

State of New Mexico

Silver Consolidated School District No. 1
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT THEREON

For The Fiscal Year Ended June 30, 2017

Silver Consolidated School District No. 1
TABLE OF CONTENTS
June 30, 2017

	<u>PAGE</u>
INTRODUCTORY SECTION:	
Directory of officials	1
FINANCIAL SECTION:	
INDEPENDENT AUDITORS' REPORT	2-4
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	5
Statement of Activities	6-7
<i>Fund Financial Statements:</i>	
Balance Sheet--Governmental Funds	8-9
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	10
Statement of Revenues, Expenditures, and Changes in Fund Balances--Governmental Funds	11-12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13-14
Statements of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (NON-GAAP Budgetary Basis):	
General Fund	15
Statement of Fiduciary Net Positions	16
Statement of Changes in Fiduciary Net Position	17
Notes to Basic Financial Statements	18-38
Fund Descriptions	39-41
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of Net Pension Liability of the Educational Retirement Board	42

Schedule of Contributions to the Educational Retirement Board	43
Notes to Required Supplementary Information	44

OTHER SUPPLEMENTARY INFORMATION:

Combining Balance Sheet--Nonmajor Governmental Funds	45-54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances--Nonmajor Governmental Funds	55-64
Combining Balance Sheet--General Fund	65-66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances--General Fund	67-68
Statement of Revenues, Expenditures and Changes in Fund Balances--Budget and Actual (NON-GAAP Budgetary Basis):	
General Fund:	
Operational	69
Instructional Materials	70
Transportation	71
Schedule of Changes in Assets and Liabilities--Agency Funds	72
Schedule of Depository Collateral	73
Schedule of Individual Deposit Accounts and Investments	74
Schedule of Cash Receipts and Disbursements--All Funds by School District Classification	75-78
Schedule of Expenditures of Federal Awards	79
Notes to Schedule of Expenditures of Federal Awards	80

ADDITIONAL REPORTING REQUIREMENTS:

Summary Schedule of Prior Audit Findings	81
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 <i>Government Auditing Standards</i>	82-83
Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	84-85
Schedule of Findings and Questioned Costs	86-89

Silver Consolidated School District No. 1
DIRECTORY OF OFFICIALS
June 30, 2017

BOARD OF EDUCATION

Michael McMillan	President
Frances Vasquez	Vice-President
Ashley Montenegro	Secretary
Patrick Cohn	Member
Justin Wecks	Member

SCHOOL OFFICIALS

Audie Brown	Superintendent
Michelle McCain	Director of Finance



MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
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INDEPENDENT AUDITOR'S REPORT

Timothy Keller, State Auditor
And
Board of Education
Silver Consolidated School District No. 1
Silver City, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of the Silver Consolidated School District No. 1, as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the Silver Consolidated School District No. 1'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 misstatements, 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Silver Consolidated School District No. 1 as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that information related to the District's pension plan presented on pages 42 to 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

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, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the Silver Consolidated School District No. 1's financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Guidance, Cost Principles, and Audit Requirements for Federal Awards*, and the other schedules presented as other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2017, on our consideration of the Silver Consolidated School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement 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 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 Silver Consolidated School District No. 1's internal control over financial reporting and compliance.

Stone, McGee & Co., CPAs

Silver City, New Mexico
November 12, 2017

Stone, McGee & Co.
Certified Public Accountants

Silver Consolidated School District No. 1
STATEMENT OF NET POSITION
June 30, 2017

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 9,479,706
Property taxes receivable	1,083,683
Accounts receivable	5,558
Due from other governments	730,163
Inventory	8,081
Capital assets:	
Land and improvements	6,193,497
Buildings and improvements	48,773,054
Equipment	4,638,640
Construction in progress	932,570
Less accumulated depreciation	(40,199,977)
Total capital assets, net of depreciation	\$ 20,337,784
Total assets	\$ 31,644,975
Deferred Outflows of Resources	
Related to pensions	\$ 5,878,171
Liabilities	
Accounts payable	\$ 1,049,814
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	1,420,000
Accrued interest payable	93,969
Portion due or payable after one year:	
Net pension liability	42,727,385
Bonds payable	5,000,000
Bond premiums	101,266
Compensated absences	48,215
Total liabilities	\$ 50,440,649
Deferred Inflows of Resources	
Related to pensions	\$ 1,388,597
Net Position	
Ne investment in capital assets	\$ 17,985,214
Restricted for:	
Capital projects	896,427
Debt service	1,829,897
Other purposes	2,343,090
Unrestricted	(37,360,728)
Total net position	\$ (14,306,100)

The accompanying notes are an integral part of these financial statements

Silver Consolidated School District No. 1
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program</u> Charges for Services
Governmental activities:		
Instruction	\$ 16,722,183	\$ -
Support services - Students	3,388,662	
Support services - Instruction	1,258,377	61,069
General administration	660,680	
School administration	1,611,181	
Central services	721,738	
Operation of plant	4,872,790	
Food services	1,371,439	50,111
Transportation	1,307,375	
Other support services	11,649	
Interest on long-term debt	130,612	
Bond issue costs	94,442	
Reversion	150,546	
Total governmental activities	<u>\$ 32,301,674</u>	<u>\$ 111,180</u>

General revenues:

- Property taxes:
 - Levied for general purposes
 - Levied for debt service
 - Levied for plant maintenance and improvements
- State aid - formula grants
- Recoveries and refunds
- Unrestricted investment earnings
- Loss on disposition of assets

Total general revenues and special items

Change in net position

Net position - beginning of year, as originally stated

Restatement

Net position - beginning of year, as restated

Change in position

Net position - end of year

The accompanying notes are an integral part of these financial statements.

Revenues		Net (Expense) Revenue and Changes in Net Position
Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
\$ 1,827,135	\$ -	\$ (14,895,048)
787,774		(2,600,888)
297,839		(899,469)
92,212		(568,468)
7,054		(1,604,127)
		(721,738)
138,824		(4,733,966)
1,255,268		(66,060)
1,176,211		(131,164)
		(11,649)
		(130,612)
		(94,442)
		(150,546)
<u>\$ 5,582,317</u>	<u>\$ -</u>	<u>\$ (26,608,177)</u>
		\$ 182,428
		1,659,843
		1,864,452
		22,610,750
		118,299
		5,832
		(38,281)
		<u>\$ 26,403,323</u>
		<u>\$ (204,854)</u>
		\$ (14,577,341)
		<u>476,095</u>
		\$ (14,101,246)
		<u>(204,854)</u>
		<u>\$ (14,306,100)</u>

Silver Consolidated School District No. 1
BALANCE SHEETS
GOVERNMENTAL FUNDS
June 30, 2017

	General Fund	HB 33	Bond Building
Assets			
Cash and investments	\$ 534,657	\$ 394,220	\$ 5,001,266
Property taxes receivable	49,485	490,169	
Accounts receivable			
Inventory			
Due from other governments			
Interfund receivable	637,528		
Total assets	\$ 1,221,670	\$ 884,389	\$ 5,001,266
 Liabilities			
Accounts payable	\$ 41,086	\$ 12,897	\$ 932,570
Interfund payable			1,266
Total liabilities	\$ 41,086	\$ 12,897	\$ 933,836
 Deferred Inflows of Resources			
Unavailable revenue	\$ 43,477	\$ 462,019	
Total deferred inflows of resources	\$ 43,477	\$ 462,019	\$ -
 Fund balance:			
Nonspendable:			
Inventories	\$ -	\$ -	\$ -
Restricted for:			
Education	101,537	-	-
Transportation	27		
Food service			
Social services			
Capital projects		409,473	4,067,430
Debt service			
Unassigned	1,035,543		
Total fund balances	\$ 1,137,107	\$ 409,473	\$ 4,067,430
Total liabilities, deferred inflows of resources and fund balances	\$ 1,221,670	\$ 884,389	\$ 5,001,266

The accompanying notes are an integral part of these financial statements.

<u>Debt Service</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ 1,671,498	\$ 1,878,065	\$ 9,479,706
335,102	208,927	1,083,683
5,558		5,558
	8,081	8,081
	730,163	730,163
12,974		650,502
<u>\$ 2,025,132</u>	<u>\$ 2,825,236</u>	<u>\$ 11,957,693</u>
\$ -	\$ 63,261	\$ 1,049,814
	649,236	650,502
<u>\$ -</u>	<u>\$ 712,497</u>	<u>\$ 1,700,316</u>
\$ 285,980	\$ 271,543	\$ 1,063,019
<u>\$ 285,980</u>	<u>\$ 271,543</u>	<u>\$ 1,063,019</u>
\$ -	\$ 8,081	\$ 8,081
-	\$ 818,430	919,967
		27
	40,805	40,805
	1,059,190	1,059,190
	24,935	4,501,838
1,739,152		1,739,152
	(110,245)	925,298
<u>\$ 1,739,152</u>	<u>\$ 1,841,196</u>	<u>\$ 9,194,358</u>
<u>\$ 2,025,132</u>	<u>\$ 2,825,236</u>	<u>\$ 11,957,693</u>

Silver Consolidated School District No. 1
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES**
June 30, 2017

Total governmental fund balances	\$	9,194,358
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		20,337,784
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:		
Property taxes subject to the 60 day availability period		964,334
Intergovernmental receivables subject to the 60 day availabilty period		98,685
Deferred outflows and infows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred inflows of resources related to pensions		(1,388,597)
Deferred outflows of resources related to pensions		5,878,171
Long-term liabilities, including bonds payable, compensated absences, bond premiums and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds:		
Net pension liability		(42,727,385)
Bonds payable		(6,420,000)
Bond premiums		(101,266)
Accrued interest payable		(93,969)
Compensated absences payable		(48,215)
		(14,306,100)
<i>Net Position of Governmental Activities</i>	\$	(14,306,100)

The accompanying notes are an integral part of these financial statements.

Silver Consolidated School District No. 1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2017

	General	HB 33	Bond Building
Revenues:			
Property taxes	\$ 184,802	\$ 778,267	\$ -
Fees and charges			
State aid	24,138,366		
Federal aid	56,354		
Earnings on investments	5,832		
Miscellaneous	12,508	19,207	
Total revenues	<u>\$ 24,397,862</u>	<u>\$ 797,474</u>	<u>\$ -</u>
Expenditures:			
Current:			
Instruction	\$ 13,823,938	\$ -	
Support services - Students	2,966,821		
Support services - Instruction	594,909		
General administration	515,379	7,802	
School administration	1,507,918		
Central services	536,840		
Operation of plant	2,716,586	585,230	
Food service			
Transportation	1,190,433		
Other support services	11,649		
Bond issue costs			
Debt service--Principal			
Interest			
Capital outlay		247,196	932,570
Total expenditures	<u>\$ 23,864,473</u>	<u>\$ 840,228</u>	<u>\$ 932,570</u>
Revenues over (under) expenditures	\$ 533,389	\$ (42,754)	\$ (932,570)
Other financing sources (uses):			
Bond proceeds			5,000,000
Bond premium			
Reversion to State of NM	(150,546)		
Net change in fund balance	<u>\$ 382,843</u>	<u>\$ (42,754)</u>	<u>\$ 4,067,430</u>
Fund balance, July 1, 2016 as originally reported	\$ 754,264	\$ 452,227	\$ -
Restatement	-		
Fund balance, as restated July 1, 2016	\$ 754,264	\$ 452,227	\$ -
Net change in fund balance	<u>382,843</u>	<u>(42,754)</u>	<u>4,067,430</u>
Fund balance, June 30, 2017	<u>\$ 1,137,107</u>	<u>\$ 409,473</u>	<u>\$ 4,067,430</u>

The accompanying notes are an integral part of these financial statements.

