

State of New Mexico

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

For The Fiscal Year Ended June 30, 2018

Silver Consolidated School District No. 1  
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Silver Consolidated School District No. 1  
**DIRECTORY OF OFFICIALS**  
June 30, 2018

**BOARD OF EDUCATION**

Michael McMillan	President
Ashley Montenegro	Vice-President
Michelle Diaz	Secretary
Patrick Cohn	Member
Eddie Flores	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.  
KELLEY WYATT, C.P.A.

RYAN MONTOYA, C.P.A.

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## INDEPENDENT AUDITOR'S REPORT

Wayne Johnson, 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 and major special revenue funds of the Silver Consolidated School District No. 1, as of and for the year ended June 30, 2018, 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, 2018, and the respective changes in financial position and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 46 to 48 and the District's other postemployment benefits presented on pages 49 to 51 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 Schedule of Expenditures of Federal Awards and the other supplementary information are 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, 2018, 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, 2018

**Stone, McGee & Co.**  
Certified Public Accountants

Silver Consolidated School District No. 1  
**STATEMENT OF NET POSITION**  
June 30, 2018

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 11,176,057
Property taxes receivable	1,033,160
Accounts receivable	
Due from other governments	1,142,492
Inventory	18,022
Capital assets:	
Land and improvements	6,364,714
Buildings and improvements	52,455,788
Equipment	4,801,950
Construction in progress	
Less accumulated depreciation	(41,926,661)
Total capital assets, net of depreciation	\$ 21,695,791
Total assets	\$ 35,065,522
<b>Deferred Outflows of Resources</b>	
Related to pensions	\$ 20,524,126
Related to other postemployment benefits	316,750
Total deferred outflows of resources	\$ 20,840,876
<b>Liabilities</b>	
Accounts payable	\$ 258,408
Long-term liabilities:	
Portion due or payable within one year:	
Bonds payable	1,265,000
Accrued interest payable	62,225
Portion due or payable after one year:	
Net pension liability	62,401,013
Net other postemployment benefits liability	17,023,230
Bonds payable	8,735,000
Bond premiums	239,355
Compensated absences	66,463
Total liabilities	\$ 90,050,694
<b>Deferred Inflows of Resources</b>	
Related to pensions	\$ 3,110,182
Related to other postemployment benefits	3,874,447
Total deferred inflows of resources	\$ 6,984,629
<b>Net Position</b>	
Ne investment in capital assets	\$ 18,225,601
Restricted for:	
Capital projects	478,098
Debt service	1,879,972
Other purposes	2,526,471
Unrestricted	(64,239,067)
Total net position	\$ (41,128,925)

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, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program</u> Charges for Services
Governmental activities:		
Instruction	\$ 19,914,391	\$ 63,872
Support services - Students	4,423,137	
Support services - Instruction	1,550,822	
General administration	791,785	
School administration	2,209,119	
Central services	801,943	
Operation of plant	5,881,313	
Food services	1,394,337	52,983
Transportation	1,228,683	
Other support services	55,480	
Interest on long-term debt	76,716	
Bond issue costs	104,463	
	<u>\$ 38,432,189</u>	<u>\$ 116,855</u>

General revenues:

- Property taxes:
  - Levied for general purposes
  - Levied for debt service
  - Levied for plant maintenance and improvements
- State aid - formula grants
- Federal 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
\$ 1,508,553		\$ (18,341,966)
297,600		(4,125,537)
936,043		(614,779)
46,627		(745,158)
211		(2,208,908)
2,740		(799,203)
89,572		(5,791,741)
1,220,972		(120,382)
		(1,228,683)
		(55,480)
		(76,716)
		(104,463)
\$ 4,102,318	\$ -	\$ (34,213,016)
		\$ 181,203
		1,665,855
		1,848,325
		23,377,875
		243,622
		289,873
		4,324
		\$ 27,611,077
		\$ (6,601,939)
		\$ (14,306,100)
		(20,220,886)
		\$ (34,526,986)
		(6,601,939)
		\$ (41,128,925)

Silver Consolidated School District No. 1  
**BALANCE SHEETS**  
**GOVERNMENTAL FUNDS**  
June 30, 2018

	General Fund	Entitlement	Medicaid
<b>Assets</b>			
Cash and investments	\$ 655,409	\$ -	\$ 1,365,903
Property taxes receivable	47,138		
Accounts receivable			
Inventory			
Due from other governments		457,339	95,491
Interfund receivable	1,029,406		
Total assets	\$ 1,731,953	\$ 457,339	\$ 1,461,394
 <b>Liabilities</b>			
Accounts payable	\$ 92,261	\$ 2,052	\$ 53
Interfund payable		455,287	
Total liabilities	\$ 92,261	\$ 457,339	\$ 53
 <b>Deferred Inflows of Resources</b>			
Unavailable revenue	\$ 41,999	\$ 1,310	\$ -
Total deferred inflows of resources	\$ 41,999	\$ 1,310	
 Fund balance:			
Nonspendable:			
Inventories	\$ -	\$ -	\$ -
Restricted for:			
Education	56,808		
Transportation	36		
Food service			
Social services			1,461,341
Capital projects			
Debt service			
Unassigned	1,540,849	(1,310)	
Total fund balances	\$ 1,597,693	\$ (1,310)	\$ 1,461,341
Total liabilities, deferred inflows of resources and fund balances	\$ 1,731,953	\$ 457,339	\$ 1,461,394

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

<u>HB 33</u>	<u>Bond Building</u>	<u>Debt Service</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ 141,053	\$ 6,529,810	\$ 1,863,185	\$ 620,697	\$ 11,176,057
486,362		305,393	194,267	1,033,160
				-
			18,022	18,022
			589,662	1,142,492
		12,974		1,042,380
<u>\$ 627,415</u>	<u>\$ 6,529,810</u>	<u>\$ 2,181,552</u>	<u>\$ 1,422,648</u>	<u>\$ 14,412,111</u>
\$ 1,445	\$ 146,606	\$ -	\$ 15,991	\$ 258,408
	1,266		585,827	1,042,380
<u>\$ 1,445</u>	<u>\$ 147,872</u>	<u>\$ -</u>	<u>\$ 601,818</u>	<u>\$ 1,300,788</u>
\$ 460,994	\$ -	\$ 262,049	\$ 338,423	\$ 1,104,775
<u>\$ 460,994</u>	<u>\$ -</u>	<u>\$ 262,049</u>	<u>\$ 338,423</u>	<u>\$ 1,104,775</u>
\$ -	\$ -	\$ -	\$ 18,022	\$ 18,022
			549,674	606,482
				36
			74,439	74,439
			1,483	1,462,824
164,976	6,381,938		24,935	6,571,849
		1,919,503		1,919,503
			(186,146)	1,353,393
<u>\$ 164,976</u>	<u>\$ 6,381,938</u>	<u>\$ 1,919,503</u>	<u>\$ 482,407</u>	<u>\$ 12,006,548</u>
<u>\$ 627,415</u>	<u>\$ 6,529,810</u>	<u>\$ 2,181,552</u>	<u>\$ 1,422,648</u>	<u>\$ 14,412,111</u>

Silver Consolidated School District No. 1  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
June 30, 2018

Total governmental fund balances	\$	12,006,548
 <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.		21,695,791
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		927,445
Intergovernmental receivables subject to the 60 day availability period		177,330
Deferred outflows and inflows of resources related to pensions and other postemployment benefits apply to future periods and, therefore, are not reported in the funds:		
Deferred inflows of resources related to pensions		(3,110,182)
Deferred outflows of resources related to pensions		20,524,126
Deferred inflows related to other postemployment benefits		(3,874,447)
Deferred outflows of resources related to pensions		316,750
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		(62,401,013)
Net other postemployment benefits liability		(17,023,230)
Bonds payable		(10,000,000)
Bond premiums		(239,355)
Accrued interest payable		(62,225)
Compensated absences payable		(66,463)
		(41,128,925)
<i>Net Position of Governmental Activities</i>	\$	(41,128,925)

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, 2018

	General	Entitlement	Medicaid
Revenues:			
Property taxes	\$ 182,681	\$ -	\$ -
Fees and charges	25,396		
State aid	23,377,875		
Federal aid	288,042	769,277	698,114
Earnings on investments	4,324		
Miscellaneous	220,057		
	<u>\$ 24,098,375</u>	<u>\$ 769,277</u>	<u>\$ 698,114</u>
 Total revenues			
Expenditures:			
Current:			
Instruction	\$ 13,228,298	\$ 501,430	\$ -
Support services - Students	3,043,955	246,749	
Support services - Instruction	681,767	1,252	294,480
General administration	547,056	19,165	
School administration	1,625,617		
Central services	494,253		
Operation of plant	2,947,227	1,991	
Food service			
Transportation	1,069,616		
Other support services			
Bond issue costs			
Debt service--Principal			
Interest			
Capital outlay			
	<u>\$ 23,637,789</u>	<u>\$ 770,587</u>	<u>\$ 294,480</u>
 Total expenditures			
Revenues over (under) expenditures	\$ 460,586	\$ (1,310)	\$ 403,634
Other financing sources (uses):			
Bond proceeds			
Bond premium			
Reversion to State of NM			
	<u>\$ 460,586</u>	<u>\$ (1,310)</u>	<u>\$ 403,634</u>
Net change in fund balance			
Fund balance, July 1, 2017	1,137,107	-	1,057,707
Fund balance June 30, 2018	<u>\$ 1,597,693</u>	<u>\$ (1,310)</u>	<u>\$ 1,461,341</u>

