6-5 NMSA 1978 that we have described in the accompanying Schedule of Section 12-6-5 NMSA 1978 Findings as items 2019-002 and 2019-003.

Management Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Section 12-6-5 NMSA 1978 Findings. 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 14, 2019



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

To the District Board of Education
Socorro Consolidated Schools
Socorro, New Mexico and
Mr. Brian Colón, Esq.
New Mexico State Auditor
Santa Fe, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the Socorro Consolidated Schools’ (the “District”) compliance with the types of compliance requirements described in the *Uniform Guidance 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, 2019. The District’s major federal programs are identified in the summary of auditor’s 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.

Auditor’s 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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.

To the District Board of Education
Socorro Consolidated Schools and
Mr. Brian Colón, Esq.
New Mexico State Auditor

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, 2019.

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 Uniform Guidance, 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.

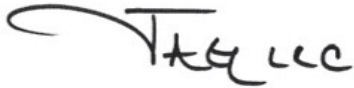
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement 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 non-compliance 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 a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs, as item 2019-001.

The District's responses 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 responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

To the District Board of Education
Socorro Consolidated Schools and
Mr. Brian Colón, Esq.
New Mexico State Auditor

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 results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "JAG LLC". The signature is stylized with a large, sweeping initial letter.

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 14, 2019

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor or Pass-Through Grantor/Program Title	Federal CFDA	Passthrough Number	Federal Expenditures
U.S. Department of Education			
Pass-through State of New Mexico Public Education Department			
Title I Grants to Local Education Agencies	84.010	24101	\$ 1,110,316
<i>Special Education Cluster (IDEA)</i>			
Special Education - Grants to States	84.027	24106/24132	647,706
Special Education - Preschool Grants	84.173	24109	<u>11,538</u>
Career and Technical Education - Basic Grants to States	84.048	24174	21,502
Rural Education	84.358B	24160	40,200
Supporting Effective Instruction State Grants	84.367A	24154	108,498
Student Support and Academic Enrichment Program	84.424	24189	<u>169,711</u>
Subtotal - Pass-through State of New Mexico Public Education Department			<u>2,109,471</u>
Total U.S. Department of Education			<u>2,109,471</u>
U.S. Department of Agriculture			
<i>Child Nutrition Cluster</i>			
Pass-through State of New Mexico Children Youth and Families Department			
Summer Food Service Program for Children	10.559	21000	115,940
Pass-through State of New Mexico Public Education Department			
Cash Assistance			
School Breakfast Program	10.553	21000	264,641
National School Lunch Program	10.555	21000	589,699
Pass-through State of New Mexico Human Services Department			
Non-cash Assistance			
National School Lunch Program (Commodities)	10.555	21000	<u>73,697</u>
Total Child Nutrition Cluster			<u>1,043,977</u>
Pass-through State of New Mexico Public Education Department			
Fresh Fruit and Vegetables	10.582	24118	26,419
U.S. Department of Agriculture			
Rural Development, Forestry, and Communities	10.672		<u>252,297</u>
Total U.S. Department of Agriculture			<u>1,322,693</u>
Total Federal Financial Assistance			<u>\$ 3,432,164</u>

See Notes to Schedule of
Expenditures of Federal Awards.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Socorro Consolidated Schools (District) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. SUBRECIPIENTS

The District did not have any subrecipients during the year ended June 30, 2019.

NOTE 4. NONCASH FEDERAL ASSISTANCE

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast program. Per USDA guidance (FPI-18-2), donated USDA commodities should be grouped with the National School Lunch Program and use the same CFDA number as the National School Lunch Program. The value of commodities received for the year ended June 30, 2019 was \$73,697. Commodities are recorded as revenues and expenditures in the Food Service fund.

NOTE 5. INDIRECT COST RATE

During the year ended June 30, 2019, the New Mexico Public Education Department reimbursed the District for indirect costs at 6.38%.

NOTE 6. RECONCILIATION OF FEDERAL REVENUE TO FEDERAL EXPENDITURES

Federal expenditures as reported on Schedule of Expenditure of Federal Awards	\$ 3,432,164
District as contractor relationship	
Medicaid (Fund 25153)	443,505
USHHS Pregnancy Prevention (Fund 24184)	569,465
	<u>1,012,970</u>
Indirect cost recovery (Fund 11000)	<u>67,575</u>
Federal revenue as reported in the financial statements	<u><u>\$ 4,512,709</u></u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2019**

Financial Statements

2011-001	Payroll Control Deficiency	Resolved
2018-002	Internal Control Deviation - Disbursements	Resolved