Debt Service	Other Funds	Total Governmental Funds
\$ 1,681,143	\$ 1,115,860	\$ 3,760,072
	111,180	111,180
	297,676	24,436,042
	3,601,986	3,658,340
		5,832
	86,584	118,299
<u>\$ 1,681,143</u>	<u>\$ 5,213,286</u>	<u>\$ 32,089,765</u>
\$ -	\$ 1,335,257	\$ 15,159,195
	224,139	3,190,960
	567,315	1,162,224
13,493	58,558	595,232
	2,670	1,510,588
		536,840
	998,733	4,300,549
	1,340,516	1,340,516
		1,190,433
		11,649
94,442		94,442
1,370,000		1,370,000
81,410		81,410
	382,162	1,561,928
<u>\$ 1,559,345</u>	<u>\$ 4,909,350</u>	<u>\$ 32,105,966</u>
\$ 121,798	\$ 303,936	\$ (16,201)
		5,000,000
101,266		101,266
		(150,546)
<u>\$ 223,064</u>	<u>\$ 303,936</u>	<u>\$ 4,934,519</u>
\$ 1,516,088	\$ 1,523,891	\$ 4,246,470
	13,369	13,369
<u>\$ 1,516,088</u>	<u>\$ 1,537,260</u>	<u>\$ 4,259,839</u>
223,064	303,936	4,934,519
<u>\$ 1,739,152</u>	<u>\$ 1,841,196</u>	<u>\$ 9,194,358</u>

Silver Consolidated School District No. 1
**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
For the Fiscal Year Ended June 30, 2017

Net change in fund balances- total governmental funds \$ 4,934,519

*Amounts reported for governmental activities in the statement of activities
are different because:*

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities, the cost of those assets is allocated over their
estimated useful lives as depreciation expense:

Capital outlay	1,561,928
Depreciation expense	(1,633,645)

Bond proceeds are reported as financing sources in the funds. In the
Statement of Activities, however, issuing debt increases long term
liabilities:

Bond proceeds	(5,000,000)
---------------	-------------

Revenues in the Statement of Activities that do not provide current financial
resources are not reported as revenues in the funds. This is the net
change during the year:

Property taxes subject to the 60 day availability period	(53,349)
Intergovernmental receivables subject to the 60 day availability period	98,685

Repayment of debt principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the Statement of Net
Assets:

Payment of bond principal	1,370,000
---------------------------	-----------

Bond premiums are revenue in the funds but are capitalized and amortized
in the Statement of Activities:

Bond Premiums	(101,266)
Amortization	-

In the Statement of Activities, interest is accrued on outstanding bonds,
whereas in governmental funds, an interest expenditure is reported
when due. This is the net change during the year.

(49,202)

Silver Consolidated School District No. 1
**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
For the Fiscal Year Ended June 30, 2017

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

Pension contributions	2,221,756
Cost of benefits earned	(3,508,208)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. This is the basis in the assets disposed of.

(38,281)

Some expense reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the net change in compensated absences for the year.

(7,791)

Change in Net Position of Governmental Activities

\$ (204,854)

The accompanying notes are an integral part of these financial statements.

Silver Consolidated School District No. 1
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30,2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 49,441	\$ 49,441	\$ 56,354	\$ 6,913
State sources	24,455,964	24,103,207	24,138,366	35,159
Local sources	195,768	195,768	193,725	(2,043)
Interest income	4,950	4,950	5,832	882
Total revenues	\$ 24,706,123	\$ 24,353,366	\$ 24,394,277	\$ 40,911
Expenditures:				
Current:				
Instruction	\$ 14,563,643	\$ 14,218,598	\$ 13,818,972	\$ 399,626
Support services - Students	2,910,373	3,051,673	2,991,734	59,939
Support services - Instructi	757,623	716,623	594,909	121,714
General administration	544,308	704,308	515,379	188,929
School administration	1,561,562	1,513,102	1,507,918	5,184
Central services	779,684	589,684	536,237	53,447
Operation of plant	2,902,564	2,902,564	2,795,470	107,094
Transportation	1,182,211	1,262,711	1,190,214	72,497
Other support services	180,593	80,593	11,649	68,944
Reversion			150,546	(150,546)
Capital outlay			-	-
Total expenditures	\$ 25,382,561	\$ 25,039,856	\$ 24,113,028	\$ 926,828
Net change in fund balance	\$ (676,438)	\$ (686,490)	\$ 281,249	\$ 967,739
Fund balance, July 1, 2016	676,438	852,085	890,936	38,851
Fund balance, June 30, 2017	\$ -	\$ 165,595	\$ 1,172,185	\$ 1,006,590
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 382,843	
Removal of non-budgeted Activity funds			10,493	
Revenue accruals (net)			(3,585)	
Expenditure accruals (net)			(108,502)	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 281,249</u>	

Silver Consolidated School District No. 1
**STATEMENT OF FIDUCIARY
NET POSITIONS**
June 30, 2017

	Private Purpose Trust Funds	Agency
Assets		
Cash and investments	\$ 40,361	\$ 852,376
Total assets	\$ 40,361	\$ 852,376
 Liabilities		
Deposits held for others	\$ -	\$ 852,376
Total liabilities	\$ -	\$ 852,376
 Net Position		
Endowments held in trust for scholarships and other purposes	\$ 40,361	

The accompanying notes are an integral part of these financial statements.

Silver Consolidated School District No. 1
STATEMENT OF CHANGES IN FIDUCIARY NET POSITIONS
For the Fical Year Ended June 30, 2017

	Private Purpose Trust Funds
Additions	
Gifts and contributions	\$ 5,500
Deductions	
Scholarships awarded	4,000
Change in net position	\$ 1,500
Net position July 1, 2016, as orginally stated	\$ 52,543
Restatement	(13,682)
Net Position July 1, 2016, as restated	\$ 38,861
Change in net position	1,500
Net position June 30, 2017	\$ 40,361

The accompanying notes are an integral part of these financial statements.

Silver Consolidated School District No. 1
NOTES TO FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2017

Note 1 **Summary of Significant Accounting Policies**

Silver Consolidated School District No. 1, organized under the laws of the State of New Mexico, operates under the school board-superintendent form of government. The System provides public education opportunities for children from first through twelfth grade, including but not limited to classroom and vocational studies; as well as school oriented social and athletic activities.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY

These financial statements present the District (the primary government). As defined by GAAP, component units are legally separate entities that are included in the District's reporting entity because of the significance of their operating or financial relations with the District. Based on the criterion in GAAP, the District has no component units.

B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into two major categories: governmental, and fiduciary. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the District and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. Included in the General Fund are sub-funds; Operational, the Unrestricted District Fund; Transportation, which accounts for State source revenue used to transport students; Instructional Materials, which accounts for State Source Funds used to purchase textbooks; and Non-instructional Support, which accounts for various student extracurricular activities.

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Capital Project Fund

The Capital project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principle on the general long-term debt of the District.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

Agency Funds account for assets held in a purely custodial capacity. Since agency funds are custodial in nature (i.e.) assets equal liabilities, they do not involve the measurements of results of operations. Typically, these funds are owned by clubs, athletic teams, and/or student organizations.

The emphasis in fund financial statements is on the major funds in the governmental category. Non-major funds are summarized into a single column.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated in to the government-wide statements.

Major Fund Descriptions

General – See above description.

Bond Building – to account for bond proceeds plus 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. This is a Capital Project Fund.

HB -33 - The fund is used to account for the costs relating to erecting, remodeling, making additions to, providing equipment for, or furnishing public school buildings and purchasing or improving public school grounds. Financing is provided through property taxes as specified by Article 26 of the Public School Buildings Act. (House Bill 33) and is a Capital Project Fund.

Debt Service – See above description.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined in item “b” below.

In the fund financial statements, the “current financial resources” measurement focus is used.

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets, deferred outflows of resources, liabilities and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statements utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflows of resources resulting from non-exchange transactions are recognized when the earnings process is complete.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

The government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Substantially all governmental fund revenues are accrued. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as deferred outflows of resources by the provider and deferred inflows of resources by the recipient. Grant revenues not collected within 60 days of year end are recorded as receivables and deferred inflows of resources. Such amounts are recorded net of estimated uncollectible accounts.

Property tax receivables are recognized net of estimated refunds and uncollectible amounts in the period for which the taxes are levied, even if they are not available. Property taxes not collected within 60 days of year end are reported as deferred inflows of resources in the fund statements. Property taxes are considered fully collectible.

In the government –wide Statement of Net Position, the governmental activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a fully accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources when an expense is incurred and for purposes for which both restricted and unrestricted net positions are available.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by generally government revenues (property taxes, certain intergovernmental revenues, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Charges for services include revenues based on exchange or exchange-like transactions. These revenues arise from charges to customers or applicants who purchase use or directly benefit from the goods, services or privileges provided. Revenues in this category include fees charged for specific services, such as attendance at athletic events, food service, copies and auxiliary services. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

D. BUDGETS

Budgets for the General, Special Revenue, Debt Service and Capital Projects funds are prepared by management and approved by the local school board and the Public Finance School Division of the Department of Education. Included in the bond building fund, when applicable, are payments made by the Public School Facilities Authority directly to vendors on behalf of the District, and bond proceeds held and disbursed to vendors by the New Mexico Finance Authority. Such amounts are excluded from the budgetary comparison of the bond building fund.

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 category basis, 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 Education Department.

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

E. CASH AND INVESTMENTS

Cash includes amounts in demand deposits as well as short-term investments with a maturity of six months from the date acquired by the government. State statutes authorize the government to invest in obligations of the U.S. Treasury, interest-bearing accounts with local financial institutions and the State Treasurer Pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owners of such monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the District. The pledged securities remain in the name of the financial institution. Repurchase agreements are required to be collateralized 102%.

F. INVENTORIES

Except for U.S.D.A. commodities, which are shown at estimated value, inventories are valued at cost (first-in, first-out). Inventory in the Cafeteria Fund consists mainly of food items. Inventories, in other governmental fund types, consist primarily of supply-type assets.

G. CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000.00 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Software and library resources	3-5 years
Machinery and equipment	5-10 years
Improvements	10-20 years

The accounting treatment over property, plant and equipment depends on whether they are reported in the government-wide financial statements or fund financial statements. In the government-wide financial statements, fixed assets are accounted for as capital assets. In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

H. LONG-TERM DEBT

The accounting treatment of long-term debt depends on whether the assets are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

I. COMPENSATED ABSENCES

The District's policies, regarding vacation time, permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. These liabilities have typically been liquidated from general fund resources.

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period, and so will not be recognized as an outflow or

resource (expenses/expenditures) until then. The Government has deferred outflows of resources related to pensions as discussed in Note 5.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The Government has three types of items, one of which arises under the full accrual basis of accounting and all of which arise under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item unavailable revenue, is reported in both the statement of net position and the governmental funds balance sheet, if necessary. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Government reports unavailable revenue from the following sources:

Governmental Funds Balance Sheet						
	Statement of net Position	General Fund	HB-33 Fund	Debt Service Fund	Other Funds	Total
Advances received under expenditure driven grants	\$ -0-	\$	\$	\$	\$	\$ -0-
Revenue not received within 60 days of year-end					98,685	98,685
Property taxes	<u> </u>	<u>43,477</u>	<u>462,019</u>	<u>285,980</u>	<u>172,858</u>	<u>964,334</u>
Total	<u>\$ -0-</u>	<u>\$ 43,477</u>	<u>\$ 462,019</u>	<u>\$ 285,980</u>	<u>\$ 271,543</u>	<u>\$ 1,063,019</u>

In addition, the District reports deferred inflows of resources related to pensions as discussed in Note 5.

K. EQUITY CLASSIFICATIONS

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. 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.
- b. Restricted net position – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net position – all other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Statements

During the year ended June 30, 2011, the District implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

- o Non-spendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to remain intact.
- o Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- o Committed fund balance – amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change its constraints.
- o Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the government body delegates the authority.
- o Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Education establishes (and modifies or rescinds) fund balance commitments by adoption of a resolution or a vote of the Board. This is typically done through the adoption and amendment of the budget. Assigned fund balance is established by the Board of Education through adoption or amendment of the budget as intended for a specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes). Expenditures incurred are normally paid from the most highly constrained fund balance.