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

<u>HB 33</u>	<u>Bond Building</u>	<u>Debt Service</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
\$ 780,119	\$ -	\$ 1,689,786	\$ 1,079,686	\$ 3,732,272
			136,699	162,095
			403,646	23,781,521
			2,132,792	3,888,225
				4,324
				<u>220,057</u>
<u>\$ 780,119</u>	<u>\$ -</u>	<u>\$ 1,689,786</u>	<u>\$ 3,752,823</u>	<u>\$ 31,788,494</u>
\$ -	\$ -	\$ -	\$ 1,069,824	\$ 14,799,552
			50,851	3,341,555
			233,604	1,211,103
8,232		14,601	35,563	624,617
			5,489	1,631,106
			2,740	496,993
775,816			1,211,184	4,936,218
			1,230,539	1,230,539
				1,069,616
55,480				55,480
		104,463		104,463
		1,420,000		1,420,000
		113,878		113,878
<u>185,088</u>	<u>2,685,492</u>		<u>214,111</u>	<u>3,084,691</u>
<u>\$ 1,024,616</u>	<u>\$ 2,685,492</u>	<u>\$ 1,652,942</u>	<u>\$ 4,053,905</u>	<u>\$ 34,119,811</u>
\$ (244,497)	\$ (2,685,492)	\$ 36,844	\$ (301,082)	\$ (2,331,317)
	5,000,000			5,000,000
		143,507		143,507
				-
<u>\$ (244,497)</u>	<u>\$ 2,314,508</u>	<u>\$ 180,351</u>	<u>\$ (301,082)</u>	<u>\$ 2,812,190</u>
<u>409,473</u>	<u>4,067,430</u>	<u>1,739,152</u>	<u>783,489</u>	<u>9,194,358</u>
<u>\$ 164,976</u>	<u>\$ 6,381,938</u>	<u>\$ 1,919,503</u>	<u>\$ 482,407</u>	<u>\$ 12,006,548</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, 2018

Net change in fund balances- total governmental funds \$ 2,812,190

*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	3,084,691
Depreciation expense	(1,726,684)

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	78,645
Intergovernmental receivables subject to the 60 day availability period	(36,889)

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	1,420,000
---------------------------	-----------

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

Bond premiums	(143,507)
Amortization	5,418

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.

31,744



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, 2018

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	2,196,028
Cost of benefits earned	(8,945,286)

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

Postemployment benefit contributions	316,750
Costs of benefits earned	(676,791)

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.

-

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.

(18,248)

*Change in Net Position of Governmental Activities*

\$ (6,601,939)

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 30,2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Federal sources	\$ 40,000	\$ 48,689	\$ 288,042	\$ 239,353
State sources	23,208,986	23,364,736	23,379,353	14,617
Local sources	206,455	206,455	224,579	18,124
Interest income	-	-	4,324	4,324
<b>Total revenues</b>	<b>\$ 23,455,441</b>	<b>\$ 23,619,880</b>	<b>\$ 23,896,298</b>	<b>\$ 276,418</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	\$ 13,172,934	\$ 13,381,623	\$ 13,165,280	\$ 216,343
Support services - Students	3,028,782	3,028,782	2,859,513	169,269
Support services - Instructi	958,700	1,031,879	750,269	281,610
General administration	586,779	586,779	547,056	39,723
School administration	1,693,794	1,693,794	1,625,597	68,197
Central services	510,063	510,063	493,775	16,288
Operation of plant	3,191,423	3,146,688	2,901,347	245,341
Transportation	1,069,594	1,070,092	1,069,752	340
Other support services	33,338	33,338	-	33,338
Reversion				-
Capital outlay				-
<b>Total expenditures</b>	<b>\$ 24,245,407</b>	<b>\$ 24,483,038</b>	<b>\$ 23,412,589</b>	<b>\$ 1,070,449</b>
Net change in fund balance	\$ (789,966)	\$ (863,158)	\$ 483,709	\$ 1,346,867
Fund balance, July 1, 2017	1,143,926	1,143,926	1,143,926	-
Fund balance, June 30, 2018	<u>\$ 353,960</u>	<u>\$ 280,768</u>	<u>\$ 1,627,635</u>	<u>\$ 1,346,867</u>
<b>Budgetary reconciliation:</b>				
Net change in fund balance, GAAP basis			\$ 460,586	
Removal of non-budgeted Activity funds			46,246	
Revenue accruals (net)			202,077	
Expenditure accruals (net)			(225,200)	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 483,709</u>	

Silver Consolidated School District No. 1  
**SPECIAL REVENUE FUND - ENTITLEMENT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 751,796	\$ 961,180	\$ 545,796	\$ (415,384)
Expenditures:				
Current:				
Instruction	\$ 451,862	\$ 529,422	\$ 502,040	\$ 27,382
Support services - Students	275,838	382,344	249,256	133,088
Support services - Instruction	-	20,000	1,252	18,748
General administration	19,096	24,414	19,165	5,249
Operation of plant	5,000	5,000	1,990	3,010
Total expenditures	\$ 751,796	\$ 961,180	\$ 773,703	\$ 187,477
Net change in fund balance	\$ -	\$ -	\$ (227,907)	\$ (227,907)
Fund balance, July 1, 2017	-	-	227,379	227,379
Fund balance, June 30, 2018	\$ -	\$ -	\$ (528)	\$ (528)
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ (1,310)	
Revenue accruals (net)			(228,650)	
Expenditure accruals (net)			2,053	
Other financing sources (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ (227,907)	

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

Silver Consolidated School District No. 1  
**SPECIAL REVENUE FUND - MEDICAID**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES--BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
For the Fiscal Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal sources	\$ 330,000	\$ 330,000	\$ 666,702	\$ 336,702
Expenditures:				
Current:				
Support services - Students	\$ 385,305	\$ 385,305	\$ 296,780	\$ 88,525
Other support services				-
Total expenditures	\$ 385,305	\$ 385,305	\$ 296,780	\$ 88,525
Net change in fund balance	\$ (55,305)	\$ (55,305)	\$ 369,922	\$ 425,227
Fund balance, July 1, 2017	1,057,707	1,057,707	1,057,707	-
Fund balance, June 30, 2018	\$ 1,002,402	\$ 1,002,402	\$ 1,427,629	\$ 425,227
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 403,634	
Revenue accruals (net)			(33,765)	
Expenditure accruals (net)			53	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			\$ 369,922	

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

Silver Consolidated School District No. 1  
**STATEMENT OF FIDUCIARY  
NET POSITIONS**  
June 30, 2018

	Private Purpose Trust Funds	Agency
<b>Assets</b>		
Cash and investments	\$ 39,511	\$ 876,193
Total assets	\$ 39,511	\$ 876,193
 <b>Liabilities</b>		
Deposits held for others	\$ -	\$ 876,193
Total liabilities	\$ -	\$ 876,193
 <b>Net Position</b>		
Endowments held in trust for scholarships and other purposes	\$ 39,511	

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, 2018

	Private Purpose Trust Funds
<b>Additions</b>	
Gifts and contributions	\$ 4,650
<b>Deductions</b>	
Scholarships awarded	5,500
Change in net position	\$ (850)
Net position July 1, 2017, as orginally stated	\$ 40,361
Restatement	-
Net Position July 1, 2017, as restated	\$ 40,361
Change in net position	(850)
Net position June 30, 2018	\$ 39,511

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, 2018

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.

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).

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.

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, and other postemployment benefits as discussed in Note 6.

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:

<u>Governmental Funds Balance Sheet</u>							
	<u>Statement</u>	<u>En-</u>	<u>HB-33</u>	<u>Debt</u>	<u>Other</u>	<u>Total</u>	
	<u>of net</u>	<u>title</u>	<u>Fund</u>	<u>Service</u>	<u>Funds</u>	<u>Total</u>	
	<u>Position</u>	<u>ment</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Total</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Total</u>	
Advances received under expenditure driven grants	\$ -0-	\$	\$	\$	\$	\$	\$ -0-
Revenue not received within 60 days of year-end		1,310			176,020	177,330	
Property taxes	<u>41,999</u>	<u>460,994</u>	<u>262,049</u>	<u>162,403</u>	<u>927,445</u>		
Total	<u>\$ -0-</u>	<u>\$41,999</u>	<u>\$ 1,310</u>	<u>\$460,994</u>	<u>\$262,049</u>	<u>\$338,423</u>	<u>\$1,104,775</u>

In addition, the District reports deferred inflows of resources related to pensions as discussed in Note 5, and other postemployment benefits as discussed in Note 6.