Federal Awards

2017-004	Payroll Payrates, Stipends and Contracts	Repeated and modified
2017-005	Student Nutrition: Snack Billings	Resolved

12-6-5 NMSA 1978

2008-003	Expenditures in Excess of Budget	Repeated and modified
2018-001	School Personnel Act	Repeated and modified
2016-001A	School Personnel Act (Charter Component Unit)	Resolved

STATE OF NEW MEXICO
 SOCORRO CONSOLIDATED SCHOOLS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2019

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 deficiencies identified Yes None Reported

Non-compliance material to financial statements noted? Yes No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified Yes None reported

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
10.553, 10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs \$ 750,000

Auditee qualified as low-risk auditee? Yes No

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2019

SECTION III - FEDERAL AWARD FINDINGS

**2019-001 (PREVIOUSLY REPORTED AS 2017-004) PAYROLL PAYRATES, STIPENDS AND CONTRACTS
(REPEATED AND MODIFIED)**

TYPE OF FINDING: Significant Deficiency

Federal program information:

Funding agency: U.S. Department of Education
Title: Title I Program
CFDA Numbers: 84.010

CONDITION

During our current testing of Allowable Costs for Title I, 1 of the 40 lines tested (27 employees) had some type of reportable issue. No differences were noted in the review of seven employees' payroll costs in Student Nutrition. When verifying employee existence and contract details, there was one individual, a salaried employee, with numerous stipends for other tasks, working as a tutor with no contract for that task in their file.

Progress from Prior Year: Management has made significant progress from the prior year.

CRITERIA

Compensation for additional duties must be pre-approved prior to the work being completed.

Section 200.430 Compensation - Personal Services strengthens the requirements for non-Federal entities to maintain high standards for internal controls over salaries and wages while allowing for additional flexibility in how non-Federal entities implement processes to meet those standards and (8)(1) charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must: (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; (ii) Be incorporated into the official records of the non-Federal entity.

QUESTIONED COSTS

None

EFFECT

The payroll expenditures to the grant could be unapproved or overstated.

CAUSE

For the personnel records, the staffing change in fiscal year 2018 greatly improved operations in fiscal year 2019. Having a salary sheet for hourly employees has been formalized. One source of funding was missed.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

SECTION III - FEDERAL AWARD FINDINGS (CONTINUED)

**2019-001 (PREVIOUSLY REPORTED AS 2017-004) PAYROLL PAYRATES, STIPENDS AND CONTRACTS
(REPEATED AND MODIFIED) (CONTINUED)**

RECOMMENDATION

All expenses should be supported by documentation in the employee's personnel folder. Proper accounting for the various activities performed allows for accountability and future planning.

MANAGEMENT RESPONSE

Corrective Action: The District worked diligently towards having all documents in files, and hourly employees in FY19. The HR Office began having timesheet employees sign an agreement outlining the rate that they will be paid for different jobs. Payroll ensures that each separate position is entered with the appropriate number of hours and payrate.

Due Date of Completion: June 2020

Responsible Party: Executive Director of Personnel

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)
YEAR ENDED JUNE 30, 2019

2019-002 (PREVIOUSLY REPORTED AS 2008-003) EXPENDITURES IN EXCESS OF BUDGET (REPEATED AND MODIFIED)

TYPE OF FINDING: Non-Compliance

CONDITION

During our evaluation of budget to actual expenditures, we noted the following expenditures in excess of budgetary authority:

Fund 31800	Energy Efficiency Bonds	\$101,704
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Progress from Prior Year: The District has made significant progress in implementing procedures to resolve this finding in the current year. The District's expenditures in excess of budget was in only one fund compared to 3 from the prior year's audit.

CRITERIA

Sections 6-3-1 through 6-3-25 NMSA 1978 require, in part, that expenditures not exceed budgetary authority.

EFFECT

The internal controls established by adherence to budgets have been compromised and New Mexico statutes have been violated.

CAUSE

The overspent amount for Fund 31800 represents the bond fees charged by the New Mexico Finance Authority. The district believed that the bond offering for their Energy Efficiency Bonds was set to occur in early July, but the actual bond offering was performed on June 28th. The District did not anticipate the bond fees being paid prior to yearend and June 28th was past the PED deadline to submit a Budget Adjustment Request (BAR).

RECOMMENDATION

We recommend that the District adhere to their policy of reviewing year-end expenditures and requesting budget adjustments where necessary. For those areas which may change after BARs are due, consider increasing the estimated budget amounts in advance to account for any variations in expenses.