L. PROPERTY TAX

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semiannual installments by November 10 and April 10 of the subsequent year and become delinquent 30 days later. Taxes are collected on behalf of the District by the County Treasurer, and are remitted to the District in the month following collection. Because the Treasurer of the County in which the District is located is statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable County to the District.

The District is permitted to levy taxes for general operating purposes up to \$.50 per \$1,000 of taxable value for both residential and nonresidential property, taxable value being defined as one third of the fully assessed value. In addition, the district is allowed to levy taxes for payments of bond principal and interest in amounts approved by voters

of the District, as well as a Two Mill Levy for District improvements. The District's total tax rate to finance general government services for the year ended June 30, 2017 was \$.397 per \$1,000 for non-residential property and \$.262 for residential property. The District's tax rate for debt service was \$2.592 per \$1,000 for both residential and nonresidential property. The District's tax rate for District improvements was \$1.895 per \$1,000 for residential and \$1.90 for nonresidential property. The District's rate for the HB33 was \$1.496 for residential and \$1.50 for non-residential.

M. INTERFUND ACTIVITY

Inter-fund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as inter-fund receivables and payable as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter-fund transactions are treated as transfers. Inter-fund activity between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

N. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the government's deposits may not be returned to it. The District does not have a deposit policy for credit risk beyond that disclosed in Note 1.

As of June 30, 2017 \$6,186,119 of the government bank balance of \$14,011,251 was exposed to custodial credit risk as follows:

Uninsured and collateralized		<u>\$ 6,186,119</u>
	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits by custodial risk category:		
Insured	\$ 250,000	\$ 250,000
Collateral held by the pledging bank's agent in the District's name	7,575,132	7,575,132
Uninsured and collateralized	<u>6,186,119</u>	<u>2,547,314</u>
	<u>\$14,011,251</u>	<u>\$10,372,446</u>

The District does not have a risk policy beyond that required by State Statute.

Note 3 Capital Assets

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance <u>July 1, 2016</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2017</u>
Capital assets not being depreciated:					
Land	\$ 270,563	\$ -0-	\$ -0-	\$ -0-	\$ 270,563
Construction in progress	<u>-0-</u>	<u>-0-</u>	<u>932,570</u>	<u>-0-</u>	<u>932,570</u>
Total assets not being depreciated	<u>\$ 270,563</u>	<u>\$ -0-</u>	<u>\$ 932,570</u>	<u>\$ -0-</u>	<u>\$ 1,203,133</u>
Other capital assets:					
Building & improve- ments	\$ 48,636,332	\$ -0-	\$ 136,722	\$ -0-	\$ 48,773,054
Furniture and Equipment	4,124,508	333,207	327,925	147,000	4,638,640
Land improve- ments	<u>5,758,223</u>	<u> </u>	<u>164,711</u>	<u> </u>	<u>5,922,934</u>
Total other capital assets at histori- cal cost	<u>\$ 58,519,063</u>	<u>\$ 333,207</u>	<u>\$ 629,358</u>	<u>\$ 147,000</u>	<u>\$ 59,334,628</u>
Less accumulated depreciation for:					
Buildings and improvement	\$(29,788,007)	\$ -0-	\$ (948,809)	\$ -0-	\$(30,736,816)
Land improve- ments	(4,857,162)	-0-	(214,738)	-0-	(5,071,900)
Furniture and equipment	<u>(4,159,401)</u>	<u>129,519</u>	<u>(470,098)</u>	<u>(108,719)</u>	<u>(4,391,261)</u>
Total accumulated depreciation	<u>\$ (38,804,570)</u>	<u>\$ 129,519</u>	<u>\$(1,633,645)</u>	<u>\$ (108,709)</u>	<u>\$(40,199,977)</u>
Total capital assets, net	<u>\$ 19,985,056</u>	<u>\$ 462,726</u>	<u>\$ (71,717)</u>	<u>\$ 38,281</u>	<u>\$ 20,337,784</u>

Depreciation expense was charged to the governmental activities as follows:

Instruction	\$ 751,477
Student support	10,168
Instructional support	49,009
Administration general	40,841
Administration school	12,252
Central services	155,196
Plant operation	506,337
Transportation	<u>108,365</u>
	<u>\$ 1,633,645</u>

The District has construction commitments totaling approximately \$5,000,000 at June 30, 2017, funded principally by the issuance of bonds.

Note 4 Long-term Debt

Changes in long-term debt were as follows during the year end June 30, 2017:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due In</u> <u>One Year</u>
G.O. Bonds, 2005	\$ 2,790,000	\$ -0-	\$ 1,370,000	\$ 1,420,000	\$ 1,420,000
G.O. Bonds, 2017	<u>-0-</u>	<u>5,000,000</u>	<u>-0-</u>	<u>5,000,000</u>	<u>-0-</u>
	<u>\$ 2,790,000</u>	<u>\$5,000,000</u>	<u>\$ 1,370,000</u>	<u>\$ 6,420,000</u>	<u>\$1,420,000</u>
Compensated absences	<u>\$ 40,424</u>	<u>\$ 208,733</u>	<u>\$ 200,942</u>	<u>\$ 48,215</u>	<u>\$ -0-</u>

Annual debt service for bonds payable requirements are as follows:

Due in fiscal year ending June 30:

	<u>Principal</u>	<u>Interest</u>
2018	\$ 1,420,000	\$ 113,878
2019	1,265,000	134,400
2020	150,000	120,250
2021	155,000	117,200
2022	160,000	114,050
2023-2027	850,000	500,000
2028-2032	985,000	362,825
2033-2037	1,170,000	173,600
2038-2042	<u>265,000</u>	<u>5,300</u>
	<u>\$ 6,420,000</u>	<u>\$ 1,641,503</u>

No compensated absences are considered due and payable in the next fiscal year.

GENERAL OBLIGATION BONDS

The bonds and bond interest are paid from property tax levies enacted specifically for the debt retirement. The revenues pledged totaled \$8,061,503 at June 30, 2017, and equal 100% of the tax levies enacted to repay the bonded indebtedness. The bonds were sold to erect and furnish facilities for the District. Interest rates range from 2.00% to 3.90% for individually scheduled retirements, and maturity dates range from 2018 through 2038. The property tax levies expire when the related bond indebtedness is repaid.

During the year ended June 30, 2017, the District recognized \$1,681,143 in property taxes pledged to retire the bonded indebtedness, and retired \$1,451,410 in bond principal and interest.

Note 5 Pension Plan

Summary of Significant Accounting Policies

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 as they are reported by ERB, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description

ERB was created by the State's Education Retirement Act, Section 22-11-1 through 22-11-52. NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer 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 agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico Legislature has the authority to set or amend contribution rates.

ERB issues a publicly available financial report and a comprehensive annual financial report that can be obtained at www.nmerb.org.

Benefits Provided

A member's retirement benefit is determined by a formula which includes three component parts: the member's final average salary (FAS), the number of years of service credit, and 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. A brief summary of Plan coverage provisions follows:

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. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date 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.

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 lump sum to the member's surviving beneficiary. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor's benefit; or single life annuity monthly benefit is reduce to provide for a 50% survivor's benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was 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%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. 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.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on

disability retirement when eligible under the Rule of 75 or when the member attains age 65.

Contributions

The contribution requirements of defined benefit plan members and the Silver Consolidated School District No. 1 are established in state statute under Chapter 10, Article 11, NMSA, 1978. The requirements may be amended by acts of the legislature. For fiscal year ended June 30, 2017 employers contributed 13.90% and employees earning \$20,000 or less continued to contribute 7.9% and employees earning more than \$20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the Silver Consolidated School District No. 1 were \$2,221,756 for the year ended June 30, 2017.

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

The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2016. At June 30, 2017, the Silver Consolidated School District No. 1 reported a liability of \$42,727,385 for its proportionate share of the net pension liability. The District’s proportion of the net pension liability is based on the employer contributing entity’s percentage of total employer contributions for the fiscal year ended June 30, 2016. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2016, the District’s proportion was .59373 percent, which was a decrease of .0148 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Silver Consolidated School District No. 1 recognized pension expense of \$3,508,208. At the June 30, 2017, the Silver Consolidated School District No. 1 reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$ 185,367	\$ (406,391)
Changes of assumptions	869,758	-
Net difference between projected and actual earnings on pension plan investments	2,550,469	
Changes in proportion and differences between Silver Consolidated School District #1 contributions and proportionate share of contributions	50,821	(982,206)
Silver Consolidated School District No. 1 contributions		

subsequent to the measurement date	<u>2,221,756</u>	<u>-</u>
Total	<u>\$5,878,171</u>	<u>\$(1,388,597)</u>

\$2,221,756 reported as deferred outflows of resources related to pensions resulting from Silver Consolidated School District No. 1 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:

Year ended June 30:

2018	\$ 271,128
2019	360,682
2020	1,014,051
2021	621,957

Actuarial Assumptions

As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2015. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016 using generally accepted actuarial principles. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2016, other than the lowering of wage inflation from 3.75% to 3.00%. Specifically the liabilities measured as of June 30, 2016 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.7% during the fiscal year ending June 30, 2015 and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLA's for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on June 12, 2015 in conjunction with the six-year experience study period ending June 30, 2014.

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contribution rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Average of Expected Remaining Service lives	3.77 Years
Remaining Period	Amortized-closed 30 years from June 30, 2012 to June 30, 2042

Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increases	Composition: 3% inflation, plus .75% productivity rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	<p>Healthy males: RP-2000 Combined Mortality Table with White Collar Adjustment, generational mortality improvements in accordance with Scale BB from the tables base year of 2012.</p> <p>Healthy females: GRS Southwest Regional teacher mortality table, set back one year, generational mortality improvements in accordance with scale BB from the tables base year of 2012.</p>

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.). These items are developed for each major asset class.

Discount Rate

A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2016 and June 30, 2015. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. 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 pension plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERBs defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

Sensitivity of the Silver Consolidated School District No. 1 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2016. In particular, the table presents the

District's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

	<u>1% Decrease</u> <u>(6.75%)</u>	<u>Discount Rate</u> <u>(7.75%)</u>	<u>1% Increase</u> <u>(8.75%)</u>
Silver Consolidated School District No. 1's proportionate share of the net pension liability	\$56,591,429	\$42,727,385	\$31,224,145

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, 2016 and 2015 which are publicly available at www.nmerb.org.

Note 6 Post-Employment Benefits – State Retire Health Care Plan

Plan Description

Silver Consolidated School District No. 1 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.

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, 4308 Carlisle Blvd. N.E. Suite 104, Albuquerque, New Mexico 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 RHA 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 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 plan1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; and each participating employee was required to contribute 1.0% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, 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, 2013, 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 Silver Consolidated School District No. 1 contributions to the RHCA for the years ended June 30, 2017, 2016, and 2015 were \$322,532, \$339,338, and \$314,759, respectively, which equal the required contributions for each year.

Note 7 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Because the District was unable to obtain general liability insurance at a cost it considered to be economically justifiable, it joined together with other school districts in the State and obtained insurance coverage with New Mexico Public Schools Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for member school districts. The District pays an annual premium to New Mexico Public Schools Insurance Authority for its general insurance coverage, and all risk of loss is transferred. No losses exceeded insurance in the past three years.

The New Mexico Public Schools Insurance Authority is self-insured for property and liability losses below \$250,000 and purchases excess insurance above the self-insured retention. The self-insured retention aggregate for property is set at \$2,000,000 with a

\$1,000,000 stop loss. The self-insured retention aggregate for liability is \$3,000,000 with a \$1,000,000 stop loss.

Note 8 Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. 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 government expects such amounts, if any, to be immaterial.

Note 9 Inter-fund Activity

	Inter-Fund Payable		
	<u>Bond</u> <u>Building</u>	<u>Other</u> <u>Funds</u>	<u>Total</u>
<u>Inter-fund</u> <u>Receivable</u>			
General	\$	\$ 637,528	\$ 637,528
Debt Service	<u>1,266</u>	<u>11,708</u>	<u>12,974</u>
	<u>\$ 1,266</u>	<u>\$ 649,236</u>	<u>\$ 650,502</u>

These transactions were used to fund operations in the short-term, and are expected to be repaid within one year.