**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, 2018 was \$.416 per \$1,000 for non-residential property and \$.260 for residential property. The District's tax rate for debt service was \$2.560 per \$1,000 for both residential and nonresidential property. The District's tax rate for District improvements was \$1.869 per \$1,000 for residential and \$1.888 for nonresidential property. The District's rate for the HB33 was \$1.50 for residential and \$1.50 for non-residential property.

**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, 2018 \$8,113,387 of the government bank balance of \$16,337,891 was exposed to custodial credit risk as follows:

Uninsured and collateralized		<u>\$ 8,113,387</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	7,974,504	7,974,504
Uninsured and collateralized	<u>8,113,387</u>	<u>3,867,257</u>
	<u>\$16,337,891</u>	<u>\$12,091,761</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, 2018, was as follows:

	Balance <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2018</u>
Capital assets not being depreciated:				
Land	\$ 270,563	\$ -	\$ -	\$ 270,563
Construction in progress	<u>932,570</u>	<u>967,657</u>	<u>1,900,227</u>	<u>-</u>
Total assets not being depreciated	<u>\$ 1,203,133</u>	<u>\$ 967,657</u>	<u>\$ 1,900,227</u>	<u>\$ 270,563</u>
Other capital assets:				
Building & improvements	\$ 48,773,054	\$ 3,682,734	\$ -	\$ 52,455,788
Furniture and equipment	4,638,640	163,310	-	4,801,950
Land improvements	<u>5,922,934</u>	<u>171,217</u>	<u>-</u>	<u>6,094,151</u>
Total other assets at historical cost	<u>\$ 59,334,628</u>	<u>\$ 4,017,261</u>	<u>\$ -</u>	<u>\$ 63,351,889</u>
Less accumulated depreciation:				
Buildings and improvements	\$(30,736,816)	\$(1,699,013)	\$ -	\$(32,435,829)
Land improvements	(5,071,900)	(14,285)	-	(5,086,185)
Furniture and equipment	<u>(4,391,261)</u>	<u>(13,386)</u>	<u>-</u>	<u>(4,404,647)</u>
Total accumulated depreciation	<u>\$(40,199,977)</u>	<u>\$ (1,726,684)</u>	<u>\$ -</u>	<u>\$(41,926,661)</u>
Total capital assets, net	<u>\$ 20,337,784</u>	<u>\$ 3,258,234</u>	<u>\$ 1,900,227</u>	<u>\$ 21,695,791</u>

Depreciation expense was charged to the governmental activities as follows:

Instruction	\$ 794,275
Student support	17,267
Instructional support	51,800
Administration general	34,534
Administration school	25,900
Central services	155,402
Plant operation	535,272
Transportation	<u>112,234</u>
	<u>\$ 1,726,684</u>

The District has construction commitments totaling approximately \$5,000,000 at June 30, 2018, 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, 2018:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due In</u> <u>One Year</u>
G.O. Bonds, 2005	\$ 1,420,000	\$	\$ 1,420,000	\$ -0-	\$ -0-
G.O. Bonds, 2017	5,000,000	-0-	-0-	5,000,000	1,265,000
G.O. Bonds, 2018	<u>-0-</u>	<u>5,000,000</u>	<u>-0-</u>	<u>5,000,000</u>	<u>-0-</u>
	<u>\$ 6,420,000</u>	<u>\$5,000,000</u>	<u>\$ 1,420,000</u>	<u>\$10,000,000</u>	<u>\$1,265,000</u>
Compensated absences	<u>\$ 48,215</u>	<u>\$ 190,915</u>	<u>\$ 172,487</u>	<u>\$ 66,643</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>
2019	\$ 1,265,000	\$ 235,542
2020	1,125,000	282,250
2021	320,000	266,975
2022	330,000	258,800
2023	335,000	249,625
2024-2028	1,830,000	1,080,350
2029-2033	2,170,000	731,850
2034-2038	<u>2,625,000</u>	<u>270,700</u>
	<u>\$ 10,000,000</u>	<u>\$ 3,376,092</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 \$13,376,092 at June 30, 2018, 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 4.00% 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, 2018, the District recognized \$1,689,786 in property taxes pledged to retire the bonded indebtedness, and retired \$1,533,878 in bond principal and interest.

### 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 amortized cost.

### 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](http://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, and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010, and before July 1, 2013, or at any time prior to 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.

Section 2-11-23.2, NMSA, 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions, and returned

to work for an ERB employer on or after July 1, 2013. These members must meet one of the following requirements:

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

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, 2018 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 \$2,196,028 for the year ended June 30, 2018.

### 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, 2016. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017. At June 30, 2018, the Silver Consolidated School District No. 1 reported a liability of \$62,401,013 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, 2017. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2017, the District's proportion was .56149 percent, which was a decrease of .03224 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Silver Consolidated School District No. 1 recognized pension expense of \$8,945,286. At June 30, 2018, 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	\$ 112,016	\$ (961,346)
Changes of assumptions	18,216,082	-
Net difference between projected and actual earnings on pension plan investments		(8,560)
Changes in proportion and differences between Silver Consolidated School District #1 contributions and proportionate share of contributions		(2,140,276)
Silver Consolidated School District No. 1 contributions subsequent to the measurement date	<u>2,196,028</u>	<u>-</u>
Total	<u>\$20,524,126</u>	<u>\$(3,110,182)</u>

\$2,196,028 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, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 5,623,748
2020	6,252,216
2021	3,855,776
2022	(513,825)

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, 2016. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017 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, 2017. Specifically the liabilities measured as of June 30, 2017 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.7%.
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
Single discount rate	5.9 Years
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	7.25%

Retirement Age	Experience based table of age and service rates
Mortality	<p>Healthy males: RP-2000 Combined Mortality Table with White Collar Adjustment, using Scale BB.</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 5.9% was used to measure the total ERB pension liability as of June 30, 2017. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. 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 2017. 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 (4.90%) or one percentage point higher (6.90%) than the single discount rate.

	<u>1% Decrease</u> <u>(4.90%)</u>	<u>Discount Rate</u> <u>(5.90%)</u>	<u>1% Increase</u> <u>(6.90%)</u>
Silver Consolidated School District No. 1’s proportionate share of the net pension liability	\$81,230,600	\$62,401,013	\$47,009,357

Pension Plan Fiduciary Net Position

Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for the years ended June 30, 2017 and 2016 which are publicly available at [www.nmerb.org](http://www.nmerb.org).

Note 6 Retiree Health Care Plan

Summary of Significant Accounting Policies

For purposes of measuring the net other postemployment benefits liability (OPEB) deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Retiree Health Care Authority (RHCA) and additions to/deductions from RHCA's fiduciary net position have been determined on the same basis as they are reported by RHCA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Health Care Authority

The New Mexico Retiree Health Care Authority (the Authority) was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Retiree Health Care Fund (the Fund) under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

RHCA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us), or by contacting the New Mexico Retiree Health Care Authority at 4308 Carlisle N.E., Albuquerque, N.M. 87107.

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

The plan has 310 participating employers and 160,035 current members, including active employees, terminated eligible members, retirees, and surviving spouses. As of June 30, 2017, membership in the plan consists of the following:

Plan membership:

Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	<u>97,349</u>
	<u>160,035</u>

Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	<u>48,756</u>
	<u>97,349</u>

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

Employer and employee contributions to the Authority total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Authority.

Current retirees are required to make monthly contributions for individual basic medical coverage. The Board may designate other plans as "optional coverages". See Section 10-7C-13 NMSA 1978 for more details.

The plan's actuarial valuation and measurement of the net OPEB liability and other OPEB amounts were performed by the Authority's independent actuary as of June 30, 2017. The plan's valuation and measurement of the total OPEB liability and related net OPEB liability were performed in accordance with GASB No. 74. The components of the net OPEB liability as of June 30, 2017 are as follows:

	<u>June 30, 2017</u>
Total OPEB liability	\$ 5,111,141,659
Plan fiduciary net position	<u>579,468,641</u>
Net OPEB liability	<u>\$ 4,531,673,018</u>

Plan fiduciary net position as a percentage of the total OPEB liability (funded status)	11.34%
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OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Postemployment Benefits

The Silver Consolidated School District No. 1 reported a liability of \$17,023,230 for its proportionate share of the net OPEB liability. The District's proportion of the net OPEB liability based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2017. At June 30, 2017, the District's proportion was .37565 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of \$676,791. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows



of resources related to other postemployment benefits from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$	\$ 653,261
Net difference between projected and actual earnings on plan investments		244,891
Changes of assumptions		2,976,295
The District's contributions subsequent to the measurement date	<u>316,750</u>	<u>          </u>
Total	<u>\$ 316,750</u>	<u>\$3,874,447</u>

\$316,750 reported as deferred outflows of resources related to OPEB resulting from the District contributions subsequent to the measurement date, June 30, 2017 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:

2019	\$ (823,735)
2020	(823,735)
2021	(823,735)
2022	(823,735)
2023	(579,507)

Actuarial Valuation

The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2017. The mortality, retirement, disability, turnover and salary increase assumptions are based on the PERA annual valuation as of June 30, 2016 and the ERB actuarial experience study as of June 30, 2016. The following actuarial assumptions were applied to the actuary's measurement:

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay calculated on individual employee basis
Asset valuation method	Market value of assets

Actuarial assumptions:	
Inflation	2.50% for ERB members; 2.25% for PERA members
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA Members: RP-2000 Combined Healthy Mortality.

