



**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

JUNE 30, 2017

INTRODUCTORY SECTION

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SOCORRO CONSOLIDATED SCHOOLS
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SOCORRO CONSOLIDATED SCHOOLS
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**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
OFFICIAL ROSTER
JUNE 30, 2017**

Board of Education

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

School Officials

Antone Salome	Interim 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
and Mr. Tim Keller
New Mexico State Auditor
Socorro, 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 of Socorro Consolidated Schools ("District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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.

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.

To the District Board of Education
Socorro Consolidated Schools
and Mr. Tim Keller
New Mexico State Auditor

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, 2017, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and major special revenue fund 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, and Schedule of the District's Contributions on pages 52 to 54, respectively, 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 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.

To the District Board of Education
Socorro Consolidated Schools
and Mr. Tim Keller
New Mexico State Auditor

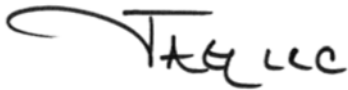
Other Information

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 and other supplementary information as required by the New Mexico State Audit Rule (NMAC 2.2.2) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, other supplementary information required by NMAC 2.2.2, and the schedule of expenditures of federal awards 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, other supplementary information required by NMAC 2.2.2, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2017 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 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.



Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
November 15, 2017

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2017**

	Governmental Activities	
	Primary Government	Component Unit
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,298,977	\$ 63,166
Receivables (net of allowance for uncollectible accounts)	1,653,327	-
Inventory and other assets	9,196	-
Total current assets	5,961,500	63,166
Noncurrent assets		
Capital assets, net	20,759,745	1,419,760
Total Assets	26,721,245	1,482,926
DEFERRED OUTFLOWS		
Pension related	3,288,370	420,700
LIABILITIES		
Current liabilities		
Accounts payable	107,164	-
Accrued payroll expenses	-	12,711
Accrued compensated absences	132,627	-
Accrued interest	103,606	-
Current portion of long-term debt	1,115,620	-
Total current liabilities	1,459,017	12,711
Noncurrent liabilities		
Bonds due in more than one year	9,615,270	-
Compensated absences	71,414	-
Net pension liability	23,161,002	2,230,175
Total noncurrent liabilities	32,847,686	2,230,175
Total liabilities	34,306,703	2,242,886
DEFERRED INFLOWS		
Pension related	839,467	72,816
NET POSITION		
Net investment in capital assets	10,028,855	1,419,760
Restricted for:		
Debt service	1,440,256	-
Capital projects	1,925,309	5,673
Special revenue funds	1,408,414	1,181
Unrestricted (deficit)	(19,939,389)	(1,838,690)
Total net position (deficit)	\$ (5,136,555)	\$ (412,076)

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

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	\$ 9,608,043	\$ -	\$ 5,026,544	\$ -	\$ (4,581,499)	\$ 1,354,346
Support services						
Students	1,573,064	159,565	-	-	(1,413,499)	71,004
Instruction	57,729	-	-	-	(57,729)	977
General administration	701,496	-	-	-	(701,496)	22,802
School administration	2,114,211	-	-	-	(2,114,211)	140,781
Other support services	4,446	-	-	-	(4,446)	67,211
Central services	796,643	-	-	-	(796,643)	-
Operation & maintenance of plant	3,422,791	-	-	595,053	(2,827,738)	179,880
Student transportation	771,676	-	596,014	-	(175,662)	-
Food services operation	1,099,229	71,980	-	-	(1,027,249)	-
Community Services	-	-	-	-	-	-
Interest on long-term debt	246,954	-	-	-	(246,954)	-
Loss (gain) on disposition of assets	-	-	-	-	-	-
Total primary government	<u>\$ 20,396,282</u>	<u>\$ 231,545</u>	<u>\$ 5,622,558</u>	<u>\$ 595,053</u>	<u>(13,947,126)</u>	<u>1,837,001</u>
Component Unit						
Cottonwood Valley Charter School	<u>\$ 1,837,001</u>	<u>\$ -</u>	<u>\$ 63,482</u>	<u>\$ -</u>	<u>-</u>	<u>(1,773,519)</u>
Property taxes						
Levied for general purposes				\$ 78,001	-	
Levied for debt service				1,340,916	-	
Levied for capital projects				357,532	-	
State Equalization Guarantee				12,085,514	1,235,314	
Miscellaneous				619,997	201,699	
Total general revenues				<u>14,481,960</u>	<u>1,437,013</u>	
Change in net position (deficit)				534,834	(336,506)	
Net position - beginning (deficit)				(4,921,060)	(75,570)	
Restatement				(750,329)	-	
Net position - beginning, restated (deficit)				<u>(5,671,389)</u>	<u>(75,570)</u>	
Net position - ending (deficit)				<u>\$ (5,136,555)</u>	<u>\$ (412,076)</u>	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Operational Fund			
	General 11000	Transportation 13000	Instructional Materials 14000	Bond Building 31100
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 52,947	\$ -	\$ 71,428	\$ 1,801,048
Accounts receivable				
Taxes	9,893	-	-	-
Due from other governments	33,131	-	-	-
Other	-	-	-	-
Interfund receivables	1,042,912	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
Total assets	<u>\$ 1,138,883</u>	<u>\$ -</u>	<u>\$ 71,428</u>	<u>\$ 1,801,048</u>
LIABILITIES, DEFERRED OUTFLOWS AND FUND BALANCES				
Current Liabilities				
Accounts payable	\$ 48,082	\$ -	\$ 59,082	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	-	-
Total liabilities	<u>48,082</u>	<u>-</u>	<u>59,082</u>	<u>-</u>
DEFERRED INFLOWS - PROPERTY TAXES				
Unearned revenue - property taxes	8,653	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	12,346	1,801,048
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	1,082,148	-	-	-
Total fund balances	<u>1,082,148</u>	<u>-</u>	<u>12,346</u>	<u>1,801,048</u>
Total liabilities, deferred outflows and fund balances	<u>\$ 1,138,883</u>	<u>\$ -</u>	<u>\$ 71,428</u>	<u>\$ 1,801,048</u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,401,466	\$ 972,088	\$ 4,298,977
Accounts receivable			
Taxes	224,985	58,810	293,688
Due from other governments	-	1,326,508	1,359,639
Other	-	-	-
Interfund receivables	-	-	1,042,912
Prepaid expenditures	-	9,196	9,196
Inventory	-	-	-
	<u>1,626,451</u>	<u>2,366,602</u>	<u>7,004,412</u>
Total assets	\$ 1,626,451	\$ 2,366,602	\$ 7,004,412
LIABILITIES, DEFERRED OUTFLOWS AND FUND BALANCES			
Current Liabilities			
Accounts payable	\$ -	\$ -	\$ 107,164
Accrued payroll liabilities	-	-	-
Interfund payables	-	1,042,912	1,042,912
	<u>-</u>	<u>1,042,912</u>	<u>1,150,076</u>
Total liabilities	-	1,042,912	1,150,076
DEFERRED INFLOWS - PROPERTY TAXES			
Unearned revenue - property taxes	186,195	48,649	243,497
	<u>186,195</u>	<u>48,649</u>	<u>243,497</u>
FUND BALANCES			
Nonspendable	-	9,196	9,196
Restricted	1,440,256	1,408,414	4,662,064
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	(142,569)	939,579
	<u>1,440,256</u>	<u>1,275,041</u>	<u>5,610,839</u>
Total fund balances	1,440,256	1,275,041	5,610,839
Total liabilities, deferred outflows and fund balances	\$ 1,626,451	\$ 2,366,602	\$ 7,004,412

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Fund balances - total governmental funds	\$ 5,610,839
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,759,745
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds.	3,288,370
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	243,497
Accrued Interest	(103,606)
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 liability	(23,161,002)
Accrued compensated absences	(204,041)
General obligation bonds	(10,730,890)
Defined benefit pension plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(839,467)</u>
Net Position (Deficit) - Total Governmental Activities	<u><u>\$ (5,136,555)</u></u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Operational Fund			
	General 11000	Transportation 13000	Instructional Materials 14000	Bond Building 31100
Revenues				
Property taxes	\$ 65,899	\$ -	\$ -	\$ -
State grants	12,124,249	596,014	95,886	384,334
Federal grants	106,461	-	-	-
Miscellaneous	264,635	-	-	372,512
Interest	1,217	-	-	7,215
Total revenues	<u>12,562,461</u>	<u>596,014</u>	<u>95,886</u>	<u>764,061</u>
Expenditures				
Current				
Instruction	7,209,129	-	152,015	-
Support services				
Students	1,343,592	-	-	-
Instruction	44,610	-	-	-
General administration	589,126	-	-	-
School administration	890,639	-	-	-
Central services	743,699	-	-	-
Operation & maintenance of plant	1,974,270	-	-	-
Student transportation	-	596,014	-	-
Other support services	4,446	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	2,395,246
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>12,799,511</u>	<u>596,014</u>	<u>152,015</u>	<u>2,395,246</u>
Excess (deficiency) of revenues over (under) expenditures	(237,050)	-	(56,129)	(1,631,185)
Other financing sources				
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	1,195,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,195,000</u>
Net changes in fund balances	<u>(237,050)</u>	<u>-</u>	<u>(56,129)</u>	<u>(436,185)</u>
Fund balances, beginning of year	1,319,198	-	68,475	2,237,233
Restatement	-	-	-	-
Fund balances, beginning of year, restated	<u>1,319,198</u>	<u>-</u>	<u>68,475</u>	<u>2,237,233</u>
Fund balances, end of year	<u>\$ 1,082,148</u>	<u>\$ -</u>	<u>\$ 12,346</u>	<u>\$ 1,801,048</u>

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Property taxes	\$ 1,340,916	\$ 357,532	\$ 1,764,347
State grants	34,493	1,069,380	14,304,356
Federal grants	-	3,892,308	3,998,769
Miscellaneous	-	205,892	843,039
Interest	-	71	8,503
Total revenues	<u>1,375,409</u>	<u>5,525,183</u>	<u>20,919,014</u>
Expenditures			
Current			
Instruction	-	1,895,886	9,257,030
Support services			
Students	-	145,608	1,489,200
Instruction	-	13,119	57,729
General administration	13,190	99,180	701,496
School administration	-	1,223,572	2,114,211
Central services	-	52,944	796,643
Operation & maintenance of plant	-	13,683	1,987,953
Student transportation	-	175,662	771,676
Other support services	-	-	4,446
Food services operations	-	1,099,229	1,099,229
Community service	-	-	-
Capital outlay	-	493,948	2,889,194
Debt service			
Principal	1,075,150	-	1,075,150
Interest	246,954	-	246,954
Total expenditures	<u>1,335,294</u>	<u>5,212,831</u>	<u>22,490,911</u>
Excess (deficiency) of revenues over (under) expenditures	40,115	312,352	(1,571,897)
Other financing sources			
Operating transfers	-	-	-
Proceeds from bond issues	-	-	1,195,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>1,195,000</u>
Net changes in fund balances	<u>40,115</u>	<u>312,352</u>	<u>(376,897)</u>
Fund balances, beginning of year	1,400,141	1,713,018	6,738,065
Restatement	-	(750,329)	(750,329)
Fund balances, beginning of year, restated	<u>1,400,141</u>	<u>962,689</u>	<u>5,987,736</u>
Fund balances, end of year	<u>\$ 1,440,256</u>	<u>\$ 1,275,041</u>	<u>\$ 5,610,839</u>

See Notes to Financial Statements.

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, 2017

	Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances - total governmental funds	\$ (376,897)
Additional GASB 68 pension expense	(359,691)
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	(1,161,376)
Capital outlays	2,525,583
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	12,102
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	14,963
Bond proceeds	(1,195,000)
Principal payments on bonds	1,075,150
Change in Net Position - Total Governmental Activities	\$ 534,834

See Notes to Financial Statements.

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, 2017

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
Property taxes	\$ 64,043	\$ 64,043	65,415	\$ 1,372
State grants	12,369,179	12,183,186	12,123,781	(59,405)
Federal grants	89,980	89,980	106,461	16,481
Miscellaneous	75,659	148,559	159,083	10,524
Interest	1,037	1,037	1,217	180
Total revenues	<u>12,599,898</u>	<u>12,486,805</u>	<u>12,455,957</u>	<u>(30,848)</u>
Expenditures				
Current				
Instruction	7,158,518	7,561,826	7,209,130	352,696
Support services				
Students	1,547,768	1,547,768	1,343,592	204,176
Instruction	50,110	57,621	44,610	13,011
General administration	671,000	788,551	578,395	210,156
School administration	1,103,076	975,735	890,639	85,096
Central services	591,510	774,930	743,699	31,231
Operation & maintenance of plant	1,999,736	2,117,723	1,936,921	180,802
Other support services	53,982	53,982	4,446	49,536
Total expenditures	<u>13,175,700</u>	<u>13,932,118</u>	<u>12,751,432</u>	<u>1,180,686</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(575,802)</u>	<u>(1,445,313)</u>	<u>(295,475)</u>	<u>1,149,838</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	<u>(575,802)</u>	<u>(1,445,313)</u>	<u>(295,475)</u>	<u>1,149,838</u>
Fund balances - beginning of year	-	-	1,398,002	1,398,002
Fund balances - end of year	<u>\$ (575,802)</u>	<u>\$ (1,445,313)</u>	<u>\$ 1,102,527</u>	<u>\$ 2,547,840</u>
Reconciliation to GAAP Basis				
Adjustments to revenues			\$ 106,505	
Adjustments to expenditures			<u>(48,080)</u>	
Excess (deficiency) of revenues and other sources (uses) over (under) expenditures (GAAP Basis)			<u>\$ (237,050)</u>	

See Notes to Financial Statements.

**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, 2017**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
State grants	\$ 688,172	\$ 596,015	\$ 596,015	\$ -
Total revenues	<u>688,172</u>	<u>596,015</u>	<u>596,015</u>	<u>-</u>
Expenditures				
Current				
Student transportation	688,172	596,015	596,015	-
Total expenditures	<u>688,172</u>	<u>596,015</u>	<u>596,015</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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
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>	

See Notes to Financial Statements.