There were no inter-fund transfers during the year ended June 30, 2017.

Note 10 Restricted Net Position

At June 30, 2017, net positions restricted for other purposes included the following balances:

General	\$ 101,564
Medicaid	1,057,707
Cafeteria	48,738
SB-9	935,986
Other	<u>99,095</u>
	<u>\$ 2,343,090</u>

The District reports restricted positions of \$5,069,414 of which \$5,044,164 is restricted by enabling legislation.

Note 11 Endowment

The District received an endowment from Dr. Theodore Draelos Estate. This endowment is to be used for investment purposes only with the proceeds from such investments restricted to use for scholarships. The corpus of \$22,500 is to remain for twenty-years with a starting date of 1988. However, the corpus may be invaded if necessary to fund scholarships. This is in accordance with State law.

Net appreciation of \$40,361 is available for expenditure by the governing board, and is reported in net position as “reserved for scholarships”.

Note 12 Evaluation of Subsequent Events

The District has evaluated subsequent events through November 12, 2017, the date which the financial statements were available to be issued.

Note 13 Deficit Fund Balance

The District had the following deficit fund balances as of June 30, 2017:

Learn and Serve	\$ (14,636)
Partners in Education	(3,474)
Rec Operating	(11,190)
2010 G.O. Bond Library	(13,246)
2012 G.O. Bond Library	(13,009)
Incentives for School Improvements	(24,637)
Family and Youth Resources	(13,368)
Library SB 301 G.O. Bond	(1,944)
Kindergarten 3+	(3,277)
Library G.O. Bond	(10,116)
NMEMRD	(1,347)
Education of Homeless	(1)

Fund balance deficits occur through the application of modified accrual accounting to cash basis budgeting. As funds are received in the subsequent year, or transfers are made, the deficit fund balances will be reduced.

Note 14 Expenditure in Excess of Budgetary Authority

The District incurred expenditures in excess of budgetary authority in the following funds and functions:

Debt Service – General Administration	\$ 1,726
---------------------------------------	----------

The District has a budget adjustment policy in place. However, property tax receipts exceeded expectations, so the 1% reappraisal fee collected by the County exceeded the amount budgeted, and no budget adjustment was made. The District will continue to monitor its budget and make the appropriate adjustments.

Note 15 Joint Powers Agreement

The District and the Town of Silver City hold a joint powers agreement for the monthly payments of water, electricity, phone, utility bills and the maintenance of the four baseball parks located at Ben Altamirano Park. The District and the City are equally responsible, and share the expenditures equally.

The term of the agreement was three years from the date of approval by the Director of Finance and Administration, with the provision that it is automatically renewed for three year terms thereafter unless one party gives notice of non-renewal at least thirty days before the first day of a succeeding three year term.

Note 16 Reversion

During the year ended June 30, 2017, the District was required to revert funds to the State of New Mexico. The following sub-funds of the General Fund were affected:

	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Total</u>
Reversion	\$ <u>22</u>	\$ <u>150,524</u>	\$ <u>150,546</u>

Note 17 Restatements

During the year ended June 30, 2017, the District discovered errors in prior year fund balances/net position that required the following restatements.

	<u>Government- Wide Financial Statements</u>	<u>Fund Financial Statements</u>
Change in capital assets	\$ 462,726	\$
Recognition of revenue subject to the 60 day availability standard	<u>13,369</u>	<u>13,369</u>
	<u>\$ 476,095</u>	<u>\$ 13,369</u>

In addition, the private purpose trust fund's net position was overstated by \$13,682, due to a reclassification of activity accounts.

Prior year fund balances/net positions have been restated to show the effects of the changes, where necessary.

Silver Consolidated School District No. 1
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTION
June 30, 2017

SPECIAL REVENUE FUNDS

Cafeteria – Fund used to account for revenues generated by the District as well as the federal assistance received and the related expenditures necessary to provide food services for the District. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds (PSAB, Supplement 17).

Athletics – To account for the revenues received, and the related expenditures incurred, by the District related to athletic functions (PSAB, Supplement 3).

Grads – To provide grants to States or Territories to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families. Social Security Act, Title IV, Part A, as amended; Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193. The fund was created by state grant provision.

Title I – Fund used to account for federal resources administered by the New Mexico State Department of Education to provide assistance to educationally deprived students in low-income areas of the District. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds (P.L. 103-382).

Entitlement Fund – Entitlement funds are used to account for federal resources administered by the New Mexico State Department of Education to provide for the special education needs of handicapped children three to five years old. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds (P.L. 94-142 and P.L. 99-457).

Pre-School – Fund used to account for federal resources administered by the New Mexico State Department of Education to provide for the special education needs of handicapped children. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds (P.L. 94-142 and P.L. 99-457).

Teacher Training – Created by P.L. 107-110 to improve teacher and principal quality and ensure that all teachers are highly qualified.

Competitive Title II – Fund used to account for federal resources administered by the New Mexico State Department of Education to provide for the special education needs of handicapped children three to five years old. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds (P.L. 94-142 and P.L. 99-457).

Rural Schools – Created to provide financial assistance to rural districts to carry out activities help improve the quality of teaching and learning in their schools. (Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended).

NM Reads To Lead K-3 Fund – Grants to provide an overarching goal of increasing student achievement in grades K-3 to ensure that all students are proficient in reading before entering fourth grade.

Kindergarten 3 Plus Pre-K Initiative – Fund used to account for federal resources administered the New Mexico State Department of Education to provide for the special education needs handicapped children three to five years old. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds (P.L. 94-142 and P.L. 99-457).

Medicaid – To account for the federal assistance to improve primary health care and increase health education (P.L. 015-33); and is a Special Revenue Fund.

2009 Dual Credit Instruction – To account for state grant received to provide college credits to high school students, authority, State Grant PED.

Community Health - To account for revenues received for a counselor for health counseling and sexuality education and for high risk students who do not qualify for special education services and standardized school based health assessments.

English Language – Created to improve the education of limited English proficient children and youths by helping them learn English. (ESEA as amended by the No Child Left Behind Act (P.L. No. 107-110).

TANF Kindergarten – The purpose of this grant is to assist the District to develop and implement full day kindergarten program. (NMPED regulations).

Fruits and Vegetables – To account for the resources granted to ensure that children get an adequate diet of fruits and vegetables with meals. (NMPED regulations).

Learn and Serve – To support the implementation, operation, or expansion of programs that advance service-learning as a teaching, learning, and youth development strategy. Authorized by the National and Community Service Act of 1990, as amended.

SB-9 - Created by State law to account for the District tax levy restricted solely for use in improvements to the physical plant (NMSA 1978 22-25-1) and is a Special Revenue Funds.

Partners in Education – To support the planning, development, and initial implementation of charter schools. Authorized by the Elementary and Secondary Education Act of 1965, as amended, Title V Part B, Subpart 1.20 U.S.C. 8061-8067.

Safe and Drug Free Schools – Fund used to account for federal resources administered by the New Mexico State Department of Education to provide an integrated approach to the school curriculum aid in drug abuse education and prevention. Required by the New Mexico Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund within the Special Revenue Funds (P.L. 103-382).

USHSD Pregnancy Prevention Fund – To account for the grant sponsored by the Department of Health and Human Services for programs to educate students on pregnancy prevention.

Preschool Stimulus – IDEA-B Stimulus Award for the Special Education Preschool funding from around 2010-2011.

Safe Routes to School – To account for the federal resources to develop safe routes to school for students within the District. Authorization SAFETEA-LU (P.L. 109-59).

State Equalization Stimulus – Education stabilization funds are used to restore state funding to public schools and higher education institutions.

Library SB301 G.O. Bonds, Library Bonds, and REC Operating – to account for funds to upgrade libraries, books, and equipment (NMPED), Laws of 2004.

PED Technology for Education – 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 account for in this fund are received from the State of New Mexico. The authority creation of this fund is NMSA 22-15A-1 to 22-15A-10.

School Improvement/School Improvement Framework/Schools in Need of Improvement – T 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. (NMPED regulations).

Family Resources – To account for monies received to develop family interaction as an education tool. (NMPED regulations).

Teacher Mentoring – To account for the federal resources intended to improve teacher quality. (No Child Left Behind Act).

Elementary Breakfast/Breakfast for Elementary – To account for funds to provide breakfast for elementary students (PED).

Grown Fresh Fruit and Vegetables – Appropriations through the General Appropriations Act to distribute funding to school districts for the purchase of New Mexico fresh grown fruits and vegetables for school meal programs.

NMEMNRD – To account for the federal grant from the Department of Energy to implement and monitor energy efficiency in school buildings. (Title V, subtitle E of Energy Independence and Security Act, P.L. 110-140).

IDEA-B Result Plan – These funds are awarded to non-Title I Schools with a grade of D or F and are intended to improve growth rates in the areas of reading and math for students with disabilities.

Education of Homeless – Fund used to account for federal resources administered by the New Mexico State Department of Education to provide comprehensive services to homeless children and youth and their families, and expedited evaluations of homeless children’s needs to help facilitate enrollment, attendance, and success in school (Steward B. McKinney Homeless Assistance Act of 1987).

Idea B Risk Pool – To account for a program funded by a federal grant to assist the District in providing free appropriate public education to all handicapped children.

NM Autism – Funded through IDEA-B for training for the teachers of Autistic students.

CAPITAL PROJECT FUNDS

Special Capital Outlay – State – To account for the state resources to be used for specific construction projects.

Silver Consolidated School District No. 1
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF
 THE EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
 LAST 10 FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Silver Consolidated School District No. 1's proportion of the net pension liability	.59373%	.60853%	.61778%
Silver Consolidated School District No. 1's proportionate share of the net pension liability	\$ 42,727,385	\$ 39,416,109	\$ 35,248,855
Silver Consolidated School District No. 1's covered payroll	\$ 15,983,859	\$ 16,614,818	\$ 17,028,423
Silver Consolidated School District No. 1's proportionate share of the net pension liability as a percentage of its covered payroll	267%	237%	207%
Plan fiduciary net position as a percentage of the total pension liability	61.58%	63.97%	66.54%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled, Silver Consolidated School District No. 1 will present information for those years for which information is available.

Silver Consolidated School District No. 1
SCHEDULE OF CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
***LAST 10 FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 2,221,756	\$ 2,357,009	\$ 2,403,983
Contributions in relation to contractually required contribution	<u>(2,221,756)</u>	<u>(2,357,009)</u>	\$ (2,403,983)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Silver Consolidated School District No. 1's covered payroll	\$ 15,983,859	\$ 16,957,435	\$ 17,028,423
Contributions as a percentage of covered payroll	13.90%	13.90%	14.12%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, Silver Consolidated School District No. 1 will present information for those years for which information is available.

Silver Consolidated School District No. 1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017

Changes in benefit terms – The Cola and retirement eligibility benefits changes in recent years are described in the **Benefits Provided** subsection of the financial statement note disclosure **General Information on the Pension Plan**.

Changes of Assumptions

ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study as of June 30, 2014, presented to the Board of Trustees on June 12, 2015, ERB implemented the following changes in assumptions for the fiscal years 2016:

1. Fiscal year 2016 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 3.75% to 3.00%
 - b. Minor changes in demographic assumptions

2. Assumptions that were not changed:
 - a. Investment return will remain at 7.75%
 - b. Inflation will remain at 3.00%
 - c. Net 4.75% real return assumption
 - d. COLA assumption of 2% per year
 - e. Payroll growth of 3.50%

See also the **Actuarial Assumptions** subsection of the financial statement note disclosure **General Information on the Pension Plan**.