### Rate of Return

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Rate of Return</u>
U.S. Core Fixed Income	20%	4.1%
U.S. Equity – Large Cap	20%	9.1%
Non U.S. – Emerging Markets	15%	12.2%
Non U.S. – Developed Equities	12%	9.8%
Private Equity	10%	13.8%
Credit and Structured Finance	10%	7.3%
Real Estate	5%	6.9%
Absolute Return	5%	6.1%
U.S. Equity – Small/Mid Cap	3%	9.1%

### Discount Rate

The discount rate used to measure the total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of

current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus 3.81% is the blended discount rate.

Sensitivity of the Net Cooperative's OPEB Liability

The following presents the District's net OPEB liability, calculated using the discount rate of 3.81%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percent lower or 1-percent higher than the current rate:

1% Decrease <u>(2.81%)</u>	Current Discount <u>(3.81%)</u>	1% Increase <u>(4.81%)</u>
\$20,648,912	\$17,023,230	\$14,178,556

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

	<u>Inter-Fund Payable</u>			
	<u>Entitlement</u>	<u>Bond Building</u>	<u>Other Funds</u>	<u>Total</u>
<u>Inter-fund Receivable</u>				
General	\$ 455,287	\$	\$ 574,119	\$1,029,406
Debt Service	<u>                    </u>	<u>1,266</u>	<u>11,708</u>	<u>12,974</u>
	<u>\$ 455,287</u>	<u>\$ 1,266</u>	<u>\$ 585,827</u>	<u>\$1,042,380</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, 2018.

Note 10 Restricted Net Position

At June 30, 2018, net positions restricted for other purposes included the following balances:

General	\$ 56,844
Medicaid	1,461,341
Cafeteria	92,154
SB-9	657,197
Other	<u>258,935</u>
	<u>\$ 2,526,471</u>

The District reports restricted positions of \$4,884,541 of which \$4,859,712 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 \$39,511 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, 2018, the date which the financial statements were available to be issued.

Note 13 Deficit Fund Balance

The District had the following non-major funds deficit fund balances as of June 30, 2018:

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)
Teacher Training	(47)
Rural Education	(394)
Pre-K Initiative	(63,961)
Fresh Fruits and Vegetables	(11,499)

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 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 15 Restatements

During the year ended June 30, 2018, the District adopted Governmental Accounting Standards Board Statement No. 75. This statement requires the recognition of a net other postemployment benefit liability for the unfunded postemployment benefits as currently measured by the Retiree Health Care Authority.

	<u>Government- Wide Financial Statements</u>
Retiree Health Care Liability as of June 30, 2017	<u>\$20,220,886</u>

Prior year net position has been restated to show the effects of the changes, where necessary.

Silver Consolidated School District No. 1  
**NONMAJOR GOVERNMENTAL FUNDS DESCRIPTION**  
June 30, 2018

**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).

**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).

**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).

**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).

**USHHS 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** – To account for monies received from the Award for High Improving Schools provided by the State of New Mexico for the purpose of identifying special needs at awarded locations and to purchase items to improve those schools. (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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Silver Consolidated School District No. 1's proportion of the net pension liability	.56149%	.59373%	.60853%	.61778%
Silver Consolidated School District No. 1's proportionate share of the net pension liability	\$ 62,401,013	\$ 42,727,385	\$ 39,416,109	\$ 35,248,855
Silver Consolidated School District No. 1's covered payroll	\$ 15,798,769	\$ 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	394%	267%	237%	207%
Plan fiduciary net position as a percentage of the total pension liability	52.95%	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 2,196,028	\$ 2,221,756	\$ 2,357,009	\$ 2,403,983
Contributions in relation to contractually required contribution	<u>(2,196,028)</u>	<u>(2,221,756)</u>	<u>(2,357,009)</u>	\$ (2,403,983)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Silver Consolidated School District No. 1's covered payroll	15,798,769	\$ 15,983,859	\$ 16,957,435	\$ 17,028,423
Contributions as a percentage of covered payroll	13.90%	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 EDUCATIONAL RETIREMENT BOARD (ERB)**  
**SUPPLEMENTARY INFORMATION**  
For the Fiscal Year Ended June 30, 2018

**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 for period ending June 30, 2016, presented to the Board of Trustees on April 21, 2017, ERB implemented the following changes in assumptions for the fiscal year 2017:

1. Fiscal year 2017 valuation assumptions that changed based on this study:
  - a. Lower inflation assumption from 3.00% to 2.50%
  - b. Lower payroll growth from 3.50% to 3.00%
  - c. Wage inflation rate from 3.75% to 3.25%
  - d. Investment return assumption from 7.75% to 7.25%
  - e. Annual assumed COLA from 2.00% to 1.9%

All other assumptions remain unchanged.

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

Silver Consolidated School District No. 1  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET OTHER  
 POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY OF THE  
 RETIREE HEALTH CARE AUTHORITY (RHCA) PLAN  
 LAST 10 FISCAL YEARS\*

	2017
Silver Consolidated School District No. 1's proportion of the net OPEB liability	.37565%
Silver Consolidated School District No. 1's share of the OPEB liability	\$ 17,023,230
Silver Consolidated School District No. 1's covered employee payroll	\$ 15,837,513
Silver Consolidated School District No. 1's proportionate share of the net OPEB liability as a percentage of it covered employee payroll	107%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled, 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  
 RETIREE HEALTH CARE AUTHORITY (RHCA) PLAN  
 LAST 10 FISCAL YEARS\*

	2017
Contractually required contributions	\$ 316,750
Contributions in relation to contractually required contributions	(316,750)
Contribution deficiency (excess)	\$ -
Silver Consolidated School District No. 1's covered employee payroll	\$ 15,837,153
Silver Consolidated School District No. 1's contributions as a percentage of its covered employee payroll	2%

\*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  
**NOTES TO REQUIRED RETIREE HEALTH CARE AUTHORITY (RHCA)**  
**SUPPLEMENTARY INFORMATION**  
For the Fiscal Year Ended June 30, 2018

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

**Changes of Assumptions**

RHCA conducted an actuarial experience study for the Plan as of June 30, 2017. The mortality, retirement, disability, turnover and salary increase assumptions are based on the Public Employees Retirement Association (PERA) of New Mexico Actuarial Valuation as of June 30, 2016, and the New Mexico Educational Retirement Board (ERB) Actuarial Experience Study as of June 30, 2016. Changes in those assumptions as they relate to the Silver Consolidated School District No. 1 are detailed in the ERB notes to supplementary information included elsewhere in this report.

1. Fiscal year 2017 valuation assumptions are as follows:
  - a. Inflation assumptions 2.50% for ERB, 2.25% for PERA
  - b. Investment return assumption 7.25%
  - c. Health care trend 8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs

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, 2018

	Special Revenue Funds			
	Cafeteria	Athletics	Title I	Preschool
<b>Assets</b>				
Cash and investments	\$ 48,863	\$ 24,829	\$ -	\$ -
Inventory	18,022			
Property taxes receivable				
Interfund receivable				
Due from other governments	25,717		181,019	5,054
Total assets	\$ 92,602	\$ 24,829	\$ 181,019	\$ 5,054
<b>Liabilities</b>				
Accounts payable	\$ 448	\$ -	\$ 76	\$ -
Interfund payable			180,943	5,054
Total liabilities	\$ 448	\$ -	\$ 181,019	\$ 5,054
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	\$ -	\$ -	\$ -	\$ -
Total deferred inflows of resources	\$ -	\$ -	\$ -	\$ -
Fund balance:				
Nonspendable:				
Inventories	\$ 18,022	\$ -	\$ -	\$ -
Restricted for:				
Education		24,829		
Food service	74,132			
Social services				
Capital projects				
Unassigned				
Total fund balances	\$ 92,154	\$ 24,829	\$ -	\$ -
Total liabilities, deferred inflows of resources, and fund balances	\$ 92,602	\$ 24,829	\$ 181,019	\$ 5,054