**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, 2017**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
Revenues				
State grants	\$ 86,041	\$ 72,146	\$ 95,886	\$ 23,740
Total revenues	86,041	72,146	95,886	23,740
Expenditures				
Current				
Instruction	86,041	140,621	92,933	47,688
Total expenditures	86,041	140,621	92,933	47,688
Excess (deficiency) of revenues over (under) expenditures	-	(68,475)	2,953	71,428
Other financing sources				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Total other financing sources	-	-	-	-
Net changes in fund balances	-	(68,475)	2,953	71,428
Fund balances - beginning of year	-	-	64,503	64,503
Fund balances - end of year	\$ -	\$ (68,475)	\$ 67,456	\$ 135,931
Reconciliation to GAAP Basis				
Adjustments to revenues			\$ -	
Adjustments to expenditures			(59,082)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ (56,129)	

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2017**

ASSETS

Current assets

Cash \$ 374,896

Total assets \$ 374,896

LIABILITIES

Current liabilities

Deposits held in trust for others \$ 374,896

Total liabilities \$ 374,896

See Notes to Financial Statements.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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 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, 2017

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, 2017

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, 2017**

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, 2017**

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 2017 is considered 'measurable and available' and, accordingly, is recorded as revenue during the year ended June 30, 2017.

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, 2017**

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, 2017.

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, 2017 financial statements of the District, since the District did not own any infrastructure assets as of June 30, 2017. 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, 2017.

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, 2017**

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 resources measurement focus are reported as deferred revenues in the governmental fund financial statements.

Compensated Absences. Qualified employees are entitled to earn annual leave of twenty-four days per year. Employees may accrue and, upon termination, may be paid for up to thirty-six days of accrued annual leave while the superintendent’s limit is forty-two 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 Board (ERB) and additions to/deductions from ERB’s fiduciary net position have been determined on the same basis of as they are reported by ERB, on the economic resources management focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2017

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 \$12,085,514 in state equalization guarantee distributions during the year ended June 30, 2017.

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 \$1,764,347 in tax revenues during the year ended June 30, 2017. 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, fifty percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while fifty percent 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, 2017.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

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, 2017. 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 ACCOUNTIBILITY

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, 2017

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, 2017**

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.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

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 revenues and other sources of financial resources for the year ended June 30, 2017, 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, 2017.

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.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 3. CASH AND TEMPORARY INVESTMENTS (CONTINUED)

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.

	First State Bank	Wells Fargo Bank	Total
	<u> </u>	<u> </u>	<u> </u>
Deposits			
Checking	\$ 2,644,394	\$ 2,540,472	\$ 5,184,866
Certificates of deposit	<u>32,400</u>	<u>121,005</u>	<u>153,405</u>
Bank balance of deposits	2,676,794	2,661,477	5,338,271
FDIC coverage	<u>(282,400)</u>	<u>(371,005)</u>	<u>(653,405)</u>
Total uninsured public funds	<u>2,394,394</u>	<u>2,290,472</u>	<u>4,684,866</u>
Collateral requirement (50% of uninsured public funds)	1,197,197	1,145,236	2,342,433
Pledged collateral held by pledging bank's trust department or agent but not in District's name	<u>5,796,861</u>	<u>1,259,759</u>	<u>7,056,620</u>
Total (under) over collateralized	<u><u>\$ 4,599,664</u></u>	<u><u>\$ 114,523</u></u>	<u><u>\$ 4,714,187</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, 2017, \$4,684,866 of the District's bank balance of \$5,338,271 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, 2017, the carrying amount of these deposits was \$4,673,873.

Government Funds - Balance Sheet

Cash and cash equivalents	\$4,298,977
Statement of Fiduciary Assets and Liabilities - Agency Funds	
Cash and cash equivalents	<u>374,896</u>
Total cash and cash equivalents	4,673,873
Add: outstanding checks and other reconciling items	1,731,435
Less: cash held by the New Mexico Finance Authority	(1,065,637)
Less: petty cash	<u>(1,400)</u>
Bank balance of deposits	<u><u>\$5,338,271</u></u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 4. RECEIVABLES

Receivables as of June 30, 2017 are as follows:

	Operational Fund	Debt Service	Other Governmental	Total
Property taxes	\$ 9,893	\$ 224,985	\$ 58,810	\$ 293,688
Intergovernmental	33,131	-	1,326,508	1,359,639
	<u>\$ 43,024</u>	<u>\$ 224,985</u>	<u>\$ 1,385,318</u>	<u>\$ 1,653,327</u>

The above receivables are deemed 100% collectible. In the governmental funds, for property taxes not received within sixty 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, 2017 is as follows:

	Interfund Receivables	Interfund Payables
Major Funds		
General Fund	\$ 1,042,912	\$ -
Nonmajor Funds		
Special Revenue Funds	-	1,042,912
	<u>\$ 1,042,912</u>	<u>\$ 1,042,912</u>

Net operating transfers made to close out funds, to supplement other funding sources, and to repay previous transfers were as follows:

Governmental Funds	Transfers in	Transfers Out
SB-9 State	\$ -	\$ 68,401
SB-9 Local	68,401	-
	<u>\$ 68,401</u>	<u>\$ 68,401</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 6. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2017 follows. Land is not subject to depreciation.

	Balance			Balance
	June 30, 2016	Additions	Deletions	June 30, 2017
Capital Assets not being depreciated:				
Land	\$ 852,468	\$ -	\$ -	\$ 852,468
Construction in process	<u>-</u>	<u>926,236</u>	<u>-</u>	<u>926,236</u>
Total capital assets not being depreciated	<u>852,468</u>	<u>926,236</u>	<u>-</u>	<u>1,778,704</u>
Capital Assets being depreciated:				
Land improvements	32,540,632	1,423,685	-	33,964,317
Buildings and building improvements	18,386	-	-	18,386
Furniture, fixtures, vehicles and equipment	<u>4,616,108</u>	<u>175,662</u>	<u>-</u>	<u>4,791,770</u>
Total capital assets being depreciated	<u>37,175,126</u>	<u>1,599,347</u>	<u>-</u>	<u>38,774,473</u>
Accumulated depreciation:				
Land improvements	(15,695,976)	(451,734)	-	(16,147,710)
Buildings and building improvements	(2,222)	(500,974)	-	(503,196)
Furniture, fixtures, vehicles, and equipment	<u>(2,933,858)</u>	<u>(208,668)</u>	<u>-</u>	<u>(3,142,526)</u>
Total accumulated depreciation	<u>(18,632,056)</u>	<u>(1,161,376)</u>	<u>-</u>	<u>(19,793,432)</u>
Net capital assets being depreciated	<u>18,543,070</u>	<u>437,971</u>	<u>-</u>	<u>18,981,041</u>
Government activities capital assets, net	<u>\$ 19,395,538</u>	<u>\$ 1,364,207</u>	<u>\$ -</u>	<u>\$ 20,759,745</u>

Depreciation expense for the year ended June 30, 2017 was charged to governmental activities as follows:

Depreciation expenses:	
Instruction	\$ 6,285
Support services	83,864
Operation & maintenance of plant	<u>1,071,227</u>
	<u>\$ 1,161,376</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 7. LONG-TERM DEBT

During the year ended June 30, 2017, the following changes occurred in the liabilities reported in the government- wide statement of net position:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
General Obligation Bonds	\$ 10,280,000	\$ 1,195,000	\$ 1,050,000	\$ 10,425,000	\$ 1,090,000
NMFA Energy Efficiency	331,040	-	25,150	305,890	25,620
Compensated Absences	219,004	182,235	197,198	204,041	132,627
Total	<u>\$ 10,830,044</u>	<u>\$ 1,377,235</u>	<u>\$ 1,272,348</u>	<u>\$ 10,934,931</u>	<u>\$ 1,248,247</u>

The annual requirements to amortize the General Obligation Bonds as of June 30, 2017, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 1,090,000	\$ 221,035	\$ 1,311,035
2019	970,000	195,412	1,165,412
2020	1,010,000	170,721	1,180,721
2021	1,055,000	144,910	1,199,910
2022	1,110,000	119,150	1,229,150
2023-2027	3,605,000	268,020	3,873,020
2028-2031	1,585,000	5,480	1,590,480
	<u>\$ 10,425,000</u>	<u>\$ 1,124,728</u>	<u>\$ 11,549,728</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, 2017**

NOTE 7. LONG-TERM DEBT (CONTINUED)

The District received a bond in the amount of \$1,385,000 in fiscal year 2013 through Fund 28197, NMFA Energy Efficiency and Renewable Energy which it will make payments, including interest as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 25,620	\$ 8,960	\$ 34,580
2019	26,200	8,490	34,690
2020	26,875	7,942	34,817
2021	27,625	7,316	34,941
2022	28,475	6,620	35,095
2023-2027	158,195	19,188	177,383
2028-2031	12,900	1,568	14,468
Thereafter	-	-	-
	<u>\$ 305,890</u>	<u>\$ 60,084</u>	<u>\$ 365,974</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, 2017, compensated absences decreased \$14,963 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, 2017 was \$211,504.

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, 2017**

NOTE 9. RISK MANAGEMENT (CONTINUED)

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.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible to each building. General liability coverage is afforded to all employees, volunteers and school 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 \$100,000 applies to Money and Security, which includes 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, 2017, 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. The following funds reported a deficit fund balance at June 30, 2017:

Nonmajor Funds:	
IDEA-B Entitlement (24106)	\$ 35,055
Education of Homeless (24113)	3,730
Fresh Fruits & Vegetables (24118)	19,046
21 st Century Community Learning Centers (24119)	30,640
Teacher/Principal Training & Recruiting (24154)	34,650
Carl D Perkins Secondary Redistribution (24176)	1,194
Dual Credit Instructional Materials (27103)	1,239
NM Grads (27151)	26,598
Kindergarten – Three Plus (27166)	<u>9,463</u>
Total	\$ <u>161,615</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

B. Excess of expenditures over appropriations. The following fund exceeded approved budgetary authority for the year ended June 30, 2017:

Major Funds:	
Debt Service Fund	
Support services	\$ 171
Total	\$ <u>171</u>

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 considered a component unit of the State’s financial reporting entity. 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 which is a pension benefit trust fund of the State of New Mexico. NMERB is self-funded through investment income and educational employer contributions. The Plan does not receive General Fund Appropriations from the State of New Mexico.

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined Section 22-112, 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.

Benefits provided. 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.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

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

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

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

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

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

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

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

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

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

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

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 1.8%. Once the funding is greater than 90%, the COLA reductions will

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

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

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 1.9%.

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. The contribution requirements of defined benefit plan members and the District and Charter are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2017, Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$1,254,388 for the year ended June 30, 2017, which equals the required contribution. Contributions to the pension plan from the Charter for the year ended June 30, 2017 were \$117,027, which equals the required contribution.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2017, the District reported a liability of \$23,161,002 for its proportionate share of the net pension liability. At June 30, 2017, the Charter reported a liability of \$2,230,175 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the District's and Charter's portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016. 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 institutions, actuarially determined. At June 30, 2016, the District's proportion was 0.32814%, which was an increase of 0.00169% from its proportion measured at June 30, 2015. At June 30, 2016, the Charter's proportion was 0.03099%, which was an increase of 0.00194% from its proportion measured at June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$1,614,079. For the year ended June 30, 2017, the Charter recognized pension expense of \$235,280.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

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

At June 30, 2017, 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 actuarial experience change of assumptions	\$ 100,481	\$ 220,290
Net difference between projected and actual earnings on Pension plan investments	1,382,519	-
Changes in assumptions	471,465	-
Changes in proportion and differences between District contributions and proportionate share of contributions	79,517	619,177
District contributions subsequent to the measurement date	<u>1,254,388</u>	<u>-</u>
Total	<u>\$ 3,288,370</u>	<u>\$ 839,467</u>

Charter:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual actuarial experience change of assumptions	\$ 9,675	\$ 21,212
Net difference between projected and actual earnings on Pension plan investments	133,123	-
Changes in assumptions	45,397	-
Changes in proportion and differences between District contributions and proportionate share of contributions	115,478	51,604
District contributions subsequent to the measurement date	<u>117,027</u>	<u>-</u>
Total	<u>\$ 420,700</u>	<u>\$ 72,816</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

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

The District reported \$1,254,388, and the Charter reported \$117,027 as deferred outflows of resources related to pensions resulting from the District’s and Charter’s contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

District:

Year Ending June 30,	
2018	\$ (102,891)
2019	283,551
2020	676,713
2021	337,141
2022	<u>-</u>
Total	<u>\$ 1,194,514</u>

Charter:

Year Ending June 30,	
2018	\$ 62,665
2019	47,323
2020	88,406
2021	32,463
2022	<u>-</u>
Total	<u>\$ 230,857</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

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

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	Composed of 3.0% 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	7.75% compounded annually, net of expenses. This is made up of a 3% inflation rate and a 4.75% real rate of return. The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.
Average of Expected Remaining Service Lives	3.77 years.
Mortality	Healthy males: Based on the RP-2000 Combined Mortality Table with White Collar adjustments, generational mortality improvements with Scale BB. Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012. Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB. Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB. Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for pre-retirement mortality.
Retirement age	Experience-based table rates based on age and service, adopted by the Board on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014.
Cost-of-living increases	2% per year, compounded annually.
Payroll growth	3.5% per year (with no allowance for membership growth).
Contribution accumulation	5.5% increase per year for all years prior to the valuation date. (Contributions are credited with 4% interest, compounded annually, applicable to the account balance in the past as well as the future.)
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

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

The 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 June 12, 2015 in conjunction with the six-year actuarial experience study period ending June 30, 2014. At that time, the Board adopted several assumption changes, which included a decrease in the annual wage inflation rate from 4.25% to 3.75%, and changes to the mortality rates, disability rates, and retirement rates for members who joined the plan after June 30, 2010. In addition, the board lowered the population growth rate assumption to zero.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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 and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	35%	
Fixed income	28%	
Alternatives	36%	
Cash	1%	
	100%	7.75%

Discount rate. A single discount rate of 7.75% was used to measure the total pension liability as of June 30, 2016. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.75%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

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

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

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

Sensitivity of the District's and Charter's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's and Charter's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the employer name's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate.

	1 % Decrease <u>6.75%</u>	Current Discount Rate <u>7.75%</u>	1 % Increase <u>8.75%</u>
District's proportionate share of the net pension liability	\$ 30,676,209	\$ 23,161,002	\$ 16,925,503
Charter's proportionate share of the net pension liability	\$ 2,953,815	\$ 2,230,175	\$ 1,629,758

Pension Plan Fiduciary Net Position. Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for the years ended June 30, 2017 and 2016, which are publicly available at www.nmerb.org.

Payables to the Pension Plan. The District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2017, there were no contributions due and payable for the District or the Charter.

NOTE 12. POST EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description. The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) Former legislators who served at least two years; and 4) former governing authority members who served at least four years.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015; the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; each participating employee was required to contribute 1.25% of their salary. For employees who are not members of an enhanced retirement plan during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2017, 2016 and 2015 were \$180,739, \$183,590, and \$181,866, respectively, which equal the required contributions for each year.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

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 POWER 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.

