



STATE OF NEW MEXICO

Farmington Municipal School District No. 5
Farmington, New Mexico

Comprehensive Annual Financial Report

For the year ending
June 30, 2016

Farmington Municipal Schools
Business and Finance Office
2001 N. Dustin Ave.
Farmington, NM 87401
district.fms.k12.nm.us

Farmington Municipal School District No. 5

List of Principal Officials

Kyle Rhodes
President

Mike Isaacson
Vice President

Robyn Hoffman
Secretary

Bill Young
Deputy Secretary

Sherry Galloway
Member

Dr. Eugene Schmidt
Superintendent

Phil Valdez
Deputy Superintendent

Ted Lasiewicz
Chief of Operations

Chris Pash
Executive Director of Human Resources

Rick Horacek
Executive Director of Educational Services and Data Management

Randall Bondow
Chief Financial Officer

Valerie Tulley
Executive Director of Curriculum and Instruction

STATE OF NEW MEXICO
FARMINGTON
MUNICIPAL SCHOOL DISTRICT NO. 5

COMPREHENSIVE FINANCIAL ANNUAL REPORT
AND
SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2016
WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Prepared By
Randall Bondow, Chief Financial Officer

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INTRODUCTORY SECTION

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OFFICIAL ROSTER

June 30, 2016

BOARD OF EDUCATION

Kyle Rhodes	Board President
Mike Isaacson	Board Vice-President
Robyn Hoffman	Board Secretary
Bill Young	Board Member
Sherry Galloway	Board Member

SCHOOL OFFICIALS

Eugene Schmidt	Superintendent
Randall Bondow	Chief Financial Officer
Lori Thurstonson	Admin Assist to Business & Fin
Bobbi Newland	Comptroller/ Fed Programs
Denise Stokes	AP Specialist
Cyndi Bolen	Payroll
Peggy Bolen	Procurement

AUDIT COMMITTEE

Kyle Rhodes	Board President
Bill Young	Board Member
Eugene Schmidt	Superintendent
Randall Bondow	Chief Financial Officer
Bobbi Newland	Comptroller/ Fed Programs
Lori Thurstonson	Admin Assist to Business & Fin
Tracy Pecotte	Member/ Farmington Schools
Audra Winters	Member/ Farmington Schools
Sean Fry	Member/ NM Virtual Academy
Mike Shirer	Member/ NM Virtual Academy
Brianna Jones	Member/ NM Virtual Academy
DeLea Taylor	Member/ NM Virtual Academy
Amy Begay	Member/ NM Virtual Academy

FINANCE COMMITTEE

Mike Isaacson	Board Vice-President
Sherry Galloway	Board Member
Eugene Schmidt	Superintendent
Randall Bondow	Chief Financial Officer
Bobbi Newland	Comptroller/ Fed Programs
Lori Thurstonson	Admin Assist to Business & Fin

NEW MEXICO VIRTUAL ACADEMY

GOVERNING BOARD

Lawrence Palmer	President
Becky Ferris	Vice President
Kathy Kegel	Secretary
DeLea Taylor	Member
Michael Shirer	Member

CHARTER SCHOOL OFFICIALS

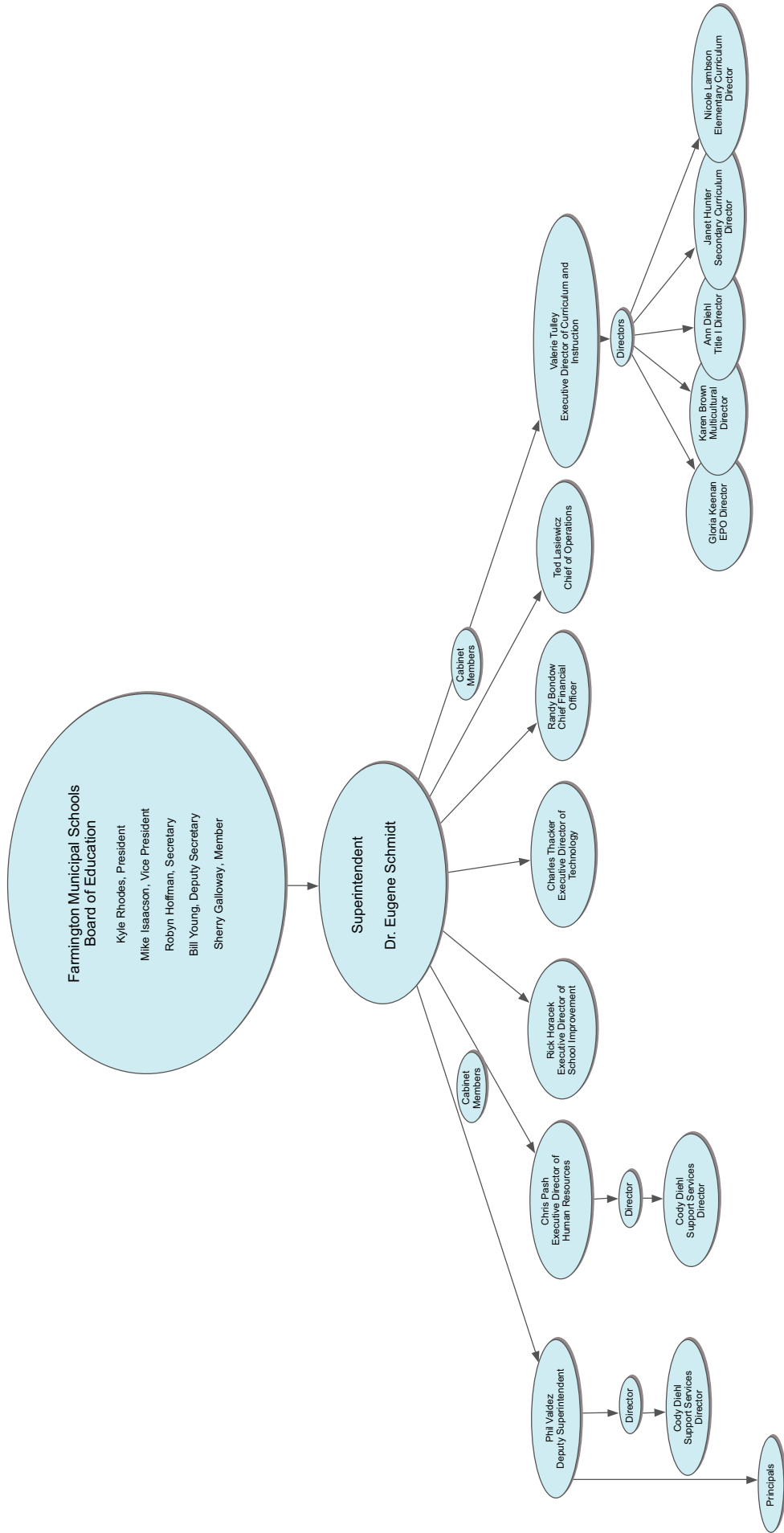
Brianna Jones	Head Administrator
Sean Fry	Business Manager
Amy Begay	Admin Assist to Head Administrator

AUDIT COMMITTEE

DeLea Taylor	Board Member
Michael Shirer	Board Member
Brianna Jones	Head Administrator
Sean Fry	Business Manager

FINANCE COMMITTEE

DeLea Taylor	Board Member
Michael Shirer	Board Member
Brianna Jones	Head Administrator
Sean Fry	Business Manager





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Farmington Municipal School
District No. 5, New Mexico**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

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TRANSMITTAL LETTER

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Farmington Municipal Schools

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Farmington, New Mexico 87401

ADMINISTRATIVE OFFICES

TELEPHONE (505) 324-9840

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To the Citizens and Board of Education of Farmington Municipal School District

We are pleased to present to you the comprehensive annual financial report of the Farmington Municipal School District for the fiscal year ended June 30, 2016.

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Farmington Municipal School District for the fiscal year ended June 30, 2016.

This report consists of management's representations concerning the finances of the Farmington Municipal School District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Farmington Municipal School District has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Farmington Municipal School District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Farmington Municipal School District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Farmington Municipal School District's financial statements have been audited by Accounting and Financial Solutions, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Farmington Municipal School District for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Farmington Municipal School District's financial statements for the fiscal year ended

June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Farmington Municipal School District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Farmington Municipal School District's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Farmington Municipal School District's MD&A can be found immediately following the report of the independent auditors.

Profile of the District

The District is a political subdivision of the State organized for the purpose of operating and maintaining an educational program for school-age children residing within its boundaries. The Farmington Municipal School District No. 5 is the seventh largest district in the State with an enrollment of 10,928 students. There are 10 elementary schools, 4 middle schools, an alternative senior high school, an early college high school, two senior high schools and two pre-schools within the District. The District's educational program also includes vocational, technical and occupational training. The District provides education services for the detainees of the County Juvenile Detention Center, which averages approximately 25 students.

The District's powers are subject to regulations promulgated by the New Mexico Secretary of Public Education. The Public Education Department Secretary is the governing authority of the public school systems in New Mexico and has control, management and direction over all public schools. The Governor appoints the Secretary of Public Education. Generally, the powers of the Secretary include determining policy of operations of all public schools; designating courses of instruction for all public schools in the State; adopting regulations for the administration of all public schools; determining qualifications for teachers, counselors, and their assistants; and prescribing minimum educational standards for all public schools. The Secretary of the Public Education Department may order the creation of new school districts or may require consolidation of school districts.

The District Board (the "Board"), subject to regulations of the Public Education Department, supervises and controls all public schools and property within the District. The Board employs a superintendent of schools, delegates administrative and supervisory functions to the superintendent, fixes the budget, has the capacity to sue and be sued, contracts, leases, purchases and sells for the District, acquires and disposes of all property, and adopts regulations pertaining to the administration of all powers or duties of the Board. Members

serve without compensation for four-year terms of office in non-partisan elections held every two years on the first Tuesday in February.

Currently, the District operates and maintains a variety of facilities in meeting its obligations to provide an education program for the school-age children residing within its boundaries. The District operates 20 school sites. The capacity of the school facilities is estimated at 12,000 students (FTE basis).

In addition to the school buildings and their contents, the District owns 290 acres of land upon which school buildings and facilities are located, approximately 579 acres of additional vacant property, the District Administration Building, a maintenance shop and custodial center, bus terminal, an Exceptional Program and Bilingual Education building, an instructional materials warehouse and 40 vehicles. The District owns its bus fleet (75). The District also owns 18-acre feet of water rights.

The Farmington Schools, as a whole, is accredited by the State of New Mexico's Public Education Department.

The District is required by State law to submit to the Public Education Department by April 15 of each year, a projected budget for the District for the ensuing fiscal year. If the District fails to submit a budget, the Public Education Department must prepare a projected budget for the District for the ensuing fiscal year. Prior to June 20th of each year, the Board must hold a public hearing to establish the projected budget for the district for the next year.

On or before July 1 of each year, the Public Education Department must approve and certify to the District an approved budget for use by the District based upon the estimated budget fixed by the District. No school board, officer or employee of a school district may make expenditure or incur any obligation for the expenditure of public funds unless such expenditure is made in accordance with an operating budget approved by the Public Education Department, but this does not prohibit the transfer of funds between line items within an object of a budget. Approved budgets may not be altered or amended after approval by the Public Education Department except upon request to the Public Education Department by the District. Instances in which such requests will be approved include a change within the budget, which does not increase the total amount of the budget. Additional budget items may also be approved if the District is to receive unanticipated revenues. Finally, if it becomes necessary to increase the District's budget by more than \$1,000 for any reason other than those listed above, the Public Education Department may order a special public hearing to consider the requested increase.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects and Debt Service Fund with appropriations lapsing at year-end. Total expenditures of any activity category may not exceed categorical appropriations.

To conform to Public Education Department requirements, budgets for all funds of the District are adopted on the cash basis of accounting except for state instructional materials credit, which provides free textbooks from the Public Education Department. Hence, the

budgets are not prepared in conformity with generally accepted accounting principles (GAAP) and budgetary comparisons are presented on the (Non-GAAP) basis of accounting.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is found on page 26 as part of the basic financial statements for the government funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on pages 27, 66 and 111.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Farmington Municipal School District operates.

Local economy. The Farmington Municipal School District (the “District”) is located in the mineral rich “Four Corners” area in northwestern New Mexico. The economy of the area is dependent upon trade, electric power generation, oil, gas and coal production, government, tourism and agriculture. The State of New Mexico maintains four-lane Highway 550 from Albuquerque to Farmington, which provides further opportunities for economic growth for the region.

Retail trade Farmington is the largest city in the Four Corners area of Colorado, Arizona, Utah and New Mexico. It serves as the retail, distribution and service center for an estimated population of over 260,000 including the Navajo Nation, the largest Native American reservation in the country.

Within the past 3 years, Farmington has seen the addition of Texas Roadhouse, Dick’s Sporting Goods, Harbor Freight and Tractor Supply as well as several smaller franchise businesses.

Electrical Generation The economic base of the area was broadened beyond agriculture and oil and gas production in the 1960’s with construction of two coal-fired generating plants, the Four Corners Generating Station and the San Juan Generating Station.

Arizona Public Service (“APS”) Company operates Four Corners Power Plant, a five-unit 2,040 megawatt coal-fired plant. Located on the Navajo Indian Reservation 20 miles west of Farmington, nearly 80% of the plant’s employees are Native American. Three of the five units closed in December 2013 as part of a \$182 million plan for APS to meet environmental regulations. APS has purchased a larger stake in Units 4 and 5 of the Four Corners Power Plant that will remain open and do not need as much investment to meet EPA standards. APS has not been replacing workers at the plant as they quit or retired since 2010 when the plan was first proposed, avoiding layoffs from the closure. APS owned 15% of Units 4 and 5 and bought an additional 48% stake in them from Southern California Edison. PNM Resources Inc. of New Mexico, Salt River Project, El Paso Electric and Tucson Electric Power also own

minority stakes in Units 4 and 5. APS expects to spend \$350 million by August 2018 upgrading Units 4 and 5 to meet EPA pollution standards by adding pollution controls in a process known as selective catalytic reduction.

The Public Service Company of New Mexico (“PNM”) owns a significant portion of San Juan Generating Station, a four-unit, 1,683 megawatt of net accredited generation, coal-fired plant located approximately 15 miles west of Farmington. The company operates San Juan Generating Station on behalf of itself and eight other owners in the West. The plant employs approximately 740 full-time employees and is the 7th largest coal-fired generating station in the West. Subject to state Public Regulatory Commission (PRC) approval, PNM is planning to retire coal-fired Units 2 and 3 at SJGS by December 31, 2017. The company also agreed to install selective non-catalytic reduction emission control technology on Units 1 and 4 in early 2016, so the units may continue operating without setting a retirement date. However, PRC public hearing has been scheduled starting September 30, 2016 which will specifically focus on the issue of replacement power for lost coal generation after PNM shuts down two of the four San Juan generators to comply with federal haze regulations. The state’s largest electric utility says the rejection of its proposal by New Mexico regulators will lead to the complete closure of a coal-fired power plant that provides power to 2 million customers in the Southwest. Coal is supplied by the San Juan mine, which will continue to be managed by BHP Minerals through the end of 2016, with Westmoreland Coal Company assuming full operation from January 1, 2016. The San Juan mine is the only active underground mine in New Mexico. Coal usage is about 6.6 million tons per year. The San Juan Plant meets or exceeds all state and federal regulations for NO₂, SO₂ and particulate control, and is a zero liquid discharge facility.

Oil and Gas Production The oil and gas industry has been important to the San Juan County economy since the 1920’s and between the early 1950’s and early 1980’s was its mainstay. Large scale development began in 1951 and continued until 1983 when cheaper foreign crude oil and natural gas supplies dominated the market.

New Mexico oil and natural gas reserves are estimated at over 700 million barrels of oil and over 17 trillion cubic feet of natural gas, according to the New Mexico Energy, Minerals and Natural Resources Division. New Mexico ranks 6th in crude oil production and 4th in proven oil reserves. In addition, New Mexico is ranked 7th in natural gas production and 3rd in natural gas reserves with approximately 68% located in northwestern New Mexico. San Juan County has been ranked first in gas production in New Mexico and 4th in oil production for the past three years and these rankings are not expected to change in the foreseeable future. Exploration for natural gas in coal seams throughout the San Juan Basin has increased potential reserves by as much as 50 trillion cubic feet.

The following tables set forth the history of oil and gas production in the County and the State as reported to the State Department of Taxation & Revenue Department by the Oil and Gas Accounting Commission.

Crude Oil

Calendar Year	San Juan County		New Mexico	
	Volume (Barrels)	Value (000's)	Volume (Barrels)	Value (000's)
2006	642,599	67,570	60,186,585	3,706,299
2007	1,052,512	65,864	59,213,297	3,761,620
2008	995,158	99,241	61,878,561	6,230,676
2009	1,056,286	48,457	62,353,958	3,333,533
2010	918,284	59,302	58,485,470	4,306,709
2011	2,167,068	80,745	72,649,112	6,309,905
2012	561,651	45,514	83,919,902	7,238,924
2013	1,274,573	107,152	100,986,118	9,176,093
2014	2,367,099	194,924	121,071,928	10,788,344
2015	4,112,885	156,173	148,711,044	6,582,600

Source: New Mexico ONGARD.