<u>Teacher Training</u>	<u>Competitive Title II</u>	<u>Rural Education</u>	<u>Reads To Leads</u>
\$ -	\$ 1,576	\$ -	\$ -
<u>5,880</u>		<u>30,496</u>	<u>54,824</u>
<u>\$ 5,880</u>	<u>\$ 1,576</u>	<u>\$ 30,496</u>	<u>\$ 54,824</u>
\$ 247	\$ -	\$ 394	\$ -
<u>5,633</u>		<u>30,496</u>	<u>54,824</u>
<u>\$ 5,880</u>	<u>\$ -</u>	<u>\$ 30,890</u>	<u>\$ 54,824</u>
<u>\$ 47</u>	<u>\$ 1,576</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 47</u>	<u>\$ 1,576</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -
<u>(47)</u>		<u>(394)</u>	
<u>\$ (47)</u>	<u>\$ -</u>	<u>\$ (394)</u>	<u>\$ -</u>
<u>\$ 5,880</u>	<u>\$ 1,576</u>	<u>\$ 30,496</u>	<u>\$ 54,824</u>



Silver Consolidated School District No. 1  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (continued)**  
June 30, 2018

	Special Revenue Funds			
	Pre K Initiative	Carl Perkins	Dual Credit	Community Health
<b>Assets</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ 1,483
Inventory				
Property taxes receivable				
Interfund receivable				
Due from other governments	63,962	3,720	1	
<b>Total assets</b>	<b>\$ 63,962</b>	<b>\$ 3,720</b>	<b>\$ 1</b>	<b>\$ 1,483</b>
<b>Liabilities</b>				
Accounts payable	\$ 3,962		\$ -	\$ -
Interfund payable	59,999	3,720	1	
<b>Total liabilities</b>	<b>\$ 63,961</b>	<b>\$ 3,720</b>	<b>\$ 1</b>	<b>\$ -</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	\$ 63,962	\$ -	\$ -	\$ -
<b>Total deferred inflows of resources</b>	<b>\$ 63,962</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund balance:</b>				
<b>Nonspendable:</b>				
Inventories	\$ -	\$ -	\$ -	\$ -
<b>Restricted for:</b>				
Education				
Food service				
Social services				1,483
Capital projects				
Unassigned	(63,961)			
<b>Total fund balances</b>	<b>\$ (63,961)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,483</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 63,962</b>	<b>\$ 3,720</b>	<b>\$ 1</b>	<b>\$ 1,483</b>

Special Revenue Funds					
<u>Language Acquisition</u>	<u>TANF Kindergarten</u>	<u>Fresh Fruit &amp; Vegetables</u>	<u>Learn &amp; Serve</u>	<u>SB-9</u>	<u>Partners in Education</u>
\$ -	\$ 441	\$ -	\$ -	\$ 485,502	\$ -
				194,267	
<u>39</u>		<u>22,665</u>	<u>14,636</u>		<u>3,474</u>
<u>\$ 39</u>	<u>\$ 441</u>	<u>\$ 22,665</u>	<u>\$ 14,636</u>	<u>\$ 679,769</u>	<u>\$ 3,474</u>
\$ -	\$ -	\$ -	\$ -	\$ 10,864	\$ -
<u>39</u>		<u>22,665</u>	<u>14,636</u>	<u>11,708</u>	<u>3,474</u>
<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 22,665</u>	<u>\$ 14,636</u>	<u>\$ 22,572</u>	<u>\$ 3,474</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,499</u>	<u>\$ 14,636</u>	<u>\$ 162,403</u>	<u>\$ 3,474</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,499</u>	<u>\$ 14,636</u>	<u>\$ 162,403</u>	<u>\$ 3,474</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	441			494,794	
		<u>(11,499)</u>	<u>(14,636)</u>		<u>(3,474)</u>
<u>\$ -</u>	<u>\$ 441</u>	<u>\$ (11,499)</u>	<u>\$ (14,636)</u>	<u>\$ 494,794</u>	<u>\$ (3,474)</u>
<u>\$ 39</u>	<u>\$ 441</u>	<u>\$ 22,665</u>	<u>\$ 14,636</u>	<u>\$ 679,769</u>	<u>\$ 3,474</u>

Silver Consolidated School District No. 1  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (continued)**  
June 30, 2018

	Special Revenue Funds			
	Drug Free	Truancy Initiative	Recruitment Support	Preschool Stimulus
<b>Assets</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ 38
Inventory				
Property taxes receivable				
Interfund receivable				
Due from other governments	1,226	21,773	2,740	
<b>Total assets</b>	<b>\$ 1,226</b>	<b>\$ 21,773</b>	<b>\$ 2,740</b>	<b>\$ 38</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Interfund payable	1,226	21,773	2,740	
<b>Total liabilities</b>	<b>\$ 1,226</b>	<b>\$ 21,773</b>	<b>\$ 2,740</b>	<b>\$ -</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	\$ -	\$ -	\$ -	\$ 38
<b>Total deferred inflows of resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 38</b>
<b>Fund balance:</b>				
<b>Nonspendable:</b>				
Inventories	\$ -	\$ -	\$ -	\$ -
<b>Restricted for:</b>				
Education				
Food service				
Social services				
Capital projects				
Unassigned				
<b>Total fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,226</b>	<b>\$ 21,773</b>	<b>\$ 2,740</b>	<b>\$ 38</b>

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	\$ -	\$ -
		<u>11,190</u>		<u>13,246</u>	<u>12,588</u>
<u>\$ 1,318</u>	<u>\$ 1,795</u>	<u>\$ 11,190</u>	<u>\$ 11,166</u>	<u>\$ 13,246</u>	<u>\$ 12,588</u>
\$ -	\$ -	\$ -	\$ -	\$ -	
		<u>11,190</u>		<u>13,246</u>	<u>25,597</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,190</u>	<u>\$ -</u>	<u>\$ 13,246</u>	<u>\$ 25,597</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		
		<u>(11,190)</u>		<u>(13,246)</u>	<u>(13,009)</u>
<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>\$ 12,588</u>

Silver Consolidated School District No. 1  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (continued)**  
June 30, 2018

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

Special Revenue Funds

Teacher Mentoring	Breakfast For Elementary	Kindergarten 3 +	Library GO Bond
\$ 6,428	\$ 307	\$ -	\$ -
			10,116
<u>\$ 6,428</u>	<u>\$ 307</u>	<u>\$ -</u>	<u>\$ 10,116</u>
\$ -	\$ -	\$ -	\$ -
		3,277	10,116
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,277</u>	<u>\$ 10,116</u>
\$ -	\$ -		\$ 10,116
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,116</u>
\$ -	\$ -	\$ -	\$ -
6,428	307		
		(3,277)	(10,116)
<u>\$ 6,428</u>	<u>\$ 307</u>	<u>\$ (3,277)</u>	<u>\$ (10,116)</u>
<u><u>\$ 6,428</u></u>	<u><u>\$ 307</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,116</u></u>

Silver Consolidated School District No. 1  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (concluded)**  
June 30, 2018

	Special Revenue Funds		
	2008 Library Books	NMEMRD	IDEA B Results Plan
<b>Assets</b>			
Cash and investments	\$ 191	\$ -	\$ -
Inventory			
Property taxes receivable			
Interfund receivable			
Due from other governments		1,347	50,597
Total assets	\$ 191	\$ 1,347	\$ 50,597
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ -
Interfund payable		1,347	50,597
Total liabilities	\$ -	\$ 1,347	\$ 50,597
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	\$ -	\$ 1,347	\$ -
Total deferred inflows of resources	\$ -	\$ 1,347	\$ -
<b>Fund balance:</b>			
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	\$ 50,597

Education of Homeless	Special Revenue Funds			Capital Project Fund Special Capital Outlay	Total
	IDEA B Risk Pool	IDEA B Discretionary	NM Autism		
\$ -	\$ -	\$ -	\$ -	\$ 24,935	\$ 620,697
					18,022
					194,267
					-
<u>1,827</u>	<u>4,968</u>	<u>1,474</u>	<u>5,134</u>		<u>589,662</u>
<u>\$ 1,827</u>	<u>\$ 4,968</u>	<u>\$ 1,474</u>	<u>\$ 5,134</u>	<u>\$ 24,935</u>	<u>\$ 1,422,648</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,991
<u>1</u>	<u>4,968</u>	<u>1,474</u>	<u>5,134</u>		<u>585,827</u>
<u>\$ 1</u>	<u>\$ 4,968</u>	<u>\$ 1,474</u>	<u>\$ 5,134</u>	<u>\$ -</u>	<u>\$ 601,818</u>
\$ 1,827	\$ -	\$ -	\$ -	\$ -	\$ 338,423
<u>\$ 1,827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 338,423</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,022
					549,674
					74,439
					1,483
				24,935	24,935
<u>(1)</u>					<u>(186,146)</u>
<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,935</u>	<u>\$ 482,407</u>
<u>\$ 1,827</u>	<u>\$ 4,968</u>	<u>\$ 1,474</u>	<u>\$ 5,134</u>	<u>\$ 24,935</u>	<u>\$ 1,422,648</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, 2018