Silver Consolidated School District No. 1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2017

	Special Revenue Funds			
	Cafeteria	Athletics	GRADS	Title I
Assets				
Cash and investments	\$ 28,135	\$ 25,250	\$ -	\$ -
Inventory	8,081			
Property taxes receivable				
Interfund receivable				
Due from other governments	<u>26,803</u>			<u>168,393</u>
Total assets	<u>\$ 63,019</u>	<u>\$ 25,250</u>	<u>\$ -</u>	<u>\$ 168,393</u>
Liabilities				
Accounts payable	\$ 14,281	\$ -	\$ -	\$ 601
Interfund payable				<u>167,792</u>
Total liabilities	<u>\$ 14,281</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,393</u>
Deferred Inflows of Resources				
Unavailable revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:				
Nonspendable:				
Inventories	\$ 8,081	\$ -	\$ -	\$ -
Restricted for:				
Education		25,250		
Food service	40,657			
Social services				
Capital projects				
Unassigned				
Total fund balances	<u>\$ 48,738</u>	<u>\$ 25,250</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 63,019</u>	<u>\$ 25,250</u>	<u>\$ -</u>	<u>\$ 168,393</u>

Special Revenue Funds

<u>Entitlement</u>	<u>Preschool</u>	<u>Teacher Training</u>	<u>Competitive Title II</u>	<u>Rural Education</u>	<u>Reads To Leads</u>
\$ -	\$ -	\$ -	\$ 1,576	\$ -	\$ -
<u>232,548</u>	<u>4,605</u>	<u>58,655</u>	<u>-</u>	<u>13,635</u>	<u>-</u>
<u>\$ 232,548</u>	<u>\$ 4,605</u>	<u>\$ 58,655</u>	<u>\$ 1,576</u>	<u>\$ 13,635</u>	<u>\$ -</u>
\$ 5,169	\$ -	\$ 5,319	\$ -	\$ -	\$ -
<u>227,379</u>	<u>4,605</u>	<u>53,336</u>	<u>-</u>	<u>13,635</u>	<u>-</u>
<u>\$ 232,548</u>	<u>\$ 4,605</u>	<u>\$ 58,655</u>	<u>\$ -</u>	<u>\$ 13,635</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,576</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,576</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 232,548</u>	<u>\$ 4,605</u>	<u>\$ 58,655</u>	<u>\$ 1,576</u>	<u>\$ 13,635</u>	<u>\$ -</u>

Silver Consolidated School District No. 1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (continued)
June 30, 2017

	Special Revenue Funds			
	Pre K Initiative	Medicaid	Dual Credit	Community Health
Assets				
Cash and investments	\$ 1	\$ 995,981	\$ -	\$ 1,483
Inventory				
Property taxes receivable				
Interfund receivable				
Due from other governments		64,079	918	
Total assets	\$ 1	\$ 1,060,060	\$ 918	\$ 1,483
Liabilities				
Accounts payable	\$ -	\$ 2,353	\$ -	\$ -
Interfund payable			918	
Total liabilities	\$ -	\$ 2,353	\$ 918	\$ -
Deferred Inflows of Resources				
Unavailable revenue	\$ -	\$ -	\$ -	\$ -
Total deferred inflows of resources	\$ -	\$ -	\$ -	\$ -
Fund balance:				
Nonspendable:				
Inventories	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Education	1			
Food service				
Social services		1,057,707		1,483
Capital projects				
Unassigned				
Total fund balances	\$ 1	\$ 1,057,707	\$ -	\$ 1,483
Total liabilities, deferred inflows of resources, and fund balances	\$ 1	\$ 1,060,060	\$ 918	\$ 1,483

Special Revenue Funds					
<u>Language Acquisition</u>	<u>TANF Kindergarten</u>	<u>Fresh Fruit & Vegetables</u>	<u>Learn & Serve</u>	<u>SB-9</u>	<u>Partners in Education</u>
\$ -	\$ 441	\$ -	\$ -	\$ 767,502	\$ -
				208,927	
<u>39</u>		<u>11,741</u>	<u>14,636</u>		<u>3,474</u>
<u>\$ 39</u>	<u>\$ 441</u>	<u>\$ 11,741</u>	<u>\$ 14,636</u>	<u>\$ 976,429</u>	<u>\$ 3,474</u>
\$ -	\$ -	\$ -	\$ -	\$ 28,735	\$ -
<u>39</u>		<u>11,741</u>	<u>14,636</u>	<u>11,708</u>	<u>3,474</u>
<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 11,741</u>	<u>\$ 14,636</u>	<u>\$ 40,443</u>	<u>\$ 3,474</u>
\$ -	\$ -	\$ -	\$ 14,636	\$ 172,858	\$ 3,474
<u>-</u>	<u>-</u>	<u>-</u>	<u>14,636</u>	<u>172,858</u>	<u>3,474</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	441			763,128	
			(14,636)		(3,474)
<u>\$ -</u>	<u>\$ 441</u>	<u>\$ -</u>	<u>\$ (14,636)</u>	<u>\$ 763,128</u>	<u>\$ (3,474)</u>
<u>\$ 39</u>	<u>\$ 441</u>	<u>\$ 11,741</u>	<u>\$ 14,636</u>	<u>\$ 976,429</u>	<u>\$ 3,474</u>

Silver Consolidated School District No. 1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (continued)
June 30, 2017

	Special Revenue Funds			
	Drug Free	Truancy Initiative	Pregnancy Prevention	Preschool Stimulus
Assets				
Cash and investments	\$ -	\$ -	\$ -	\$ 38
Inventory				
Property taxes receivable				
Interfund receivable				
Due from other governments	1,226	12,286		
Total assets	\$ 1,226	\$ 12,286	\$ -	\$ 38
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Interfund payable	1,226	12,286		
Total liabilities	\$ 1,226	\$ 12,286	\$ -	\$ -
Deferred Inflows of Resources				
Unavailable revenue	\$ -	\$ -	\$ -	\$ 38
Total deferred inflows of resources	\$ -	\$ -	\$ -	\$ 38
Fund balance:				
Nonspendable:				
Inventories	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Education				
Food service				
Social services				
Capital projects				
Unassigned				
Total fund balances	\$ -	\$ -	\$ -	\$ -
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,226	\$ 12,286	\$ -	\$ 38

Special Revenue Funds					
Safe Routes To School	State Equalization Stimulus	REC Operating	2008 GO Bonds	2010 GO Bond Library	2012 GO Bond Library
\$ 1,318	\$ 1,795	\$ -	\$ 11,166	\$ -	\$ -
		11,190		13,246	21,061
<u>\$ 1,318</u>	<u>\$ 1,795</u>	<u>\$ 11,190</u>	<u>\$ 11,166</u>	<u>\$ 13,246</u>	<u>\$ 21,061</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		11,190		13,246	34,070
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,190</u>	<u>\$ -</u>	<u>\$ 13,246</u>	<u>\$ 34,070</u>
<u>\$ 1,318</u>	<u>\$ 1,795</u>	<u>\$ 11,190</u>	<u>\$ -</u>	<u>\$ 13,246</u>	<u>\$ -</u>
<u>\$ 1,318</u>	<u>\$ 1,795</u>	<u>\$ 11,190</u>	<u>\$ -</u>	<u>\$ 13,246</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			11,166		
		(11,190)		(13,246)	(13,009)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,190)</u>	<u>\$ 11,166</u>	<u>\$ (13,246)</u>	<u>\$ (13,009)</u>
<u>\$ 1,318</u>	<u>\$ 1,795</u>	<u>\$ 11,190</u>	<u>\$ 11,166</u>	<u>\$ 13,246</u>	<u>\$ 21,061</u>

Silver Consolidated School District No. 1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (continued)
June 30, 2017

	Special Revenue Funds			
	<u>Tech For Education</u>	<u>Incentive For Improvement</u>	<u>Family & Youth Resource</u>	<u>Library SB 301 GO Bond</u>
Assets				
Cash and investments	\$ 11,825	\$ -	\$ -	\$ -
Inventory				
Property taxes receivable				
Interfund receivable				
Due from other governments		24,637	13,368	1,944
	<u>\$ 11,825</u>	<u>\$ 24,637</u>	<u>\$ 13,368</u>	<u>\$ 1,944</u>
Total assets	<u>\$ 11,825</u>	<u>\$ 24,637</u>	<u>\$ 13,368</u>	<u>\$ 1,944</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Interfund payable		24,637	13,368	1,944
	<u>\$ -</u>	<u>\$ 24,637</u>	<u>\$ 13,368</u>	<u>\$ 1,944</u>
Total liabilities	<u>\$ -</u>	<u>\$ 24,637</u>	<u>\$ 13,368</u>	<u>\$ 1,944</u>
Deferred Inflows of Resources				
Unavailable revenue	\$ -	\$ 24,637	\$ 13,368	\$ 1,944
	<u>\$ -</u>	<u>\$ 24,637</u>	<u>\$ 13,368</u>	<u>\$ 1,944</u>
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 24,637</u>	<u>\$ 13,368</u>	<u>\$ 1,944</u>
Fund balance:				
Nonspendable:				
Inventories	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Education	11,825			
Food service				
Social services				
Capital projects				
Unassigned		(24,637)	(13,368)	(1,944)
	<u>\$ 11,825</u>	<u>\$ (24,637)</u>	<u>\$ (13,368)</u>	<u>\$ (1,944)</u>
Total fund balances	<u>\$ 11,825</u>	<u>\$ (24,637)</u>	<u>\$ (13,368)</u>	<u>\$ (1,944)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,825</u>	<u>\$ 24,637</u>	<u>\$ 13,368</u>	<u>\$ 1,944</u>

Special Revenue Funds

Teacher Mentoring	Breakfast For Elementary	Kindergarten 3 +	Library GO Bond	NM Grown Fruits & Veg
\$ 6,428	\$ -	\$ -	\$ -	\$ -
	4,306		10,116	1,145
<u>\$ 6,428</u>	<u>\$ 4,306</u>	<u>\$ -</u>	<u>\$ 10,116</u>	<u>\$ 1,145</u>
\$ -	\$ -	\$ -	\$ -	\$ -
	4,158	3,277	10,116	1,145
<u>\$ -</u>	<u>\$ 4,158</u>	<u>\$ 3,277</u>	<u>\$ 10,116</u>	<u>\$ 1,145</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,116</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,116</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	
6,428	148			
		(3,277)	(10,116)	
<u>\$ 6,428</u>	<u>\$ 148</u>	<u>\$ (3,277)</u>	<u>\$ (10,116)</u>	<u>\$ -</u>
<u>\$ 6,428</u>	<u>\$ 4,306</u>	<u>\$ -</u>	<u>\$ 10,116</u>	<u>\$ 1,145</u>

Silver Consolidated School District No. 1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (concluded)
June 30, 2017

	Special Revenue Funds		
	2008 Library Books	NMEMRD	IDEA B Results Plan
Assets			
Cash and investments	\$ 191	\$ -	\$ -
Inventory			
Property taxes receivable			
Interfund receivable			
Due from other governments		1,347	10
Total assets	\$ 191	\$ 1,347	\$ 10
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Interfund payable		1,347	10
Total liabilities	\$ -	\$ 1,347	\$ 10
Deferred Inflows of Resources			
Unavailable revenue	\$ -	\$ 1,347	\$ -
Total deferred inflows of resources	\$ -	\$ 1,347	\$ -
Fund balance:			
Nonspendable:			
Inventories	\$ -	\$ -	\$ -
Restricted for:			
Education	191		
Food service			
Social services			
Capital projects			
Unassigned		(1,347)	
Total fund balances	\$ 191	\$ (1,347)	\$ -
Total liabilities, deferred inflows of resources, and fund balances	\$ 191	\$ 1,347	\$ 10