Natural Gas

Calendar Year	San Juan County		New Mexico	
	Volume (Barrels)	Value (000's)	Volume (Barrels)	Value (000's)
2006	623,232,123	3,793,857	1,525,969,201	10,405,876
2007	563,463,024	3,930,387	1,508,985,029	10,254,722
2008	475,771,277	4,138,521	1,399,508,571	12,772,531
2009	525,211,631	2,149,341	1,381,753,018	5,727,586
2010	426,402,736	2,297,225	1,155,151,796	6,414,098
2011	454,172,594	2,529,552	1,224,220,012	7,098,629
2012	240,905,680	650,723	528,027,589	1,472,412
2013	386,166,366	1,738,715	1,165,872,601	5,407,090
2014	380,567,113	1,970,285	1,200,327,161	6,267,444
2015	365,471,873	1,024,309	1,181,568,177	3,289,951

Source: New Mexico ONGARD.

Coal Mining BHP Billiton previously owned the three large mines producing coal for the Four Corners Power Plant and San Juan Generating Stations and transferred the mine to the Navajo Transitional Energy Co. (“NTEC”) which was formed by the tribe to own the mine and other entities. BHP Billiton will continue to manage the mine through 2016 on behalf of the tribe. The Navajo Mine supplies the Four Corners Plant and the San Juan Mine, estimated to have useful life in excess of twenty years, supply the San Juan Plant. On December 30, 2013, the NTEC and Four Corners Plant executed a coal supply agreement from July 2016 through 2031. The Navajo Mine is located approximately 20 miles southwest of Farmington and the San Juan mine is northwest of Farmington. Coal production in New Mexico is estimated at over 13 million tons per year with coal reserves in San Juan of 80 million recoverable tons.

Navajo Indian Irrigation Project The Navajo Indian Irrigation Project (NIIP), representing a joint federal and tribal investment is farmed by the Navajo Agricultural Products Industry (NAPI), an enterprise of the Navajo Nation. Composed of over 110,000 acres, the project is currently 70% complete with approximately 70,000 acres under cultivation and over 40,000 acres still to be developed. NAPI produces high value crops such as potatoes, onions, beans,

alfalfa, pumpkin, barley, corn, and wheat. The enterprise also includes a 12,000 head custom feedyard, testing laboratory, fresh pack operation, bean plant, pellet/granary operation, and potato storage facilities. Business ventures contracted with NAPI include production of sod and an orchard (apples, peaches, apricots, and pears). Located on the project and just seven miles south of Farmington on Highway 371, is a 300 acre industrial park.

NAPI's success is dependent on over 150 full-time and 800 seasonal employees. Ninety-nine percent of the employees are members of the Navajo Nation.

NAPI's mission is to develop, grow and maintain the resources of the projected 110,000 acres. As a grower, NAPI provides quality products under the "Navajo Pride" label.

Medical San Juan Regional Medical Center ("SJRMC") is an acute care hospital in the Four Corners region with over 250 licensed beds. It received the Healthgrades Distinguished Hospital Award for Clinical Excellence in 2013 and is ranked among the top 5% in the nation for overall clinical excellence. In addition to this national recognition, SJRMC is also the only hospital in New Mexico and the Four Corners region to receive this distinction.

San Juan Regional Medical Center is designated a Level III Trauma Center and provides air ambulance service with a helicopter and a fixed wing aircraft. SJRMC provides a very broad range of medical, surgical and rehabilitation services. In addition to those services, the hospital also provides a Childbirth Center, a nephrology unit, a pediatric unit, an inpatient behavioral health unit, a day surgery center and extensive imaging and lab testing services. In addition, the hospital operates a number of offsite facilities.

Tourism The Four Corners area boasts internationally known tourist attractions including Mesa Verde, Canyon de Chelly, Monument Valley and Lake Powell. Equally worthy attractions within the County include Chaco Cultural National Historical Park (a major Anasazi cultural center during the 12th and 13th centuries), Aztec Ruins National Monument (500 room Indian community ruin with reconstructed Kiva), white water river rafting and nationally renowned trout fishing on the San Juan River just below Navajo Lake. Tourist visits to Aztec Ruins have increased significantly over the years. The Connie Mack Baseball World Championship Tournament is held in Farmington each summer. Navajo rugs, Indian jewelry, paintings and sculpture are available at local trading posts and shops.

The Four Corners Regional Airport, is located 1 ½ miles from downtown Farmington, offering daily flights to Denver and Alamosa, CO, and Show Low and Page, AZ.

Long-term financial planning. The district has a Master Facility Plan that determines the district's capital improvements for the next five years and the district's financial planning for future bond elections.

Financial planning for the district has been driven by state mandates that result from the school grading reform requiring greater accountability for student success.

AWARDS AND ACKNOWLEDGEMENTS

Superintendent Dr. Eugene Schmidt recognized the Finance Department for again receiving the Certificate of Achievement for Excellence in Financial Reporting for its comprehensive annual financial report. The District has received this honor every year since 1993.

CURRENT PROJECTS

On February 4, 2014 voters approved issuing \$35,000,000 in bonds to fund replacement of Farmington High School, Hermosa Middle School, Northeast Elementary and numerous improvement projects. Remaining funds from a 2010 bond issue supplement the funding of these projects.

The District will receive Public School Critical Capital Outlay funds in the amount of \$55,000,000 to help with construction of Farmington High School, Hermosa Middle School, and Northeast Elementary.

INDEPENDENT AUDIT

As required by New Mexico State law, an annual audit of the financial records, books of account and the transactions of all administrative departments of the Farmington Municipal School District No. 5 have been made by an independent auditor. The independent auditor's opinion as prepared by Accounting and Financial Solutions, LLC is included within the Financial Section of this report. The 2016 audit was an organization-wide single audit under the provisions of the Single Audit Act Amendments of 1996 and related OMB Circular A-133. The auditor's reports related specifically to the single audit area in the Compliance Section of this report.

CERTIFICATES

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Farmington Municipal Schools for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the 23rd consecutive year (1993-2015) that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENT

The preparation of the report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Central Office with special appreciation to the employees working in the business office. We would like to express appreciation to all of the members of the District who assisted in the timely closing of the District's financial records and the preparation of this report.

We would also like to thank President Kyle Rhodes and members of the Board of Education for their continuing interest and support in conducting the financial affairs of this school district for the 2015-2016 fiscal year, thereby advancing the effort toward excellence in education in the Farmington Municipal School District.

In addition, we express our gratitude to Paul Cassidy financial advisor and the staffs with RBC Dain Rauscher, whose dedication, understanding and insight are unsurpassed.

Respectfully submitted,

Randall Bondow
Chief Financial Officer

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FINANCIAL SECTION

FISCAL YEAR 2016

JULY 1, 2015 THROUGH JUNE 30, 2016

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INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor,
The Board of Education, and
The Audit Committee of Farmington Municipal School District No. 5

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of Farmington Municipal School District No. 5, as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise Farmington Municipal School District No. 5 basic financial statements as listed in the table of contents. We also have audited the financial statements of each of Farmington Municipal School District No. 5 nonmajor governmental funds and the budgetary comparisons for the major capital project funds, debt service funds, and all nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Farmington Municipal School District No. 5'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, aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Farmington Municipal School District No. 5, as of June 30, 2016, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental of Farmington Municipal School District No. 5 as of June 30, 2016, and the respective changes in financial position thereof and the respective budgetary comparisons for the major capital project funds, debt service funds, all nonmajor funds, and the discretely presented component unit, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Tim Keller, State Auditor,
The Board of Education, and
The Audit Committee of Farmington Municipal School District No. 5

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7-13 and the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on pages 60-61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on Farmington Municipal School District No. 5's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other schedules required by 2.2.2.NMAC 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 other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Vendor Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2016 on our consideration of the Farmington Municipal School District No. 5's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Farmington Municipal School District No. 5's internal control over financial reporting and compliance.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
November 12, 2016

MANAGEMENT'S
DISCUSSION AND ANALYSIS

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2016

As management of the Farmington Municipal School District, we offer readers of Farmington Municipal School District's financial statements this narrative overview and analysis of the financial activities of the Farmington Municipal School District for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages xv – xxiii.

Financial Highlights

- The assets of the Farmington Municipal School District exceeded liabilities at the close of the most recent fiscal year by \$31,687,369 (*net position*). Of this amount, \$6,226,284 (*Unrestricted net position excluding pension liability of \$130,087,473 and net pension related deferred inflows / outflows of (\$14,793,999)*) may be used to meet the School District's ongoing obligations excluding the pension liability.
- As of the close of the current fiscal year, Farmington Municipal School District's governmental funds reported combined ending fund balances of \$57,898,371, an increase of \$24,982,087 in comparison with the prior year. Approximately 25% of this total amount, \$6,671,858 is *available for spending* at the district's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,671,858 or 8.2% of the total general fund expenditures.
- The Farmington Municipal School District's total net debt increased by \$33,325,000 or 58% during the current fiscal year. The district retired \$8,375,000 of debt and issued \$41,700,000 of new debt.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the Farmington Municipal School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Farmington Municipal School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Farmington Municipal School District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Farmington Municipal Schools is improving or deteriorating.

The *statement of activities* presents information showing how Farmington Municipal School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., uncollected taxes and earned but unused vacation leave, etc.)

Both of the government-wide financial statements reflect functions of the Farmington Municipal School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Farmington Municipal School District include general government operations, transportation of students and instructional materials allocations. The government-wide financial statements can be found on pages 16 and 17 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Farmington Municipal School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Farmington Municipal School District are governmental funds.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2016

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Farmington Municipal School District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, capital projects and the debt service fund, all of which are considered to be major funds. Data from the 59 governmental funds are combined into a single, aggregated presentation. Individual fund data for these non-major governmental funds is provided in the form of *combining statements* following the notes to the financial statements (page 83).

Farmington Municipal School District adopts an annual appropriated budget for each of its funds. Budgetary comparative statements have been provided for these funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 16-29 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because of the resources of those funds are *not* available to support the Farmington Municipal Schools' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 29 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-59 of this report.

Government-wide Financial Analysis

As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. In the case of Farmington Municipal School District, assets exceeded liabilities by \$31,687,369 at the close of the most recent fiscal year.

A portion of Farmington Municipal School District's net position is invested in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Farmington Municipal School District uses these capital assets to provide educational services; consequently, these assets are *not* available for future spending. Although Farmington Municipal School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2016

Farmington Municipal School District's Net Position

	Governmental Activities		Total	
	FY 2016	FY 2015	FY 2016	FY 2015
Current and other assets	\$ 60,379,027	\$ 36,404,280	\$ 60,379,027	\$ 36,404,280
Capital assets	184,700,966	164,171,380	184,700,966	164,171,380
Total assets	245,079,993	200,575,660	245,079,993	200,575,660
Deferred outflows of resources	17,791,286	12,849,428	17,791,286	12,849,428
Current Liabilities	3,102,467	3,667,649	3,102,467	3,667,649
Noncurrent liabilities:				
Due within one year	11,200,000	8,375,000	11,200,000	8,375,000
Due in more than one year	83,680,483	50,763,227	83,680,483	50,763,227
Aggregate net pension liability	130,087,473	111,735,344	130,087,473	111,735,344
Total liabilities	228,070,423	174,541,220	228,070,423	174,541,220
Deferred inflows of resources	3,113,487	12,057,750	3,113,487	12,057,750
Net position:				
Net investment in capital assets	89,528,046	105,039,068	89,528,046	105,039,068
Restricted	51,226,513	24,781,118	51,226,513	24,781,118
Unrestricted	(109,067,190)	(102,994,068)	(109,067,190)	(102,994,068)
Total net position	31,687,369	26,826,118	31,687,369	26,826,118
FY2014 restatement	-	-	-	-
Restated total net position	\$ 31,687,369	\$ 26,826,118	\$ 31,687,369	\$ 26,826,118

Farmington Municipal School District's Net Position

A large portion of Farmington Municipal School District's net position (88%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position, excluding pension liability of \$130,087,473 and net pension related deferred inflows/outflows of (\$14,793,999)*, \$6,226,284 may be used to meet the district's ongoing obligations excluding the pension liability.

At the end of the current fiscal year, Farmington Municipal School District has achieved positive balances in the Governmental Activities category of net position. The same situation held true in the prior fiscal year.

Farmington Municipal School District's net position increased by \$4,861,251 during the current fiscal year. Total assets decreased primarily due to a decrease in cash from the bond fund and an increase in capital assets caused by the construction of new elementary and middle schools. Noncurrent liabilities decreased primarily due to the retirement of debt.

Governmental activities. Governmental activities increased Farmington Municipal School District's net position by \$4,861,251. Key elements of this increase are as follows:

- A 0.75% increase in state equalization revenue as shown in the comparison of grants and contributions not restricted to specific programs.
- Earnings from investments have improved slightly due to investment in U.S. Treasury Notes utilizing bond funds.
- A 0.4% increase in operational expenses for the district kept spending flat when compared to the prior year.
- A state grant was received for construction of new schools.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2016

Farmington Municipal School District's Changes in Net Position

	Governmental Activities		Total	
	FY2016	FY2015	FY2016	FY2015
Revenues:				
Program Revenues:				
Charges for services	\$ 1,967,084	\$ 1,640,821	\$ 1,967,084	\$ 1,640,821
Operating grants & contributions	17,181,976	19,126,575	17,181,976	19,126,575
Capital grants & contributions	15,336,594	11,982,223	15,336,594	11,982,223
General Revenues:				
Property taxes-general purpose	540,502	528,737	540,502	528,737
Property taxes-capital projects	3,173,781	3,524,200	3,173,781	3,524,200
Property taxes-debt service	9,950,029	9,794,142	9,950,029	9,794,142
Oil & Gas	613,830	1,439,430	613,830	1,439,430
Grants and contributions not restricted to specific programs	75,897,873	75,837,173	75,897,873	75,837,173
Miscellaneous Income	85,434	269,272	85,434	269,272
Earnings from investments	-	-	-	-
Gain on sale of capital asset	-	-	-	-
Total Revenues	\$ 124,747,103	\$ 124,142,573	\$ 124,747,103	\$ 124,142,573
Expenses:				
Direct instruction	\$ 63,321,346	\$ 63,425,766	\$ 63,321,346	\$ 63,425,766
Support Services:				
Students	11,530,356	12,557,987	11,530,356	12,557,987
Instruction - support	1,753,666	1,916,013	1,753,666	1,916,013
General administrative	1,454,979	1,460,323	1,454,979	1,460,323
School administrative	5,699,925	5,326,590	5,699,925	5,326,590
Central services	1,287,846	1,484,713	1,287,846	1,484,713
Operations and maintenance	24,372,188	15,893,619	24,372,188	15,893,619
Student transportation	3,418,076	4,317,667	3,418,076	4,317,667
Other support services	25,774	93,603	25,774	93,603
Non-instructional services				
Food services	4,802,086	4,402,077	4,802,086	4,402,077
Community services	56,904	8,332	56,904	8,332
Interest on long-term obligations	2,162,706	1,534,093	2,162,706	1,534,093
Operation of non-instruction services	-	-	-	-
Loss on disposal of capital asset	-	240,758	-	240,758
Other	-	-	-	-
Total Expenses	\$ 119,885,852	\$ 112,661,541	\$ 119,885,852	\$ 112,661,541
Increase/(Decrease) in net position	\$ 4,861,251	\$ 11,481,032	\$ 4,861,251	\$ 11,481,032
Net position - Beginning	\$ 26,826,118	\$ 15,345,086	\$ 26,826,118	\$ 15,345,086
Restatement - FY14	-	-	-	-
Net position - Ending	\$ 31,687,369	\$ 26,826,118	\$ 31,687,369	\$ 26,826,118

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2016

Financial Analysis of the Government's Funds

As noted earlier, Farmington Municipal School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Farmington Municipal School District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Farmington Municipal School District's financing requirements. In particular, *unrestricted fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Farmington Municipal School District's governmental funds reported combined ending fund balances of \$57,898,371 an increase in comparison with the prior year. Approximately 12% of this total amount (\$6,671,858) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it has already been committed 1) to pay debt service (\$16,765,891), 2) for capital projects (\$32,703,331) and 3) a variety of other restricted purposes (\$1,526,424).

The general fund is the chief operating fund of Farmington Municipal School District. At the end of the current fiscal year, unassigned fund balance of the general funds was \$6,671,858, which is also the total fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned represents 8.2% percent of the total general fund expenditures, and the total fund balance represents 8.3% since a very small portion of the general fund balance was restricted at June 30, 2016.

The fund balance of Farmington Municipal School District's general fund decreased by \$1,466,528 during the current fiscal year. Farmington Municipal Schools District's board and management recognizes the need for maintaining an adequate operational cash fund balance to assure sound fiscal management of its financial resources while maintaining the district's high bond rating and to assure the availability of funds when unexpected financial demands are made on the Farmington Municipal Schools. The revenue increases from the state did materialize to the level forecasted by the state. The district increased expenditures primarily by increasing the number of teachers and salary increases for all employees. The current fiscal year budget reflects a decrease in the cash balance. The fund balance is expected to decrease this next fiscal year as the state initiated funding decreases due to an economic downturn.