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.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 17. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2017, the District contracted services from two related parties (board of education members). The amounts paid to the vendors during the year were: Positive Outcomes \$548,772 and Jaramillo Plumbing \$33,167. There were no related party payables or receivables at June 30, 2017.

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, 2017 and for the year then ended:

Revenues

State Equalization Guarantee: CVCS received \$1,235,314 in state equalization guarantee distributions during the year ended June 30, 2017.

Instructional Materials: Allocations received by CVCS from the State for the year ended June 30, 2017 totaled \$11,734.

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	\$ 77,572
FDIC coverage	(77,572)
Total uninsured public funds	\$ -
Collateral requirement (50% of uninsured public funds	\$ -
Pledged security	-
Total under (over) collateralized	\$ -

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

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

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, 2017, none of CVCS’s bank balance of \$77,572 was exposed to custodial credit risk. At June 30, 2017, the carrying amount of these deposits was \$63,166.

Government Funds - Balance Sheet

Cash and cash equivalents	\$ 63,166
Add: outstanding checks and other reconciling items	14,506
Less: petty cash	<u>(100)</u>
Bank balance of deposits	<u>\$ 77,572</u>

Receivables

There were no material receivables as of June 30, 2017.

Interfund Balances

There were no interfund receivables and payables as of June 30, 2017.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

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, 2017 follows:

	Balance June 30, 2016	Additions	Deletions / Adjustments	Balance June 30, 2017
Capital Assets used in Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Construction in progress	99,787	-	99,787	-
Total assets not being depreciated	<u>249,787</u>	<u>-</u>	<u>99,787</u>	<u>150,000</u>
Capital assets being depreciated:				
Land improvements	24,520	38,414	-	62,934
Buildings/building improvements	1,476,960	-	-	1,476,960
Furniture, fixtures, & equipment	19,759	16,205	-	35,964
Total assets being depreciated	<u>1,521,239</u>	<u>54,619</u>	<u>-</u>	<u>1,575,858</u>
Total assets	<u>1,771,026</u>	<u>54,619</u>	<u>99,787</u>	<u>1,725,858</u>
Accumulated depreciation:				
Land improvements	(47,613)	(2,601)	28,123	(22,091)
Buildings/building improvements	(149,223)	(120,229)	-	(269,452)
Furniture, fixtures, & equipment	(12,140)	(2,415)	-	(14,555)
Total accumulated depreciation	<u>(208,976)</u>	<u>(125,245)</u>	<u>28,123</u>	<u>(306,098)</u>
Net Capital Assets	<u>\$ 1,562,050</u>	<u>\$ (70,626)</u>	<u>\$ 127,910</u>	<u>\$ 1,419,760</u>

Depreciation expense for the year ended June 30, 2017 was charged to instruction in the amount of \$125,245.

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, 2017, no funds reported a deficit fund balance.
2. Excess of expenditures over appropriations. At June 30, 2017, no funds exceeded approved budgetary authority.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

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

ERA Pension Plan. The Charter's contributions to ERA for the years ended June 30, 2017, 2016 and 2015 were \$117,027, \$115,348, and \$114,792, respectively.

Post-Employment Benefits. For the years ended June 30, 2017, 2016 and 2015, the Charter remitted \$16,859, \$17,703, and \$16,516, respectively, in employer contributions.

Subsequent Events. On September 19, 2017, the Charter entered into a lease purchase arrangement with the County of Socorro for a new facility.

NOTE 19. RECENT ACCOUNTING PRONOUNCEMENTS

In February 2015, the GASB issued statement No. 72, *Fair Value Measurement and Application*. This Statement provides guidance for determining the fair value and applying the fair value to certain investments and note disclosures. GASB Statement No. 72 was effective for periods ending after June 15, 2016. The adoption of GASB Statement No. 72 did not have any effect on the District's financial statements.

In June 2015, the GASB issued statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68*. This Statement establishes requirements for defined benefit pension plans and other pension plans not addressed under GASB Statement No. 68. This Statement also amends some requirements of GASB Statement No. 67 and GASB Statement No. 68. GASB Statement No. 73 clarifies requirements of GASB Statements No. 67 and 68 regarding the information that must be presented as notes to the required supplemental 10-year schedules, accounting and financial reporting for certain liabilities for individual employers and non-employer contributing entities, and the revenue recognition for non-employer contributing entities that are not in a special funding situation. This statement requires that all pensions under GASB Statement No. 68 that are not administered through trusts and meet the requirements of GASB Statement No. 68 not be classified as pension plan assets. The implementation of GASB No. 73 did not have an impact on the District's financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Statement No. 76, which supersedes Statement No. 55, aims to identify, in the context of the current governmental financial reporting environment, the hierarchy of U.S. GAAP, which consists of the sources of accounting principles used to prepare the financial statements of state and local governments entities in conformity with U.S. GAAP, as well as the framework for selecting those principles. The District adopted GASB Statement No. 76 during fiscal year 2016, with no significant impact to the County's financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement establishes criteria that must be met for an external investment pool to be permitted to measure its investments at the amortized cost for financial reporting purposes. This Statement also requires that the pool participants of external investment pools that meet the criteria also report their investments at the amortized cost for financial reporting purposes. External Investment Pools that not meet the requirement are required to follow paragraph 16 of GASB Statement No. 31. GASB Statement No. 79 requires additional note disclosures to

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 19. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

be made in qualifying external investment pools financial statements. The additional note disclosures are also required to be made in the pool participants financial statements. The adoption of GASB Statement No. 79 did not have a significant impact on the District's financial statements.

NOTE 20. NEW ACCOUNTING PRONOUNCEMENTS EFFECTIVE FOR THE YEAR ENDED JUNE 30, 2018

The Governmental Accounting Standards Board (GASB) issued a new accounting pronouncement (Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*) effective for the year ended June 30, 2018.

As a cost-share employer participating in the Retiree Health Care Authority (Plan or "RHCA") (see note 11), the District will be required to include in its June 30, 2018 financial statements, the pro rata share of the Plan's collective "Net Retiree Healthcare Liability". The Plan's "Net Retiree Healthcare Liability" represents the difference between Plan's Total Plan Liability and the Plan's Net Plan Position, reported at the market value of the investment assets. The amount of the District's pro rata share of the Plan's collective "Net Retiree Healthcare Liability" is currently unknown. However, the amount to be included in the District's June 30, 2018 financial statements, is expected to be material.

NOTE 21. 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.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017**

NOTE 21. GOVERNMENTAL FUND BALANCE (CONTINUED)

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.

	Other				Total
	Operational Fund	Bond Building	Debt Service	Governmental Funds	
Fund Balances					
Nonspendable					
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid expenditures	-	-	-	9,196	9,196
Restricted for					
Instructional materials	12,346	-	-	-	12,346
Food service	-	-	-	426,671	426,671
Special revenue	-	-	-	857,482	857,482
Capital projects	-	1,801,049	-	124,261	1,925,310
Debt service	-	-	1,440,256	-	1,440,256
Committed to	-	-	-	-	-
Assigned to	-	-	-	-	-
Unassigned	<u>1,082,147</u>	<u>-</u>	<u>-</u>	<u>(142,569)</u>	<u>939,578</u>
Total fund balances	<u>\$ 1,094,493</u>	<u>\$ 1,801,049</u>	<u>\$ 1,440,256</u>	<u>\$ 1,275,041</u>	<u>\$ 5,610,839</u>

NOTE 22. RESTATEMENT

Certain errors were noted in the June 30, 2016 financial statements and corrected in the June 30, 2017 financial statements as more fully described in the table below.

Fund	Description	Amount
Food Service (21000)	Overstatement of revenue in 2016 financial statements	\$ (86,249)
Title I (24101)	Overstatement of revenue in 2016 financial statements	(174,237)
NM Autism Project (24108)	Overstatement of revenue in 2016 financial statements	(3,154)
IDEA-B "Risk Pool" (24120)	Overstatement of revenue in 2016 financial statements	(192,223)
Teacher/Principal Training (24154)	Understatement of revenue in 2016 financial statements	32,940
USHSD Pregnancy Prevention (24184)	Overstatement of revenue in 2016 financial statements	(317,955)
New Mexico Reads to Lead (27114)	Overstatement of revenue in 2016 financial statements	(9,451)
		<u>\$ (750,329)</u>

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
THE EDUCATIONAL RETIREMENT BOARD PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2017, 2016 AND 2015
LAST 10 FISCAL YEARS
(IN THOUSANDS)

	Fiscal Year Measurement Date	2017 2016	2016 2015	2015 2014
Socorro Consolidated School's proportion of the net pension liability		0.32%	0.32%	0.36%
Socorro Consolidated School's proportionate share of the net pension liability		\$ 23,161	\$ 20,737	\$ 20,602
Socorro Consolidated School's covered employee payroll		\$ 9,265	\$ 8,741	\$ 9,953
Socorro Consolidated School's proportionate share of the net pension liability as a percentage of its covered employee payroll		263%	237%	207%
Plan fiduciary net position as a percentage of total pension liability		61.58%	63.97%	66.54%

* The amounts presented were determined as of June 30. The 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 those years which information is available.

See Notes to Required Supplementary Information.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
THE EDUCATIONAL RETIREMENT BOARD PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2017, 2016 AND 2015
LAST 10 FISCAL YEARS*
(IN THOUSANDS)**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contributions	\$ 1,254	\$ 1,265	\$ 1,309
Contributions in relation to contractually required contributions	<u>1,254</u>	<u>1,265</u>	<u>1,309</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Socorro Consolidated School's covered employee payroll	\$ 9,265	\$ 8,741	\$ 9,953
Contributions as a percentage of covered employee payroll	13.53%	14.47%	13.15%

* The amounts presented were determined as of June 30. The 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 those years which information is available.

See Notes to Required Supplementary Information.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

Change of benefit terms and assumptions. For the overall NMERB Plan, there were no benefit or assumption changes adopted since the last actuarial valuation. However, the actual cost of living adjustment (COLA) was less than the expected 2%, which resulted in a net \$138 million decrease in the unfunded actuarial accrued liability.

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
JUNE 30, 2017**

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.

Title I (24101)

This fund is used to provide supplemental educational opportunity for academically disadvantaged children in the area of residing. 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.

Entitlement IDEA-B (24106)

To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. 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.

Discretionary IDEA-B (24107)

To account for a program funded by a Federal grant to assist the District in providing a free appropriate public education to all children with disabilities. Authorized by Individuals with Disabilities Education Act (IDEA), Part B, Sections 611, as amended, 20 U.S.C. 1411.

NM Autism Project (24108) and IDEA-B "Risk Pool" (24120)

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.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
JUNE 30, 2017**

SPECIAL REVENUE FUNDS (CONTINUED)

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.

Adult Basic Education (24114 and 28182)

To account for the funding by Federal and State Grants to provide basic education for adults in the areas of General Education and English as a second Language pursuant to the Adult Basic Education Act, P.L. 91-230.

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.

Technology Literacy Challenge (24133)

To account for a federal grant designed to strengthen teacher learning in the field of technology.

Enhancing Ed Thru Technology (24149)

Funding used to support the infusion of technology into the curriculum. Funds are earmarked for professional development.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
JUNE 30, 2017**

SPECIAL REVENUE FUNDS (CONTINUED)

Title V – Part A Innovative Ed Pro Strategies (24150)

To establish a local program of alcohol and drug abuse education and prevention coordinated with related community efforts and resources.

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.

Safe & Drug Free Schools & Community (24157)

To establish a local program of alcohol and drug abuse education and prevention coordinated with related community efforts and resources.

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) and Title I Federal Stimulus (24201)

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 within the SHS Science curriculum.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
JUNE 30, 2017**

SPECIAL REVENUE FUNDS (CONTINUED)

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.

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.

Technology for Education PED (27117)

The purpose of this grant is to assist the District to develop and implement a strategic, long-term plan for utilizing educational technology in the school system. Funds accounted for in this fund are received from the State of New Mexico. The authority for creation of this fund is NMSA 22-15A-1 to 22-15A-10.

Incentives for School Improvement Act (27138)

To account for monies received from the Award for High Improving Schools provided by the State of New Mexico for the purpose of identifying special needs at awarded locations and to purchase items to improve those schools. Authorized by the New Mexico Public Education Department.

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.

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.

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.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
JUNE 30, 2017**

SPECIAL REVENUE FUNDS (CONTINUED)

Beginning Teacher Mentoring Program (27154)

The objective of this program is to provide beginning teachers an effective transition into the teaching profession, retain capable teachers, improve the achievement of students and improve the overall success of the school. Funding is provided by the New Mexico Board of Education. Authority for creation of this fund is NMSA 22-2-8-10.

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.

Legislative Appropriations Math Grant (27165)

This proposal requests funding in the amount of \$60,000 to support standards-aligned professional development, for forty K-12 teachers in Socorro Consolidated Schools, with emphasis on K-12 vertically aligned mathematics content and the processes of mathematics and development and implementation of appropriate curriculum. Presenter's model student-centered techniques of teaching adopted math curriculum that engage students, creating conducive learning environments for teacher-participants that can be transferred to the K-12 classrooms. All K-12 schools in the district will be involved.

Pre-Kindergarten Special State (27169)

The purpose of the grant is to enhance indoor and outdoor environment and improve the safety for Pre-K.

Science Instruction Materials (27176)

Funds used to purchase instructional materials for high school science classes.

2013 School Bus Replacement (27178)

To account for a state grant used to purchase a school bus. The fund was created by the authority of state grant provisions.

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.

2008 Library Book Fund (27549)

The purpose of this fund is to allow each library to acquire library books and library resources to support the library program. Program is authorized by state statute.

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.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
JUNE 30, 2017**

SPECIAL REVENUE FUNDS (CONTINUED)

ASSIST Tobacco DOH (28122)

To account for monies received from the State of New Mexico to for the implementation of prevention and intervention programs for student tobacco use and professional development for teachers.

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.

DWI NM Local Grant Fund (28145)

The program funds were provided by the Socorro County DWI program. The school district used the funds to support the Socorro Consolidated Schools Teen court program.

GEAR UP CHE (28178)

(Gaining Early Awareness and Readiness for Undergraduate Programs.) The purpose of this grant is to increase the number of low-income students who, upon graduation from high school, have the skills and knowledge to succeed in District.

Energy Efficiency & Renewable Energy Bond (28197)

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.

Grads Plus (28203)

To account for an agreement to provide child care 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.

School Based Health Center (29130)

The Socorro Consolidated Schools School Based Health Center provides primary and behavioral health care services for the Socorro High School. The services to be offered will be aligned to the New Mexico School Based Health Care Standards and are approved by the Socorro Consolidated Schools Board of Education. The District has contracted with Presbyterian Medical Center to provide these services.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
JUNE 30, 2017**

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).