MANAGEMENT RESPONSE

Corrective Action: The District plans to take a more proactive role in the scheduling of the closing of our bond sales to ensure that the revenue and expenditures post in the same year. We continue to check budget regularly to ensure that we remain in compliance.

Due Date of Completion: June 2020

Responsible Party: Executive Director of Finance

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)
YEAR ENDED JUNE 30, 2019**

2019-003 (PREVIOUSLY REPORTED AS 2018-001) SCHOOL PERSONNEL ACT (REPEATED AND MODIFIED)

TYPE OF FINDING: Non-Compliance

CONDITION

During our testing of the District's compliance with the School Personnel Act, we noted that 1 of 5 employee files tested did not have proof that the employee had completed the statutorily required training. 2 of 5 employee files tested had completed training in child abuse and neglect and sexual abuse and assault, however, they had not received training on substance abuse, and 1 of 5 had completed training in child abuse and neglect, however, training in sexual abuse and assault, and substance abuse had not been received.

Progress from Prior Year: The District made progress from the prior year. In the prior year, the District was unable to provide proof of any training.

CRITERIA

Section 22-10A-32 Item A NMSA 1978 states that all licensed school employees shall be required to complete training in the detection and reporting of child abuse and neglect, including sexual abuse and assault, and substance abuse. Except as otherwise provided in this subsection, this requirement shall be completed within the licensed school employee's first year of employment by a school district.

EFFECT

Certain employees do not have the required training, which could impact students.

CAUSE

The District has had turnover in the Human Resources position.

RECOMMENDATION

We recommend that the District immediately review all personnel files and provide the necessary training to employees that have not completed the required training. Additionally, we recommend that the District establish procedures to ensure that any new employees complete the required training.

MANAGEMENT RESPONSE

Corrective Action: In FY20 the District has purchased SafeSchools, a program that allows us to assign the mandatory trainings to our employees and track completion.

Due Date of Completion: June 2020

Responsible Party: Executive Director of Personnel

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
EXIT CONFERENCE
JUNE 30, 2019**

The contents of this report were discussed in the exit conference held on November 14, 2019 with the following in attendance:

Representing Socorro Consolidated Schools

Bonnie Hoke	Controller
Ron Hendrix	Superintendent
Rhiannon Crespín	Executive Director of Finance
Robin Miranda	Parent Representative
Donald Monette	Parent Representative

Representing Cottonwood Valley Charter School

Mary Cox	Business Manager
Kim Schaffer	Administrator
Claes Hansen	Governing Council Secretary

Jaramillo Accounting Group LLC (JAG)

Shawn T. Mortensen, CPA, Audit Manager

Additional review following the exit conference:

James Chavez, Board of Education President

Jaramillo Accounting Group LLC (JAG) assisted in the preparation of the financial statements presented in this report. The District's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.

OTHER INFORMATION



SOCORRO CONSOLIDATED SCHOOLS

CORRECTIVE ACTION PLAN

November 14, 2019

US Department of Education

Socorro Consolidated Schools respectfully submits the following corrective action plan for the year ended June 30, 2019.

Name and address of independent public accounting firm:

**Jaramillo Accounting Group LLC
4700 Lincoln Rd. NE
Albuquerque, New Mexico 87109**

Audit period:

June 30, 2019

The findings from the June 30, 2019 Schedule of Findings and Questioned Costs are discussed below. **The Corrective Action Plan does not include the corrective actions for our discretely presented component unit, the Cottonwood Valley Charter School (CVCS). CVCS does not have federal funds in excess of \$750,000.** The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS - FEDERAL AWARD PROGRAMS AUDIT

SIGNIFICANT DEFICIENCY

2019-001 (PREVIOUSLY REPORTED AS 2017-004) PAYROLL PAYRATES, STIPENDS AND CONTRACTS (REPEATED AND MODIFIED)

RECOMMENDATION

All expenses should be supported by documentation in the employee's personnel folder. Proper accounting for the various activities performed allows for accountability and future planning.

MANAGEMENT RESPONSE

Corrective Action: The District worked diligently towards having all documents in files, and hourly employees in FY19. The HR Office began having timesheet employees sign an agreement outlining the rate that they will be paid for different jobs. Payroll ensures that each separate position is entered with the appropriate number of hours and payrate.

Due Date of Completion: June 2020

Responsible Party: Executive Director of Personnel

If the US Department of Education has questions regarding this plan, please call me at 575-835-0300.

Sincerely yours,

A handwritten signature in cursive script that reads "Rhiannon Crespin". The signature is written in a dark ink and is positioned above the printed name and title.

Rhiannon Crespin
Executive Director of Finance