The district's GO Bonds debt service fund's total fund balance was \$12,621,488 that is restricted for the payment of debt service. This is a net increase in fund balance of \$3,701,919. The increase during the current year resulted primarily from decreased principal and interest payments.

The educational technical debt service fund balance was \$4,144,403. The total amount is restricted for the payment of debt service. This is a net decrease in fund balance of \$1,054,648. The decrease is the result of an increase in the amount of principal and interest payments.

There was an increase of \$21,885,870 in the fund balance of the bond building capital fund resulting in a fund balance of \$25,818,836. The increase was the result of new debt was issued.

The SB-9 capital improvement fund balance was \$1,718,476 that is used primarily for maintenance and repair of facilities and grounds. This is a net increase in fund balance of \$334,345. The expenditures in this fund can fluctuate depending on the number, complexity and cost of the maintenance work orders for any given year. This year's revenues decreased by 7.5% compared to the prior year primarily due to a decrease in tax collections. Expenditures increased due to an increase in cost of repairs.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2016

General Fund Budgetary Highlights

Differences between the original budgeted revenues and the final amended budgeted revenues were resulted in a budget increase of \$181,316, which can be briefly summarized as follows:

- The difference resulted from a mid-year increase in revenue from the state in state equalization funds of \$10.00 per program unit.
- Expenditures were increased to balance the budget.
- Additional cash from 6/30/15 was carried forward and budgeted in 2015-2016.

Capital Asset and Debt Administration

Capital assets. Farmington Municipal School District's investment in capital assets for its governmental activities as of June 30, 2016 amounts to \$184,700,966 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, and machinery and equipment. For the governmental activities, a total of \$184,700,966 was determined as the current value of all the capital assets owned by the District.

Major capital asset events during the current fiscal year included the following:

- Completion of a new middle school and an elementary school for the start of classes in August 2015.
- Phase I construction of a new high school continued.
- 2 new busses were purchased to replace existing busses.

Additional information on Farmington Municipal School District's capital assets can be found in note "III.E" on page 41 of this report.

	Government Activities		Total	
	FY2016	FY2015	FY2016	FY2015
Land	\$ 4,142,761	\$ 4,142,761	\$ 4,142,761	\$ 4,142,761
Construction in progress	17,958,201	28,281,442	17,958,201	28,281,442
Land improvements	166,226	254,654	166,226	254,654
Buildings and improvements	158,356,505	127,090,435	158,356,505	127,090,435
Machinery and equipment	4,077,273	4,402,088	4,077,273	4,402,088
Total	<u>\$ 184,700,966</u>	<u>\$ 164,171,380</u>	<u>\$ 184,700,966</u>	<u>\$ 164,171,380</u>

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For The Year Ended June 30, 2016

Long-term debt. As of June 30, 2016, Farmington Municipal School District had total bonded debt outstanding of \$90,900,000. The total outstanding debt represents general obligation bonds secured solely by specified revenue sources (i.e., property tax collections).

Farmington Municipal School District's Outstanding Debt
 General Obligation Bonds

	Governmental activities	
	Total	Total
	FY 2016	FY 2015
General obligation bonds	\$90,900,000	\$57,575,000

Farmington Municipal School District's total debt decreased by \$33,325,000 during the current fiscal year. The district retired \$8,375,000 of debt and issued no new debt. Farmington Municipal School District maintains an AA2 bond rating from Moody's Investor Service, Inc.

State statute limits the amount of general obligation debt a governmental entity may issue to 6% of its total assessed valuation. The current debt limitation for Farmington Municipal School District is \$91,022,616 which is significantly in excess of Farmington Municipal School District's outstanding general obligation debt.

More information of Farmington Municipal School District's debt can be found in note "III.F" of this report on page 47

Economic Factors and Next Year's Budget

Farmington Municipal School District is located in San Juan County. San Juan County, like the rest of New Mexico and the nation, has experienced a declining economy. Due to the economic factors affecting the entire country in 2015-2016 the State of New Mexico and San Juan County have seen an increase in unemployment and a slowdown of the oil and gas economy. The taxes on oil and gas in New Mexico are a vital revenue factor in the state's budget. 98% of Farmington Municipal Schools' operating revenue comes from the state and the district does not anticipate an increase in funding allocated for schools in FY2018. The board of education is being proactive and considering ways to reduce expenditures on an opportunistic basis and maintain the district's cash balance in preparation for no increase in revenues.

San Juan County's population shows some decline in past years however Farmington Municipal School's enrollment remains relatively stable for the current fiscal year. The current enrollment has increased slightly when compared to the same period in the prior year. The projections are that the enrollment will remain relatively flat over the next two to three years pending the impact of the local economy. The charter school that is under the Farmington Municipal Schools opened for the 2012-2013 school year and we have not seen any impact to the district's enrollment.

Farmington Municipal School District receives approximately 98% of its annual operating budget from the State of New Mexico through the State Equalization Guaranteed Funding. The objectives of the formula are (1) to equalize educational opportunity statewide (by crediting certain local and federal support and then distributing state support in an objective manner) and (2) to retain local autonomy in actual use of funds by allowing funds to be used in local districts at the discretion of local policy making bodies. The basis for the formula is in the number of students enrolled. Weighting factors are assigned to students that receive special services, i.e., special education and bilingual education services as well as other factors based on the training and experience of the teaching staff and the district's at-risk population.

Farmington Municipal School District has appropriated \$6,671,858 of its unassigned fund balance for spending in the 2016 fiscal year budget. The \$6,671,858 budgeted primarily into direct classroom instruction to fund additional staff needed to meet the state mandated class sizes while accommodating the slight growth in the elementary student population.

Requests for information

This financial report is designed to provide a general overview of Farmington Municipal School District's finances for all those with an interest in the district's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, 2001 North Dustin, Farmington, New Mexico 87401.

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BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

STATEMENT OF NET POSITION
June 30, 2016

	Primary Government Governmental Activities	Component Unit New Mexico Virtual Academy
Assets		
Cash and cash equivalents	\$ 33,479,820	\$ 365,122
Investments	22,769,154	
Receivables:		
Delinquent property taxes receivable	858,883	-
Grant	2,804,938	45,045
Interest	7,674	-
Due from other governments	227,691	-
Parts inventory	134,821	-
Food inventory	96,046	-
Non-current:		
Non-depreciable assets	22,100,962	-
Depreciable capital assets, net	162,600,004	-
Total Assets	245,079,993	410,167
Deferred Outflows of Resources:		
Contributions to pension subsequent to the measurement date	7,793,645	100,485
Net change in pension assumptions	4,474,401	54,761
Net change in proportionate share of pension liability	5,523,211	103,096
Total Deferred Outflows of Resources	17,791,257	258,342
Liabilities		
Accounts payable	1,697,208	51,452
Accrued salaries	-	129,552
Accrued interest	959,685	-
Compensated absences	445,574	-
Long-term liabilities other than pensions:		
Due within one year	11,200,000	-
Due in more than one year	83,680,483	-
Aggregate net pension liability	130,087,473	1,592,112
Total Liabilities	228,070,423	1,773,116
Deferred Inflows of Resources		
Advances of federal, state, and local grants	43,884	-
Gain on advanced bond refunding	72,316	-
Difference between expected and actual experience	2,383,918	29,364
Net difference between projected and actual investment earnings on plan investments	613,340	7,868
Net change in proportionate share of pension liability	-	4,694
Total Deferred Inflows of Resources	3,113,458	41,926
Net Position		
Net investment in capital assets	89,528,046	-
Restricted for:		
Inventories	230,867	-
Special revenue funds	1,526,424	417
Capital projects	32,703,331	-
Debt service	16,765,891	-
Unrestricted	(109,067,190)	(1,146,950)
Total Net Position	\$ 31,687,369	\$ (1,146,533)

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

STATEMENT OF ACTIVITIES
 Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>	<u>Component Unit</u>
Primary government:						
Governmental activities:						
Instruction	\$ 63,321,346	\$ 711,296	\$ 6,325,538	\$ 11,595,392	\$ (44,689,120)	
Support Services - Students	11,530,356	334,202	1,151,834	-	(10,044,320)	
Support Services - Instruction	1,753,666	-	175,184	-	(1,578,482)	
Support Services - General Administration	1,454,979	-	145,346	17,890	(1,291,743)	
Support Services - School Administration	5,699,925	-	569,399	-	(5,130,526)	
Central Services	1,287,846	-	128,650	-	(1,159,196)	
Operations & Maintenance of Plant	24,372,188	-	2,434,680	3,723,312	(18,214,196)	
Student Transportation	3,418,076	-	2,830,628	-	(587,448)	
Other Support Services	25,774	-	2,575	-	(23,199)	
Food Services	4,802,086	921,586	3,412,458	-	(468,042)	
Community Services	56,904	-	5,684	-	(51,220)	
Bond interest paid	<u>2,162,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,162,706)</u>	
Total governmental activities	<u>\$ 119,885,852</u>	<u>\$ 1,967,084</u>	<u>\$ 17,181,976</u>	<u>\$ 15,336,594</u>	<u>(85,400,198)</u>	
Component unit:						
New Mexico Virtual Academy	<u>\$ 3,497,323</u>	<u>\$ 2,443</u>	<u>\$ 106,301</u>	<u>\$ -</u>		<u>\$ (3,388,579)</u>
			General revenues:			
			Taxes:			
			Property Taxes:			
			General purposes	540,502	-	
			Capital projects	3,173,781	-	
			Debt service	9,950,029	-	
			Oil and gas	613,830	-	
			State equalization	75,496,685	2,888,409	
			Grants and contributions not restricted	401,188	400	
			Miscellaneous income	85,434	526	
			Total general revenues	<u>90,261,449</u>	<u>2,889,335</u>	
			<i>Change in net position</i>	4,861,251	(499,244)	
			Net position - beginning	<u>26,826,118</u>	<u>(647,289)</u>	
			Net position - ending	<u>\$ 31,687,369</u>	<u>\$ (1,146,533)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

GOVERNMENTAL FUNDS

Balance Sheet
June 30, 2016

	General Fund	Title I Fund #24101	Entitlement IDEA-B Fund #24106	Bond Building Fund #31100	Capital Improvements SB-9 Fund #31700
Assets					
Cash and cash equivalents	\$ 4,115,366	\$ -	\$ -	\$ 3,972,651	\$ 1,661,588
Investments	-	-	-	22,769,154	-
Receivables:					
Property taxes	34,668	-	-	-	180,912
Grant	-	976,739	912,514	-	-
Interest	-	-	-	7,674	-
Due from other governments	9,220	-	-	-	52,142
Due from other funds	2,725,802	-	-	-	-
Parts inventory	134,821	-	-	-	-
Food inventory	-	-	-	-	-
Total assets	<u>\$ 7,019,877</u>	<u>\$ 976,739</u>	<u>\$ 912,514</u>	<u>\$ 26,749,479</u>	<u>\$ 1,894,642</u>
 Liabilities, deferred inflows, and fund balance					
Liabilities:					
Accounts payable	\$ 183,766	\$ 833	\$ 28,531	\$ 930,643	\$ 26,626
Due to other funds	-	975,906	883,983	-	-
Total liabilities	<u>183,766</u>	<u>976,739</u>	<u>912,514</u>	<u>930,643</u>	<u>26,626</u>
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	-
Delinquent property taxes	<u>29,432</u>	-	-	-	<u>149,540</u>
Total deferred inflows of resources	<u>29,432</u>	-	-	-	<u>149,540</u>
Fund balance:					
Non-spendable:					
Inventories	134,821	-	-	-	-
Restricted for:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	25,818,836	1,718,476
Debt service	-	-	-	-	-
Unassigned	<u>6,671,858</u>	-	-	-	-
Total fund balance	<u>6,806,679</u>	-	-	<u>25,818,836</u>	<u>1,718,476</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 7,019,877</u>	<u>\$ 976,739</u>	<u>\$ 912,514</u>	<u>\$ 26,749,479</u>	<u>\$ 1,894,642</u>

(cont'd; 1 of 2)

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

GOVERNMENTAL FUNDS

Balance Sheet
June 30, 2016

	<u>Debt Service</u> <u>Fund #41000</u>	<u>Ed Tech Debt</u> <u>Service</u> <u>Fund #43000</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Assets				
Cash and cash equivalents	\$ 12,469,974	\$ 4,046,877	\$ 7,213,364	\$ 33,479,820
Investments	-	-	-	22,769,154
Receivables:				
Property taxes	393,725	249,578	-	858,883
Grant	-	-	915,685	2,804,938
Interest	-	-	-	7,674
Due from other governments	103,336	62,993	-	227,691
Due from other funds	-	-	-	2,725,802
Fuel inventory	-	-	-	134,821
Food inventory	-	-	96,046	96,046
Total assets	<u>\$ 12,967,035</u>	<u>\$ 4,359,448</u>	<u>\$ 8,225,095</u>	<u>\$ 63,104,829</u>
 Liabilities, deferred inflows, and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 526,809	\$ 1,697,208
Due to other funds	-	-	865,913	2,725,802
Total liabilities	<u>-</u>	<u>-</u>	<u>1,392,722</u>	<u>4,423,010</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	43,884	43,884
Delinquent property taxes	345,547	215,045	-	739,564
Total deferred inflows of resources	<u>345,547</u>	<u>215,045</u>	<u>43,884</u>	<u>783,448</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	96,046	230,867
Restricted for:				
Special revenue funds	-	-	1,526,424	1,526,424
Capital projects funds	-	-	5,166,019	32,703,331
Debt service	12,621,488	4,144,403	-	16,765,891
Unassigned	-	-	-	6,671,858
Total fund balance	<u>12,621,488</u>	<u>4,144,403</u>	<u>6,788,489</u>	<u>57,898,371</u>
Total liabilities, deferred inflows				
of resources, and fund balance	<u>\$ 12,967,035</u>	<u>\$ 4,359,448</u>	<u>\$ 8,225,095</u>	<u>\$ 63,104,829</u>

(2 of 2)

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

RECONCILIATION OF THE BALANCE SHEET - ALL GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
June 30, 2016

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

Fund balances - total governmental funds	\$	57,898,371
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		285,266,165
Accumulated depreciation		(100,565,199)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable		739,564
Deferred inflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Contributions to pension subsequent to the measurement date		7,793,645
Net change in pension assumptions		4,474,401
Net change in proportionate share of pension liability		5,523,211
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Bonds payable		(90,900,000)
Accrued interest payable		(959,685)
Accrued vacation payable		(445,574)
Bond premiums		(3,980,483)
Net pension liability		(130,087,473)
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Gain on advanced bond refunding		(72,316)
Difference between expected and actual experience		(2,383,918)
Net difference between projected and actual investment earnings on plan investments		<u>(613,340)</u>
Net position of governmental activities	\$	<u>31,687,369</u>

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2016

	General Fund	Title I Fund #24101	Entitlement IDEA-B Fund #24106	Bond Building Fund #31100	Capital Improvements SB-9 Fund #31700
Revenues:					
Taxes:					
Property	\$ 536,559	\$ -	\$ -	\$ -	\$ 2,744,856
Oil and gas	30,885	-	-	-	136,912
Intergovernmental - federal grants	208,572	2,775,742	3,143,659	-	-
Intergovernmental - state grants	79,105,577	-	-	14,925,991	232,079
Contributions - private grants	151,188	-	-	-	-
Charges for services	106,295	-	-	-	-
Investment and interest income	27	-	-	23,478	763
Miscellaneous	<u>84,529</u>	-	-	-	-
Total revenues	<u>80,223,632</u>	<u>2,775,742</u>	<u>3,143,659</u>	<u>14,949,469</u>	<u>3,114,610</u>
Expenditures:					
Current:					
Instruction	52,024,894	1,929,032	1,397,655	-	-
Support services:					
Students	9,066,504	474,256	1,047,836	-	-
Instruction	1,710,167	-	-	-	-
General Administration	1,140,819	40,044	43,216	-	42,218
School Administration	4,363,512	332,410	584,321	-	-
Central Services	1,209,013	-	70,631	-	-
Operation & Maintenance of Plant	9,292,979	-	-	1,177,149	2,546,682
Student transportation	2,831,338	-	-	-	-
Other Support services	25,774	-	-	-	-
Food services operations	-	-	-	-	-
Community services	4,402	-	-	-	-
Capital outlay	20,758	-	-	26,784,500	191,365
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	-	-	-	-	-
Bond issuance costs	-	-	-	<u>360,420</u>	-
Total expenditures	<u>81,690,160</u>	<u>2,775,742</u>	<u>3,143,659</u>	<u>28,322,069</u>	<u>2,780,265</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,466,528)</u>	-	-	<u>(13,372,600)</u>	<u>334,345</u>
Other financing sources:					
Sale of bonds	-	-	-	35,000,000	-
Bond premium	-	-	-	<u>258,470</u>	-
Total other financing sources	-	-	-	<u>35,258,470</u>	-
<i>Net change in fund balance</i>	(1,466,528)	-	-	21,885,870	334,345
Fund balance at beginning of the year	<u>8,273,207</u>	-	-	<u>3,932,966</u>	<u>1,384,131</u>
Fund balance at end of the year	<u>\$ 6,806,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,818,836</u>	<u>\$ 1,718,476</u>