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, 2017

	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 857,988	\$ 114,100	\$ 972,088
Accounts receivable			
Taxes	-	58,810	58,810
Due from other governments	1,326,508	-	1,326,508
Other	-	-	-
Interfund receivables	-	-	-
Prepaid expenditures	9,196	-	9,196
Inventory	-	-	-
<i>Total assets</i>	\$ 2,193,692	\$ 172,910	\$ 2,366,602
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-
Interfund payables	1,042,912	-	1,042,912
<i>Total liabilities</i>	1,042,912	-	1,042,912
<i>Deferred Inflows</i>			
Property taxes	-	48,649	48,649
<i>Fund balances</i>			
Nonspendable	9,196	-	9,196
Restricted	1,284,153	124,261	1,408,414
Committed	-	-	-
Assigned	-	-	-
Unassigned	(142,569)	-	(142,569)
<i>Total fund balances</i>	1,150,780	124,261	1,275,041
<i>Total liabilities, deferred inflows and fund balances</i>	\$ 2,193,692	\$ 172,910	\$ 2,366,602

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL
<i>Revenues</i>			
Property taxes	\$ -	\$ 357,532	\$ 357,532
State grants	858,661	210,719	1,069,380
Federal grants	3,892,308	-	3,892,308
Miscellaneous	205,892	-	205,892
Interest	58	13	71
<i>Total revenues</i>	<u>4,956,919</u>	<u>568,264</u>	<u>5,525,183</u>
<i>Expenditures</i>			
<i>Current</i>			
Instruction	1,895,886	-	1,895,886
Support services			
Students	145,608	-	145,608
Instruction	13,119	-	13,119
General administration	95,724	3,456	99,180
School administration	1,223,572	-	1,223,572
Central services	52,944	-	52,944
Operation & maintenance of plant	13,683	-	13,683
Student transportation	175,662	-	175,662
Other support services	-	-	-
Food services operations	1,099,229	-	1,099,229
Community service	-	-	-
Capital outlay	-	493,948	493,948
Debt service	-	-	-
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>4,715,427</u>	<u>497,404</u>	<u>5,212,831</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>241,492</u>	<u>70,860</u>	<u>312,352</u>
<i>Other financing sources</i>			
Operating transfers	-	-	-
<i>Total other financing sources</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	241,492	70,860	312,352
<i>Fund balances, beginning of year</i>	1,659,617	53,401	1,713,018
<i>Restatement</i>	<u>(750,329)</u>	<u>-</u>	<u>(750,329)</u>
<i>Fund balances, beginning of year, restated</i>	<u>909,288</u>	<u>53,401</u>	<u>962,689</u>
<i>Fund balances, end of year</i>	<u>\$ 1,150,780</u>	<u>\$ 124,261</u>	<u>\$ 1,275,041</u>

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Food Service 21000	Athletics 22000	Title I IASA 24101	IDEA-B Entitlement 24106
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 263,316	\$ 29,877	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	163,355	-	468,213	357,328
Interfund receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	9,196	-	-	-
<i>Total assets</i>	<u>\$ 435,867</u>	<u>\$ 29,877</u>	<u>\$ 468,213</u>	<u>\$ 357,328</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	224,468	392,383
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>224,468</u>	<u>392,383</u>
<i>Deferred Inflows</i>				
Property taxes	-	-	-	-
<i>Fund Balances</i>				
Nonspendable	9,196	-	-	-
Restricted	426,671	29,877	243,745	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	(35,055)
<i>Total fund balances</i>	<u>435,867</u>	<u>29,877</u>	<u>243,745</u>	<u>(35,055)</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 435,867</u>	<u>\$ 29,877</u>	<u>\$ 468,213</u>	<u>\$ 357,328</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017**

	NM Autism Project 24108	IDEA-B Preschool 24109	Education of Homeless 24113	Fresh Fruits & Vegetables 24118
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ 4,042	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Interfund receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	-	-	-	-
<i>Total assets</i>	\$ -	\$ 4,042	\$ -	\$ -
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	3,730	19,046
	-	-	3,730	19,046
<i>Total liabilities</i>	-	-	3,730	19,046
<i>Deferred Inflows</i>				
Property taxes	-	-	-	-
	-	-	-	-
<i>Fund Balances</i>				
Nonspendable	-	-	-	-
Restricted	-	4,042	-	(19,046)
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(3,730)	-
	-	4,042	(3,730)	(19,046)
<i>Total fund balances</i>	-	4,042	(3,730)	(19,046)
<i>Total liabilities, deferred inflows and fund balances</i>	\$ -	\$ 4,042	\$ -	\$ -

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017**

	21st Century Community Learning Centers 24119	IDEA-B "Risk Pool" 24120	IDEA-B Results Plan 24132	Teacher/Principal Training & Recruiting 24154
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	16,194	49,516
Interfund receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	-	-	-	-
<i>Total assets</i>	\$ -	\$ -	\$ 16,194	\$ 49,516
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	30,640	-	16,194	84,166
	30,640	-	16,194	84,166
<i>Total liabilities</i>	30,640	-	16,194	84,166
<i>Deferred Inflows</i>				
Property taxes	-	-	-	-
	-	-	-	-
<i>Fund Balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(30,640)	-	-	(34,650)
	(30,640)	-	-	(34,650)
<i>Total fund balances</i>	(30,640)	-	-	(34,650)
<i>Total liabilities, deferred inflows and fund balances</i>	\$ -	\$ -	\$ 16,194	\$ 49,516

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Rural & Low Income Schools 24160	Title I School Improvement 24162	Carl D. Perkins Secondary Current 24174	Carl D Perkins Secondary Redistribution 24176
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	4,335	11,233	3,802	-
Interfund receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 4,335</u>	<u>\$ 11,233</u>	<u>\$ 3,802</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	2,635	11,233	4,996	-
<i>Total liabilities</i>	<u>2,635</u>	<u>11,233</u>	<u>4,996</u>	<u>-</u>
<i>Deferred Inflows</i>				
Property taxes	-	-	-	-
<i>Fund Balances</i>				
Nonspendable	-	-	-	-
Restricted	1,700	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(1,194)	-
<i>Total fund balances</i>	<u>1,700</u>	<u>-</u>	<u>(1,194)</u>	<u>-</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 4,335</u>	<u>\$ 11,233</u>	<u>\$ 3,802</u>	<u>\$ -</u>

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	USHSD Pregnancy Prevention 24184	Title XIX Medicaid 3/21 Years 25153	Dual Credit Instructional Materials/HB2 27103	2012 GO Bonds - Student Library SB-66 27107
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ 518,531	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	95,176	20,667	569	12,347
Interfund receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 95,176</u>	<u>\$ 539,198</u>	<u>\$ 569</u>	<u>\$ 12,347</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	84,080	-	1,808	12,347
<i>Total liabilities</i>	<u>84,080</u>	<u>-</u>	<u>1,808</u>	<u>12,347</u>
<i>Deferred Inflows</i>				
Property taxes	-	-	-	-
<i>Fund Balances</i>				
Nonspendable	-	-	-	-
Restricted	11,096	539,198	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(1,239)	-
<i>Total fund balances</i>	<u>11,096</u>	<u>539,198</u>	<u>(1,239)</u>	<u>-</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 95,176</u>	<u>\$ 539,198</u>	<u>\$ 569</u>	<u>\$ 12,347</u>

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	<u>New Mexico Reads to Lead 27114</u>	<u>Pre K Initiative 27149</u>	<u>NM GRADS 27151</u>	<u>Breakfast for Elementary Students 27155</u>
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 473	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	39,377	15,322	7,218
Interfund receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>\$ 473</u>	<u>\$ 39,377</u>	<u>\$ 15,322</u>	<u>\$ 7,218</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	37,895	41,920	4,052
<i>Total liabilities</i>	<u>-</u>	<u>37,895</u>	<u>41,920</u>	<u>4,052</u>
<i>Deferred Inflows</i>				
Property taxes	-	-	-	-
<i>Fund Balances</i>				
Nonspendable	-	-	-	-
Restricted	473	1,482	-	3,166
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(26,598)	-
<i>Total fund balances</i>	<u>473</u>	<u>1,482</u>	<u>(26,598)</u>	<u>3,166</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 473</u>	<u>\$ 39,377</u>	<u>\$ 15,322</u>	<u>\$ 7,218</u>

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	<u>Kindergarten - Three Plus 27166</u>	<u>School Bus Replacement 27178</u>	<u>Teachers Hard to Staff Stipend 27195</u>	<u>NM Highway Road Department 28120</u>
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 25,627
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	61,856	-
Interfund receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,856</u>	<u>\$ 25,627</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	9,463	-	61,856	-
	<u>9,463</u>	<u>-</u>	<u>61,856</u>	<u>-</u>
<i>Total liabilities</i>	<u>9,463</u>	<u>-</u>	<u>61,856</u>	<u>-</u>
<i>Deferred Inflows</i>				
Property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>				
Nonspendable	-	-	-	-
Restricted	-	-	-	25,627
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	(9,463)	-	-	-
	<u>(9,463)</u>	<u>-</u>	<u>-</u>	<u>25,627</u>
<i>Total fund balances</i>	<u>(9,463)</u>	<u>-</u>	<u>-</u>	<u>25,627</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,856</u>	<u>\$ 25,627</u>

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	NM Arts Div 28131	GRADS - Child Care 28189	GRADS - Instruction 28190	NMFA Energy Efficiency and Renewable Energy 28197
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 1,979	\$ 5,289	\$ 3,135	\$ 1,616
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Interfund receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total assets</i>	<u>\$ 1,979</u>	<u>\$ 5,289</u>	<u>\$ 3,135</u>	<u>\$ 1,616</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
<i>Current Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Deferred Inflows</i>				
Property taxes	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Fund Balances</i>				
Nonspendable	-	-	-	-
Restricted	1,979	5,289	3,135	1,616
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total fund balances</i>	<u>1,979</u>	<u>5,289</u>	<u>3,135</u>	<u>1,616</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 1,979</u>	<u>\$ 5,289</u>	<u>\$ 3,135</u>	<u>\$ 1,616</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017**

	GRADS Plus 28203	School Based Health Center 29130	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 4,103	\$ -	\$ 857,988
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	1,326,508
Interfund receivables	-	-	-
Prepaid expenditures	-	-	-
Inventory	-	-	9,196
	<u> </u>	<u> </u>	<u> </u>
<i>Total assets</i>	<u>\$ 4,103</u>	<u>\$ -</u>	<u>\$ 2,193,692</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-
Interfund payables	-	-	1,042,912
	<u> </u>	<u> </u>	<u> </u>
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>1,042,912</u>
<i>Deferred Inflows</i>			
Property taxes	-	-	-
	<u> </u>	<u> </u>	<u> </u>
<i>Fund Balances</i>			
Nonspendable	-	-	9,196
Restricted	4,103	-	1,284,153
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	(142,569)
	<u> </u>	<u> </u>	<u> </u>
<i>Total fund balances</i>	<u>4,103</u>	<u>-</u>	<u>1,150,780</u>
	<u> </u>	<u> </u>	<u> </u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ 4,103</u>	<u>\$ -</u>	<u>\$ 2,193,692</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, 2017

	Food Service 21000	Athletics 22000	Title I IASA 24101	IDEA-B Entitlement 24106
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	86,249	-	-	-
Federal grants	1,045,781	-	932,369	471,678
Miscellaneous	71,980	159,565	-	-
Interest	-	58	-	-
<i>Total revenues</i>	<u>1,204,010</u>	<u>159,623</u>	<u>932,369</u>	<u>471,678</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	158,877	779,927	216,603
Support services				
Students	-	-	-	66,597
Instruction	-	-	-	-
General administration	-	-	27,536	-
School administration	-	-	91,310	154,128
Central services	-	-	10,000	34,350
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	1,045,781	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,045,781</u>	<u>158,877</u>	<u>908,773</u>	<u>471,678</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>158,229</u>	<u>746</u>	<u>23,596</u>	<u>-</u>
<i>Other financing sources</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	158,229	746	23,596	-
<i>Fund balances, beginning of year</i>	363,887	29,131	394,386	(35,055)
<i>Restatement</i>	(86,249)	-	(174,237)	-
<i>Fund balances, beginning of year, restated</i>	<u>277,638</u>	<u>29,131</u>	<u>220,149</u>	<u>(35,055)</u>
<i>Fund balances, end of year</i>	<u>\$ 435,867</u>	<u>\$ 29,877</u>	<u>\$ 243,745</u>	<u>\$ (35,055)</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, 2017

	NM Autism Project 24108	IDEA-B Preschool 24109	Education of Homeless 24113	Fresh Fruits & Vegetables 24118
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	7,428	194	3,260
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>7,428</u>	<u>194</u>	<u>3,260</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	7,639	4,355	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	31,868
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>7,639</u>	<u>4,355</u>	<u>31,868</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(211)</u>	<u>(4,161)</u>	<u>(28,608)</u>
<i>Other financing sources</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	(211)	(4,161)	(28,608)
<i>Fund balances, beginning of year</i>	3,154	4,253	431	9,562
<i>Restatement</i>	(3,154)	-	-	-
<i>Fund balances, beginning of year, restated</i>	<u>-</u>	<u>4,253</u>	<u>431</u>	<u>9,562</u>
<i>Fund balances, end of year</i>	<u>\$ -</u>	<u>\$ 4,042</u>	<u>\$ (3,730)</u>	<u>\$ (19,046)</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, 2017

	21st Century Community Learning Centers 24119	IDEA-B "Risk Pool" 24120	IDEA-B Results Plan 24132	Teacher/Principal Training & Recruiting 24154
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	47,235	135,793
Miscellaneous	(25,653)	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>(25,653)</u>	<u>-</u>	<u>47,235</u>	<u>135,793</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	-	47,235	126,427
Support services				
Students	-	-	-	-
Instruction	-	-	-	772
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	8,594
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>47,235</u>	<u>135,793</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(25,653)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(25,653)	-	-	-
<i>Fund balances, beginning of year</i>	(4,987)	192,223	-	(67,590)
<i>Restatement</i>	-	(192,223)	-	32,940
<i>Fund balances, beginning of year, restated</i>	<u>(4,987)</u>	<u>-</u>	<u>-</u>	<u>(34,650)</u>
<i>Fund balances, end of year</i>	<u>\$ (30,640)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,650)</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, 2017