Education of Homeless	Special Revenue Funds			Capital Project Fund Special Capital Outlay	Total
	IDEA B Risk Pool	IDEA B Discretionary	NM Autism		
\$ -	\$ -	\$ -	\$ -	\$ 24,935	\$ 1,878,065
					8,081
					208,927
					-
<u>1,827</u>	<u>4,968</u>	<u>1,474</u>	<u>6,486</u>		<u>730,163</u>
<u>\$ 1,827</u>	<u>\$ 4,968</u>	<u>\$ 1,474</u>	<u>\$ 6,486</u>	<u>\$ 24,935</u>	<u>\$ 2,825,236</u>
\$ 1,827	\$ -	\$ -	\$ 4,976	\$ -	\$ 63,261
<u>1</u>	<u>4,968</u>	<u>1,474</u>	<u>1,510</u>		<u>649,236</u>
<u>\$ 1,828</u>	<u>\$ 4,968</u>	<u>\$ 1,474</u>	<u>\$ 6,486</u>	<u>\$ -</u>	<u>\$ 712,497</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 271,543</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 271,543</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,081
					818,430
					40,805
					1,059,190
				24,935	24,935
<u>(1)</u>					<u>(110,245)</u>
<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,935</u>	<u>\$ 1,841,196</u>
<u>\$ 1,827</u>	<u>\$ 4,968</u>	<u>\$ 1,474</u>	<u>\$ 6,486</u>	<u>\$ 24,935</u>	<u>\$ 2,825,236</u>

Silver Consolidated School District No. 1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2017

	Special Revenue Funds			
	Cafeteria	Athletics	GRADS	Title I
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges	50,111	61,069		
State aid			8847	
Federal aid	1,156,321			827,935
Miscellaneous				
Total revenues	\$ 1,206,432	\$ 61,069	\$ 8,847	\$ 827,935
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ 8,847	\$ 656,875
Support services - Students		61,377		
Support services - Instruction				145,976
General administration				24,331
School administration				753
Central services				
Operation of plant				
Food services	1,241,569			
Transportation				
Capital outlay				
Total expenditures	\$ 1,241,569	\$ 61,377	\$ 8,847	\$ 827,935
Revenues over (under) expenditures	\$ (35,137)	\$ (308)	\$ -	\$ -
Other financing sources (uses):				
Transfers out	-	-	-	
Net change in fund balance	<u>\$ (35,137)</u>	<u>\$ (308)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, July 1, 2016, as originally reported	\$ 110,340	\$ 25,558	\$ -	\$ -
Restatement	<u>(26,465)</u>			
Fund balance, as restated July 1, 2016	\$ 83,875	\$ 25,558	\$ -	\$ -
Net change in fund balance	<u>(35,137)</u>	<u>(308)</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2017	<u>\$ 48,738</u>	<u>\$ 25,250</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds

Entitlement	Preschool	Teacher Training	Competitive Title II	Rural Education	Reads to Leads	Pre K Initiative
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
665,802	21,366	142,319		71,242	33,361	
<u>\$ 665,802</u>	<u>\$ 21,366</u>	<u>\$ 142,319</u>	<u>\$ -</u>	<u>\$ 71,242</u>	<u>\$ 33,361</u>	<u>\$ -</u>
\$ 399,455 117,074 130,802 18,306	\$ 21,366	\$ 139,909	\$ -	\$ 69,268	\$ -	\$ -
165		2,410		1,974		
<u>\$ 665,802</u>	<u>\$ 21,366</u>	<u>\$ 142,319</u>	<u>\$ -</u>	<u>\$ 71,242</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,361	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,361</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (33,361)	\$ 1
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (33,361)	\$ 1
-	-	-	-	-	33,361	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>

Silver Consolidated School District No. 1
NONMAJOR GOVERNMENTAL FUNDS
COMBING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
For the Fiscal Year Ended June 30, 2017

	Special Revenue Funds			
	Medicaid	Dual Credit	Community Health	Language Acquisition
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges				
State aid		6,115		
Federal aid	625,012			
Miscellaneous				
Total revenues	\$ 625,012	\$ 6,115	\$ -	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ 6,115	\$ -	\$ -
Support services - Students				
Support services - Instruction	269,476			
General administration				
School administration				
Central services				
Operation of plant				
Food services				
Transportation				
Capital outlay				
Total expenditures	\$ 269,476	\$ 6,115	\$ -	\$ -
Revenues over (under) expenditures	\$ 355,536	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfers out				
Net change in fund balance	\$ 355,536	\$ -	\$ -	\$ -
Fund balance, July 1, 2016 as originally reported	\$ 583,805	\$ (1,113)	\$ 1,483	\$ -
Restatement	118,366	1,113		
Fund balance, as restated July 1, 2016	\$ 702,171	\$ -	\$ 1,483	\$ -
Net change in fund balance	355,536	-	-	-
Fund balance, June 30, 2017	\$1,057,707	\$ -	\$ 1,483	\$ -

Special Revenue Funds

<u>TANF Kindergarten</u>	<u>Fresh Fruit & Vegetables</u>	<u>Learn & Serve</u>	<u>SB-9</u>	<u>Partners in Education</u>	<u>Drug Free</u>	<u>Truancy Initiative</u>
\$ -	\$ -	\$ -	\$ 1,115,860	\$ -	\$ -	\$ -
	56,570		138,659			45,688
			<u>86,584</u>			
<u>\$ -</u>	<u>\$ 56,570</u>	<u>\$ -</u>	<u>\$ 1,341,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,688</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	1,568		9,889			45,688
	55,002		998,568			
			<u>382,162</u>			
<u>\$ -</u>	<u>\$ 56,570</u>	<u>\$ -</u>	<u>\$ 1,390,619</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,688</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49,516)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49,516)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 441	\$ -	\$ -	\$ 812,644	\$ -	\$ -	\$ -
		(14,636)		(3,474)		
\$ 441	\$ -	\$ (14,636)	\$ 812,644	\$ (3,474)	\$ -	\$ -
-	-	-	(49,516)	-	-	-
<u>\$ 441</u>	<u>\$ -</u>	<u>\$ (14,636)</u>	<u>\$ 763,128</u>	<u>\$ (3,474)</u>	<u>\$ -</u>	<u>\$ -</u>

Silver Consolidated School District NO. 1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
For the Fiscal Year Ended June 30, 2017

	Special Revenue Funds			
	Pregnancy Prevention	Preschool Stimulus	Safe Routes To School	State Equalizati Stimulus
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges				
State aid				
Federal aid				
Miscellaneous				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Students				
Support services - Instruction				
General administration				
School administration				
Central services				
Operation of plant				
Food services				
Transportation				
Capital outlay				
Total expenditures	\$ -	\$ -	\$ -	\$ -
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Tranfers out				
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2016 as originally reported	\$ (6,174)	\$ -	\$ -	\$ -
Restatement	6,174			
Fund balance, as restated July 1, 2016	\$ -	\$ -	\$ -	\$ -
Net change in fund balance	-	-	-	-
Fund balance, June 30, 2017	\$ -	\$ -	\$ -	\$ -

Special Revenue Funds

REC Operating	2008 GO Bonds	2010 GO Bond Library	2012 GO Bond Library	Tech For Education	Incentives For Improvement
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			21,061		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,061</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			21,061		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,061</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 11,166	\$ -	\$ (18,271)	\$ 11,825	\$ -
(11,190)		(13,246)	5,262		(24,637)
\$ (11,190)	\$ 11,166	\$ (13,246)	\$ (13,009)	\$ 11,825	\$ (24,637)
-	-	-	-	-	-
<u>\$ (11,190)</u>	<u>\$ 11,166</u>	<u>\$ (13,246)</u>	<u>\$ (13,009)</u>	<u>\$ 11,825</u>	<u>\$ (24,637)</u>

Silver Consolidated School District NO. 1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
For the Fiscal Year Ended June 30, 2017

	Special Revenue Funds			
	Family & Youth Resources	Library SB GO Bond	Teacher Mentoring	Breakfast For Elementary
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges				
State aid				41,196
Federal aid				
Miscellaneous				
Total revenues	\$ -	\$ -	\$ -	\$ 41,196
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Students				
Support services - Instruction				
General administration				
School administration				
Central services				
Operation of plant				
Food services				41,196
Transportation				
Capital outlay				
Total expenditures	\$ -	\$ -	\$ -	\$ 41,196
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfers out				
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2016 as originally reported	\$ -	\$ -	\$ 6,428	\$ (4,556)
Restatement	(13,368)	(1,944)		4,704
Fund balance, as restated July 1, 2016	\$ (13,368)	\$ (1,944)	\$ 6,428	\$ 148
Net change in fund balance	-	-	-	-
Fund balance, June 30, 2017	\$ (13,368)	\$ (1,944)	\$ 6,428	\$ 148

Special Revenue Funds

Kindergarten 3 +	Library GO Bond	NM Grown Fruit & Veg	2008 Library Books	NMEMRD	IDEA B Results Plan
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		2,749			28,271
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,271</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,354
		2,749			1,917
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,271</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ (3,277)	\$ -	\$ -	\$ 191	\$ -	\$ -
	(10,116)			(1,347)	
<u>\$ (3,277)</u>	<u>\$ (10,116)</u>	<u>\$ -</u>	<u>\$ 191</u>	<u>\$ (1,347)</u>	<u>\$ -</u>
-	-	-	-	-	-
<u>\$ (3,277)</u>	<u>\$ (10,116)</u>	<u>\$ -</u>	<u>\$ 191</u>	<u>\$ (1,347)</u>	<u>\$ -</u>

Silver Consolidated School District NO. 1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (concluded)
For the Fiscal Year Ended June 30, 2017

	Special Revenue Funds			
	Education of Homeless	IDEA B Risk Pool	IDEA B Discretionary	NM Autism
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges				
State aid				
Federal aid				7,148
Miscellaneous				
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u># \$ 7,148</u>
Expenditures:				
Current:				
Instruction	\$ -		\$ -	\$ 7,068
Support services - Students				
Support services - Instruction				
General administration				80
School administration				
Central services				
Operation of plant				
Food services				
Transportation				
Capital outlay				
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,148</u>
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfers out				
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, July 1, 2016 as originally reported	\$ 1,826	\$ -	\$ -	\$ -
Restatement	<u>(1,827)</u>			
Fund balance, as restated July 1, 2016	\$ (1)	\$ -	\$ -	\$ -
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2017	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Project Fund <u>Special Capital</u> <u>Outlay</u>	<u>Total</u>
	\$ 1,115,860
	111,180
	297,676
	3,601,986
	<u>86,584</u>
<u>\$ -</u>	<u>\$ 5,213,286</u>
\$ -	\$ 1,335,257
	224,139
	567,315
	58,558
	2,670
	-
	998,733
	1,340,516
	-
	<u>382,162</u>
<u>\$ -</u>	<u>\$ 4,909,350</u>
\$ -	\$ 303,936
	-
<u>\$ -</u>	<u>\$ 303,936</u>
\$ 24,935	\$ 1,523,891
	13,369
<u>\$ 24,935</u>	<u>\$ 1,537,260</u>
	-
	<u>303,936</u>
<u>\$ 24,935</u>	<u>\$ 1,841,196</u>

Silver Consolidated School District No. 1
GENERAL FUND
COMBINING BALANCE SHEET
June 30, 2017

	Operational	Transportation	Instructional Materials
Assets			
Cash and investments	\$ 433,093	\$ 27	\$ 73,179
Taxes receivable	49,485		
Due from other governments			
Interfund receivable	637,528	-	-
 Total assets	\$ 1,120,106	\$ 27	\$ 73,179
 Liabilities			
Accounts payable	\$ 41,086	\$ -	\$ -
Interfund payable			
 Total liabilities	\$ 41,086	\$ -	\$ -
 Deferred Inflows of Resources			
Unavailable revenue	\$ 43,477	\$ -	\$ -
 Total deferred inflows of resources	\$ 43,477	\$ -	\$ -
 Fund balance:			
Restricted for:			
Education	\$ -	\$ -	\$ 73,179
Transportation		27	
Unassigned	1,035,543	-	-
 Total fund balances	\$ 1,035,543	\$ 27	\$ 73,179
 Total liabilities, deferred inflows of resources, and fund balances	\$ 1,120,106	\$ 27	\$ 73,179