(cont'd; 1 of 2)

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2016

	<u>Debt Service</u> <u>Fund #41000</u>	<u>Ed Tech Debt</u> <u>Service</u> <u>Fund #43000</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues:				
Taxes:				
Property	\$ 6,436,113	\$ 3,857,730	\$ -	\$ 13,575,258
Oil and gas	265,085	180,948	-	613,830
Intergovernmental - federal grants	-	-	5,888,849	12,016,822
Intergovernmental - state grants	-	-	1,703,924	95,967,571
Contributions - private grants	-	-	250,000	401,188
Charges for services	-	-	1,860,789	1,967,084
Investment and interest income	1,087	488	5,019	30,862
Miscellaneous	-	-	905	85,434
Total revenues	<u>6,702,285</u>	<u>4,039,166</u>	<u>9,709,486</u>	<u>124,658,049</u>
Expenditures:				
Current:				
Instruction	-	-	3,306,284	58,657,865
Support services:				
Students	-	-	930,856	11,519,452
Instruction	-	-	19,546	1,729,713
General Administration	64,102	38,564	59,356	1,428,319
School Administration	-	-	407,143	5,687,386
Central Services	-	-	2,000	1,281,644
Operation & Maintenance of Plant	-	-	5,062,930	18,079,740
Student transportation	-	-	93,555	2,924,893
Other Support services	-	-	-	25,774
Food services operations	-	-	4,656,749	4,656,749
Community services	-	-	4,000	8,402
Capital outlay	-	-	257,888	27,254,511
Debt service:				
Principal retirement	3,430,000	4,945,000	-	8,375,000
Bond interest paid	1,994,858	110,250	-	2,105,108
Bond issuance costs	-	-	28,050	388,470
Total expenditures	<u>5,488,960</u>	<u>5,093,814</u>	<u>14,828,357</u>	<u>144,123,026</u>
<i>Excess (deficiency) of revenues</i> <i>over expenditures</i>	<u>1,213,325</u>	<u>(1,054,648)</u>	<u>(5,118,871)</u>	<u>(19,464,977)</u>
Other financing sources:				
Sale of bonds	-	-	6,700,000	41,700,000
Bond premium	2,488,594	-	-	2,747,064
Total other financing sources	<u>2,488,594</u>	<u>-</u>	<u>6,700,000</u>	<u>44,447,064</u>
<i>Net change in fund balance</i>	3,701,919	(1,054,648)	1,581,129	24,982,087
Fund balance at beginning of the year	<u>8,919,569</u>	<u>5,199,051</u>	<u>5,207,360</u>	<u>32,916,284</u>
Fund balance at end of the year	<u>\$ 12,621,488</u>	<u>\$ 4,144,403</u>	<u>\$ 6,788,489</u>	<u>\$ 57,898,371</u>

(2 of 2)

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

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

Net change in fund balance - total governmental funds	\$ 24,982,087
<p>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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year</p>	
Capital outlay	27,254,511
Depreciation	(5,355,322)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
<p>Deferred property taxes at:</p>	
June 30, 2015	(650,510)
June 30, 2016	739,564
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These differences in the treatment of long-term debt and related items consist of:</p>	
Current year principal payments	8,375,000
Bonds sold	(41,700,000)
Deferred gain on bond refunding amortization	72,326
Current year bond premiums	(2,747,064)
Bond premium amortization	329,808
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
<p>Compensated absences at:</p>	
June 30, 2015	421,621
June 30, 2016	(445,574)
<p>Accrued interest at:</p>	
June 30, 2015	499,953
June 30, 2016	(959,685)
Loss on asset disposal	(1,369,603)
Deferred contributions to pension plan	7,793,645
Pension expense	<u>(12,379,506)</u>
Change in net position of governmental activities	<u>\$ 4,861,251</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 528,411	\$ 528,411	\$ 535,009	\$ 6,598
Oil and gas	55,201	55,201	32,572	(22,629)
Intergovernmental - federal grants	404,701	404,701	208,572	(196,129)
Intergovernmental - state grants	78,748,144	78,929,460	79,105,577	176,117
Contributions - private grants	148,000	148,000	151,188	3,188
Charges for services	48,335	48,335	106,295	57,960
Investment and interest income	5,038	5,038	27	(5,011)
Miscellaneous	-	-	84,529	84,529
Total revenues	79,937,830	80,119,146	80,223,769	104,623
Expenditures:				
Current:				
Instruction	54,676,615	55,233,589	52,034,898	3,198,691
Support services:				
Students	8,903,952	8,903,952	9,047,494	(143,542)
Instruction	1,627,581	1,627,581	1,722,132	(94,551)
General Administration	1,040,732	1,040,732	1,139,502	(98,770)
School Administration	4,375,067	4,375,067	4,363,579	11,488
Central Services	1,232,887	1,232,887	1,211,902	20,985
Operation & Maintenance of Plant	9,601,879	9,601,879	9,302,109	299,770
Student transportation	2,844,569	2,828,444	2,828,444	-
Other Support services	2,082,292	2,082,292	25,774	2,056,518
Community Services Operations	4,402	4,402	4,402	-
Capital outlay:				
Equipment	924,773	1,498,397	20,758	1,477,639
Total expenditures	87,314,749	88,429,222	81,700,994	6,728,228
<i>Excess (deficiency) of revenues over expenditures</i>	(7,376,919)	(8,310,076)	(1,477,225)	6,832,851
<i>Beginning cash balance budgeted</i>	7,376,919	8,310,076	-	(8,310,076)
Fund balance at beginning of the year	-	-	8,273,207	8,273,207
Fund balance at end of the year	\$ -	\$ -	6,795,982	\$ 6,795,982
RECONCILIATION TO GAAP BASIS:				
Change in inventory			(3,220)	
Change in property tax receivable			4,686	
Change in due from other governments			(878)	
Change in payables			14,052	
Change in deferred property taxes			(3,943)	
Fund balance at end of the year (GAAP basis)			\$ 6,806,679	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

TITLE I FUND - NO. 24101
**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 2,828,745	\$ 3,138,416	\$ 3,100,078	\$ (38,338)
Expenditures:				
Current:				
Instruction	1,833,112	2,087,032	1,928,198	158,834
Support services:				
Students	565,115	575,115	474,256	100,859
General Administration	40,596	44,900	40,044	4,856
School Administration	<u>389,922</u>	<u>431,369</u>	<u>332,410</u>	<u>98,959</u>
Total expenditures	<u>2,828,745</u>	<u>3,138,416</u>	<u>2,774,908</u>	<u>363,508</u>
<i>Excess of revenues over expenditures</i>	-	-	325,170	325,170
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	325,170	<u>\$ 325,170</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(324,336)	
Change in payables			<u>(834)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

ENTITLEMENT IDEA-B FUND - NO. 24106
**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ 2,113,244	\$ 4,098,641	\$ 2,434,014	\$ (1,664,627)
Expenditures:				
Current:				
Instruction	948,500	1,493,800	1,403,991	89,809
Support services:				
Students	626,662	1,762,809	1,050,071	712,738
General Administration	28,618	28,618	43,216	(14,598)
School Administration	438,668	742,618	584,321	158,297
Central Services	70,796	70,796	70,631	165
Total expenditures	<u>2,113,244</u>	<u>4,098,641</u>	<u>3,152,230</u>	<u>946,411</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(718,216)	(718,216)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>(718,216)</u>	<u>\$ (718,216)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			709,645	
Change in payables			8,571	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

AGENCY FUNDS
Statement of Fiduciary Assets and Liabilities
June 30, 2016

ASSETS

Pooled cash and investments	\$ <u>1,521,759</u>
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LIABILITIES

Deposits held for others	\$ <u>1,521,759</u>
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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Farmington Municipal School District (District) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education in the City of Farmington, New Mexico and the surrounding areas. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District's financial statements include all entities over which the Board of Education exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

As required by GAAP, these financial statements present the District (primary government) and its component units. The component units discussed below are included in the District's reporting because of the significance of their operational or financial relationships with the District in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*.

Blended Component Units

The District does not have any component units reported as blended component units.

Discretely Presented Component Units

The District has one component unit reported as a discretely presented component unit. New Mexico Virtual Academy is closely related to Farmington Municipal Schools and is the financial responsibility of Farmington Municipal Schools, since a financial burden exists upon closure of the charter school or when the charter school is in need of financial assistance. The component unit does not have a separately issued report.

During fiscal year 2016, Farmington Municipal School District No. 5 adopted the following GASB Statements:

- GASB 72, *Fair Value Measurement and Application*, This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement will be effective for the year ended June 30, 2016.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, this Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. This Statement will be effective for the year ended June 30, 2016.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement will be effective for the year ended June 30, 2016.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

A. Reporting Entity (cont'd)

- GASB 79, *Certain External Investment Pools and Pool Participants*, this Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement 31, as amended.

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2015 (FYE June 30, 2016), except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015 (FYE June 30, 2017). Earlier application is encouraged.

Other accounting standards that Farmington Municipal School District No. 5 is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. This Statement will be effective for the year ended June 30, 2017.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, this Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. This Statement will be effective for the year ended June 30, 2018.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

A. Reporting Entity (cont'd)

- GASB 77, *Tax Abatement Disclosures*, financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as inter-period equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time.

Financial statement users need information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

Although many governments offer tax abatements and provide information to the public about them, they do not always provide the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015 (FYE June 30, 2017). Earlier application is encouraged.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

A. Reporting Entity (cont'd)

- GASB 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, the objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of Statement 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2015 (FYE June 30, 2017). Earlier application is encouraged.

- GASB 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, the objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended.

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016 (FYE June 30, 2017). Earlier application is encouraged.

- GASB 81, *Irrevocable Split-Interest Agreements*, The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016 (FYE June 30, 2018), and should be applied retroactively. Earlier application is encouraged.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

A. Reporting Entity (cont'd)

- GASB 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, the objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016 (FYE June 30, 2017), except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

The government reports the following major governmental funds:

➤ General Fund

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

➤ Title I Special Revenue Fund (Fund No. 24101) Minimum Balance: None

To help local education agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards. Funding authorization: Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C. 6301 et seq.

➤ Entitlement IDEA-B Special Revenue Fund (Fund No. 24106) Minimum Balance: None

Program provides grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

➤ Bond Building Capital Projects Fund (Fund No. 31100) Minimum Balance: None

This fund provides financing for the construction of buildings, the purchase of equipment, and the acquisition and improvement of land. Funding is provided by the sale of general obligation bonds, which have been approved by the voters of the district.

➤ Capital Improvements SB – 9 Capital Projects Fund (Fund No. 31700) Minimum Balance: None

This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 2 mill property tax levy and interest earned on investments, under New Mexico Senate Bill 9.

➤ Debt Service Fund (Fund No. 41000) Minimum Balance: None

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

➤ Education Technology Debt Service Fund (Fund No. 43000) Minimum Balance: None

Used to account for the accumulation of resources for and the payment of, general long-term debt principal, interest, and related costs associated with the Education Technology bond issues.

Additionally, the government reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources – which are legally restricted to expenditures for specified purposes.

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

Fiduciary Funds – Fiduciary Funds are the agency funds used to account for financial resources used by the student activity groups for which the District has stewardship

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Assets, Liabilities, and Net Position or Equity

1. *Deposits and investments*

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

State statutes authorize the investment of the District's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The District is also allowed to invest in United States Government obligations. All funds for the District must follow the above investment policies.

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

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

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

Investments for the District are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due from/to other funds."

The District's property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. Mill levy rates are set by the State of New Mexico each year for the General Fund, SB – 9 Capital Improvements Fund, and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

Under GASB Statement 33, property taxes are impressed non-exchange revenue. Assets from impressed non-exchange transactions are reported when the District has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. Taxes are payable in two equal installments on November 10 and April 10th following the levy and become delinquent after 30 days. Therefore, the District has recorded a delinquent tax receivable and revenue for taxes received within the sixty days following year-end. A receivable and deferred revenue have been recorded for uncollected delinquent taxes. On the government-wide financial statements, the district has recorded delinquent property taxes receivable and revenue for taxes assessed as of year-end that have not been collected, as prescribed in GASB 34. An allowance for refunds and uncollectible amounts has not been recorded.

3. *Inventories*

USDA Commodities are recorded at estimated costs and other inventories are recorded at cost, which approximates market. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Assets, Liabilities, and Net Position or Equity

4. *Capital assets*

Capital assets, which include property, plant, and equipment (software), are reported in the applicable governmental-wide financial statements. Beginning July 1, 2005, the threshold for defining Capital assets by the government was raised from \$1,000 to assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Software costs have been included with the cost of computer equipment and are capitalized with that equipment. The District does not develop software for internal use or any other use.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction projects has not been capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Building improvements	7-20
Vehicles	5
Office equipment	5
Computer equipment	5

5. *Compensated absences*

The District policy to permit employees to accumulate earned but unused vacation. Accumulated sick leave is not payable upon termination and is recorded as expenditures when it is paid.

6. *Long-term obligations*

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as capital projects expenditures.

7. *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 Education 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. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

8. *Fund balance*

a. Non-Spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

b. Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

c. Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the District's Board of Education should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District did not have committed fund balances for the year ended June 30, 2016.

d. Assigned

Assigned fund balance includes (a) all remaining amounts, except for negative balances, that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed and amounts in the general fund that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent, and removal of, is expressed by the Board of Education or the Finance Committee. The District did not have assigned fund balances for the year ended June 30, 2016.

e. Unassigned

The remaining fund balance, after all other classifications, within the general fund is reported as unassigned fund balance. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, a negative fund balance will be reported as unassigned fund balance.

When committed, assigned, and unassigned resources are available for use, it is the District's policy to use committed first followed by assigned and unassigned resources as they are needed.

9. *Net Position*

Net Position is presented on the Statement of Net Position and may be presented in any of three components.

a. Net investment in capital assets

This component of Net Position 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. The portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. That portion of the debt is included in restricted for capital projects.

b. Restricted Net Position

Net Position is reported as being restricted when the restriction is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Assets, Liabilities, and Net Position or Equity (cont'd)

Unrestricted Net Position

Unrestricted Net Position consists of Net Position that does not meet the definition of “net investment in capital assets” or “restricted.”

When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

In the governmental environment, Net Position often is designated to indicate that management does not consider them to be available for general operations. In contrast to restricted Net Position, these types of constraints on resources are internal and management can remove or modify them. However, enabling legislation established by the reporting government should not be construed as an internal constraint.

10. *Indirect Costs*

The District’s General Fund receives indirect cost reimbursements from the various federal programs it administers. These reimbursements are for expenses incurred in performing administrative functions on behalf of the Special Revenue Funds. They are shown as expenditures in the Special Revenue Funds, and as other special federal revenue in the General Fund.

11. *Estimates*

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

12. *Revenues*

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

A school district’s program costs are determined through the use of various formulas using ‘program units’ which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$75,496,685 in state equalization guarantee distributions during the year ended June 30, 2016.

Transportation Distribution: School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$2,830,628 in transportation distributions during the year ended June 30, 2016.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance.

Actual expenditures may not exceed the budget on a line item 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 School Finance Division.

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

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

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.
4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.
6. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2016 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 87,314,749	\$ 88,429,222
Special Revenue Fund	11,945,030	18,281,105
Capital Projects Fund	45,456,460	55,808,703
Debt Service Fund	24,692,501	24,497,099
Totals	\$ 169,408,740	\$ 187,016,129

B. Budgetary Violations

The District did not have any budgetary violations during the year ended June 30, 2016.

C. Deficit Fund Equity

There were not any deficit fund balances as of June 30, 2016.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

Cash and equivalents are comprised of the following balances:

	<u>Balance</u>
Banks:	
Wells Fargo Bank	\$ 28,345,735
Citizens Bank	3,416,672
Bank of the Southwest	1,303,374
US Bank	3,941,257
Less agency cash	(1,521,759)
Less net reconciling items	(4,829,761)
State agencies:	
New Mexico Finance Authority	2,824,302
Total cash and equivalents	\$ 33,479,820

At June 30, 2016, the carrying amount of the District's deposits was \$35,001,579 and the bank balance was \$39,831,340 with the difference consisting of outstanding checks. Of this balance \$750,000 was covered by federal depository insurance and \$29,775,524 was covered by collateral held in joint safekeeping by a third party.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2016, \$29,775,524 of the District's bank balance was exposed to custodial risk as follows:

	Wells Fargo Bank	Citizens Bank	Bank of the Southwest	US Bank	New Mexico State Treasury	<u>Total</u>
Bank deposits:						
Uninsured and uncollateralized	\$ 9,055,816	\$ -	\$ -	\$ -	\$ -	\$ 9,055,816
Uninsured and collateral held by pledging bank's trust dept not in the District's name	17,486,989	4,719,602	803,374	3,941,257	2,824,302	29,775,524
Total uninsured	26,542,805	4,719,602	803,374	3,941,257	2,824,302	38,831,340
Insured (FDIC)	250,000	250,000	250,000	-	-	750,000
Total deposits	\$ 26,792,805	\$ 4,969,602	\$ 1,053,374	\$ 3,941,257	\$ 2,824,302	\$ 39,581,340

State of New Mexico collateral requirement:

50% of uninsured public fund bank deposits	\$ 13,271,403	\$ 2,359,801	\$ 526,687	\$ 1,845,629	\$ 1,412,151	\$ 19,415,671
Pledged security	17,486,989	5,590,149	825,000	3,941,257	2,824,302	30,667,697
Over collateralization	\$ 4,215,586	\$ 3,230,348	\$ 298,313	\$ 2,095,628	\$ 1,412,151	\$ 11,252,026

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

III. DETAILED NOTES ON ALL FUNDS (cont'd)

A. Cash and Temporary Investments (cont'd)

The collateral pledged is listed on Page 171 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools. Time deposits, savings deposits and interest bearing "Now" accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Investments

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a written policy for limiting interest rate risk.