	Special Revenue Funds			
	Cafeteria	Athletics	Title I	Preschool
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges	52,983	63,451		20,265
State aid				
Federal aid	1,136,222		779,216	
Miscellaneous				
<b>Total revenues</b>	<b>\$ 1,189,205</b>	<b>\$ 63,451</b>	<b>\$ 779,216</b>	<b>\$ 20,265</b>
Expenditures:				
Current:				
Instruction	\$ -	\$ 63,872	\$ 537,613	\$ 20,265
Support services - Students				
Support services - Instruction			221,016	
General administration			20,587	
School administration				
Central services				
Operation of plant				
Food services	1,145,789			
Transportation				
Capital outlay				
<b>Total expenditures</b>	<b>\$ 1,145,789</b>	<b>\$ 63,872</b>	<b>\$ 779,216</b>	<b>\$ 20,265</b>
Revenues over (under) expenditures	\$ 43,416	\$ (421)	\$ -	\$ -
Other financing sources (uses):				
Transfers out	-	-		
Net change in fund balance	\$ 43,416	\$ (421)	\$ -	\$ -
Fund balance, July 1, 2017	48,738	25,250		
Fund balance, June 30, 2018	<u>\$ 92,154</u>	<u>\$ 24,829</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Teacher Training</u>	<u>Competitive Title II</u>	<u>Rural Education</u>	<u>Reads to Leads</u>	<u>Pre K Initiative</u>
\$ -	\$ -	\$ -	\$ -	\$ -
77,586		37,241	208,483	
<u>\$ 77,586</u>	<u>\$ -</u>	<u>\$ 37,241</u>	<u>\$ 208,483</u>	<u>\$ -</u>
\$ 69,504 802	\$ -	\$ 36,611	\$ 208,483	\$ 63,962
2,049 5,278		1,024		
<u>\$ 77,633</u>	<u>\$ -</u>	<u>\$ 37,635</u>	<u>\$ 208,483</u>	<u>\$ 63,962</u>
\$ (47)	\$ -	\$ (394)	\$ -	\$ (63,962)
<u>\$ (47)</u>	<u>\$ -</u>	<u>\$ (394)</u>	<u>\$ -</u>	<u>\$ (63,962)</u>
<u>\$ (47)</u>	<u>\$ -</u>	<u>\$ (394)</u>	<u>\$ -</u>	<u>\$ 1</u>
<u><u>\$ (47)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (394)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (63,961)</u></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, 2018

	Special Revenue Funds			
	Carl Perkins	Dual Credit	Community Health	Language Acquisition
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges				
State aid		7,759		
Federal aid	3,720			
Miscellaneous				
	<u>3,720</u>	<u>7,759</u>	<u>-</u>	<u>-</u>
Total revenues	\$ 3,720	\$ 7,759	\$ -	\$ -
Expenditures:				
Current:				
Instruction	\$ 3,633	\$ 7,759	\$ -	\$ -
Support services - Students				
Support services - Instruction				
General administration	87			
School administration				
Central services				
Operation of plant				
Food services				
Transportation				
Capital outlay				
	<u>3,720</u>	<u>7,759</u>	<u>-</u>	<u>-</u>
Total expenditures	\$ 3,720	\$ 7,759	\$ -	\$ -
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfers out				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2017			1,483	
	<u>-</u>	<u>-</u>	<u>1,483</u>	<u>-</u>
Fund balance June 30, 2018	\$ -	\$ -	\$ 1,483	\$ -

Special Revenue Funds

<u>TANF Kindergarten</u>	<u>Fresh Fruit &amp; Vegetables</u>	<u>Learn &amp; Serve</u>	<u>SB-9</u>	<u>Partners in Education</u>	<u>Drug Free</u>	<u>Truancy Initiative</u>
\$ -	\$ -	\$ -	\$ 1,079,686	\$ -	\$ -	
	38,964		87,581			50,049
<u>\$ -</u>	<u>\$ 38,964</u>	<u>\$ -</u>	<u>\$ 1,167,267</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,049</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			10,306			50,049
	50,463		1,211,184			
			<u>214,111</u>			
<u>\$ -</u>	<u>\$ 50,463</u>	<u>\$ -</u>	<u>\$ 1,435,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,049</u>
\$ -	\$ (11,499)	\$ -	\$ (268,334)	\$ -	\$ -	\$ -
\$ -	\$ (11,499)	\$ -	\$ (268,334)	\$ -	\$ -	\$ -
<u>441</u>		<u>(14,636)</u>	<u>763,128</u>	<u>(3,474)</u>		
<u>\$ 441</u>	<u>\$ (11,499)</u>	<u>\$ (14,636)</u>	<u>\$ 494,794</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, 2018

	Special Revenue Funds			
	Recruitment Support	Preschool Stimulus	Safe Routes To School	State Equalization Stimulus
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges				
State aid	2,740			
Federal aid				
Miscellaneous				
Total revenues	\$ 2,740	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Students				
Support services - Instruction				
General administration				
School administration				
Central services	2,740			
Operation of plant				
Food services				
Transportation				
Capital outlay				
Total expenditures	\$ 2,740	\$ -	\$ -	\$ -
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfers out				
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2017				
Fund balance June 30, 2018	\$ -	\$ -	\$ -	\$ -

Special Revenue Funds					
REC Operating	2008 GO Bonds	2010 GO Bond Library	2012 GO Bond Library	Tech For Education	Incentives For Improvement
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			12,588		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,588</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			12,588		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,588</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>(11,190)</u>	<u>11,166</u>	<u>(13,246)</u>	<u>(13,009)</u>	<u>11,825</u>	<u>(24,637)</u>
<u><u>\$ (11,190)</u></u>	<u><u>\$ 11,166</u></u>	<u><u>\$ (13,246)</u></u>	<u><u>\$ (13,009)</u></u>	<u><u>\$ 11,825</u></u>	<u><u>\$ (24,637)</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, 2018

	Special Revenue Funds			
	Family & Youth Resources	Library SB GO Bond	Teacher Mentoring	Breakfast For Elementary
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fees and charges				
State aid				34,446
Federal aid				
Miscellaneous				
Total revenues	\$ -	\$ -	\$ -	\$ 34,446
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ -
Support services - Students				
Support services - Instruction				
General administration				
School administration				
Central services				
Operation of plant				
Food services				34,287
Transportation				
Capital outlay				
Total expenditures	\$ -	\$ -	\$ -	\$ 34,287
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ 159
Other financing sources (uses):				
Transfers out				
Net change in fund balance	\$ -	\$ -	\$ -	\$ 159
Fund balance, July 1, 2017	(13,368)	(1,944)	6,428	148
Fund balance, June 30, 2018	\$ (13,368)	\$ (1,944)	\$ 6,428	\$ 307

Special Revenue Funds				
<u>Kindergarten 3 +</u>	<u>Library GO Bond</u>	<u>2008 Library Books</u>	<u>NMEMRD</u>	<u>IDEA B Results Plan</u>
\$ -	\$ -	\$ -	\$ -	\$ -
				59,685
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,685</u>
\$ -	\$ -	\$ -	\$ -	\$ 57,964
				1,510 211
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,685</u>
\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
<u>(3,277)</u>	<u>(10,116)</u>	<u>191</u>	<u>(1,347)</u>	
<u><u>\$ (3,277)</u></u>	<u><u>\$ (10,116)</u></u>	<u><u>\$ 191</u></u>	<u><u>\$ (1,347)</u></u>	<u><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, 2018

	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				158
Miscellaneous				
Total revenues	\$ -	\$ -	\$ -	\$ 158
Expenditures:				
Current:				
Instruction	\$ -	\$ -	\$ -	\$ 158
Support services - Students				
Support services - Instruction				
General administration				
School administration				
Central services				
Operation of plant				
Food services				
Transportation				
Capital outlay				
Total expenditures	\$ -	\$ -	\$ -	\$ 158
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Other financing sources (uses):				
Transfers out				
Net change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1, 2017	(1)	-	-	-
Fund balance June 30, 2018	\$ (1)	\$ -	\$ -	\$ -

Capital Project Fund <u>Special Capital</u> <u>Outlay</u>	<u>Total</u>
\$ -	\$ 1,079,686
	136,699
	403,646
	2,132,792
	-
<u>\$ -</u>	<u>\$ 3,752,823</u>
\$ -	\$ 1,069,824
	50,851
	233,604
	35,563
	5,489
	2,740
	1,211,184
	1,230,539
	-
	214,111
<u>\$ -</u>	<u>\$ 4,053,905</u>
\$ -	\$ (301,082)
	-
<u>\$ -</u>	<u>\$ (301,082)</u>
<u>24,935</u>	<u>783,489</u>
<u>\$ 24,935</u>	<u>482,407</u>

Silver Consolidated School District No. 1  
**GENERAL FUND**  
**COMBINING BALANCE SHEET**  
June 30, 2018