<u>Non - Instructional Support</u>	<u>Total</u>
\$ 28,358	\$ 534,657 49,485 -
<u>28,358</u>	<u>637,528</u>
<u>\$ 28,358</u>	<u>\$ 1,221,670</u>
\$ -	\$ 41,086 -
<u>-</u>	<u>41,086</u>
\$ -	\$ 43,477
<u>-</u>	<u>43,477</u>
\$ 28,358	\$ 101,537 27 1,035,543
<u>28,358</u>	<u>1,137,107</u>
<u>\$ 28,358</u>	<u>\$ 1,221,670</u>

Silver Consolidated School District No. 1
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
For The Fiscal Year Ended June 30, 2017

	Operational	Transportation	Instructional Materials
Revenues:			
Property taxes	\$ 184,802	\$ -	\$ -
State aid	22,761,737	1,176,211	200,418
Federal aid	56,354		
Earnings on investments	5,832		
Miscellaneous	11,528		70
	<u>\$ 23,020,253</u>	<u>\$ 1,176,211</u>	<u>\$ 200,488</u>
Expenditures:			
Current:			
Instruction	\$ 13,656,113	\$ -	\$ 167,825
Support services - Students	2,956,328		
Support services - Instruction	594,909		
General administration	515,379		
School administration	1,507,918		
Central services	536,840		
Operation of plant	2,716,586		
Transportation	14,227	1,176,206	
Other support services	11,649		
Reversion		22	150,524
	<u>\$ 22,509,949</u>	<u>\$ 1,176,228</u>	<u>\$ 318,349</u>
Revenues over (under) expenditures	\$ 510,304	\$ (17)	\$ (117,861)
Fund balance, July 1, 2016	<u>525,239</u>	<u>44</u>	<u>191,040</u>
Fund balance, June 30, 2017	<u>\$ 1,035,543</u>	<u>\$ 27</u>	<u>\$ 73,179</u>

<u>Non-Instructional Support</u>	<u>Total</u>
\$ -	\$ 184,802
	24,138,366
	56,354
	5,832
<u>910</u>	<u>12,508</u>
<u>\$ 910</u>	<u>\$ 24,397,862</u>
\$ -	\$ 13,823,938
10,493	2,966,821
	594,909
	515,379
	1,507,918
	536,840
	2,716,586
	1,190,433
	11,649
	<u>150,546</u>
<u>\$ 10,493</u>	<u>\$ 24,015,019</u>
\$ (9,583)	\$ 382,843
<u>37,941</u>	<u>754,264</u>
<u>\$ 28,358</u>	<u>\$ 1,137,107</u>

Silver Consolidated School District No. 1
GENERAL FUND/OPERATIONAL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 49,441	\$ 49,441	\$ 56,354	\$ 6,913
State sources	23,121,412	22,768,655	22,761,737	(6,918)
Local sources	195,768	195,768		(195,768)
Interest income	4,950	4,950	5,832	882
			193,655	
Total revenues	<u>\$ 23,371,571</u>	<u>\$ 23,018,814</u>	<u>\$ 23,017,578</u>	<u>\$ (194,891)</u>
Expenditures:				
Current:				
Instruction	\$ 14,405,302	\$ 14,050,205	\$ 13,651,147	\$ 399,058
Support services - Students	2,910,373	3,051,673	2,981,241	70,432
Support services - Instructio	757,623	716,623	594,909	121,714
General administration	544,308	704,308	515,379	188,929
School administration	1,561,562	1,513,102	1,507,918	5,184
Central services	779,684	589,684	536,237	53,447
Operation of plant	2,902,564	2,902,564	2,795,470	107,094
Transportation	6,000	86,500	14,008	72,492
Other support services	180,593	80,593	11,649	68,944
Reversion				-
Total expenditures	<u>\$ 24,048,009</u>	<u>\$ 23,695,252</u>	<u>\$ 22,607,958</u>	<u>\$ 1,087,294</u>
Net change in fund balance	\$ (676,438)	\$ (676,438)	\$ 409,620	\$ 892,403
Fund balance, July 1, 2016	<u>676,438</u>	<u>676,438</u>	<u>661,001</u>	<u>(15,437)</u>
Fund balance, June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,070,621</u>	<u>\$ 876,966</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 510,304	
Revenue accruals (net)			(3,585)	
Expenditure accruals (net)			(97,099)	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 409,620</u>	

Silver Consolidated School District No. 1
GENERAL FUND/INSTRUCTIONAL MATERIALS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 158,341	\$ 158,341	\$ 200,488	\$ 42,147
Expenditures:				
Current:				
Support services - Instruction	\$ 158,341	\$ 168,393	\$ 167,825	\$ 568
Reversion			150,524	(150,524)
Total expenditures	<u>\$ 158,341</u>	<u>\$ 168,393</u>	<u>\$ 318,349</u>	<u>\$ (149,956)</u>
Net change in fund balance	\$ -	\$ (10,052)	\$ (117,861)	\$ (107,809)
Fund balance, July 1, 2016		<u>175,603</u>	<u>191,040</u>	<u>15,437</u>
Fund balance, June 30, 2017	<u>\$ -</u>	<u>\$ 165,551</u>	<u>\$ 73,179</u>	<u>\$ (92,372)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (117,861)	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ (117,861)</u>	

Silver Consolidated School District No. 1
GENERAL FUND/TRANSPORTATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
For the Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 1,176,211	\$ 1,176,211	\$ 1,176,211	\$ -
Expenditures:				
Current:				
Transportation	\$ 1,176,211	\$ 1,176,211	\$ 1,176,207	\$ 4
Reversion			22	(22)
Total expenditures	1,176,211	1,176,211	1,176,229	(18)
Net change in fund balance	\$ -	\$ -	\$ (18)	\$ (18)
Fund balance, July 1, 2016	-	44	44	-
Fund balance, June 30, 2017	\$ -	\$ 44	\$ 26	\$ (18)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (18)	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (18)	

Silver Consolidated School District No. 1
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Balance</u> <u>June 30, 2017</u>
Assets				
Cash and investments:				
Silver High School	\$ 85,047	\$ 300,864	\$ 245,339	\$ 140,572
Silver Opportunity School	84,667	68,758	41,786	111,639
La Plata Middle School	44,176	84,405	91,873	36,708
GW Stout Elementary	25,984	67,378	64,174	29,188
Harrison Schmitt Elementary	37,156	91,908	91,838	37,226
Sixth Street Elementary	17,012	11,948	15,927	13,033
Jose Barrios Elementary	37,758	21,301	23,639	35,420
Cliff Schools	151,220	125,822	135,431	141,611
Business Office	<u>312,683</u>	<u>3,403,103</u>	<u>3,408,807</u>	<u>306,979</u>
 Total assets	 <u>\$ 795,703</u>	 <u>\$ 4,175,487</u>	 <u>\$ 4,118,814</u>	 <u>\$ 852,376</u>
Liabilities				
Deposits held for others:				
Silver High School	\$ 85,047	\$ 300,864	\$ 245,339	\$ 140,572
Silver Opportunity School	84,667	68,758	41,786	111,639
La Plata Middle School	44,176	84,405	91,873	36,708
GW Stout Elementary	25,984	67,378	64,174	29,188
Harrison Schmitt Elementary	37,156	91,908	91,838	37,226
Sixth Street Elementary	17,012	11,948	15,927	13,033
Jose Barrios Elementary	37,758	21,301	23,639	35,420
Cliff Schools	151,220	125,822	135,431	141,611
Business Office	<u>312,683</u>	<u>3,403,103</u>	<u>3,408,807</u>	<u>306,979</u>
 Total liabilities	 <u>\$ 795,703</u>	 <u>\$ 4,175,487</u>	 <u>\$ 4,118,814</u>	 <u>\$ 852,376</u>

Silver Consolidated School District No. 1
SCHEDULE OF DEPOSITORY COLLATERAL
June 30, 2017

	First American Bank	Total
Checking and CD's	\$ 14,011,251	\$ 14,011,251
Total on deposit	\$ 14,011,251	\$ 14,011,251
Less: FDIC insurance	(250,000)	(250,000)
Total uninsured public funds	\$ 13,761,251	\$ 13,761,251
50% collateralization requirement (Section 6-10-17 NMSA)	\$ 6,880,626	\$ 6,880,626
Pledged Securities:		
Belen Consolidated School District, 077581NB8, 8/1/17	\$ 175,865	\$ 175,865
Chavez County Gross Receipts, 162634BMO, 8/1/17	100,280	100,280
Portales Muni SD 1, 736151DJ7, 1/15/18	250,373	250,373
Alamogordo NM, 011446FR7, 8/1/18	185,681	185,681
Roswell ISD, 778550HA4, 8/1/18	202,546	202,546
Alamogordo SD#1,011464FQ2, 8/1/19	206,308	206,308
Albuquerque SD #12, 013595QN6, 8/1/19	260,018	260,018
FNMA Agency, 3136G0T68, 10/24/19	995,921	995,921
Gallup McKinley SD#1, 36401 ORK6, 8/1/21	610,765	610,765
Clovis Muni SD#1, 189414KD6, 8/1/23	344,942	344,942
Bernalillo NM MuniSC, 085279SJ7,8/1/25	477,567	477,567
Bernalillo NM MuniSC, 085279SK4,8/1/26	526,930	526,930
Dona Ana County NM, 257579DB5, 9/1/29	280,945	280,945
FN MA2865, 31418CFF6, 1/1/37	1,483,876	1,483,876
FN MA2911, 31418CGV0, 2/1/37	1,473,115	1,473,115
Total pledged securities	\$ 7,575,132	\$ 7,575,132
Pledged securities over (under) requirement	\$ 694,507	\$ 694,507

Securities pledged for Ambank are held by the Federal Home Loan Bank in Dallas, TX.

Silver Consolidated School District No. 1
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS
 June 30, 2017

	Type of Account	Bank Balance	Reconciled Balance
<u>First American Bank</u>			
Operational	Checking	\$ 12,344,543	\$ 9,426,321
Cliff Athletics	Checking	8,053	6,133
Athletics	Checking	19,228	19,117
Food Service	Checking	304,368	28,135
Trust	Checking	933,693	892,740
Payroll	Checking	401,366	-
Total Cash and Investments		\$ 14,011,251	\$ 10,372,446

Silver Consolidated School District No. 1
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2017

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>	<u>Food Services</u>	<u>Athletics</u>
Total cash and investments as of July 1, 2016	\$ 661,001	\$ 44	\$ 191,040	\$ 48,707	\$ 25,811
Add: Current year receipts	23,017,578	1,176,211	200,488	1,116,020	61,069
Voided warrants					
Refunds					
Less: Current year expenditures	(22,607,958)	(1,176,206)	(167,825)	(1,136,593)	(61,630)
Overdrafts					
Abatements					
Receivables/payables	(742,573)			200,000	
Transfers		(22)	(150,524)		
	<u>328,048</u>	<u>27</u>	<u>73,179</u>	<u>228,134</u>	<u>25,250</u>
Total cash and investments as of June 30, 2017	<u>\$ 328,048</u>	<u>\$ 27</u>	<u>\$ 73,179</u>	<u>\$ 228,134</u>	<u>\$ 25,250</u>

Silver Consolidated School District No. 1
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (continued)
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2017

	<u>State Direct</u>	<u>Special Capital Outlay State</u>	<u>Federal Flowthrough</u>	<u>Federal Direct</u>	<u>State Flowthrough</u>
Total cash and investments as of July 1, 2016	\$ (1,347)	\$ 24,935	\$ (751,299)	\$ 516,514	\$ (116,741)
Add: Current year receipts	8,847		2,183,397	616,537	134,730
Voided warrants					
Refunds					
Less: Current year expenditures	(8,847)		(1,803,142)	(267,123)	(116,809)
Overdrafts					
Abatements					
Receivables/payables	1,347		371,045		98,821
Transfers					
Total cash and investments as of June 30, 2017	<u>\$ -</u>	<u>\$ 24,935</u>	<u>\$ -</u>	<u>\$ 865,929</u>	<u>\$ -</u>