Concentration Credit Risk

For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the District. The investments in the US Treasury Notes represent 100% of the investment portfolio. Since the District only purchases investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the District. The District's policy related to concentration risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10- 63, NMSA 1978).

Investments for the District are reported at fair value.

Investment Type	Maturities	Fair Value	Rating (Moody's)
US Treasury Notes	253.01 days (WAM)	\$22,744,679	Aaa

B. Receivables

Receivables as of year-end for the government's individual major funds and non-major funds in the aggregate, including the following:

	Receivables			Due from Other	
	Delinquent Property Taxes	Grant	Interest	Governments	Funds
Major Funds:					
General Fund	\$ 34,668	\$ -	\$ -	\$ 9,220	\$ 2,725,802
Title I	-	976,739	-	-	-
Entitlement IDEA-B	-	912,514	-	-	-
Bond Building	-	-	7,674	-	-
Capital Improvements SB-9	180,912	-	-	52,142	-
Debt Service	393,725	-	-	103,336	-
Ed Tech Debt Service	249,578	-	-	62,993	-
Other Governmental Funds	-	915,685	-	-	-
Total	\$ 858,883	\$ 2,804,938	\$ 7,674	\$ 227,691	\$ 2,725,802

An allowance for doubtful accounts has not been established. All receivables are expected to be collectible.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

III. DETAILED NOTES ON ALL FUNDS (cont'd)

B. Receivables (cont'd)

Governmental funds reported deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Grant drawdowns prior to meeting all eligibility requirements		
Other Governmental Funds	\$ -	\$ 43,884
Delinquent property taxes		
General Fund	29,432	-
Capital Improvements SB-9	149,540	-
Debt Service	345,547	-
Ed Tech Debt Service	215,045	-
Other Governmental Funds	<u>-</u>	<u>-</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 739,564</u>	<u>\$ 43,884</u>

C. Inter-Fund Receivables and Payables

The inter-fund receivables and payables at June 30, 2016 were:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 2,725,802	\$ -
Title I	-	975,906
Entitlement IDEA-B	-	883,983
Other Governmental Funds	<u>-</u>	<u>865,913</u>
Total	<u>\$ 2,725,802</u>	<u>\$ 2,725,802</u>

The inter-fund loans were made for the purposes of cash shortfalls within the individual funds. The loans are expected to be repaid within the next fiscal year.

D. Inter-Fund Transfers

There were not any inter-fund transfers during the year ended June 30, 2016.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

III. DETAILED NOTES ON ALL FUNDS (cont'd)

E. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 4,142,761	\$ -	\$ -	\$ -	\$ 4,142,761
Construction in progress	<u>28,281,442</u>	<u>26,731,862</u>	<u>-</u>	<u>(37,055,103)</u>	<u>17,958,201</u>
Total capital assets not being depreciated	<u>32,424,203</u>	<u>26,731,862</u>	<u>-</u>	<u>(37,055,103)</u>	<u>22,100,962</u>
Capital assets being depreciated:					
Land improvements	4,448,663	-	-	-	4,448,663
Buildings and improvements	215,356,282	-	(5,332,236)	37,055,103	247,079,149
Furniture, fixtures, and equipment	<u>11,270,529</u>	<u>522,649</u>	<u>(155,787)</u>	<u>-</u>	<u>11,637,391</u>
Total capital assets being depreciated	<u>231,075,474</u>	<u>522,649</u>	<u>(5,488,023)</u>	<u>37,055,103</u>	<u>263,165,203</u>
Less accumulated depreciation for:					
Land improvements	(4,194,009)	(88,428)	-	-	(4,282,437)
Buildings and improvements	(88,265,847)	(4,419,430)	3,962,633	-	(88,722,644)
Furniture, fixtures, and equipment	<u>(6,868,441)</u>	<u>(847,464)</u>	<u>155,787</u>	<u>-</u>	<u>(7,560,118)</u>
Total accumulated depreciation	<u>(99,328,297)</u>	<u>(5,355,322)</u>	<u>4,118,420</u>	<u>-</u>	<u>(100,565,199)</u>
Total capital assets being depreciated, net	<u>131,747,177</u>	<u>(4,832,673)</u>	<u>(1,369,603)</u>	<u>37,055,103</u>	<u>162,600,004</u>
Total capital assets, net	<u>\$ 164,171,380</u>	<u>\$ 21,899,189</u>	<u>\$ (1,369,603)</u>	<u>\$ -</u>	<u>\$ 184,700,966</u>

Depreciation has been allocated to the functions by the following amounts:

<u>Depreciation Allocation to Functions</u>	
Instruction	\$ 77,620
Support Services - Students	10,904
Support Services - General Administration	26,660
Support Services - School Administration	12,539
Central Services	6,202
Operations & Maintenance of Plant	4,675,448
Student Transportation	493,183
Community Services	<u>48,502</u>
Total Depreciation Expense	<u>\$ 5,355,322</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

III. DETAILED NOTES ON ALL FUNDS (cont'd)

E. Capital Assets (cont'd)

Construction commitments

The District is involved in long-term construction projects as part of their master plan for upgrading the district buildings. The amount in the capital projects funds designated for subsequent years expenditures are committed for funding these projects. Interest on construction projects is not capitalized.

F. Long-Term Debt

General Obligation Bonds – The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Bonds are direct obligations and pledge the full faith and credit of the District. The bonds will be paid from taxes levied against property owners living within the School District boundaries. The details of the bonds and notes as of June 30, 2016 are as follows:

<u>General Obligations Bonds</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Balance</u>	<u>Amount Due Within One Year</u>
Series 2009	\$ 16,000,000	3.00% to 5.00%	\$ 3,275,000	\$ 500,000
Series 2011	12,500,000	2.00% to 4.00%	7,400,000	600,000
Series 2012	14,000,000	2.00% to 4.00%	8,600,000	950,000
Series 2012B	6,750,000	0.647% to 1.197%	2,125,000	2,125,000
Series 2014A	23,500,000	2.00% to 3.00%	20,335,000	645,000
Series 2014B	3,530,000	2.00%	2,665,000	900,000
Series 2014 Tech	6,500,000	0.527% to 1.467%	4,800,000	1,700,000
Series 2015	35,000,000	3.125% to 5.00%	35,000,000	3,780,000
Series 2016 Tech	<u>6,700,000</u>	1.06% to 1.34%	<u>6,700,000</u>	<u>-</u>
Total	<u>\$ 124,480,000</u>		<u>\$ 90,900,000</u>	<u>\$ 11,200,000</u>

	<u>Balance</u>
Bonds payable	\$ 90,900,000
Less: current maturities	(11,200,000)
Unamortized:	
Bond premiums	<u>3,980,483</u>
Total non-current liabilities	<u>\$ 83,680,483</u>

Balances shown for bonds and notes do not include unamortized premiums or deferred amounts on refinancing.

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>General Obligation Bonds</u>			
Year Ending			Total
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2017	\$ 11,200,000	\$ 2,739,444	\$ 13,939,444
2018	8,555,000	2,471,445	11,026,445
2019	8,225,000	2,259,012	10,484,012
2020	5,900,000	2,068,953	7,968,953
2021	5,900,000	1,899,090	7,799,090
2022 - 2026	21,950,000	7,113,875	29,063,875
2027 - 2031	19,565,000	3,064,238	22,629,238
2032 - 2036	<u>9,605,000</u>	<u>477,906</u>	<u>10,082,906</u>
Total	<u>\$ 90,900,000</u>	<u>\$ 22,093,963</u>	<u>\$ 112,993,963</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

III. DETAILED NOTES ON ALL FUNDS (cont'd)

F. Long-Term Debt (cont'd)

Changes in long term debt – During the year ended June 30, 2016 the following changes occurred in liabilities reported in the general obligation bonds account group:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>	Amount Due <u>Within One Year</u>
Compensated absences:					
Compensated vacation	\$ 421,621	\$ 503,660	\$ 479,707	\$ 445,574	\$ 445,574
Bonds payable	<u>57,575,000</u>	<u>41,700,000</u>	<u>8,375,000</u>	<u>90,900,000</u>	<u>11,200,000</u>
	<u>\$ 57,996,621</u>	<u>\$ 42,203,660</u>	<u>\$ 8,854,707</u>	<u>\$ 91,345,574</u>	<u>\$ 11,645,574</u>

The liability of compensated absences is liquidated with resources from the general fund and several special revenue funds.

New Debt

The District issued Series 2015 General Obligation Bonds in the amount of \$35,000,000 on September 16, 2015. The District will make the first interest payment on March 1, 2016 and will make the first principal payment on September 1, 2016. The bond series will mature on September 1, 2033 with interest rate of 3.125% to 5.00%.

The District issued Series 2016 General Obligation Educational Technology Bonds in the amount of \$6,700,000 on May 20, 2016. The District will make the first interest payment on March 1, 2017 and will make the first principal payment on September 1, 2017. The bond series will mature on September 15, 2020 with interest rate of 1.06% to 1.34%. The District was at 99.87% bonding capacity after the issuance of Series 2016.

Operating Leases

The District leases office equipment under twenty 60 month non-cancellable operating lease. The leases were executed at various dates throughout the year ended June 30, 2014 with monthly payments totaling \$5,706. At the end of the lease period the equipment will be traded in. Rental costs for the year ended June 30, 2016 were \$68,467. The annual lease requirements are as follows:

Year Ending <u>June 30,</u>	Total <u>Requirements</u>
2017	\$ 68,467
2018	68,467
2019	<u>27,696</u>
Total	<u>\$ 164,630</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

IV. COMPONENT UNIT

District management has determined that New Mexico Virtual Academy (Charter School) is a major component unit of the District under Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*, since a financial burden exists upon closure of the charter school or when the charter school is in need of financial assistance. The following are summarized details of the charter school’s balances and transactions as of June 30, 2016 and for the year then ended:

A. Cash and Temporary Investments

At June 30, 2016, the carrying amount of the Charter School’s deposits was \$365,122 and the bank balance was \$374,789 with the difference consisting of outstanding checks. Of this balance \$250,000 was covered by federal depository insurance and \$124,789 was covered by collateral held in joint safekeeping by a third party.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Charter School’s deposits may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Charter School for at least one half of the amount on deposit with the institution. The statement listed below will meet the State of New Mexico Office of the State Auditor’s requirement in reporting the uninsured portion of the deposits. As of June 30, 2016, none of the Charter School’s bank balance of \$374,789 was exposed to custodial risk as follows:

		Citizens <u>Bank</u>
Uninsured and uncollateralized	\$	-
Uninsured and collateral held by pledging bank's trust dept not in the District's name		124,789
Total uninsured		124,789
Insured (FDIC)		250,000
Total deposits	\$	374,789
State of New Mexico collateral requirement:		
50% of uninsured public fund bank deposits	\$	62,395
Pledged security		124,789
Over collateralization	\$	62,394

The collateral pledged is listed on page 192 in this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools. Time deposits, savings deposits and interest bearing “Now” accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

V. COMPONENT UNITS (cont'd)

B. Receivables

Receivables as of year-end for the government's individual major funds and non-major funds in the aggregate, including the following:

	Receivables		Due from Other	
	Delinquent		<u>Governments</u>	<u>Funds</u>
	<u>Property Taxes</u>	<u>Grant</u>		
Major Funds:				
General	\$ -	\$ -	\$ -	\$ 41,097
Entitlement IDEA-B	-	45,045	-	-
Total	\$ -	\$ 45,045	\$ -	\$ 41,097

An allowance for doubtful accounts has not been established. All receivables are expected to be collectible.

C. Inter-Fund Receivables and Payables

The inter-fund receivables and payables at June 30, 2016 were:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 41,097	\$ -
Entitlement IDEA-B	-	41,097
Total	\$ 41,097	\$ 41,097

The inter-fund loans were made for the purposes of cash shortfalls within the individual funds. The loans are expected to be repaid within the next fiscal year.

D. Inter-Fund Transfers

There were not any inter-fund transfers during the year ended June 30, 2016.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

V. OTHER INFORMATION

A. 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; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2016.

B. Employee Retirement Plan

Plan Description - Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, Sections 1 through 52, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the New Mexico Educational Employees' Retirement Plan (Plan), which is a cost-sharing multiple-employer defined benefit retirement plan. ERB issues a separate, publicly available financial report that includes the financial statements and required supplementary information for the plan. That report may be obtained www.nmerb.org, www.saonm.org, or by writing to:

ERB
P.O. Box 26129
Santa Fe, New Mexico 87502-6129
www.nmerb.org

Membership in the Plan is a condition of employment. Employees of public schools, universities, regional cooperatives, special schools and state agencies providing educational programs, who are employed at more than 25% of a full-time equivalency, are required to be members of the Plan. There were 146,089 active, retired, and inactive members in fiscal year 2015; there were 140,008 active, retired, and inactive members in fiscal year 2014.

Benefits Provided - The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. Benefits are based on three components: Final Average Salary (FAS), years of both earned and allowed service credits, and a 2.35% factor. The gross annual benefit is determined by multiplying the three components together. FAS is the higher of annual earnings for the previous 20 calendar quarters prior to retirement or the highest average annual earnings for any 20 consecutive calendar quarters.

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and earned service credit add up to the sum of 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member's age and earned service credit add up to the sum of 80 or more; the member is at least sixty-seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a 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 reduced to provide for a 50% survivor's benefit.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

V. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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.

The member, upon retirement, has three options as to how to receive the benefit.

Option A – If the member elects the Option A, there is no reduction to the monthly benefit other than any “Rule of 75” deductions or any community property or child support reductions. There will be no continuing benefit to a beneficiary or estate upon the retiree's death, except the balance, if any, of member contributions. Those contributions are usually exhausted in the first three to four years of retirement.

Option B – If the member elects Option B, the monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member and upon the retiree's death, the same benefit is paid to the beneficiary for his or her lifetime. The named beneficiary may not be changed after the effective date of retirement since the amount of the option is calculated by using both the age of the member and the beneficiary. If the beneficiary predeceases the member, the member's benefit will be adjusted by returning it to the Option A Benefit amount. The IRS prohibits selection of Option B for a non-spouse beneficiary more than ten years younger than the member.

Option C – If the member elects Option C, the monthly benefit is reduced to provide for a 50% survivor's benefit. The benefit is payable during the life of the member and upon the retiree's death, one half of the member's benefit is paid to the beneficiary for his or her lifetime. Here again, the named beneficiary may not be changed after the effective date of retirement. If the beneficiary predeceases the member, the member's benefit is adjusted by returning it to the Option A Benefit amount.

Under the provisions of Options B and C coverage, the beneficiary must be a person, and only one beneficiary may be named. The term beneficiary means a person having an insurable interest in the life of the member.

Member Contributions – Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 10.7% of their gross salary in fiscal year 2016.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

V. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

Employer Contributions – In fiscal year 2016, the District was required to contribute 13.9% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 13.9% of the gross covered salary for employees whose annual salary is more than \$20,000. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District's contributions to ERB for the fiscal years ending June 30, 2016, 2015, and 2014, were \$7,793,645, \$7,924,294, and \$7,089,091, respectively, which equal the amount of the required contributions for each fiscal year.

New Mexico Virtual Academy Charter School's contributions to ERB for the fiscal years ending June 30, 2016, 2015, and 2014, were \$100,485, \$97,126, and \$89,451, respectively, which equal the amount of the required contributions for each fiscal year.

Employers

The Educational Retirement Act designates employers as Local Administrative Units, directly responsible for payment of compensation for the employment of members or participants of this Plan. There were 216 contributing employers in fiscal year 2015; there were 217 contributing employers in fiscal year 2014.

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

Farmington Municipal Schools

At June 30, 2016, the District reported a liability of \$130,087,473 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was 2.00837 percent, which was an increase of 0.05007 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$12,379,506.