	Rural & Low Income Schools 24160	Title I School Improvement 24162	Carl D. Perkins Secondary Current 24174	Carl D Perkins Secondary Redistribution 24176
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	10,533	68,814	3,802	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>10,533</u>	<u>68,814</u>	<u>3,802</u>	<u>-</u>
<i>Expenditures</i>				
Current				
Instruction	22,778	68,814	3,802	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>22,778</u>	<u>68,814</u>	<u>3,802</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(12,245)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(12,245)	-	-	-
<i>Fund balances, beginning of year</i>	13,945	-	(1,194)	-
<i>Restatement</i>	-	-	-	-
<i>Fund balances, beginning of year, restated</i>	<u>13,945</u>	<u>-</u>	<u>(1,194)</u>	<u>-</u>
<i>Fund balances, end of year</i>	<u>\$ 1,700</u>	<u>\$ -</u>	<u>\$ (1,194)</u>	<u>\$ -</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, 2017

	USHSD Pregnancy Prevention 24184	Title XIX Medicaid 3/21 Years 25153	Dual Credit Instructional Materials/HB2 27103	2012 GO Bonds - Student Library SB-66 27107
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	4,231	12,347
Federal grants	856,555	308,866	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>856,555</u>	<u>308,866</u>	<u>4,231</u>	<u>12,347</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	9,025	19,131	4,231	-
Support services				
Students	-	79,011	-	-
Instruction	-	-	-	12,347
General administration	54,256	-	-	-
School administration	792,554	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	720	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>856,555</u>	<u>98,142</u>	<u>4,231</u>	<u>12,347</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>210,724</u>	<u>-</u>	<u>-</u>
<i>Other financing sources</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	210,724	-	-
<i>Fund balances, beginning of year</i>	329,051	328,474	(1,239)	-
<i>Restatement</i>	<u>(317,955)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances, beginning of year, restated</i>	<u>11,096</u>	<u>328,474</u>	<u>(1,239)</u>	<u>-</u>
<i>Fund balances, end of year</i>	<u>\$ 11,096</u>	<u>\$ 539,198</u>	<u>\$ (1,239)</u>	<u>\$ -</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, 2017

	New Mexico Reads to Lead 27114	Pre K Initiative 27149	NM GRADS 27151	Breakfast for Elementary Students 27155
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	183,909	187,635	21,580
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>183,909</u>	<u>187,635</u>	<u>21,580</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	-	192,500	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	1,736	12,196	-
School administration	-	-	185,580	-
Central services	-	-	-	-
Operation & maintenance of plant	-	10,743	2,220	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	21,580
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>204,979</u>	<u>199,996</u>	<u>21,580</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(21,070)</u>	<u>(12,361)</u>	<u>-</u>
<i>Other financing sources</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	(21,070)	(12,361)	-
<i>Fund balances, beginning of year</i>	9,924	22,552	(14,237)	3,166
<i>Restatement</i>	(9,451)	-	-	-
<i>Fund balances, beginning of year, restated</i>	<u>473</u>	<u>22,552</u>	<u>(14,237)</u>	<u>3,166</u>
<i>Fund balances, end of year</i>	<u>\$ 473</u>	<u>\$ 1,482</u>	<u>\$ (26,598)</u>	<u>\$ 3,166</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, 2017

	Kindergarten - Three Plus 27166	School Bus Replacement 27178	Teachers Hard to Staff Stipend 27195	NM Highway Road Department 28120
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	99,393	175,662	61,856	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>99,393</u>	<u>175,662</u>	<u>61,856</u>	<u>-</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	104,599	-	61,856	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	175,662	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>104,599</u>	<u>175,662</u>	<u>61,856</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(5,206)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(5,206)	-	-	-
<i>Fund balances, beginning of year</i>	(4,257)	-	-	25,627
<i>Restatement</i>	-	-	-	-
<i>Fund balances, beginning of year, restated</i>	<u>(4,257)</u>	<u>-</u>	<u>-</u>	<u>25,627</u>
<i>Fund balances, end of year</i>	<u>\$ (9,463)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,627</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, 2017

	NM Arts Div 28131	GRADS - Child Care 28189	GRADS - Instruction 28190	NMFA Energy Efficiency and Renewable Energy 28197
<i>Revenues</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	6,916	-	11,180	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>6,916</u>	<u>-</u>	<u>11,180</u>	<u>-</u>
<i>Expenditures</i>				
<i>Current</i>				
Instruction	6,916	3,000	6,499	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>6,916</u>	<u>3,000</u>	<u>6,499</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(3,000)</u>	<u>4,681</u>	<u>-</u>
<i>Other financing sources</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	(3,000)	4,681	-
<i>Fund balances, beginning of year</i>	1,979	8,289	(1,546)	1,616
<i>Restatement</i>	-	-	-	-
<i>Fund balances, beginning of year, restated</i>	<u>1,979</u>	<u>8,289</u>	<u>(1,546)</u>	<u>1,616</u>
<i>Fund balances, end of year</i>	<u>\$ 1,979</u>	<u>\$ 5,289</u>	<u>\$ 3,135</u>	<u>\$ 1,616</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, 2017

	GRADS Plus 28203	School Based Health Center 29130	Total
<i>Revenues</i>			
Property taxes	\$ -	\$ -	\$ -
State grants	7,703	-	858,661
Federal grants	-	-	3,892,308
Miscellaneous	-	-	205,892
Interest	-	-	58
<i>Total revenues</i>	<u>7,703</u>	<u>-</u>	<u>4,956,919</u>
<i>Expenditures</i>			
<i>Current</i>			
Instruction	11,000	40,672	1,895,886
Support services			-
Students	-	-	145,608
Instruction	-	-	13,119
General administration	-	-	95,724
School administration	-	-	1,223,572
Central services	-	-	52,944
Operation & maintenance of plant	-	-	13,683
Student transportation	-	-	175,662
Other support services	-	-	-
Food services operations	-	-	1,099,229
Community service	-	-	-
Capital outlay	-	-	-
Debt service			-
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>11,000</u>	<u>40,672</u>	<u>4,715,427</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(3,297)</u>	<u>(40,672)</u>	<u>241,492</u>
<i>Other financing sources</i>			
Operating transfers	-	-	-
<i>Total other financing sources</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(3,297)	(40,672)	241,492
<i>Fund balances, beginning of year</i>	7,400	40,672	1,659,617
<i>Restatement</i>	-	-	(750,329)
<i>Fund balances, beginning of year, restated</i>	<u>7,400</u>	<u>40,672</u>	<u>909,288</u>
<i>Fund balances, end of year</i>	<u>\$ 4,103</u>	<u>\$ -</u>	<u>\$ 1,150,780</u>

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2017

	<u>Public School Capital Outlay 31700</u>	<u>Capital Improvements SB-9 31701</u>	<u>Total</u>
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	\$ 114,100	\$ 114,100
Accounts receivable			-
Taxes	-	58,810	58,810
Due from other governments	-	-	-
Other	-	-	-
Interfund receivables	-	-	-
Prepaid expenditures	-	-	-
Inventory	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 172,910</u>	<u>\$ 172,910</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
<i>Current Liabilities</i>			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-
Interfund payables	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Deferred Inflows</i>			
Property taxes	-	48,649	48,649
	<u>-</u>	<u>48,649</u>	<u>48,649</u>
<i>Fund balances</i>			
Nonspendable	-	-	-
Restricted	-	124,261	124,261
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>124,261</u>	<u>124,261</u>
<i>Total liabilities, deferred inflows and fund balances</i>	<u>\$ -</u>	<u>\$ 172,910</u>	<u>\$ 172,910</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, 2017

	Public School Capital Outlay 31700	Capital Improvements SB-9 31701	Total
<i>Revenues</i>			
Property taxes	\$ 1,660	\$ 355,872	\$ 357,532
State grants	210,719	-	210,719
Federal grants	-	-	-
Miscellaneous	-	-	-
Interest	-	13	13
<i>Total revenues</i>	<u>212,379</u>	<u>355,885</u>	<u>568,264</u>
<i>Expenditures</i>			
<i>Current</i>			
Instruction	-	-	-
Support services			
Students	-	-	-
Instruction	-	-	-
General administration	-	3,456	3,456
School administration	-	-	-
Central services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food services operations	-	-	-
Community service	-	-	-
Capital outlay	197,379	296,569	493,948
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>197,379</u>	<u>300,025</u>	<u>497,404</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>15,000</u>	<u>55,860</u>	<u>70,860</u>
<i>Other financing sources (uses)</i>			
Operating transfers	<u>(68,401)</u>	<u>68,401</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>(68,401)</u>	<u>68,401</u>	<u>-</u>
<i>Net changes in fund balances</i>	(53,401)	124,261	70,860
<i>Fund balances, beginning of year</i>	<u>53,401</u>	<u>-</u>	<u>53,401</u>
<i>Fund balances, end of year</i>	<u>\$ -</u>	<u>\$ 124,261</u>	<u>\$ 124,261</u>

OTHER SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND
LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Socorro High School	\$ 83,928	\$ 51,806	\$ (54,349)	\$ 81,385
Sarracino Middle School	24,068	46,805	(39,614)	31,259
Zimmerly Elementary	10,842	25,890	(27,225)	9,507
Parkview Elementary	11,205	23,179	(23,567)	10,817
San Antonio Elementary	8,324	17,835	(14,177)	11,982
Midway Elementary	14,948	17,593	(16,224)	16,317
District Activity (Bus)	68,424	10,392	(6,592)	72,224
Staters Scholarship	10,400	-	-	10,400
World War II Scholarship	10,000	-	-	10,000
Elizim Baca Scholarship	<u>125,143</u>	<u>-</u>	<u>(4,138)</u>	<u>121,005</u>
Total All Schools	<u>\$ 367,282</u>	<u>\$ 193,500</u>	<u>\$ (185,886)</u>	<u>\$ 374,896</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS
JUNE 30, 2017**

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2017	Name & Location of SafeKeeper
District:			
First State Bank	FFCB, 2.270%, 07/22/24 CUSIP #3133EEB33	\$ 1,762,734	Bank of New York Mellon New York, New York
First State Bank	FFCB, 2.140%, 07/25/28 CUSIP #3133EGNH4	3,012,837	Bank of New York Mellon New York, New York
First State Bank	FFCB, Non CBL CUSIP #3133XN4B2	<u>1,021,290</u>	Bank of New York Mellon New York, New York
<i>Total First State Bank</i>		<u>5,796,861</u>	
Wells Fargo	FNMA FNMS, 3.000%, 01/01/43 CUSIP #3138MP4D4	1,088,006	Bank of New York Mellon New York, New York
Wells Fargo	FNMA FNMS, 4.000%, 08/01/25 CUSIP #31418WQP8	<u>171,754</u>	
<i>Total Wells Fargo</i>		<u>1,259,759</u>	
Total District		<u>\$ 7,056,620</u>	

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2017**

Bank Account Type	First State Bank	Wells Fargo Bank	Totals
Checking - Operational/Federal	\$ 387,424	\$ -	\$ 387,424
Checking - Payroll Clearing	1,379,582	-	1,379,582
Checking - Accounts Payable Clearing	148,908	-	148,908
Checking - Activity/Athletics - Clearing Account	728,480	-	728,480
Checking - Operational Account	-	2,540,472	2,540,472
Checking - Operational Account (Component Unit)	-	77,572	77,572
Money Market Account-Scholarship 3826	-	121,005	121,005
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	20,400	-	20,400
Total on Deposit	2,676,794	2,739,049	5,415,843
Reconciling Items-District	(1,731,435)	-	(1,731,435)
Reconciling Items-Component Unit	-	(14,506)	(14,506)
Reconciled Balance June 30, 2017	<u>\$ 945,359</u>	<u>\$ 2,724,543</u>	3,669,902
Plus: Petty Cash-District			1,400
Plus: Petty Cash-Component Unit			100
Plus: Cash held by the New Mexico Finance Authority			<u>1,065,637</u>
Cash and Investments per Government-wide Financial Statements			<u>\$4,737,039</u>
Cash per Government-wide Financial Statements - Governmental Funds			\$4,298,977
Cash per Government-wide Financial Statements - Component Unit			63,166
Agency Fund Cash			<u>374,896</u>
Total Cash and Investments			<u>\$4,737,039</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF CASH RECONCILIATION
JUNE 30, 2017**

	Operational Account 11000	Transportation Account 13000	Instructional Materials 14000	Food Services Account 21000
Cash, June 30, 2016	\$ 1,391,332	\$ -	\$ 68,475	\$ 253,398
Add:				
2016-17 revenues	12,455,958	596,015	95,886	987,974
Repayment of loans	-	-	-	-
Loans from other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total cash available	13,847,290	596,015	164,361	1,241,372
Less:				
2016-17 expenditures	(12,751,433)	(596,015)	(92,933)	(978,056)
Repayment of loans	-	-	-	-
Transfers to/from other funds	-	-	-	-
Loans to other funds	-	-	-	-
Change due to held checks and liabilities	<hr/> -	<hr/> -	<hr/> -	<hr/> -
Cash, June 30, 2017	1,095,857	-	71,428	263,316
Reconciliations to GAAP Basis:				
Audit reclassifications to cash	<hr/> (1,042,910)	<hr/> -	<hr/> -	<hr/> -
Cash per books	52,947	-	71,428	263,316
Fund Balance Reconciliation to GAAP Basis:				
Modified Accrual Adjustments	<hr/> 1,029,201	<hr/> -	<hr/> (59,082)	<hr/> 172,551
Fund Balance, Modified Accrual Basis	<u>\$ 1,082,148</u>	<u>\$ -</u>	<u>\$ 12,346</u>	<u>\$ 435,867</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF CASH RECONCILIATION
JUNE 30, 2017**

	Athletics Account 22000	Non-Instruction Account 23000	Federal Flowthrough 24000	Federal Direct 25000
Cash, June 30, 2016	\$ 29,131	\$ 367,282	\$ (1,225,402)	\$ 274,417
Add:				
2016-17 revenues	159,622	188,052	2,915,159	342,255
Repayment of loans	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	188,753	555,334	1,689,757	616,672
Less:				
2016-17 expenditures	(158,876)	(180,437)	(2,559,286)	(98,141)
Repayment of loans	-	-	-	-
Transfers to/from other funds	-	-	-	-
Loans to other funds	-	-	-	-
Change due to held checks and liabilities	-	-	-	-
Cash, June 30, 2017	29,877	374,897	(869,529)	518,531
Reconciliations to GAAP Basis:				
Audit reclassifications to cash	-	-	873,571	-
Cash per books	29,877	374,897	4,042	518,531
Fund Balance Reconciliation to GAAP Basis:				
Modified Accrual Adjustments	-	-	132,226	20,667
Fund Balance, Modified Accrual Basis	<u>\$ 29,877</u>	<u>\$ 374,897</u>	<u>\$ 136,268</u>	<u>\$ 539,198</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF CASH RECONCILIATION
JUNE 30, 2017**