Silver Consolidated School District No. 1
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (continued)
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2017

	<u>Bond Building</u>	<u>Capital Improv. HB 33</u>	<u>SB-9-State</u>	<u>SB-9 Local</u>	<u>Debt Service</u>
Total cash and investments as of July 1, 2016	\$ -	\$ 440,526	\$ 809,339	\$ -	\$ 1,484,261
Add: Current year receipts	5,001,266	781,025	138,659	1,095,682	1,652,139
Chargebacks					
Refunds					
Less: Current year expenditures		(827,331)	(71,360)	(1,204,818)	(1,464,903)
Overdrafts					
Abatements					
Receivables/payables			71,360		
Transfers			(947,998)	947,998	
Total cash and investments as of June 30, 2017	<u>\$ 5,001,266</u>	<u>\$ 394,220</u>	<u>\$ -</u>	<u>\$ 838,862</u>	<u>\$ 1,671,498</u>

Silver Consolidated School District No. 1
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS (concluded)
ALL FUNDS BY SCHOOL DISTRICT CLASSIFICATION
For The Fiscal Year Ended June 30, 2017

	Non-Instructional Student Support	Agency	Total
	<u> </u>	<u> </u>	<u> </u>
Total cash and investments as of July 1, 2016	\$ 38,851	\$ 834,565	\$ 4,206,207
Add: Current year receipts		4,180,987	41,364,634
Chargebacks			-
Refunds			-
Less: Current year expenditures	(10,493)	(4,122,811)	(35,047,848)
Overdrafts			-
Abatements			-
Receivables/payables			-
Transfers			(150,546)
	<u> </u>	<u> </u>	<u> </u>
Total cash and investments as of June 30, 2017	<u>\$ 28,358</u>	<u>\$ 892,741</u>	<u>\$ 10,372,446</u>

Silver Consolidated School District No. 1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2017

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed through N.M. Department of Education:				
Title I Grants to Lea's Special Education Cluster:	84.010	24.101	\$ 24,576	\$ 827,935
Special Education- Grants to States	84.027	24.106	\$ -	\$ 672,950
Special Education-Preschool Grants	84.173	24.109		21,366
Total Special Education Cluster			\$ -	\$ 694,316
Teacher Quality State Grants	84.367	24.154	\$ -	\$ 142,319
Rural Education	84.358	24.160		71,242
Total U.S. Department of Education			\$ 24,576	\$ 1,735,812
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Direct Programs:				
Schools and Roads-Grants to States	10.665	N/A	\$ -	\$ 8,427
Passed through N.M. Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	N/A	\$ -	\$ 786,914
Summer Food Service Program For Children	10.559	N/A		40,097
School Breakfast Program	10.553	N/A		329,310
Total Chiild Nutrition Cluster			\$ -	\$ 1,156,321
Fresh Fruits and Vegetables Program	10.582	24.118	\$ -	\$ 56,570
Total U.S. Department of Agriculture			\$ -	\$ 1,221,318
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed through N.M. Dept. of Human Services:				
Medical Assistance Program	93.778	25.153	\$ -	\$ 625,012
Total expenditures of federal awards			\$ 24,576	\$ 3,582,142

See the accompanying notes to the Schedule of Expenditures of Federal Awards.

Silver Consolidated School District No. 1
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Silver Consolidated School District No. 1, 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 Silver Consolidated School District No. 1, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Silver Consolidated School District No. 1.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance.

Note 3 Non-Monetary Assistance

Non-monetary assistance is reported in the schedule at the fair market value of the USDA commodities received. The District received \$91,166 in food commodities during the 2016-2017 fiscal year.

Note 4 Indirect Costs

The District has elected not to use the de Minimis indirect cost rate as allowed under the Uniform Guidance.

Silver Consolidated School District No. 1
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2017

Current Status

Findings – Financial Statement Audit

2015-001 Purchase orders dated after invoice Modified and repeated

2016-001 Activity receipts not deposited timely Modified and repeated

Findings and Questioned Costs – Major Federal Award Programs

None



MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
JARROD MASON, C.P.A.
KELLEY WYATT, C.P.A.

RYAN MONTOYA, C.P.A.

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

INDEPENDENT AUDITOR'S REPORT

Timothy Keller, State Auditor
And
Board of Education
Silver Consolidated School District No. 1
Silver City, 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, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of Silver Consolidated School District No. 1 as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Silver Consolidated School District No. 1's basic financial statements, and have issued our report thereon dated November 12, 2017.

Internal Control Over financial Reporting

In planning and performing our audit of the financial statements, we considered Silver Consolidated School District No. 1'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 Silver Consolidated School District No. 1's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Silver Consolidated School District No. 1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items 2017-001 through 2017-004.

Silver Consolidated School District No. 1's Responses to Findings

Silver Consolidated School District No. 1'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 subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Stone, McGee & Co., CPAs

Silver City, New Mexico
November 12, 2017

Stone, McGee & Co.
Certified Public Accountants

MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

Timothy Keller, State Auditor
And
Board of Education
Silver Consolidated School District No. 1
Silver City, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Silver Consolidated School District No. 1's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Silver Consolidated School District No. 1's major federal programs for the year ended June 30, 2017. Silver Consolidated School District No. 1'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Silver Consolidated School District No. 1'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 the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Silver Consolidated School District No. 1'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 Silver Consolidated School District No. 1's compliance.

Opinion on Each Major Federal Program

In our opinion, Silver Consolidated School District No. 1 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 Silver Consolidated School District No. 1 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 Silver Consolidated School District No. 1'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 the 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 Silver Consolidated School District No. 1'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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Stone, McGee & Co., CPAs

Silver City, New Mexico
November 12, 2017

Stone, McGee & Co.
Certified Public Accountants

Silver Consolidated School District No. 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2017

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Silver Consolidated School District No. 1 were prepared in accordance with Generally Accepted Accounting Principles.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *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*.
3. No instances of noncompliance material to the financial statements of Silver Consolidated School District No. 1, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
5. The auditor's report on compliance for the major federal award programs for Silver Consolidated School District No. 1 expresses an unmodified opinion on all major programs.
6. No audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) were noted during the audit.
7. The programs tested as major programs included: The Special Education Cluster, consisting of Special Education-Grants to States, CFDA No. 84.027 and Special Education-Preschool Grants, CFDA No. 84.173; and the Fresh Fruits and Vegetables Program, CFDA No. 10.582.
8. The threshold for distinguishing types A and B programs was \$750,000.
9. Silver Consolidated School District No. 1 is a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

2017-001 (2015-001) Procurement (Other Noncompliance)

Condition – In 9 of 141 disbursement tested, we noted the District had 9 instances, totaling \$41,588, where the purchase order was dated subsequent to the date of the invoice.

The District has attempted to alleviate this problem, however, personnel turnover and new staff assignments have precluded the elimination of this finding.

Criteria – Sound internal control and Sections 13-1-1 through 13-1-199, NMSA 1978 require in part that expenditures be properly authorized by the appropriate personnel prior to commitment of resources.

Effect – The District risks expenditures without proper authorization, and there is an increased likelihood of non-priority or unnecessary expenditures, as well as violation of New Mexico Statutes. Finally, the internal control over budgeted expenditures is compromised if purchase orders are not obtained prior to purchases.

Cause – The District had significant personnel turnover, and during the training period, purchases were made without proper authorization.

Recommendation – We recommend that the District communicate, to all personnel, the need for authorization prior to the expenditure commitment, and that the District hold training sessions with the appropriate personnel to remind them of the need for purchase order authorization.

Agency Response – The District will continue to provide training to staff, and it is expected that the finding will be alleviated by January 1, 2018. The Director of Finance will be involved in this process.

2017-002 Expenditures in Excess of Budgetary Authority (Other Noncompliance)

Condition – The District incurred expenditures in excess of budgetary authority in the following funds and functions:

Debt Service – General Administration	\$ 1726
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Criteria – Sections 6-3-1 through 6-3-25 NMSA 1978 require, in part, that expenditures not exceed budgetary authority. The function is the legal level of control for public schools.

Effect – The internal controls established by adherence to budgets has been compromised, and excess spending could result. In addition, New Mexico statutes have been violated.

Cause – The District did not make the necessary year-end budget adjustments to alleviate these over-expenditures.

Recommendation – We recommend that the District continue to emphasize its policy of making year-end adjustments to budgets to alleviate excess expenditures. Supervisory personnel should be involved in the year-end budgetary adjustment process.

Agency Response – The District continues to emphasize year-end budget adjustments. This was an unusual circumstance in which the District collected more property tax than anticipated, and the fees charged by Grant County were proportionately increased. The Director of Finance is charged with budget adjustments, and it is anticipated that all adjustments will be made in the June 30, 2018 fiscal year.

2017-003 Travel and Per Diem Reimbursements (Other Noncompliance)

Condition – In a review of 25 travel reimbursement requests, we noted the following:

1. One reimbursement for an alcoholic beverage, totaling \$4
2. Two instances where per diem was paid in excess of the allowable rate, totaling \$11.
3. One instance where mileage was paid based on a gas receipt rather than the odometer reading or standard mileage chart.
4. One instance where meal reimbursement was paid from a credit card receipt, without the detail of what was purchased.

Criteria – Sections 10-8-1 to 10-8-8, NMSA 1978 require in part that reimbursement be made for travel at approved rates only after the presentation of sufficient evidence to justify the expenditure, and that the expense be eligible for reimbursement.

Effect – The District has violated New Mexico Statutes related to travel reimbursements, and there is an increased likelihood of payment for ineligible expenditures.

Cause – The District had significant turnover in positions charged with reviewing travel reimbursement requests, and the above violations occurred during the training period.

Recommendation – We recommend that the District comply with the policy already in place concerning per diem and mileage requests, and that supplemental random review by supervisory personnel be implemented to avoid future violations.

Agency Response – The recommendation will be adopted, and the Director of Finance will be charged with the implementation of the recommendation, which is expected immediately.

2017-004 (2016-001) Activity Funds Receipts (Other Noncompliance)

Condition – In a review of 40 activity fund receipts, we noted that 12 receipts were not deposited within one banking day, as required by policy, totaling \$6,506; and that in 28 instances, the recap sheets required at the individual school level were not completed in accordance with District policy.

The District has held training sessions at the various locations, however, continued personnel turnover has continued to create receipting problems.

Criteria – Sound accounting policy and District policy require that deposits be made within one day of receipt, and that recap sheets, signed by two individual school personnel, accompany the deposit into the Central Office.

Effect – There is an increased likelihood of conversion of funds without the need for collusion. Additionally, District policies have been violated.

Cause – Turnover at individual schools, combined with inadequate training and supervision, had combined to allow these violations to continue.

Recommendation – We recommend that the District continue to provide periodic training, and require appropriate supervisory personnel to be involved in the receipting process at the individual schools to ensure compliance with District Policy.

Agency Response – The district will continue to hold periodic training sessions, and review school receipting with school supervisory personnel to alleviate this problem. The Director of Finance will be charged with implementation of this corrective action, and it is expected that this corrective action will be implemented immediately.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None

OTHER – FINANCIAL STATEMENT PREPARATION

The financial statements were prepared by Stone, McGee & Co., C.P.A.'s, with substantial assistance from District personnel, who have acknowledged and accepted responsibility for the financial statements.

EXIT CONFERENCE

The contents of this report were discussed November 8, 2017. Present at this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Patrick Cohn	Board Member	Silver Consolidated Schools
Audie Brown	Superintendent	Silver Consolidated Schools
Michelle McCain	Director of Finance	Silver Consolidated Schools
Martha Alvarez	Asst. Director of Finance	Silver Consolidated schools
Mike Morones, CPA	Audit Committee Member	Silver Consolidated Schools
Amy Lockett	Audit Committee Member	Silver Consolidated Schools
Mike Stone, CPA	Shareholder	Stone, McGee & Co., CPAs