Pension Expense Calculation

	Pension Expense Calculation	
Add:	Net pension liability - end of the year	\$ 130,087,473
Deduct:	Net pension liability - beginning of the year	(111,735,344)
Deduct:	Deferred outflows of resources during the year	(14,860,701)
Add:	First year of amortization of deferred outflows of resources	850,914
Add:	Deferred inflows of resources during the year	1,297,395
Deduct:	First year of amortization of deferred inflows of resources	-
Add:	Layered amortization of prior year(s) deferred outflows of resources	1,710,145
Deduct:	Layered amortization of prior year(s) deferred inflows of resources	(2,894,670)
	Reductions to ending net pension liability due contributions paid	<u>7,924,294</u>
	Total Pension Expense	<u>\$ 12,379,506</u>

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 2,383,918
Change of assumptions	4,474,401	-
Net difference between projected and actual earnings on pension plan investments	-	613,340
Changes in proportion and differences between District contributions and proportionate share of contributions	5,523,211	-
District contributions subsequent to the measurement date	<u>7,793,645</u>	<u>-</u>
Total	<u>\$ 17,791,257</u>	<u>\$ 2,997,258</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

V. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

Deferred outflows of resources related to pensions in the amount of \$7,793,645 resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	Deferred <u>Outflows</u>	Deferred <u>Inflows</u>	<u>Net</u>
2017	\$ (4,114,641)	\$ 1,916,198	\$ (2,198,443)
2018	(3,909,398)	1,845,043	(2,064,355)
2019	(1,973,573)	1,042,808	(930,765)
2020	-	(1,806,791)	(1,806,791)
2021	-	-	-
Thereafter	-	-	-
Total	<u>\$ (9,997,612)</u>	<u>\$ 2,997,258</u>	<u>\$ (7,000,354)</u>

New Mexico Virtual Academy (Component Unit)

At June 30, 2016, the Charter School reported a liability of \$1,592,112 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Charter School's proportion of the net pension liability was based on a projection of the Charter School's long-term share of contributions to the pension plan relative to the projected contributions of all participating charter schools, actuarially determined. At June 30, 2015, the Charter School's proportion was .02458 percent, which was a decrease of 0.0001 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Charter School recognized pension expense of \$174,098.

Pension Expense Calculation

Add:	Net pension liability - end of the year	\$ 1,592,112
Deduct:	Net pension liability - beginning of the year	(1,408,166)
Deduct:	Deferred outflows of resources during the year	(143,213)
Add:	First year of amortization of deferred outflows of resources	-
Add:	Deferred inflows of resources during the year	22,180
Deduct:	First year of amortization of deferred inflows of resources	(1,056)
Add:	Layered amortization of prior year(s) deferred outflows of resources	54,839
Deduct:	Layered amortization of prior year(s) deferred inflows of resources	(39,724)
	Reductions to ending net pension liability due contributions paid	<u>97,126</u>
	Total Pension Expense	<u>\$ 174,098</u>

At June 30, 2016, the Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
Difference between expected and actual experience	\$ -	\$ 29,364
Change of assumptions	54,761	-
Net difference between projected and actual earnings on pension plan investments	-	7,868
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	103,096	4,694
Charter Schools' contributions subsequent to the measurement date	<u>100,485</u>	<u>-</u>
Total	<u>\$ 258,342</u>	<u>\$ 41,926</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

V. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

Deferred outflows of resources related to pensions in the amount of \$100,485 resulted from Charter School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	Deferred <u>Outflows</u>	Deferred <u>Inflows</u>	<u>Net</u>
2017	\$ (74,396)	\$ 25,052	\$ (49,344)
2018	(67,814)	24,179	(43,635)
2019	(15,647)	14,808	(839)
2020	-	(22,113)	(22,113)
2021	-	-	-
Thereafter	-	-	-
Total	<u>\$ (157,857)</u>	<u>\$ 41,926</u>	<u>\$ (115,931)</u>

Actuarial Assumptions

A single discount rate of 7.75% was used to measure the total pension liability as of June 30, 2015. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the assumptions described below and the projection of cash flows, pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. The long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2014. The total pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2014. The total pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. Specifically, the liabilities measured as of June 30, 2015 incorporate the following assumptions:

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

V. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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 contributions rates included in the measurement are as follows:

Actuarial Cost Method Entry Age:	Normal
Amortization Method:	Level Percentage of Payroll
Remaining Period:	Amortized - closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method:	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation:	3.00%
Salary Increases:	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return:	7.75%
Retirement Age:	Experience based table of age and service rates
Mortality:	90% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2015 using Scale AA (one year setback for females)

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. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2015 and 2014 for 30-year return assumptions are summarized in the following table:

<u>Asset Class</u>	2015 <u>Long-Term Expected Real Rate of Return</u>	2014 <u>Long-Term Expected Real Rate of Return</u>
Cash	3.25%	1.50%
Treasuries	3.50%	2.00%
IG Corp Credit	4.75%	3.50%
MBS	3.75%	2.25%
Core Bonds	3.98%	2.53%
TIPS	4.00%	2.50%
High Yield Bonds	5.75%	4.50%
Bank Loans	6.00%	5.00%
Global Bonds (Unhedged)	2.25%	1.25%
Global Bonds (Hedged)	2.41%	1.38%
EMD External	6.00%	5.00%
EMD Local Currency	6.75%	5.75%
Large Cap Equities	7.50%	6.25%
Small/Mid Cap	7.75%	6.25%
International Equities (Unhedged)	8.00%	7.25%
International Equities (Hedged)	8.47%	7.50%
Emerging International Equities	9.25%	9.50%
Private Equity	9.50%	8.75%
Private Debt	8.00%	8.00%
Private Real Assets	7.75%	7.75%
Real Estate	6.50%	6.25%
Commodities	5.75%	5.00%
Hedge Funds	6.75%	5.50%

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

V. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

Rate of Return

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

- 1) Rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.),
- 2) Application of key economic projections (inflation, real growth, dividends, etc.), and
- 3) Structural themes (supply and demand imbalances, capital flows, etc.).

These items are developed for each major asset class.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate Assumption

The following table shows the sensitivity of the net pension liability to changes in the discount rate as of fiscal year end 2015. In particular, the table presents the Plan's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

		1% Decrease 6.75%	Current Single Rate Assumption 7.75%	1% Increase 8.75%
ERB (All Employers)				
2015	\$	8,715,594,530	\$ 6,477,266,299	\$ 4,596,837,569
2014	\$	7,763,304,829	\$ 5,705,730,813	\$ 3,987,098,791
2013	\$	8,286,923,513	\$ 6,276,852,149	\$ 4,599,162,126
Farmington Municipal Schools				
2015	\$	175,041,386	\$ 130,087,473	\$ 92,321,507
2014	\$	152,028,788	\$ 111,735,344	\$ 78,079,163
2013	\$	153,522,716	\$ 116,284,335	\$ 85,203,618
New Mexico Virtual Academy				
2015	\$	2,142,293	\$ 1,592,112	\$ 1,129,903
2014	\$	1,915,975	\$ 1,408,166	\$ 983,960
2013	\$	1,764,286	\$ 1,336,342	\$ 979,162

C. Post-Retirement Health Care Benefits

Plan Description

Farmington Municipal School District No. 5 contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are:

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

V. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits (cont'd)

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to:

Retiree Health Care Authority
4308 Carlisle NE, Suite 104
Albuquerque, NM 87107

Funding Policy

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

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The District's contributions to the RHCA for the years ended June 30, 2016, 2015, and, 2014 were \$1,122,610, \$1,139,970, and \$1,078,668, respectively, which equal the required contributions for each year.

New Mexico Virtual Academy's contributions to RHCA for the fiscal years ending June 30, 2016, 2015, and 2014, were \$13,147, \$13,974, and \$13,605, respectively, which equal the amount of the required contributions for each fiscal year.

D. Contingent Liabilities

Amounts received or receivable from grant 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 that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2016

V. OTHER INFORMATION (cont'd)

E. Cash Flows

The District's federal and state grants operate on a reimbursement basis. The District must support the expenditures of these grants with monies from the unrestricted operating monies. Operating on a reimbursement basis for these grants in its self does not adversely affect the District's ability to operate effectively. However, the time it takes to receive reimbursement, if extensive, does significantly affect the District's cash flows and the ability to deliver educational services to the community in an effective manner. This could affect the District's financial operations in subsequent years.

F. Subsequent Events

Subsequent events were evaluated through November 12, 2016 which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2016

SCHEDULE OF THE FARMINGTON MUNICIPAL SCHOOLS' PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY

Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	2.008370%	1.958300%
District's proportionate share of the net pension liability	\$ 130,087,473	\$ 111,735,344
District's covered-employee payroll	\$ 57,084,325	\$ 53,977,809
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	227.89%	207.00%
Plan fiduciary net position as a percentage of the total pension liability	63.97%	66.54%

* These schedules are intended to present 10 years of trending history. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

SCHEDULE OF FARMINGTON MUNICIPAL SCHOOLS' CONTRIBUTIONS

Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 7,934,721	\$ 7,089,091
Contributions in relation to the contractually required	<u>(7,935,390)</u>	<u>(7,089,091)</u>
Contribution deficiency (excess)	<u>\$ (669)</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 57,084,325	\$ 53,977,809
Contribution as a percentage of covered-employee payroll	13.90%	13.13%

* These schedules are intended to present 10 years of trending history. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2016

SCHEDULE OF THE NEW MEXICO VIRTUAL ACADEMY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Charter Schools' proportion of the net pension liability	0.024580%	0.024680%
Charter Schools' proportionate share of the net pension liability	\$ 1,592,112	\$ 1,408,166
Charter Schools' covered-employee payroll	\$ 698,722	\$ 680,233
Charter Schools' proportionate share of the net pension liability as a percentage of its covered-employee payroll	227.86%	207.01%
Plan fiduciary net position as a percentage of the total pension liability	63.97%	66.54%

* These schedules are intended to present 10 years of trending history. However, until a full 10-year trend is compiled, the Charter School will present information for those years for which information is available.

SCHEDULE OF NEW MEXICO VIRTUAL ACADEMY'S CONTRIBUTIONS

Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 97,122	\$ 89,451
Contributions in relation to the contractually required	<u>(97,126)</u>	<u>(89,451)</u>
Contribution deficiency (excess)	<u>\$ (4)</u>	<u>\$ -</u>
Charter Schools' covered-employee payroll	\$ 698,722	\$ 680,233
Contribution as a percentage of covered-employee payroll	13.90%	13.15%

* These schedules are intended to present 10 years of trending history. However, until a full 10-year trend is compiled, the Charter School will present information for those years for which information is available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2016

Changes of 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 presented to the Board of Trustees on June 12, 2015, ERB implemented the following changes in assumptions for fiscal years 2015.

- 1) Fiscal year 2015 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 4.75% to 3.75%
 - b. Lower payroll growth from 3.75% to 3.50%
 - c. Minor changes to demographic assumptions
 - d. Population growth per year from 0.50% to 0.00%

- 2) Assumptions that were not changed:
 - a. Investment return will remain at 7.75%
 - b. Net real return remains at 4.75%
 - c. Inflation will remain at 3.00%
 - d. COLA assumption of 2.00% per year
 - e. Payroll growth remains at 3.50%

See also the Note IV (B) *Actuarial Assumptions* of the financial statement note disclosure on the Pension Plan.

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GENERAL FUNDS
YEAR ENDED JUNE 30, 2016

OPERATING FUND

The government's primary fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

TRANSPORTATION FUND

Accounts for all the Transportation funds received through the state that are used in the maintaining and operating vehicles used to transport students.

INSTRUCTIONAL MATERIALS FUND

Accounts for all the Instructional Materials funds received through the state for the purpose of acquiring study materials for the students.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

GENERAL FUNDS
Combining Balance Sheet
June 30, 2016

	<u>Operational</u> <u>Fund #11000</u>	<u>Transportation</u> <u>Fund #13000</u>	<u>Instructional</u> <u>Materials</u> <u>Fund #14000</u>	<u>Total General</u> <u>Funds</u>
Assets				
Cash and cash equivalents	\$ 3,589,831	\$ 8,315	\$ 517,220	\$ 4,115,366
Receivables:				
Property taxes	34,668	-	-	34,668
Due from other governments	9,220	-	-	9,220
Due from other funds	2,725,802	-	-	2,725,802
Parts inventory	<u>-</u>	<u>134,821</u>	<u>-</u>	<u>134,821</u>
Total assets	<u>\$ 6,359,521</u>	<u>\$ 143,136</u>	<u>\$ 517,220</u>	<u>\$ 7,019,877</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	<u>\$ 183,606</u>	<u>\$ 160</u>	<u>\$ -</u>	<u>\$ 183,766</u>
Deferred inflows of resources:				
Delinquent property taxes	<u>29,432</u>	<u>-</u>	<u>-</u>	<u>29,432</u>
Fund balance:				
Non-spendable:				
Inventories	-	134,821	-	134,821
Unassigned	<u>6,146,483</u>	<u>8,155</u>	<u>517,220</u>	<u>6,671,858</u>
Total fund balance	<u>6,146,483</u>	<u>142,976</u>	<u>517,220</u>	<u>6,806,679</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 6,359,521</u>	<u>\$ 143,136</u>	<u>\$ 517,220</u>	<u>\$ 7,019,877</u>

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

GENERAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2016**

	General Funds			Total General Fund
	Operational Fund #11000	Transportation Fund #13000	Instructional Materials Fund #14000	
Revenues:				
Taxes:				
Property	\$ 536,559	\$ -	\$ -	\$ 536,559
Oil and gas	30,885	-	-	30,885
Intergovernmental - federal grants	208,572	-	-	208,572
Intergovernmental - state grants	75,496,685	2,830,628	778,264	79,105,577
Contributions - private grants	151,188	-	-	151,188
Charges for services	106,295	-	-	106,295
Investment and interest income	27	-	-	27
Miscellaneous	<u>84,529</u>	<u>-</u>	<u>-</u>	<u>84,529</u>
Total revenue	<u>76,614,740</u>	<u>2,830,628</u>	<u>778,264</u>	<u>80,223,632</u>
Expenditures:				
Current:				
Instruction	51,300,498	-	724,396	52,024,894
Support services:				
Students	9,066,504	-	-	9,066,504
Instruction	1,710,167	-	-	1,710,167
General Administration	1,140,819	-	-	1,140,819
School Administration	4,363,512	-	-	4,363,512
Central Services	1,209,013	-	-	1,209,013
Operation & Maintenance of Plant	9,292,979	-	-	9,292,979
Student transportation	-	2,831,338	-	2,831,338
Other Support services	25,774	-	-	25,774
Community services	4,402	-	-	4,402
Capital outlay	<u>10,258</u>	<u>10,500</u>	<u>-</u>	<u>20,758</u>
Total expenditures	<u>78,123,926</u>	<u>2,841,838</u>	<u>724,396</u>	<u>81,690,160</u>
<i>Excess (deficiency) of revenues over expenditures</i>				
	(1,509,186)	(11,210)	53,868	(1,466,528)
Fund balance at beginning of the year	<u>7,655,669</u>	<u>154,186</u>	<u>463,352</u>	<u>8,273,207</u>
Fund balance at end of the year	<u>\$ 6,146,483</u>	<u>\$ 142,976</u>	<u>\$ 517,220</u>	<u>\$ 6,806,679</u>

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

OPERATIONAL FUND - NO. 11000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes:				
Property	\$ 528,411	\$ 528,411	\$ 535,009	\$ 6,598
Oil and gas	55,201	55,201	32,572	(22,629)
Intergovernmental - federal grants	404,701	404,701	208,572	(196,129)
Intergovernmental - state grants	75,297,387	75,492,644	75,496,685	4,041
Contributions - private grants	148,000	148,000	151,188	3,188
Charges for services	48,335	48,335	106,295	57,960
Investment and interest income	5,038	5,038	27	(5,011)
Miscellaneous	-	-	84,529	84,529
Total revenues	<u>76,487,073</u>	<u>76,682,330</u>	<u>76,614,877</u>	<u>(67,453)</u>
Expenditures:				
Current:				
Instruction	54,070,427	54,164,049	51,310,502	2,853,547
Support services:				
Students	8,903,952	8,903,952	9,047,494	(143,542)
Instruction	1,627,581	1,627,581	1,722,132	(94,551)
General Administration	1,040,732	1,040,732	1,139,502	(98,770)
School Administration	4,375,067	4,375,067	4,363,579	11,488
Central Services	1,232,887	1,232,887	1,211,902	20,985
Operation & Maintenance of Plant	9,601,879	9,601,879	9,302,109	299,770
Other Support services	2,082,292	2,082,292	25,774	2,056,518
Community Services Operations	4,402	4,402	4,402	-
Capital outlay:				
Equipment	924,773	1,487,897	10,258	1,477,639
Total expenditures	<u>83,863,992</u>	<u>84,520,738</u>	<u>78,137,654</u>	<u>6,383,084</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(7,376,919)	(7,838,408)	(1,522,777)	6,315,631
<i>Beginning cash balance budgeted</i>	7,376,919	7,838,408	-	(7,838,408)
Fund balance at beginning of the year	-	-	7,655,669	7,655,669
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>6,132,892</u>	<u>\$ 6,132,892</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			4,686	
Change in due from other governments			(878)	
Change in payables			13,726	
Change in deferred property taxes			(3,943)	
Fund balance at end of the year (GAAP basis)			<u>\$ 6,146,483</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

TRANSPORTATION FUND - NO. 13000
**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**
 Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - state grants	\$ 2,844,569	\$ 2,830,628	\$ 2,830,628	\$ -
Expenditures:				
Current:				
Support services:				
Student transportation	2,844,569	2,828,444	2,828,444	-
Capital outlay:				
Equipment	-	10,500	10,500	-
Total expenditures	<u>2,844,569</u>	<u>2,838,944</u>	<u>2,838,944</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	(8,316)	(8,316)	-
<i>Beginning cash balance budgeted</i>	-	8,316	-	(8,316)
Fund balance at beginning of the year	-	-	154,186	154,186
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>145,870</u>	<u>\$ 145,870</u>
RECONCILIATION TO GAAP BASIS:				
Change in inventory			(3,220)	
Change in payables			326	
Fund balance at end of the year (GAAP basis)			<u>\$ 142,976</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