	Operational	Transportation	Instructional Materials
<b>Assets</b>			
Cash and investments	\$ 510,962	\$ 36	\$ 88,000
Taxes receivable	47,138		
Due from other governments			
Interfund receivable	1,029,406	-	-
 Total assets	\$ 1,587,506	\$ 36	\$ 88,000
 <b>Liabilities</b>			
Accounts payable	\$ 92,261	\$ -	\$ -
Interfund payable			
 Total liabilities	\$ 92,261	\$ -	\$ -
 <b>Deferred Inflows of Resources</b>			
Unavailable revenue	\$ 41,999	\$ -	\$ -
 Total deferred inflows of resources	\$ 41,999	\$ -	\$ -
 Fund balance:			
Restricted for:			
Education	\$ 56,808	\$ -	\$ -
Transportation		36	
Unassigned	1,396,438	-	88,000
 Total fund balances	\$ 1,453,246	\$ 36	\$ 88,000
 Total liabilities, deferred inflows of resources, and fund balances	\$ 1,587,506	\$ 36	\$ 88,000

<u>Non - Instructional Support</u>	<u>Total</u>
\$ 56,411	\$ 655,409 47,138 -
<u>56,411</u>	<u>1,029,406</u>
<u>\$ 56,411</u>	<u>\$ 1,731,953</u>
\$ -	\$ 92,261 -
<u>-</u>	<u>92,261</u>
\$ -	\$ 41,999
<u>-</u>	<u>41,999</u>
\$ -	\$ 56,808 36
<u>56,411</u>	<u>1,540,849</u>
<u>\$ 56,411</u>	<u>\$ 1,597,693</u>
<u>\$ 56,411</u>	<u>\$ 1,731,953</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, 2018

	<u>Operational</u>	<u>Transportation</u>	<u>Instructional Materials</u>
Revenues:			
Property taxes	\$ 182,681	\$ -	\$ -
Local			
Fees and charges	25,396		
State aid	22,226,635	1,069,394	81,846
Federal aid	288,042		
Earnings on investments	4,324		
Miscellaneous	16,502		1,477
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total revenues	<u>\$ 22,743,580</u>	<u>\$ 1,069,394</u>	<u>\$ 83,323</u>
Expenditures:			
Current:			
Instruction	\$ 13,159,796	\$ -	\$ 68,502
Support services - Students	2,869,930		
Support services - Instruction	681,767		
General administration	547,056		
School administration	1,625,617		
Central services	494,253		
Operation of plant	2,947,227		
Transportation	231	1,069,385	
Other support services			
Reversion			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total expenditures	<u>\$ 22,325,877</u>	<u>\$ 1,069,385</u>	<u>\$ 68,502</u>
Revenues over (under) expenditures	\$ 417,703	\$ 9	\$ 14,821
Fund balance, July 1, 2017	<u>1,035,543</u>	<u>27</u>	<u>73,179</u>
Fund balance, June 30, 2018	<u>\$ 1,453,246</u>	<u>\$ 36</u>	<u>\$ 88,000</u>

<u>Non-Instructional Support</u>	<u>Total</u>
\$ -	\$ 182,681
202,078	202,078
	25,396
	23,377,875
	288,042
	4,324
	<u>17,979</u>
<u>\$ 202,078</u>	<u>\$ 24,098,375</u>
\$ -	\$ 13,228,298
174,025	3,043,955
	681,767
	547,056
	1,625,617
	494,253
	2,947,227
	1,069,616
	-
	-
<u>\$ 174,025</u>	<u>\$ 23,637,789</u>
\$ 28,053	\$ 460,586
<u>28,358</u>	<u>1,137,107</u>
<u>\$ 56,411</u>	<u>\$ 1,597,693</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, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Federal sources	\$ 40,000	\$ 48,689	\$ 288,042	\$ 239,353
State sources	22,062,528	22,218,278	22,226,635	8,357
Local sources	206,455	206,455	224,579	18,124
Interest income	-	-	4,324	4,324
<b>Total revenues</b>	<b>\$ 22,308,983</b>	<b>\$ 22,473,422</b>	<b>\$ 22,743,580</b>	<b>\$ 270,158</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	\$ 13,172,934	\$ 13,381,623	\$ 13,165,280	\$ 216,343
Support services - Students	3,028,782	3,028,782	2,859,513	169,269
Support services - Instructio	881,636	881,636	681,767	199,869
General administration	586,779	586,779	547,056	39,723
School administration	1,693,794	1,693,794	1,625,597	68,197
Central services	510,063	510,063	493,775	16,288
Operation of plant	3,191,423	3,146,688	2,901,347	245,341
Transportation	200	685	367	318
Other support services	33,338	33,338		33,338
Reversion				-
<b>Total expenditures</b>	<b>\$ 23,098,949</b>	<b>\$ 23,263,388</b>	<b>\$ 22,274,702</b>	<b>\$ 988,686</b>
Net change in fund balance	\$ (789,966)	\$ (789,966)	\$ 468,878	\$ 1,258,844
Fund balance, July 1, 2017	1,070,721	1,070,721	1,070,721	-
Fund balance, June 30, 2018	<u>\$ 280,755</u>	<u>\$ 280,755</u>	<u>\$ 1,539,599</u>	<u>\$ 1,258,844</u>
<b>Budgetary reconciliation:</b>				
Net change in fund balance, GAAP basis			\$ 417,703	
Revenue accruals (net)				
Expenditure accruals (net)			51,175	
Other financing sources (net)				
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 468,878</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, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 77,064	\$ 77,064	\$ 83,324	\$ 6,260
Expenditures:				
Current:				
Support services - Instruction	\$ 77,064	\$ 150,243	\$ 68,502	\$ 81,741
Reversion				-
Total expenditures	<u>\$ 77,064</u>	<u>\$ 150,243</u>	<u>\$ 68,502</u>	<u>\$ 81,741</u>
Net change in fund balance	\$ -	\$ (73,179)	\$ 14,822	\$ 88,001
Fund balance, July 1, 2017		<u>165,551</u>	<u>73,179</u>	<u>(92,372)</u>
Fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ 92,372</u>	<u>\$ 88,001</u>	<u>\$ (4,371)</u>
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 14,822	
Revenue accruals (net)			-	
Expenditure accruals (net)			<u>-</u>	
Net change in fund balance, NON-GAAP budgetary basis			<u>\$ 14,822</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, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
State sources	\$ 1,069,394	\$ 1,069,394	\$ 1,069,394	\$ -
Expenditures:				
Current:				
Transportation	\$ 1,069,394	\$ 1,069,407	\$ 1,069,385	\$ 22
Reversion	-	-	-	-
Total expenditures	1,069,394	1,069,407	1,069,385	22
Net change in fund balance	\$ -	\$ (13)	\$ 9	\$ 22
Fund balance, July 1, 2017	-	44	26	(18)
Fund balance, June 30, 2018	\$ -	\$ 31	\$ 35	\$ 4
Budgetary reconciliation:				
Net change in fund balance, GAAP basis			\$ 9	
Revenue accruals (net)			-	
Expenditure accruals (net)			-	
Net change in fund balance, NON-GAAP budgetary basis			\$ 9	

Silver Consolidated School District No. 1  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
For the Fiscal Year Ended June 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Receipts</u>	<u>Disburse-</u> <u>ments</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>Assets</b>				
Cash and investments:				
Silver High School	\$ 140,572	\$ 349,746	\$ 352,840	\$ 137,478
Silver Opportunity School	111,639	4,786	33,939	82,486
La Plata Middle School	36,708	63,623	63,474	36,857
GW Stout Elementary	29,188	65,480	59,768	34,900
Harrison Schmitt Elementary	37,226	63,325	62,881	37,670
Sixth Street Elementary	13,033	23,164	20,488	15,709
Jose Barrios Elementary	35,420	16,911	25,339	26,992
Cliff Schools	141,611	117,765	119,816	139,560
Business Office	<u>306,979</u>	<u>3,425,107</u>	<u>3,367,545</u>	<u>364,541</u>
 Total assets	 <u>\$ 852,376</u>	 <u>\$ 4,129,907</u>	 <u>\$ 4,106,090</u>	 <u>\$ 876,193</u>
<b>Liabilities</b>				
Deposits held for others:				
Silver High School	\$ 140,572	\$ 349,746	\$ 352,840	\$ 137,478
Silver Opportunity School	111,639	4,786	33,939	82,486
La Plata Middle School	36,708	63,623	63,474	36,857
GW Stout Elementary	29,188	65,480	59,768	34,900
Harrison Schmitt Elementary	37,226	63,325	62,881	37,670
Sixth Street Elementary	13,033	23,164	20,488	15,709
Jose Barrios Elementary	35,420	16,911	25,339	26,992
Cliff Schools	141,611	117,765	119,816	139,560
Business Office	<u>306,979</u>	<u>3,425,107</u>	<u>3,367,545</u>	<u>364,541</u>
 Total liabilities	 <u>\$ 852,376</u>	 <u>\$ 4,129,907</u>	 <u>\$ 4,106,090</u>	 <u>\$ 876,193</u>

Silver Consolidated School District No. 1  
**SCHEDULE OF DEPOSITORY COLLATERAL**  
June 30, 2018