	State Flowthrough 27000	State Direct 28000	Local or State Fund 29000	Bond Building 31100
	_____	_____	_____	_____
Cash, June 30, 2016	\$ (128,586)	\$ 24,604	\$ 40,672	\$ 2,621,556
Add:				
2016-17 revenues	744,967	44,560	-	1,574,738
Repayment of loans	-	-	-	-
Loans from other funds	-	-	-	-
	_____	_____	_____	_____
Total cash available	616,381	69,164	40,672	4,196,294
Less:				
2016-17 expenditures	(785,248)	(27,415)	(40,672)	(2,395,246)
Repayment of loans	-	-	-	-
Transfers to/from other funds	-	-	-	-
Loans to other funds	-	-	-	-
Change due to held checks and liabilities	-	-	-	-
	_____	_____	_____	_____
Cash, June 30, 2017	(168,867)	41,749	-	1,801,048
Reconciliations to GAAP Basis:				
Audit reclassifications to cash	169,340	-	-	-
	_____	_____	_____	_____
Cash per books	473	41,749	-	1,801,048
Fund Balance Reconciliation to GAAP Basis:				
Modified Accrual Adjustments	(32,652)	-	-	-
	_____	_____	_____	_____
Fund Balance, Modified Accrual Basis	<u>\$ (32,179)</u>	<u>\$ 41,749</u>	<u>\$ -</u>	<u>\$ 1,801,048</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF CASH RECONCILIATION
JUNE 30, 2017**

	Cap. Improv. SB9 State 31700	Cap. Improv. SB9 Local 31701	Debt Service Fund 41000	Total
Cash, June 30, 2016	\$ 68,401	\$ -	\$ 1,383,299	\$ 5,168,579
Add:				
2016-17 revenues	197,379	345,725	1,318,970	21,967,260
Repayment of loans	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	265,780	345,725	2,702,269	27,135,839
Less:				
2016-17 expenditures	(197,379)	(300,026)	(1,300,802)	(22,461,965)
Repayment of loans	-	-	-	-
Transfers to/from other funds	(68,401)	68,401	-	-
Loans to other funds	-	-	-	-
Change due to held checks and liabilities	-	-	-	-
Cash, June 30, 2017	-	114,100	1,401,467	4,673,874
Reconciliations to GAAP Basis:				
Audit reclassifications to cash	-	-	(1)	-
Cash per books	-	114,100	1,401,466	4,673,874
Fund Balance Reconciliation to GAAP Basis:				
Modified Accrual Adjustments	-	10,161	38,790	1,311,862
Fund Balance, Modified Accrual Basis	<u>\$ -</u>	<u>\$ 124,261</u>	<u>\$ 1,440,256</u>	<u>\$ 5,985,736</u>

COMPONENT UNIT

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS-COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>Major Funds</u>		
	General 11000	Instructional Materials 14000	Non Instructional Support 23000
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 54,666	\$ 1,646	\$ 1,181
Accounts receivable			
Due from other governments	-	-	-
Interfund receivables	-	-	-
<i>Total assets</i>	<u>\$ 54,666</u>	<u>\$ 1,646</u>	<u>\$ 1,181</u>
LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accrued payroll liabilities	\$ 12,711	\$ -	\$ -
Interfund payables	-	-	-
<i>Total liabilities</i>	<u>12,711</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>			
Nonspendable	-	-	-
Restricted	-	1,646	1,181
Committed	-	-	-
Assigned	-	-	-
Unassigned	41,955	-	-
<i>Total fund balances</i>	<u>41,955</u>	<u>1,646</u>	<u>1,181</u>
<i>Total liabilities and fund balances</i>	<u>\$ 54,666</u>	<u>\$ 1,646</u>	<u>\$ 1,181</u>

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS-COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>Title I IASA 24101</u>	<u>IDEA -B Entitlement 24106</u>	<u>Teacher / Principal Training & Recruiting 24154</u>
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable			
Due from other governments	-	-	-
Interfund receivables	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accrued payroll liabilities	\$ -	\$ -	\$ -
Interfund payables	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS-COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>Reads to Lead K-3 Initiative 27114</u>	<u>Public School Capital Outlay 31200</u>	<u>Special Capital Outlay 31300</u>
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	\$ -	\$ 5,673
Accounts receivable			
Due from other governments	-	-	-
Interfund receivables	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,673</u>
LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accrued payroll liabilities	\$ -	\$ -	\$ -
Interfund payables	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>			
Nonspendable	-	-	-
Restricted	-	-	5,673
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>5,673</u>
<i>Total liabilities and fund balances</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,673</u>

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS-COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
COMBINING BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	Capital Improvements SB-9 31700	Total Governmental Funds	
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ -	\$ 63,166	
Accounts receivable			
Due from other governments	-	-	
Interfund receivables	-	-	
<i>Total assets</i>	\$ -	\$ 63,166	
LIABILITIES AND FUND BALANCES			
<i>Current Liabilities</i>			
Accrued payroll liabilities	\$ -	\$ 12,711	
Interfund payables	-	-	
<i>Total liabilities</i>	-	12,711	
<i>Fund balances</i>			
Nonspendable	-	-	
Restricted	-	8,500	
Committed	-	-	
Assigned	-	-	
Unassigned	-	41,955	
<i>Total fund balances</i>	-	50,455	
<i>Total liabilities and fund balances</i>	\$ -	\$ 63,166	

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS-COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Fund balances - total governmental funds	\$ 50,455
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,419,760
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds	420,700
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 liability	(2,230,175)
Defined benefit pension plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds	(72,816)
Net Position (Deficit) - Total Governmental Activities	<u><u>\$ (412,076)</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, 2017**

	Major Funds		
	General 11000	Instructional Materials 14000	Non Instructional Support 23000
<i>Revenues</i>			
State grants	\$ 1,235,315	\$ 10,537	\$ -
Miscellaneous	8,705	-	9,087
<i>Total revenues</i>	<u>1,244,020</u>	<u>10,537</u>	<u>9,087</u>
<i>Expenditures</i>			
Current			
Instruction	924,333	16,918	8,792
Support services			
Students	36,654	-	-
Instruction	977	-	-
General administration	22,802	-	-
School administration	140,781	-	-
Central services	67,211	-	-
Operation & maintenance of plant	125,802	-	-
Capital outlay	-	-	-
<i>Total expenditures</i>	<u>1,318,560</u>	<u>16,918</u>	<u>8,792</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(74,540)</u>	<u>(6,381)</u>	<u>295</u>
<i>Net changes in fund balances</i>	(74,540)	(6,381)	295
<i>Fund balances, beginning of year</i>	<u>116,495</u>	<u>8,027</u>	<u>886</u>
<i>Fund balances, end of year</i>	<u>\$ 41,955</u>	<u>\$ 1,646</u>	<u>\$ 1,181</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, 2017

	Title I IASA 24101	IDEA -B Entitlement 24106	Teacher / Principal Training & Recruiting 24154
<i>Revenues</i>			
State grants	\$ 10,000	\$ 34,350	\$ 8,594
Miscellaneous	-	-	-
<i>Total revenues</i>	<u>10,000</u>	<u>34,350</u>	<u>8,594</u>
<i>Expenditures</i>			
Current			
Instruction	10,000	-	8,594
Support services			
Students	-	34,350	-
Instruction	-	-	-
General administration	-	-	-
School administration	-	-	-
Central services	-	-	-
Operation & maintenance of plant	-	-	-
Capital outlay	-	-	-
<i>Total expenditures</i>	<u>10,000</u>	<u>34,350</u>	<u>8,594</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	-	-
<i>Fund balances, beginning of year</i>	-	-	-
<i>Fund balances, end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<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, 2017**

	Reads to Lead K-3 Initiative 27114	Public School Capital Outlay 31200	Special Capital Outlay 31300
	<u> </u>	<u> </u>	<u> </u>
<i>Revenues</i>			
State grants	\$ -	\$ -	\$ -
Miscellaneous	-	111,169	57,192
	<u> </u>	<u> </u>	<u> </u>
<i>Total revenues</i>	-	111,169	57,192
<i>Expenditures</i>			
Current			
Instruction	-	-	-
Support services			
Students	-	-	-
Instruction	-	-	-
General administration	-	-	-
School administration	-	-	-
Central services	-	-	-
Operation & maintenance of plant	-	-	-
Capital outlay	-	111,169	53,165
	<u> </u>	<u> </u>	<u> </u>
<i>Total expenditures</i>	-	111,169	53,165
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u> </u>	<u> </u>	<u> </u>
	-	-	4,027
<i>Net changes in fund balances</i>	-	-	4,027
<i>Fund balances, beginning of year</i>	<u> </u>	<u> </u>	<u> </u>
	-	-	1,646
<i>Fund balances, end of year</i>	<u> </u>	<u> </u>	<u> </u>
	\$ -	\$ -	\$ 5,673

**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, 2017**

	Capital Improvements SB-9 31700	Total Governmental Funds
<i>Revenues</i>		
State grants	\$ -	\$ 1,298,796
Miscellaneous	15,546	201,699
<i>Total revenues</i>	15,546	1,500,495
<i>Expenditures</i>		
Current		
Instruction	-	968,637
Support services		
Students	-	71,004
Instruction	-	977
General administration	-	22,802
School administration	-	140,781
Central services	-	67,211
Operation & maintenance of plant	-	125,802
Capital outlay	15,546	179,880
<i>Total expenditures</i>	15,546	1,577,094
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	(76,599)
<i>Net changes in fund balances</i>	-	(76,599)
<i>Fund balances, beginning of year</i>	-	127,054
<i>Fund balances, end of year</i>	\$ -	\$ 50,455

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
COTTONWOOD VALLEY CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	<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	\$ (76,599)
Additional GASB 68 pension expense	(117,617)
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.	
Capital outlays	54,619
Depreciation expense	(125,245)
Adjustment	<u>(71,664)</u>
Change in Net Position - Total Governmental Activities	\$ <u>(336,506)</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, 2017

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
State grants	\$ 1,275,005	\$ 1,234,804	\$ 1,235,314	\$ 510
Miscellaneous	-	9,425	8,705	(720)
<i>Total revenues</i>	1,275,005	1,244,229	1,244,019	(210)
<i>Expenditures</i>				
<i>Current</i>				
Instruction	894,515	937,774	924,333	13,441
Support services				
Students	25,735	42,318	36,654	5,664
Instruction	500	1,220	977	243
General administration	12,950	23,953	22,802	1,151
School administration	141,657	141,482	140,781	701
Central services	67,005	68,206	67,211	995
Operation & maintenance of plant	226,276	144,985	125,801	19,184
<i>Total expenditures</i>	1,368,638	1,359,938	1,318,559	41,379
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(93,633)	(115,709)	(74,540)	41,169
<i>Other financing sources</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources</i>	-	-	-	-
<i>Net changes in fund balances</i>	(93,633)	(115,709)	(74,540)	41,169
<i>Fund balances, beginning of year</i>	-	-	117,277	117,277
<i>Fund balances, end of year</i>	\$ (93,633)	\$ (115,709)	\$ 42,737	\$ 158,446
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			\$ (74,540)	

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, 2017

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues</i>				
State grants	\$ 9,396	\$ 9,071	\$ 10,537	\$ 1,466
<i>Total revenues</i>	9,396	9,071	10,537	1,466
<i>Expenditures</i>				
Current				
Instruction	-	-	16,918	(16,918)
<i>Total expenditures</i>	-	-	16,918	(16,918)
<i>Excess (deficiency) of revenues over (under) expenditures</i>	9,396	9,071	(6,381)	(15,452)
<i>Other financing sources</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
<i>Total other financing sources</i>	-	-	-	-
<i>Net changes in fund balances</i>	9,396	9,071	(6,381)	(15,452)
<i>Fund balances, beginning of year</i>	-	-	8,027	8,027
<i>Fund balances, end of year</i>	\$ 9,396	\$ 9,071	\$ 1,646	\$ (7,425)
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			\$ -	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			\$ (6,381)	

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
THE EDUCATIONAL RETIREMENT BOARD PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2017, 2016 AND 2015
LAST 10 FISCAL YEARS
(IN THOUSANDS)

	Fiscal Year Measurement Date	2017 2016	2016 2015	2015 2014
Charter's proportion of the net pension liability		0.03%	0.03%	0.03%
Charter's proportionate share of the net pension liability		\$ 2,230	\$ 1,882	\$ 1,753
Charter's covered employee payroll		\$ 842	\$ 847	\$ 793
Charter's proportionate share of the net pension liability as a percentage of its covered employee payroll		263%	237%	207%
Plan fiduciary net position as a percentage of total pension liability		61.58%	63.97%	66.54%

* The amounts presented were determined as of June 30. The 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 those years which information is available.

STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS-COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
SCHEDULE OF THE CHARTER'S CONTRIBUTIONS
THE EDUCATIONAL RETIREMENT BOARD PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2017, 2016 AND 2015
LAST 10 FISCAL YEARS*
(IN THOUSANDS)

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contributions	\$ 117	\$ 115	\$ 111
Contributions in relation to contractually required contributions	<u>117</u>	<u>115</u>	<u>111</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Charter's covered employee payroll	\$ 842	\$ 847	\$ 793
Contributions as a percentage of covered employee payroll	13.90%	13.58%	14.00%

* The amounts presented were determined as of June 30. The 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 those years which information is available.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS - COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SHOOOL
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017**

Change of benefit terms and assumptions. For the overall NMERB Plan, there were no benefit or assumption changes adopted since the last actuarial valuation. However, the actual cost of living adjustment (COLA) was less than the expected 2%, which resulted in a net \$138 million decrease in the unfunded actuarial accrued liability.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS-COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
SCHEDULE OF CASH RECONCILIATION
JUNE 30, 2017**

	Operational Account 11000	Instructional Materials 14000	Non-Instruction Account 23000
	<u> </u>	<u> </u>	<u> </u>
Cash, June 30, 2016	\$ 115,967	\$ 8,027	\$ 886
Add:			
2016-17 revenues	1,244,806	10,537	9,087
Proceeds from loans	-	-	-
Loans from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total cash available	1,360,773	18,564	9,973
Less:			
2016-17 expenditures	(1,318,561)	(16,918)	(8,792)
Repayment of loans	-	-	-
Transfers to/from other funds	-	-	-
Loans to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Change due to held checks and liabilities	<u>12,711</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2017	54,923	1,646	1,181
Reconciliations to GAAP Basis:			
Audit reclassifications to cash	<u>(257)</u>	<u>-</u>	<u>-</u>
Cash per books	54,666	1,646	1,181
Fund Balance Reconciliation to GAAP Basis:			
Modified Accrual Adjustments	<u>(12,711)</u>	<u>-</u>	<u>-</u>
Fund Balance, Modified Accrual Basis	<u>\$ 41,955</u>	<u>\$ 1,646</u>	<u>\$ 1,181</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS-COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
SCHEDULE OF CASH RECONCILIATION
JUNE 30, 2017**

	Federal Flowthrough 24000	State Flowthrough 27000	Public School Capital Outlay 31200
	<u> </u>	<u> </u>	<u> </u>
Cash, June 30, 2016	\$ -	\$ -	\$ (24,000)
Add:			
2016-17 revenues	52,944	-	111,169
Proceeds from loans	-	-	-
Loans from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total cash available	52,944	-	87,169
Less:			
2016-17 expenditures	(52,944)	-	(111,169)
Repayment of loans	-	-	-
Transfers to/from other funds	-	-	-
Loans to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Change due to held checks and liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2017	-	-	(24,000)
Reconciliations to GAAP Basis:			
Audit reclassifications to cash	<u>-</u>	<u>-</u>	<u>24,000</u>
Cash per books	-	-	-
Fund Balance Reconciliation to GAAP Basis:			
Modified Accrual Adjustments	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Modified Accrual Basis	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS-COMPONENT UNIT
COTTONWOOD VALLEY CHARTER SCHOOL
SCHEDULE OF CASH RECONCILIATION
JUNE 30, 2017**

	Special Capital Outlay Local 31300	Cap. Improv. SB9 31700	Total
Cash, June 30, 2016	\$ 13,604	\$ (11,958)	\$ 102,526
Add:			
2016-17 revenues	57,191	15,546	1,501,280
Proceeds from loans	-	-	-
Loans from other funds	-	-	-
Total cash available	70,795	3,588	1,603,806
Less:			
2016-17 expenditures	(53,165)	(15,546)	(1,577,095)
Repayment of loans	-	-	-
Transfers to/from other funds	-	-	-
Loans to other funds	-	-	-
Change due to held checks and liabilities	-	-	12,711
Cash, June 30, 2017	17,630	(11,958)	39,422
Reconciliations to GAAP Basis:			
Audit reclassifications to cash	(11,957)	11,958	23,744
Cash per books	5,673	-	63,166
Fund Balance Reconciliation to GAAP Basis:			
Modified Accrual Adjustments	-	-	(12,711)
Fund Balance, Modified Accrual Basis	<u>\$ 5,673</u>	<u>\$ -</u>	<u>\$ 50,455</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
and Mr. Tim Keller
New Mexico State Auditor
Socorro, 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 of Socorro Consolidated Schools (“District”) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated November 15, 2017.

Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial

To the District Board of Education
Socorro Consolidated Schools
and Mr. Tim Keller
New Mexico State Auditor

statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as items 2017-002 and 2017-003.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies as items 2011-001 and 2017-001.

Compliance and Other Matters

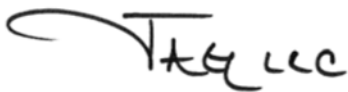
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2008-003 and 2016-002 relating to Socorro Consolidated School District and items 2016-001A and 2016-002A relating to the Cottonwood Valley Charter School.

Management Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 15, 2017



**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
and Mr. Tim Keller
New Mexico State Auditor
Socorro, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the Socorro Consolidated Schools’ (“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, 2017. 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* 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. Tim Keller
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, 2017.

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.

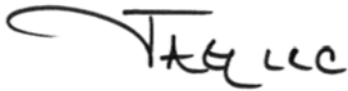
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs, as items 2017-004 and 2017-005.

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. Tim Keller
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 15, 2017

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor or Pass-Through Grantor/Program Title	Passthrough Number	Federal CFDA	Federal Expenditures
U.S. Department of Education			
<i>Pass-through State of New Mexico Public Education Department</i>			
Title I Grants to Local Education Agencies	24101	84.010	\$ 908,773
Title I Grants to Local Education Agencies (School Improvement)	24162	84.010A	<u>68,814</u>
Title I Grants to Local Education Agencies subtotal			<u>977,587</u>
Special Education Cluster (IDEA)			
Special Education - Grants to States (IDEA B - Entitlement)	24106	84.027	471,678
Special Education - Grants to States (IDEA B - Results Plan)	24132	84.027A	47,235
Special Education - Preschool Grants (IDEA B - Preschool)	24109	84.173	<u>7,639</u>
Special Education Cluster (IDEA) subtotal			<u>526,552</u>
Carl Perkins Secondary - Current	24174	84.048	3,802
Education for Homeless Children and Youth	24113	84.196	4,355
Rural Education	24160	84.358B	22,778
Title II Improving Teacher Quality State Grants	24154	84.367A	<u>135,793</u>
Subtotal - Pass-through State of New Mexico Public Education Department			<u>1,670,867</u>
Total U.S. Department of Education			<u>1,670,867</u>
U.S. Department of Agriculture			
Child Nutrition Cluster			
<i>Pass-through State of New Mexico Department of Education</i>			
National School Breakfast / Lunch Program	21000	10.553, 10.555	840,317
<i>Pass-through State of New Mexico Children Youth and Families Department</i>			
Summer Lunch Program	21000	10.559	137,739
<i>Pass-through State of New Mexico Human Services Department</i>			
Food Distribution (Commodities)	21000	10.555	<u>67,725</u>
Child Nutrition Cluster Total			<u>1,045,781</u>
<i>Pass-through State of New Mexico Public Education Department</i>			
Fresh Fruit and Vegetables	24118	10.582	31,868
<i>Direct U.S. Department of Agriculture</i>			
Forest Reserve	11000	10.672	<u>30,899</u>
Total U.S. Department of Agriculture			<u>1,108,548</u>
Total Federal Financial Assistance			<u>\$ 2,779,415</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, 2017**

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, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations 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, 2017

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, 2017 was \$67,725. Commodities are recorded as revenues and expenditures in the Food Service fund.

NOTE 5. INDIRECT COST RATE

During the year ended June 30, 2017, the New Mexico Public Education Department reimbursed the District for indirect costs at 3.62%.

NOTE 6. RECONCILIATION OF FEDERAL REVENUE TO FEDERAL EXPENDITURES

Federal expenditures as reported on Schedule of Expenditure of Federal Awards	\$ 2,779,415
District as contractor relationship:	
Medicaid (Fund 25153)	308,866
USHHS Pregnancy Prevention (Fund 24184)	856,555
	<u>1,165,421</u>
Cost reimbursement grants underdrawn	(21,629)
Indirect cost recovery (Fund 11000)	75,562
Federal revenue as reported in the financial statements	<u>\$ 3,998,769</u>

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2017**

Financial Statements

2011-001	Payroll Control Deficiency	Revised and Repeated
2012-006	Purchase Orders	Cleared

Federal

None

12-6-5 NMSA 1978

2008-003	Expenditures in Excess of Budget	Revised and Repeated
2016-001	Retiree Health Care Remittance	Cleared
2016-002	Background Checks	Revised and Repeated
2016-001A	Background Checks (Charter Component Unit)	Revised and Repeated
2016-002A	Physical Inventory of Capital Assets (Charter Component Unit)	Revised and Repeated

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

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 Program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
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, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS

2011-001 PAYROLL CONTROL DEFICIENCY

TYPE OF FINDING: Significant Deficiency

CONDITION

During our testing of payroll and the School Personnel Act, we noted the following exceptions:

- 9 of 40 tested did not have signed contracts 10 days before the start of the school year
- 1 of 5 tested was listed as a Substitute, but had an EA license

The District has not made progress on the contracts but did make progress from last year on payrates agreeing to employee files.

CRITERIA

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

School Personnel Act Statute 22-10A-23 (B), NMSA 1978 Reemployment; acceptance; rejection; binding contract states "Written employment contracts between local school boards or governing authorities of state agencies and certified school instructors shall be executed by the parties no later than ten days before the first day of a school year."

EFFECT

The District is in violation of NMAC 6.20.2.18 and the Socorro Consolidated Schools' Payroll Policy and Procedure Manual.

CAUSE

District, State, and Federal policies are not being followed or reviewed to ensure proper execution.

RECOMMENDATION

We recommend that the District review all personnel files to ensure all employees' pay rates agree to their signed contracts for the school year.

MANAGEMENT RESPONSE

Corrective Action: The HR Office anticipates this to be a repeat finding in FY18, but has started the process of tracking signed contracts to ensure that all employees have a signed contract in their file. We are also considering implementing electric contract signature through Visions to ensure signature at least 10 days prior

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2011-001 PAYROLL CONTROL DEFICIENCY (CONTINUED)

to the start of school. The Payroll Office is verifying that the contract is signed and the contract rate matches the pay amount in the system before processing pay.

Due Date of Completion: July 2018

Responsible Party: Director of Finance

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2017-001 INTERNAL CONTROLS OVER RECEIPTING

TYPE OF FINDING: Significant Deficiency

CONDITION

During our test work over cash receipting internal controls in the District's activity funds, we noted in 6 out of 40 transactions, deposits totaling \$7,547, a variety of exceptions:

- One receipt was missing. A receipt for \$286 in a total deposit of \$1,966 for athletic activities was not located.
- Two deposits had voided transactions. In deposits for annual passes for \$160 and a volleyball ticket seller for \$464, there was not supporting documentation to explain the voids.
- Two deposits were not made within 24 hours. For one deposit for \$3,351, money was received on three consecutive days and not deposited until a few days later. In the other case, \$180 was collected and not deposited until a week later.
- One deposit for \$ 1,425 did not have review or approval of the deposit documented.

Additionally, we noted the District did not have a policy regarding Booster Clubs. There was alleged fraud in one booster club, in which the officer returned the funds. District employees, such as the coaches, cannot handle these funds or they could be branded as public monies.

CRITERIA

School districts must establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirement of the applicable state and federal laws and regulations.

NMAC 6.20.2.11 states that each school district shall develop, establish, and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in the performance of duties and functions. The duties to be segregated are the authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction.

EFFECT

Without proper controls over cash management over activity funds in particular, fraud or errors could occur. This can be discouraging to the staff, students, parents, and community members who have supported the District financially.

CAUSE

Risk assessments have not been performed at the campuses and although Central Office does train employees, there may not be implementation of the strong controls over cash management of activity funds necessary.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2017-001 INTERNAL CONTROLS OVER RECEIPTING (CONTINUED)

RECOMMENDATION

The District should continue working with staff to ensure they are following policies and procedures. We recommend assessing risk over each cash receipts revenue stream, frequently monitoring controls that are then implemented over cash management funds, and holding employees accountable for non-compliance with policies and procedures. The District should also re-evaluate all the revenue streams and organizations supporting the District and account for them in accordance with PED's PSAB No. 18 Procedures over Activity Funds.

MANAGEMENT RESPONSE

Corrective Action: Effective November 2017, all employees collecting funds will sign a cash handling agreement form to ensure that they are aware of District Policy and State Statute regulating the collection and depositing of funds. Additionally, the District is anticipating having a Booster Club Policy in place by January 2018 to ensure that district employees are not handling booster club funds.

Due Date of Completion: November 2017

Responsible Party: Controller

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2017-002 CASH DISBURSEMENTS – WIRE FRAUD

TYPE OF FINDING: Material Weakness

CONDITION

On January 11, 2017, the District received an email addressed to the accounts payable manager titled “New Payment Information” and purporting to be from a vendor. The District’s Controller also received a revised and signed “Authorization Agreement for Automated Deposits” (ACH Credits) dated January 11, 2017, with a JP Morgan Chase routing number and a voided check with a different routing number. The District submitted these documents to the New Mexico Finance Authority (NMFA).

On February 24, 2017, the Controller forwarded two applications for payment received from the vendor related to a construction project. On February 27, 2017, the Trustee for the NMFA transferred \$207,023 from the Socorro County General Obligation School Bonds Series 2016 Capital Projects Escrow Account to a Chase bank account which did not belong to the vendor.

The New Mexico Public Schools Insurance Authority paid \$206,273 on behalf of the District under their crime coverage (there was a \$750 deductible).

CRITERIA

NMAC 6.20.2.11 states that each school district shall develop, establish, and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in the performance of duties and functions. The duties to be segregated are the authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction.

EFFECT

Without proper controls over cash management, over activity funds in particular, fraud or errors could occur. This can be discouraging to the staff, students, parents, and community members who have supported the District financially.

CAUSE

The perpetrators of the fraud used an email address that was very similar to the District’s vendor. It hadn’t been common practice in governments to verify account changes, as these types of frauds hadn’t occurred.

RECOMMENDATION

Central Office should ensure that all vendor and payment changes requested are verified with an independent call back to the vendor contact. Some Districts require the changes to be made on a certain form or only at central office with proof of identify.

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2017-002 CASH DISBURSEMENTS – WIRE FRAUD (CONTINUED)

MANAGEMENT RESPONSE

Corrective Action: Effective immediately, the District implemented controls in order to prevent similar instances from occurring. At the time contracts are award vendors complete a form identifying who, in their company, has the authority to change banking information in our system. If a change is requested, the Controller contacts the vendor (using the previously supplied contact information) to confirm the changes.

Due Date of Completion: Immediately

Responsible Party: Controller

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2017-003 RESTATEMENT OF JUNE 30, 2016 FINANCIAL STATEMENTS INTERNAL CONTROL OVER FINANCIAL CLOSE AND REPORTING (CONTINUED)

- The auditor cannot be a part of a client's internal control because becoming part of a client's internal control impairs auditor independence
- The auditor's work is independent of the client's internal control over financial reporting and the auditor cannot be a compensating control for the client; and
- A system of internal control over the financial reporting does not stop at the general ledger; it includes controls over the presentation of the financial statements.
- Financial reporting is considered a significant process of internal control and should be performed by the District's staff or under the supervision of District's staff.

The auditing standards require the auditor to obtain the auditees' agreement to correct material misstatements in their financial statements before the financial statements are issued. This agreement is fulfilled up front in the engagement letter by getting the auditee to agree to doing this. Additionally, at the end of the audit, the auditee also fulfills this obligation when they sign the audit representation letter.

To achieve this, the auditee must provide the auditor cash basis trial balances that are free of material misstatement, all the receivables and payables (modified accrual entries) and then, at a minimum, all the correct supporting information for the full accrual statements (accrued compensated absences, bond debt, capital asset detail along with the accumulated depreciation and depreciation expense, property tax receivable, etc.). The auditee must full understand how all the adjustments flow through the trial balances that link into the final product (the financial statements).