INSTRUCTIONAL MATERIALS FUND - NO. 14000
**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 606,188	\$ 606,188	\$ 778,264	\$ 172,076
Expenditures:				
Current:				
Instruction	606,188	1,069,540	724,396	345,144
<i>Excess (deficiency) of revenues over expenditures</i>	-	(463,352)	53,868	517,220
<i>Beginning cash balance budgeted</i>	-	463,352	-	(463,352)
Fund balance at beginning of the year	-	-	463,352	463,352
Fund balance at end of the year	\$ -	\$ -	517,220	\$ 517,220
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 517,220	

MAJOR CAPITAL PROJECTS FUNDS
AND
MAJOR DEBT SERVICE FUND

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

BOND BUILDING FUND - NO. 31100
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**
 Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Investment and interest income	\$ 16	\$ 16	\$ 23,478	\$ 23,462
Expenditures:				
Current:				
Support services:				
Operation & Maintenance of Plant	5,569,008	5,569,008	204,021	5,364,987
Capital outlay:				
Construction in progress	<u>32,173,680</u>	<u>35,281,740</u>	<u>13,920,709</u>	<u>21,361,031</u>
Total expenditures	<u>37,742,688</u>	<u>40,850,748</u>	<u>14,124,730</u>	<u>26,726,018</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(37,742,672)	(40,850,732)	(14,101,252)	26,749,480
Other financing sources:				
Sale of bonds	<u>35,000,000</u>	<u>35,000,000</u>	<u>35,000,000</u>	<u>-</u>
<i>Net change in fund balance</i>	(2,742,672)	(5,850,732)	20,898,748	26,749,480
<i>Beginning cash balance budgeted</i>	2,742,672	5,850,732	-	(5,850,732)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>3,932,966</u>	<u>3,932,966</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>24,831,714</u>	<u>\$ 24,831,714</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>987,122</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 25,818,836</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

CAPITAL IMPROVEMENTS SB-9 FUND - NO. 31700

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 2,695,084	\$ 2,695,084	\$ 2,737,590	\$ 42,506
Oil and gas	220,806	220,806	130,260	(90,546)
Intergovernmental - state grants	-	234,150	232,079	(2,071)
Investment and interest income	<u>290</u>	<u>290</u>	<u>763</u>	<u>473</u>
Total revenues	<u>2,916,180</u>	<u>3,150,330</u>	<u>3,100,692</u>	<u>(49,638)</u>
Expenditures:				
Current:				
Support services:				
General Administration	31,658	31,658	42,218	(10,560)
Operation & Maintenance of Plant	3,667,975	4,539,976	2,731,556	1,808,420
Capital outlay:				
Equipment	<u>320,828</u>	<u>320,828</u>	<u>191,365</u>	<u>129,463</u>
Total expenditures	<u>4,020,461</u>	<u>4,892,462</u>	<u>2,965,139</u>	<u>1,927,323</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,104,281)	(1,742,132)	135,553	1,877,685
<i>Beginning cash balance budgeted</i>	1,104,281	1,742,132	-	(1,742,132)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>1,384,131</u>	<u>1,384,131</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>1,519,684</u>	<u>\$ 1,519,684</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			27,785	
Change in due from other governments			4,006	
Change in payables			184,874	
Change in deferred property taxes			<u>(17,873)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 1,718,476</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

DEBT SERVICE FUND - NO. 41000
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes:				
Property	\$ 5,084,623	\$ 5,084,623	\$ 6,410,235	\$ 1,325,612
Oil and gas	496,459	496,459	287,624	(208,835)
Investment and interest income	1,578	1,578	1,087	(491)
Total revenues	5,582,660	5,582,660	6,698,946	1,116,286
Expenditures:				
Current:				
Support services:				
General Administration	50,846	64,146	64,102	44
Debt service:				
Principal retirement	3,430,000	3,430,000	3,430,000	-
Bond interest paid	2,151,082	2,151,082	1,994,858	156,224
Reserves	9,680,267	8,708,826	-	8,708,826
Total expenditures	15,312,195	14,354,054	5,488,960	8,865,094
<i>Excess (deficiency) of revenues over expenditures</i>	(9,729,535)	(8,771,394)	1,209,986	9,981,380
Other financing sources:				
Bond premium	-	-	2,488,594	2,488,594
<i>Net change in fund balance</i>	(9,729,535)	(8,771,394)	3,698,580	12,469,974
<i>Beginning cash balance budgeted</i>	9,729,535	8,771,394	-	(8,771,394)
Fund balance at beginning of the year	-	-	8,919,569	8,919,569
Fund balance at end of the year	\$ -	\$ -	12,618,149	\$ 12,618,149
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			51,018	
Change in due from other governments			681	
Change in deferred property taxes			(48,360)	
Fund balance at end of the year (GAAP basis)			\$ 12,621,488	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

ED TECH DEBT SERVICE FUND - NO. 43000

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 4,704,816	\$ 4,704,816	\$ 3,856,397	\$ (848,419)
Oil and gas	350,434	350,434	196,666	(153,768)
Investment and interest income	<u>656</u>	<u>656</u>	<u>488</u>	<u>(168)</u>
Total revenues	<u>5,055,906</u>	<u>5,055,906</u>	<u>4,053,551</u>	<u>(1,002,355)</u>
Expenditures:				
Current:				
Support services:				
General Administration	47,048	47,048	38,564	8,484
Debt service:				
Principal retirement	4,945,000	4,945,000	4,945,000	-
Bond interest paid	110,250	110,250	110,250	-
Reserves	<u>4,278,008</u>	<u>5,040,747</u>	<u>-</u>	<u>5,040,747</u>
Total expenditures	<u>9,380,306</u>	<u>10,143,045</u>	<u>5,093,814</u>	<u>5,049,231</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(4,324,400)	(5,087,139)	(1,040,263)	4,046,876
<i>Beginning cash balance budgeted</i>	4,324,400	5,087,139	-	(5,087,139)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>5,199,051</u>	<u>5,199,051</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>4,158,788</u>	<u>\$ 4,158,788</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			18,700	
Change in due from other governments			(14,207)	
Change in deferred property taxes			<u>(18,878)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 4,144,403</u>	

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NONMAJOR GOVERNMENTAL FUNDS

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NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

Nonmajor Special Revenue Funds

Special revenue funds are operating funds used to account for the proceeds of specific revenue sources that are intended for specific purposes other than special assessments or major capital projects.

FOOD SERVICES (Fund No. 21000) Minimum Balance: None

This program provides financing for the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-12, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.

ATHLETICS (Fund No. 22000) Minimum Balance: None

This fund provides financing for school athletic activities. Funding is provided by fees from patrons.

ACTIVITIES (Fund No. 23000) Minimum Balance: None

To account for revenue and expenditures associated with the District's non-instructional support activities (primarily after-school activities).

JAVITS GIFTED & TALENTED (Fund No. 24102) Minimum Balance: None

The purpose of this program is to meet the special education needs of gifted and talented students. The major emphasis of the program is on serving students traditionally underrepresented in gifted and talented programs, particularly economically disadvantaged, limited English proficient (LEP), and disabled students, to help reduce the serious gap in achievement among certain groups of students at the highest levels of achievement. Authorization: Elementary and Secondary Education Act of 1965, as amended, Title V, Part D, Subpart 6.

NEW MEXICO AUTISM (Fund No. 24108) Minimum Balance: None

Program is to provide grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

PRESCHOOL IDEA-B (Fund No. 24109) Minimum Balance: None

The Preschool program is for the purpose of enhancing Special Education for handicapped children from ages 3 to 5. The program is funded by the United States government, under the Individuals With Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.

EDUCATION OF HOMELESS (Fund No. 24113) Minimum Balance: None

To ensure that all homeless children and youth have equal access to the same free, appropriate public education available to other children, the Education for Homeless Children and Youth program provides assistance to States, Outlying Areas, and the Department of Interior/Bureau of Indian Education (BIE) to: (1) establish or designate an Office of Coordinator of Education of Homeless Children and Youths; (2) develop and carry out a State plan for the education of homeless children; and (3) make subgrants to local educational agencies to support the education of those children. Authorization: McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.

IDEA-B PRIVATE SCHOOLS (Fund No. 24115) Minimum Balance: None

To provide grants to States to assist the States in providing a free appropriate public education to all children with disabilities.. The program is funded by the United States government, under the Individuals With Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.

NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

Nonmajor Special Revenue Funds (cont'd)

FRESH FRUITS AND VEGETABLES (Fund No. 24118) Minimum Balance: None

To assist States, through cash grants, in providing free fresh fruits and vegetables to school children in designated participating schools beginning in school year 2004/2006. Authorization granted under National School Lunch Act, as amended, 42 U.S.C. 1769.

21ST CENTURY COMMUNITY LEARNING CENTERSGRANT (Fund No. 24119) Minimum Balance: None

After school adolescence care, providing the community with responsible Child Care, while providing the children and their families with referral services, drug prevention education, academic help, and character building (social skill) activities. Funding is provided by the Department of Education under the Elementary and Secondary Education Act of 1965, Title X, part I Section 10901, Public Law 103-382 Stat. 3844, 20 U.S.C. 8241.

IDEA-B "RISK POOL" (Fund No. 24120) Minimum Balance: None

The IDEA-B "Risk Pool" program is to provide grants to states, that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

IDEA-B STUDENT SUCCESS (Fund No. 24132) Minimum Balance: None

The purpose of this grant award is to support activities included in the school's Educational Plan for Student Success, or areas in need of improvement, identified through the instructional audit. The program is funded by the United States government, under the Individuals with Disabilities Act, Public Law 108-446 Part B.

TITLE III ENGLISH LANGUAGE (Fund No. 24153)

To ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same standards as all children and youth are expected to meet; to provide assistance to Native American, Native Hawaiian, Native American Pacific Islander, and Alaskan native children with certain modifications relative to the unique status of native American language under Federal Law; to develop to the extent possible, the native language skills of such children. The fund is authorized through the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101,3129.

TITLE II TEACHER QUALITY (Fund No. 24154) Minimum Balance: None

To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in the academic achievement. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.

TITLE I SCHOOL IMPROVEMENT (Fund No. 24162) Minimum Balance: None

To develop parental involvement in the school curriculum. The program is funded by the United States government under P.L. 100-297.

CARL D PERKINS (Fund No. 24174, 24175, & 24176) Minimum Balance: None

Basic grants assist states and outlying areas to expand and improve their programs of vocational education and provide equal access in vocational education to special need populations. Authorized by Carl D. Perkins Vocational and Applied Technology Education Amendments of 1998, Title I, Public Law 105-332, 20 U.S.C. 2301, et seq.

NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

Nonmajor Special Revenue Funds (cont'd)

CARL D PERKINS HSTW (Fund No. 24180, 24181 & 24182) Minimum Balance: None

To account for funds administered through the State Public Education Office to the deployment of the HSTW framework is intended to improve student achievement, increase graduation rates and provide relevant and rigorous high school instruction. The program is funded by the United States government, under the Carl D. Perkins Vocational-Technical Education Act Amendments, Title I; 20 U.S.C. 2321 et seq., Public Law 105-332.

USDA EQUIPMENT (Fund No. 24183) Minimum Balance: None

For providing equipment to improve school food services. Authorization (040): Richard B. Russell National School Lunch Act, as amended, 42 U.S.C. 1751, 1758, 1759a, 1761, 1765, 1766, 1769, 1772, 1773, 1779; School Breakfast Program (SBP); Child Nutrition Act of 1966, as amended, Public Laws 108-265, 104-193, 100-435, 99-661, 97-35; Special Milk Program (SMP); Child Nutrition Act of 1966, as amended; Child and Adult Care Food Program (CACFP); 89 Stat. 522-525, Summer Food Service Program (SFSP); Public Law 111-5. The 2010 Agriculture Appropriations Act (Public Law 111-80).

ARRA – ENTITLEMENT IDEA-B (Fund No. 24206) Minimum Balance: None

Used in accordance with the IDEA, to help provide the special education and related services needed to make a free appropriate public education available to all eligible children and, in some cases, early intervening services. Authorization: Individuals with Disabilities Education (IDEA), as amended, Part B, Section 611-618, 20 U.S.C 1411-1418; American Recovery and Reinvestment Act of 2012 (ARRA), Public Law 111-5.

ARRA – IDEA-B CEIS (Fund No. 24212) Minimum Balance: None

Up to 15% of combined entitlement and preschool funding may be budgeted as per 34 CFR § 300.226. Must be used consistent with the applicable provisions of IDEA-B, as follows: (1) Must be used only to pay the excess costs of providing special education and related services to children with disabilities; (2) Must be used to supplement State, local, and other Federal funds and not to supplant such funds; and (3) Must not be used to reduce an LEA's maintenance of effort (MOE) for the education of children with disabilities below the preceding year's level except as allowed by 34 CFR §§ 300.204 and 205.

JOHNSON O'MALLEY (Fund No. 25131) Minimum Balance: None

The Johnson O'Malley project provides supplemental programs in special education and other special needs for New Mexico public schools where eligible Indian children are enrolled. Funding is provided by the Department of the Interior, Bureau of Indian Affairs, through the Navajo Tribe, under the Johnson O'Malley Act of April 16, 1934; as amended 25 U.S.C. 452, Public Law 93-638; 25 U.S.C. 455-457.

IMPACT AID SPECIAL/INDIAN EDUCATION (Fund No. 25145 & 25147) Minimum Balance: None

To provide financial assistance to local educational agencies (LEA'S) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), where there is a significant number of children who reside on Federal (including Indian) lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Section 3(a) and 3 (b); where there is a significant decrease (Section 3(c)) or a sudden and substantial increase (Section 4) in school enrollment as the result of Federal activities; to provide disaster assistance for reduced or increased operating costs (Section 7(a)), for replacing or repairing damaged or destroyed supplies, equipment, and books, and for repairing minor damage to facilities. Funding authorized by Public Law 81-874.

TITLE XIX MEDICAID (Fund No. 25153) Minimum Balance: None

To provide financial assistance from the Federal government which flows-through the State of New Mexico to school districts, for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women and the aged who meet income and resource requirements, and other categorically-eligible groups. The program is funded by the U.S. government under the Social Security Act, Title XIX, as amended; Public Laws 92-223, 92-602, 93-66, 93-233, 96-499, 97-35, 97-2248, 98-369, 99-272, 99-509, 100-93, 100-202, 100-203, 100-360, 100-436, 100-485, 100-647, 101-166, 101-234, 101-239, 101-508, 101-517, 102-234, 102-170, 102-394, 103-66, 103-112, 103-333, 104-91, 104-191, 104-193, 104-208, and 104-134; Balanced Budget Act of 1997, Public Law 105-33.

NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

Nonmajor Special Revenue Funds (cont'd)

INDIAN ED FORMULA GRANT (Fund No. 25184) Minimum Balance: None

The purpose of this program is to support projects which improve educational opportunities and achievement of Native American children. Funding is provided by the Federal Government, under the Elementary and Secondary Education Act of 1965, Title IX, Part A, Subpart 1, as amended, Public Law 103-382, 20 U.S.C. 7811-7818; 25 U.S.C. 2002.

MENTORING FOR SAFE SCHOOLS (Fund No. 25187) Minimum Balance: None

To provide funding to state, local, community, and national organizations to propose the enhancement or expansion of initiatives that will assist in the development and maturity of community programs to provide mentoring services to high-risk populations that are underserved due to location, shortage of mentors, special physical or mental challenges of the targeted population, or other analogous situations identified by the community in need of mentoring services.

TITLE V INDIAN HEALTH CARE IMPROVEMENT ACT (Fund No. 25209) Minimum Balance: None

To promote improved health care among American Indians/Alaska Natives through special diabetes prevention and treatment services projects with objectives and priorities determined at the local level. Public Law 94-437, approved September 30, 1976 (90 Stat. 1400).

SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES (25238) Minimum Balance: None

To provide priority substance abuse treatment, prevention and mental health needs of regional and national significance through assistance (grants and cooperative agreements) to States, political subdivisions of States, Indian tribes and tribal organizations, and other public or nonprofit private entities.

KELLOGG FOUNDATION (Fund No. 26121) Minimum Balance: None

This grant will expand evidence-based parent education and family support programs targeting vulnerable families in select New Mexico neighborhoods to promote parental knowledge of child development needs and parental advocacy skills.

DUAL CREDIT INSTRUCTIONAL MATERIALS (Fund No. 27103) Minimum Balance: None

To provide instructional materials to be used for a dual credit course approved by Higher Education Department (HED) and through a college/university for which the district has an approved agreement.

LIBRARY GO BONDS 2012 (Fund No. 27107) Minimum Balance: None

Funds to be used for library books and library resources for public school libraries statewide. Library resources include computers, software, projectors, televisions, other related hardware and software, shelving, desks, chairs, and book trucks/carts. Senate Bill 66, Laws of 2012, 2nd Session, Chapter 54, Section 10.B.(3).