	First American Bank	Total
Checking and CD's	\$ 16,337,891	\$ 16,337,891
Total on deposit	\$ 16,337,891	\$ 16,337,891
Less: FDIC insurance	(250,000)	(250,000)
Total uninsured public funds	\$ 16,087,891	\$ 16,087,891
50% collateralization requirement (Section 6-10-17 NMSA)	\$ 8,043,946	\$ 8,043,946
Pledged Securities:		
Belen Consolidated School District, 077581QU3, 8/1/20	\$ 824,043	\$ 824,043
FNMA 3136G1BL2 7/30/20	978,997	978,997
Mosquero Muni SD 1, 619636EU3, 10/15/24	179,746	179,746
Alamogordo NM, 011446FR7, 8/1/18	180,504	180,504
Roswell ISD, 778550HA4, 8/1/18	200,186	200,186
Alamogordo SD#1,011464FQ2, 8/1/19	200,498	200,498
Albuquerque SD #12, 013595QN6, 8/1/19	253,910	253,910
Gallup McKinley SD#1, 36401 ORK6, 8/1/21	597,494	597,494
Clovis Muni SD#1, 189414KD6, 8/1/23	332,176	332,176
Bernalillo NM MuniSC, 085279SJ7,8/1/25	461,399	461,399
Bernalillo NM MuniSC, 085279SK4,8/1/26	510,320	510,320
Dona Ana County NM, 257579DB5, 9/1/29	272,007	272,007
FNMA 31410LGN6	276,660	276,660
FHLMC 31306YSC6 12/1/22	550,353	550,353
FNMA 3138ERLC2 5/1/46	838,176	838,176
GNMA II 36179RJH3 7/20/45	769,759	769,759
Los Lunas SD 545562RP7 7/15/27	234,572	234,572
Truth ETC SD 898439ET7 8/1/28	313,704	313,704
Total pledged securities	\$ 7,974,504	\$ 7,974,504
Pledged securities over (under) requirement	\$ (69,442)	\$ (69,442)

Securities pledged for First American 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, 2018

	Type of Account	Bank Balance	Reconciled Balance
<u>First American Bank</u>			
Operational	Checking	\$ 14,807,825	\$ 11,084,411
Cliff Athletics	Checking	9,935	8,422
Athletics	Checking	17,621	17,330
Food Service	Checking	146,816	66,216
Trust	Checking	954,927	915,382
Payroll	Checking	400,767	-
Total Cash and Investments		\$ 16,337,891	\$ 12,091,761

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, 2018

	Operational	Transportation	Instructional Materials	Food Services	Athletics
Total cash and investments as of July 1, 2017	\$ 1,070,620	\$ 27	\$ 73,179	\$ 28,135	\$ 25,250
Add: Current year receipts	22,744,448	1,069,394	83,324	1,096,929	63,451
Voided warrants					
Refunds					
Less: Current year expenditures	(22,274,702)	(1,069,385)	(68,502)	(1,076,201)	(63,872)
Overdrafts					
Loans	(862,860)				
Receivables/payables					
Transfers					
Total cash and investments as of June 30, 2018	\$ 677,506	\$ 36	\$ 88,001	\$ 48,863	\$ 24,829

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, 2018

	State Direct	Special Capital Outlay State	Federal Flowthrough	Federal Direct	State Flowthrough
Total cash and investments as of July 1, 2017	\$ (1,347)	\$ 24,935	\$ (371,045)	\$ 865,929	\$ (98,821)
Add: Current year receipts			1,533,531	666,702	263,856
Voided warrants					
Refunds					
Less: Current year expenditures			(1,813,128)	(296,780)	(375,906)
Overdrafts					
Loans	1,347		650,642		210,871
Receivables/payables					
Transfers					
Total cash and investments as of June 30, 2018	\$ -	\$ 24,935	\$ -	\$ 1,235,851	\$ -

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, 2018

	<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, 2017	\$ 5,001,266	\$ 394,220	\$ (71,360)	\$ 838,862	\$ 1,671,498
Add: Current year receipts	5,000,000	782,901	71,360	1,083,891	1,739,629
Chargebacks					
Refunds					
Less: Current year expenditures	(3,471,456)	(1,019,847)		(1,453,472)	(1,547,941)
Overdrafts					
Loan					
Receivables/payables					
Transfers					
Total cash and investments as of June 30, 2018	<u>\$ 6,529,810</u>	<u>\$ 157,274</u>	<u>\$ -</u>	<u>\$ 469,281</u>	<u>\$ 1,863,186</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, 2018

	Non-Instructional Student Support	Agency	Total
Total cash and investments as of July 1, 2017			\$ 9,451,348
Add: Current year receipts			36,199,416
Chargebacks			-
Refunds			-
Less: Current year expenditures			(34,531,192)
Overdrafts			-
Loan			-
Receivables/payables			-
Transfers			-
Total cash and investments as of June 30, 2018	\$ 29,490	\$ 914,510	\$ 12,063,572
Audit adjustment			28,189
Total per audit report			\$ 12,091,761



Silver Consolidated School District No. 1  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For The Fiscal Year Ended June 30, 2018

<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>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
Passed through N.M. Department of Education:				
Title I Grants to Lea's	84.010	24.101	\$ 29,328	\$ 779,216
Special Education Cluster:				
Special Education- Grants to States	84.027	24.106	\$ -	\$ 830,430
Special Education-Preschool Grants	84.173	24.109		20,265
Total Special Education Cluster			\$ -	\$ 850,695
Teacher Quality State Grants	84.367	24.154	\$ -	\$ 77,633
Rural Education	84.358	24.160		37,635
Career and Technical Education- Grants to States	84.048	24.176		3,720
Total U.S. Department of Education			\$ 29,328	\$ 1,748,899
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
Direct Programs:				
Schools and Roads-Grants to States	10.665	N/A	\$ -	\$ 243,622
Passed through N.M. Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	N/A	\$ -	\$ 760,996
Summer Food Service Program For Children	10.559	N/A		35,454
School Breakfast Program	10.553	N/A		339,772
Total Child Nutrition Cluster			\$ -	\$ 1,136,222
Fresh Fruits and Vegetables Program	10.582	24.118	\$ -	\$ 50,463
Total U.S. Department of Agriculture			\$ -	\$ 1,430,307
Total expenditures of federal awards			\$ 29,328	\$ 3,179,206

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, 2018

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, 2018. 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 \$93,362 in food commodities during the 2017-2018 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, 2018

Current Status

**Findings – Financial Statement Audit**

2017-001 (2015-001) Purchase orders dated after invoice	Resolved
2017-002 Expenditures in excess of budgetary authority	Resolved
2017-003 Violations of the Per diem and Mileage Act	Resolved
2017-004 (2016-001) Activity receipts not deposited timely	Resolved

**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.  
KELLEY WYATT, 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

Wayne Johnson, 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 and major special revenue funds of Silver Consolidated School District No. 1 as of and for the year ended June 30, 2018, 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, 2018.

**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 2018-001 and 2018-002.

#### 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, 2018

**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**

Wayne Johnson, 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, 2018. 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, 2018.

#### 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, 2018

**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, 2018

**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: Title I, CFDA No. 84.010.
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**

2018-001 Cash Reporting (Other Noncompliance)

Condition – The District's reconciled cash differed from the quarterly report to the New Mexico Public Education Department (PED) by \$28,189.

Criteria – The PED's Manual of Procedures requires that the quarterly report submitted by the District agree to reconciled cash.

Effect – The District has not complied with the PED Manual of Procedures, and inaccurate reporting to PED could jeopardize funding at the appropriate level.



Cause – The District had significant personnel turnover, and had a staff shortage for a significant amount of time. As a result, the cash report was prepared by staff and was not reviewed by the Director of Finance prior to submission.

Recommendation – We recommend that the District expand its internal control procedures to require the Director of Finance to review the quarterly PED report prior to submission, and ensure that the cash reported is in agreement with reconciled cash.

Agency Response – The Director of Finance had already caught the misstatement, and has appropriately notified PED. The District will adopt the recommendation starting with the next quarterly report. The Director of Finance will be tasked with adopting this recommendation.

#### 2018-002 Depository Collateral (Other Noncompliance)

Condition – The District’s bank had not pledged collateral equal to 50% of the District’s bank balances at June 30, 2018. The collateral was \$69,442 less than required.

Criteria – Sections 6-10-1 through 6-10-63 NMSA 1978 require, in part, that the District’s bank balances be collateralized at a minimum of 50% by the depository bank.

Effect – In the event of bank failure, there is an increased likelihood that the District will not recover the minimum 50% of its funds.

Cause – The District made a deposit of \$5,000,000 in bond proceeds on June 29, 2018, and did not notify the bank of the need for increased collateral.

Recommendation – We recommend that the District establish a procedure that notifies the bank when any large deposit, such as bond proceeds, are going to be deposited so that the bank can pledge the appropriate collateral.

Agency Response – The District will adopt the recommendation immediately. The Director of Finance will be tasked with enacting this recommendation,

### **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 13, 2018. 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
Vivian R. Flores	Audit Committee Member	Silver Consolidated Schools
Mike Stone, CPA	Shareholder	Stone, McGee & Co., CPAs