1. **Cash basis.** Have a process in place to give the auditors the correct (free of material adjustments) cash basis trial balances.
2. **Modified accrual basis.** Take ownership for and agree that the modified accrual basis adjustments (primarily receivables and payables) made by the auditor from the District's detail to the cash basis trial balances are materially correct. A modified accrual basis trial balance is simply the cash basis trial balance plus receivables and payables at year-end. The modified accrual basis trial balances are grouped by category and then used to create all the individual funds presented in the annual financial report.
3. **Full accrual basis.** Starting with the above final modified accrual basis trial balances then take ownership for the all the adjustments from the total modified basis to the full accrual basis (the entity-wide statements at the very front of the annual financial report).

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2017-003 RESTATEMENT OF JUNE 30, 2016 FINANCIAL STATEMENTS INTERNAL CONTROL OVER FINANCIAL CLOSE AND REPORTING (CONTINUED)

CAUSE

The District's management and governance were unaware of the rigorous review and approval required over the financial close and reporting process.

EFFECT

The District's June 30, 2016 financial statements were materially misstated and there are 6 funds that have prior period restatements in the June 30, 2017 financial statements to correct the errors.

RECOMMENDATION

The District's financial close and reporting controls should include but not be limited to:

- Identifying all sources of financial and non-financial data (routine and non-routine events and transactions) that will be needed in order to maintain and systematically adjust the District's general ledger
- Preparing PBCs in the format of the financial statement requirements
- Preparing the SEFA in compliance with the Uniform Grant Guidance, related compliance supplements and grant agreements
- Providing all cash to modified accrual basis journal entries for the fund financial statements
- Providing cash to full accrual for the government-wide financial statements
- Establishing and implementing procedures and records to initiate, authorize, record, process, correct, transfer to the general ledger, and report in the financial statements the District's transactions
- Monitoring the non-audit services provided by the external auditor and reviewing and approving the services provided
- Reviewing in detail the financial statements and related reports and not releasing them to the Office of the State Auditor until completely accurate

MANAGEMENT RESPONSE

Corrective Action: SCS was not given an appropriate amount of time to fully review the audit before it was submitted to the NM OSA and therefore did not catch the overstatement of receivables on the accrual-basis statements. In order to correct this going forward, the District will require future audit drafts to be submitted to the District no less than one week prior to November 15 in order to allow an appropriate amount of time for review.

Due Date of Completion: June 30, 2018

Responsible Party: Director of Finance and Controller

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

SECTION III - FEDERAL AWARD FINDINGS

2017-004 STUDENT NUTRITION CLUSTER – PAYROLL PAYRATES, STIPENDS AND CONTRACTS

TYPE OF FINDING: Significant Deficiency

Federal program information:

Funding agency: U.S. Department of Education Title:
National School Lunch Program
CFDA Number: 10.555

CONDITION

During our testing of Allowable costs, we noted of the 31 employees' pay records tested as part of our examination of disbursements, nine had exceptions. Six of the employees were either paid for stipends or multiple pay rates without supporting records in their personnel file. The other three had payroll disbursements at multiple rates without adequate documentation in either the computerized time report or the manual timesheet.

Rates paid per hour varied for similar duties. Regular pay was \$10.00 per hour for a cook during the school year, and then the same person made \$12.00 per hour for the summer food service program. The student nutrition staff assists in handing out products in the Fresh Fruit and Vegetable Program, typically after their normal duties. The hour or so, each time, is paid from the Student Nutrition program. This additional time was paid at \$10.00 an hour, while the employee's normal work duties paid \$8.50 an hour.

When reviewing time sheets, one person had their time (at two different rates) properly calculated on the manual sheets, but the \$455 salary was reported all together, without hourly rates on the computer system. Others had time split on the computer system, but the split was not properly shown and calculated on the manual time sheets.

When verifying employee contract details, one contract employee did not have their 2016 - 2017 contract in their personnel file. Additionally, all six salaried employees tested, with total salary paid for the year of \$35,811, did not have documentation in their file stating how much they were going to be paid for their duties. Hourly rates were different for afterschool work, but there was not documentation in the file to explain what services were to be paid and at what rate.

Several employees had detail in their contract for stipends for activities that are beyond their normal duties. No stipend information for work in the summer was found in contracts for two employees, totaling \$10,663. One of those employees was also paid an afterschool stipend of \$1,350 that was not in their contract.

CRITERIA

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

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

SECTION III - FEDERAL AWARD FINDINGS (CONTINUED)

2017-004 STUDENT NUTRITION CLUSTER – PAYROLL PAYRATES, STIPENDS AND CONTRACTS (CONTINUED)

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, there was a change in staffing for both personnel and payroll in the past year. The contractual employees' contracts could not be located. Having a salary sheet for hourly employees has never been formalized.

The School Nutrition Director sets and maintains the budget for their area and varies the pay rates to employees from the same funding source.

RECOMMENDATION

All expenses should be supported by documentation in the employee's personnel folder. Pay rates should have a methodology and be somewhat consistent. Proper accounting for the various activities performed allows for accountability and future planning.

MANAGEMENT RESPONSE

Corrective Action: The HR Office will begin having timesheet employees sign an agreement outlining the rate that they will be paid for different jobs; the anticipated effective date for this change is January 2018. Payroll will ensure that each separate position is entered with the appropriate number of hours and payrate.

Due Date of Completion: January 2018

Responsible Party: HR Specialist

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

SECTION III - FEDERAL AWARD FINDINGS (CONTINUED)

2017-005 STUDENT NUTRITION – SNACK BILLINGS

TYPE OF FINDING: Significant Deficiency

Federal program information:

Funding agency: U.S. Department of Agriculture Title:
National School Lunch Program
CFDA Number: 10.555

CONDITION

During our testing of Student Nutrition billing for snacks, we noted the following exceptions:

- Snacks were billed at the produced level instead of the amount served. Sites must record and report the total number of snacks served each day. Sites must maintain documentation to demonstrate area eligibility and document compliance with the meal pattern
- One school has a community center across the street where students are bussed in. Some tutoring may be provided there, and then these students participate in snacks from the neighboring elementary school. The afterschool program must be sponsored or operated by the school district.
- Snack billings were based on production instead of servings, which were reported as the same each day for a period, and then increased or decreased to a different level for a period of time without valid counts. Rosters were provided for each site for the year. There are no records of how many snacks were served in order to support billings. There is no way of knowing whether or not the student attended an afterschool program and if the students were served a snack.

CRITERIA

The National School Lunch Program (NSLP) offers cash reimbursement to help school districts provide a nutritional boost to children enrolled in afterschool activities. Participating districts receive cash subsidies from the USDA for each reimbursable snack they serve (up to one reimbursement per participant per day). In order for the afterschool program to be eligible, it must provide organized, regularly scheduled activities in a structured and supervised environment, including an educational or enrichment activity. Examples of eligible activities include homework assistance, tutoring, supervised “drop-in” athletic programs, extended day programs, drama activities, and arts and crafts programs. NSLP afterschool care programs must be sponsored or operated by the school district.

According to 2 CFR Part 200, Appendix XI: At a minimum, a claim must include the number of reimbursable meals/milk served by category and type during the period (generally a month) covered by the claim. All meals claimed for reimbursement must (a) be of types authorized by the SFAs, institution’s, or sponsor’s administering agency; (b) be served to eligible children; and (c) be supported by accurate meal counts and records indicating the number of meals served by category and type (7 CFR sections 210.7(c), 210.8(c), and 225.9(d)).

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

SECTION III - FEDERAL AWARD FINDINGS (CONTINUED)

2017-005 STUDENT NUTRITION – SNACK BILLINGS (CONTINUED)

QUESTIONED COSTS

None

EFFECT

The proper use of federal money and commodities in this program is dependent on strong internal controls over billing and appropriate use of resources.

CAUSE

Student Nutrition employees were not aware of these billing controls to meet requirements.

RECOMMENDATION

We recommend the District review the current procedures and design and implement controls over billing and compliance over the snack program. We also recommend the District officially sponsor the after-school program for their students receiving snacks at the off-campus location.

MANAGEMENT RESPONSE

Corrective Action: Although not tracked, all snacks prepared were served in FY17. Effective July 2017, snacks served are being tracked in order to accurately report students receiving snacks.

Due Date of Completion: July 2017

Responsible Party: Food Service Manager

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS
YEAR ENDED JUNE 30, 2017**

2008-003 EXPENDITURES IN EXCESS OF BUDGET

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 41000	Support Services	\$171
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The District has implemented procedures to resolve this finding in the current year. The District's amount of expenditures in excess of budget has significantly decreased 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 excess spending could, and did, result. In addition, New Mexico statutes have been violated.

CAUSE

The overspent amount represents the 1% assessment fee imposed by the county for collection of property taxes. Property taxes had an unexpected increase in June. The District did not receive the final tax revenue from the county treasurer until past the June 1, 2017 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 has been working hard to ensure that budget is not exceeded and, effective July 2017, has implemented quarterly budget reviews and adjustments in order to stay in compliance. We will work closely with the County to ensure we estimate correctly for the 1% assessment fee.

Due Date of Completion: July 2017

Responsible Party: Director of Finance

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

2016-002 BACKGROUND CHECKS

TYPE OF FINDING: Non-Compliance

CONDITION

Through our School Personnel Act testing, we noted that two of 40 personnel files we tested did not have background checks.

The District did not make progress towards complementing their prior year corrective action plan over this audit finding.

CRITERIA

Section 22-10A-5 NMSA 1978 states local school boards and regional education cooperatives shall develop policies and procedures to require background checks on an applicant who has been offered employment, a contractor, or a contractor's employee with unsupervised access to students at a public school.

EFFECT

The District is in violation of Section 22-10A-5 NMSA 1978 by offering employment to employees prior to conducting a background check. The District is potentially exposing its students to unnecessary risk by bypassing the background check requirement for all its employees.

CAUSE

There has been turnover in Human Resources and inconsistency in performing background checks and maintaining them on file.

RECOMMENDATION

We recommend that the District review all files and ensure a valid background check is on file for each of its employees. We also recommend implementing controls so that an employee may not begin working until the check is completed.

MANAGEMENT RESPONSE

Corrective Action: The HR Office plans to complete a full audit of all employee files by June 2018 ensuring that all employees required to have a background check have one in the file. We have already implemented a process not allowing employees to start until a background check has been completed.

Due Date of Completion: June 2018

Responsible Party: Director of Finance and HR Specialist

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

2016-001A SCHOOL PERSONNEL ACT – COMPONENT UNIT – COTTONWOOD VALLEY CHARTER SCHOOL

TYPE OF FINDING: Non-Compliance

CONDITION

During our testing of compliance with the School Personnel Act, we noted that 1 of 2 employee files tested did not have proof that the employee had completed training in the detection and reporting of child abuse and neglect.

The Charter did not make progress towards complementing their prior year corrective action plan over this audit finding.

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. Licensed school employees hired prior to the 2014-2015 school year shall complete the sexual abuse and assault component of the required training during the 2014-2015 school year.

EFFECT

The Charter School is in violation of Section 22-10A-32 Item A NMSA 1978.

CAUSE

Management failed to ensure that staff completed the required training.

RECOMMENDATION

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

MANAGEMENT RESPONSE

Corrective Action: The Charter School will ensure that all future employees have a current background check prior to employment. For the two instances of non-compliance found, one was a retired classroom teacher, now hired as an occasional substitute teacher, who had not previously been required to submit a background check; the other was an employee out on worker's compensation leave who was not able to return to work and is no longer employed by the Charter School. Effective immediately, the Administrator is responsible for ensuring all employees have a current background check. All instances identified as exceptions have been corrected.

Due Date of Completion: Immediately

Responsible Party: Charter School Administrator

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

**2016-002A PHYSICAL INVENTORY OF CAPITAL ASSETS – COMPONENT UNIT – COTTONWOOD VALLEY
CHARTER SCHOOL**

TYPE OF FINDING: Non-Compliance

CONDITION

The Charter School did not take a physical inventory of capital assets or prepare year-end certifications. There were errors in the calculations of capital assets' accumulated depreciation.

The Charter did not make progress towards complementing their prior year corrective action plan over this audit finding.

CRITERIA

Per 12-6-10A NMSA 1978, the governing authority of each agency shall, at the end of each fiscal year, conduct a physical inventory of movable chattels and equipment costing more than five thousand dollars (\$5,000) and under the control of the governing authority. This inventory shall include all movable chattels and equipment procured through the capital program fund under Section 15-3B-16 NMSA 1978, which are assigned to the agency designated by the director of the facilities management division of the general services department as the user agency. The inventory shall list the chattels and equipment and the date and cost of acquisition. No agency shall be required to list any item costing five thousand dollars (\$5,000) or less. Upon completion, the inventory shall be certified by the governing authority as to correctness. Each agency shall maintain one copy in its files. At the time of the annual audit, the state auditor shall ascertain the correctness of the inventory by generally accepted auditing procedures.

EFFECT

The Charter School does not have an accurate accounting of its capital assets.

CAUSE

The Charter School did not have the resources available to complete a physical inventory count and did not maintain prior years' depreciation calculations.

RECOMMENDATION

We recommend that the Charter School ensure a complete capital asset inventory count is conducted and ensure all assets that are either obsolete or missing are removed from the capital asset listing. The School should create policies and procedures that match the requirements of all statutes, guidelines, and regulations required for capital assets. Frequent reconciliation and monitoring throughout the year is important as well as the annual physical count of all assets and inventories and the certification of assets by the governing council.

MANAGEMENT RESPONSE

Corrective Action: Because of the construction of new classrooms during 2015-2016, the majority of the school's inventory was boxed and in storage from October 2015 through July-August 2016 and could not be readily accessed. A physical inventory has since been completed. Effective immediately, the Business Manager will be responsible for ensuring that a physical inventory is completed prior to June 30th of each year.

Due Date of Completion: Immediately

Responsible Party: Business Manager

**STATE OF NEW MEXICO
SOCORRO CONSOLIDATED SCHOOLS
EXIT CONFERENCE
JUNE 30, 2017**

The contents of this report were discussed in the exit conference held on November 13, 2017 with the following in attendance:

Representing Socorro Consolidated Schools

Rhiannon Crespín	Executive Director of Finance
JC Trujillo	Board Director
Denise Cannon	Assistant Superintendent
Donald Monette	Audit Committee Member
Ron Hendrix	Superintendent

Representing Cottonwood Valley Charter School

Mary Cox	Business Manager
Adrian Morris	Governing Council Vice Chair
Kim Schaffer	Administrator

Jaramillo Accounting Group LLC (JAG)

Audrey J. Jaramillo, CPA, CFE, Partner
Phillip Gonzales, CGFM, Audit Senior (telephone)

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.