READS TO LEAD (Fund No. 27114) Minimum Balance: None

Provides an aligned approach for districts and schools to ensure that children can read by the end of third grade—giving them essential skills for future career and college success. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators.

PRE-K INITIATIVE (Fund No. 27149) Minimum Balance: None

The pre-k program shall address the total development needs of preschool children, including physical, cognitive, social and emotional needs, and shall include health care, nutrition, safety and multicultural sensitivity.

NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

Nonmajor Special Revenue Funds (cont'd)

INDIAN EDUCATION ACT (Fund No. 27150) Minimum Balance: None

To increase academic achievement and provide culturally relevant learning experiences for American Indian students; to establish collaborative partnerships that engage active participation of American Indian parents, students, tribe(s), community-based organizations, universities, private sector and/or other entities who work with American Indian students; to establish a parent community advisory committee to participate in the development of an Indigenous curriculum framework and to profile Indigenous best practices.

BREAKFAST FOR ELEMENTARY STUDENTS (Fund No. 27155) Minimum Balance: None

The Breakfast for Elementary School program provides foods (at no charge) after the instructional day has begun, provided that instruction occurs simultaneously with breakfast. Authorized through 22-13-13.2 NMSA 1978; NMAC 6.12.9

LIBRARY GO BOND 2006 (Fund No. 27170) Minimum Balance: None

Funding made available to update and expand library collections.

2013 SCHOOL BUSES (Fund No. 27178) Minimum Balance: None

To provide for the purchase of school buses.

WORKFORCE READINESS (Fund No. 27179) Minimum Balance: None

Help students discover the wide range of career options available to them, chart the most efficient paths for students to achieve those goals and work directly with business and industry partners to ensure that their experience results in the most necessary skills, credentials and technical knowledge to be a success in the students' next step as they enter postsecondary or workforce engagement. Authorization: House Bill 2 of the regular 2013 Legislative Session

EARLY COLLEGE HS START-UP (Fund No. 27180) Minimum Balance: None

The purpose of this fund is to develop and implement an Early College High School model and provide rigorous, relevant, and results-driven career and technical education (CTE), which will both identify effective programs and support the expansion of existing programs that have a record of success. Authority for creation of this fund is the authority of the New Mexico Public Education Department.

STEM TEACHER INITIATIVE (Fund No. 27181) Minimum Balance: None

The purpose of these funds is to provide a \$5,000 stipend per year to 125 highly effective STEM teachers to teach Science, Technology, Engineering, or Mathematics (grades 7-12) for two years to serve in hard to staff (low performing CD/F), rural, urban) schools.

NEW MEXICO GROWN (Fund No. 27183) Minimum Balance: None

Funds under this award are to be used to purchase locally grown New Mexico fresh fruits and vegetables, to be made available at no charge to students. Funds have been received as appropriation through the General Appropriations Act to distribute to school districts and charter schools.

NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

Nonmajor Special Revenue Funds (cont'd)

PARENT ADVOCACY PROJECT (Fund No. 27193) Minimum Balance: None

This is a grant to develop or request reimbursement for the Student-Parent Portal program for every District and Charter in NM. These portals can be used to deliver student information and reports to students and parents online. Parent portal and parent advocacy initiatives support the Governor's commitment to help parents stay better informed about their students.

STEM/HARD TO STAFF (Fund No. 27195) Minimum Balance: None

The purpose of these funds is to provide a \$5,000 stipend per year to 125 highly effective STEM teachers to teach Science, Technology, Engineering, or Mathematics (grades 7-12) for two years to serve in hard to staff (low performing CD/F), rural, urban) schools. These funds can be used as a stipend to recruit these hard-to-staff experts to teach in hard to staff schools or to attract and retain these teachers in low-performing schools. The New Mexico Public Education Department's (PED's) Math and Science and Licensure Bureaus are issuing this RFI to all New Mexico public school districts, state chartered schools and state-supported schools that have been determined as "hard to staff".

YOUTH CONSERVATION (Fund No. 28133) Minimum Balance: None

Allows for students to participate in conservation programs at National, State and City Parks as well as study time for academic programs.

TUTORING (Fund No. 28178) Minimum Balance: None

Funds to provide tutoring for students needing specialized help at the mid-school level.

Nonmajor Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

SPECIAL BUILDING LOCAL (Fund No. 31300) Minimum Balance: None

The fund provides financing from local revenues for the construction and improvements to District buildings and facilities.

SPECIAL CAPITAL OUTLAY – STATE (Fund No. 31400) Minimum Balance: None

This fund provides financing for special appropriation monies received from the State of New Mexico under Chapter 367, Laws of 1993.

ED TECHNOLOGY EQUIPMENT ACT (Fund No. 31900) Minimum Balance: None

This fund is used to account for the revenues and expenditures associated with Education Technology Bonds in the purchasing of equipment used in the educational process.

PUBLIC SCHOOL CAPITAL OUTLAY – 20% (Fund No. 32100) Minimum Balance: None

A capital projects fund to capture the 20% of eligible federal (Forest Reserve and Impact Aid) and local revenue (local taxes) that must be budgeted in Capital Outlay. Provides financing for the construction and improvement of buildings and land, and the purchase of equipment.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2016

Special Revenue Funds

	<u>Food Service Fund #21000</u>	<u>Athletics Fund #22000</u>	<u>Activities Fund #23000</u>	<u>Javits Gifted & Talented Fund #24102</u>	<u>New Mexico Autism Fund #24108</u>
Assets					
Cash and cash equivalents	\$ 1,249,799	\$ 130,847	\$ 86,370	\$ 1,610	\$ -
Receivables:					
Grant	34,024	-	-	-	-
Food inventory	<u>96,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,379,869</u>	<u>\$ 130,847</u>	<u>\$ 86,370</u>	<u>\$ 1,610</u>	<u>\$ -</u>
Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ 447,557	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>447,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:					
Advances of federal, state, and local grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,610</u>	<u>-</u>
Fund balance:					
Non-spendable:					
Inventories	96,046	-	-	-	-
Restricted for:					
Special revenue funds	836,266	130,847	86,370	-	-
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>932,312</u>	<u>130,847</u>	<u>86,370</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,379,869</u>	<u>\$ 130,847</u>	<u>\$ 86,370</u>	<u>\$ 1,610</u>	<u>\$ -</u>

(cont'd; 1 of 14)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2016

	Special Revenue Funds			
	<u>Preschool IDEA-B Fund #24109</u>	<u>Education of Homeless Fund #24113</u>	<u>IDEA-B Private Schools Fund #24115</u>	<u>Fresh Fruits and Vegetables Fund #24118</u>
Assets				
Cash and cash equivalents	\$ -	\$ 29,385	\$ -	\$ -
Receivables:				
Grant	3,097	-	7,119	6,882
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 3,097</u>	<u>\$ 29,385</u>	<u>\$ 7,119</u>	<u>\$ 6,882</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>7,119</u>	<u>6,882</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>7,119</u>	<u>6,882</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	<u>3,097</u>	<u>29,385</u>	<u>-</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 3,097</u>	<u>\$ 29,385</u>	<u>\$ 7,119</u>	<u>\$ 6,882</u>

(cont'd; 2 of 14)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2016

	Special Revenue Funds			
	21st Century Community Learning Centers <u>Fund #24119</u>	IDEA-B "Risk Pool" <u>Fund #24120</u>	IDEA-B Student Success <u>Fund #24132</u>	Title III English Language <u>Fund #24153</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 67,197
Receivables:				
Grant	27,854	2,203	13,771	-
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 27,854</u>	<u>\$ 2,203</u>	<u>\$ 13,771</u>	<u>\$ 67,197</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 63,504
Due to other funds	<u>27,854</u>	<u>2,203</u>	<u>13,771</u>	<u>-</u>
Total liabilities	<u>27,854</u>	<u>2,203</u>	<u>13,771</u>	<u>63,504</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,693</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 27,854</u>	<u>\$ 2,203</u>	<u>\$ 13,771</u>	<u>\$ 67,197</u>

(cont'd; 3 of 14)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2016

	Special Revenue Funds			
	Title II Teacher Quality <u>Fund #24154</u>	Title I School Improvement <u>Fund #24162</u>	Carl D Perkins <u>Fund #24174</u>	Carl D Perkins Secondary <u>Fund #24175</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 3,685	\$ 3
Receivables:				
Grant	211,053	12,268	-	-
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 211,053</u>	<u>\$ 12,268</u>	<u>\$ 3,685</u>	<u>\$ 3</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>211,053</u>	<u>12,268</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>211,053</u>	<u>12,268</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	<u>-</u>	<u>-</u>	<u>3,685</u>	<u>3</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 211,053</u>	<u>\$ 12,268</u>	<u>\$ 3,685</u>	<u>\$ 3</u>

(cont'd; 4 of 14)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2016

	Special Revenue Funds			
	Carl D Perkins Secondary Redistribution <u>Fund #24176</u>	Carl D Perkins HSTW - Current <u>Fund #24180</u>	Carl D Perkins HSTW - PY Unliq. Oblig <u>Fund #24181</u>	Carl D Perkins HSTW - Redistribution <u>Fund #24182</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Grant	1,797	590	3,834	13,092
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,797</u>	<u>\$ 590</u>	<u>\$ 3,834</u>	<u>\$ 13,092</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>1,797</u>	<u>590</u>	<u>3,834</u>	<u>13,092</u>
Total liabilities	<u>1,797</u>	<u>590</u>	<u>3,834</u>	<u>13,092</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,797</u>	<u>\$ 590</u>	<u>\$ 3,834</u>	<u>\$ 13,092</u>

(cont'd; 5 of 14)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2016

	Special Revenue Funds			
	USDA Equipment Assist <u>Fund #24183</u>	ARRA - Entitlement IDEA-B <u>Fund #24206</u>	ARRA - IDEA- B CEIS <u>Fund #24212</u>	Johnson O'Malley <u>Fund #25131</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 55	\$ -
Receivables:				
Grant	-	2,581	-	66,786
Food inventory	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 2,581</u>	<u>\$ 55</u>	<u>\$ 66,786</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	2,581	-	66,786
Total liabilities	-	2,581	-	66,786
 Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	55	-
 Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ -</u>	<u>\$ 2,581</u>	<u>\$ 55</u>	<u>\$ 66,786</u>

(cont'd; 6 of 14)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2016

	Special Revenue Funds			
	Impact Aid Special Education <u>Fund #25145</u>	Impact Aid Indian Education <u>Fund #25147</u>	Title XIX Medicaid <u>Fund #25153</u>	Indian Ed Formula Grant <u>Fund #25184</u>
Assets				
Cash and cash equivalents	\$ 863	\$ 51,866	\$ 130,468	\$ -
Receivables:				
Grant	-	-	-	34,423
Food inventory	-	-	-	-
Total assets	\$ 863	\$ 51,866	\$ 130,468	\$ 34,423
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	34,423
Total liabilities	-	-	-	34,423
 Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
 Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	863	51,866	130,468	-
Capital projects funds	-	-	-	-
Total fund balance	863	51,866	130,468	-
Total liabilities, deferred inflows of resources, and fund balance	\$ 863	\$ 51,866	\$ 130,468	\$ 34,423

(cont'd; 7 of 14)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2016

	Special Revenue Funds			
	Mentoring for Safe Schools Fund #25187	Title V Indian Health Care Improvement Act Fund #25209	Substance Abuse & Mental Health Fund #25238	Kellogg Foundation Fund #26121
Assets				
Cash and cash equivalents	\$ 1	\$ 2,355	\$ -	\$ 271,432
Receivables:				
Grant	-	-	-	-
Food inventory	-	-	-	-
Total assets	\$ 1	\$ 2,355	\$ -	\$ 271,432
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Deferred inflows of resources:				
Advances of federal, state, and local grants	1	2,355	-	-
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	271,432
Capital projects funds	-	-	-	-
Total fund balance	-	-	-	271,432
Total liabilities, deferred inflows of resources, and fund balance	\$ 1	\$ 2,355	\$ -	\$ 271,432

(cont'd; 8 of 14)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2016

	Special Revenue Funds			
	Dual Credit Instructional Materials <u>Fund #27103</u>	Libraries GO Bond 2012 <u>Fund #27107</u>	Reads to Lead <u>Fund #27114</u>	Pre-K Initiative <u>Fund #27149</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Grant	22,642	13,973	101,547	51,455
Food inventory	-	-	-	-
Total assets	\$ 22,642	\$ 13,973	\$ 101,547	\$ 51,455
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ 15,748	\$ -	\$ -	\$ -
Due to other funds	6,894	13,973	101,547	51,455
Total liabilities	22,642	13,973	101,547	51,455
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balance	\$ 22,642	\$ 13,973	\$ 101,547	\$ 51,455

(cont'd; 9 of 14)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2016

	Special Revenue Funds			
	Indian Education Act <u>Fund #27150</u>	Breakfast for Elementary Students <u>Fund #27155</u>	Libraries GO Bond 2006 <u>Fund #27170</u>	2013 School Buses <u>Fund #27178</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 2,431	\$ -
Receivables:				
Grant	16,917	76,242	-	83,175
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 16,917</u>	<u>\$ 76,242</u>	<u>\$ 2,431</u>	<u>\$ 83,175</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>16,917</u>	<u>76,242</u>	<u>-</u>	<u>83,175</u>
Total liabilities	<u>16,917</u>	<u>76,242</u>	<u>-</u>	<u>83,175</u>
 Deferred inflows of resources:				
Advances of federal, state, and local grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	2,431	-
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>2,431</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 16,917</u>	<u>\$ 76,242</u>	<u>\$ 2,431</u>	<u>\$ 83,175</u>

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2016

	Special Revenue Funds			
	Workforce Readiness <u>Fund #27179</u>	Early College HS Start-Up <u>Fund #27180</u>	STEM Teacher Initiative <u>Fund #27181</u>	New Mexico Grown <u>Fund #27183</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Grant	-	104,675	-	1,063
Food inventory	-	-	-	-
Total assets	\$ -	\$ 104,675	\$ -	\$ 1,063
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	104,675	-	1,063
Total liabilities	-	104,675	-	1,063
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balance	\$ -	\$ 104,675	\$ -	\$ 1,063

(cont'd; 11 of 14)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2016

	Special Revenue Funds			
	Parent Advocacy Project <u>Fund #27193</u>	STEM/Hard to Staff <u>Fund #27195</u>	Youth Conservation Corp <u>Fund #28133</u>	Tutoring <u>Fund #28178</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 14,335	\$ 1,546
Receivables:				
Grant	-	5,719	-	-
Food inventory	-	-	-	-
Total assets	\$ -	\$ 5,719	\$ 14,335	\$ 1,546
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	5,719	-	-
Total liabilities	-	5,719	-	-
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	14,335	1,546
Capital projects funds	-	-	-	-
Total fund balance	-	-	14,335	1,546
Total liabilities, deferred inflows of resources, and fund balance	\$ -	\$ 5,719	\$ 14,335	\$ 1,546

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2016

	Total Non-Major Special Revenue Funds	Capital Project Funds	
		Special Capital Outlay - Local Fund #31300	Special Capital Outlay - State Fund #31400
Assets			
Cash and cash equivalents	\$ 2,044,248	\$ 1,552,787	\$ 48,375
Receivables:			
Grant	918,782	-	-
Food inventory	<u>96,046</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 3,059,076</u>	<u>\$ 1,552,787</u>	<u>\$ 48,375</u>
Liabilities, deferred inflows and fund balance			
Liabilities:			
Accounts payable	\$ 526,809	\$ -	\$ -
Due to other funds	<u>865,913</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,392,722</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:			
Advances of federal, state, and local grants	<u>43,884</u>	<u>-</u>	<u>-</u>
Fund balance:			
Non-spendable:			
Inventories	96,046	-	-
Restricted for:			
Special revenue funds	1,526,424	-	-
Capital projects funds	<u>-</u>	<u>1,552,787</u>	<u>48,375</u>
Total fund balance	<u>1,622,470</u>	<u>1,552,787</u>	<u>48,375</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 3,059,076</u>	<u>\$ 1,552,787</u>	<u>\$ 48,375</u>

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2016

	Capital Project Funds			
	Ed Technology Equipment Act <u>Fund #31900</u>	Public School Capital Outlay - 20% <u>Fund #32100</u>	Total Non-Major Capital Projects <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
Assets				
Cash and cash equivalents	\$ 3,464,984	\$ 99,873	\$ 5,166,019	\$ 7,210,267
Receivables:				
Grant	-	-	-	918,782
Food inventory	-	-	-	96,046
Total assets	\$ 3,464,984	\$ 99,873	\$ 5,166,019	\$ 8,225,095
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 526,809
Due to other funds	-	-	-	865,913
Total liabilities	-	-	-	1,392,722
 Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	43,884
 Fund balance:				
Non-spendable:				
Inventories	-	-	-	96,046
Restricted for:				
Special revenue funds	-	-	-	1,526,424
Capital projects funds	3,464,984	99,873	5,166,019	5,166,019
Total fund balance	3,464,984	99,873	5,166,019	6,788,489
Total liabilities, deferred inflows of resources, and fund balance	\$ 3,464,984	\$ 99,873	\$ 5,166,019	\$ 8,225,095

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2016**

	Special Revenue Funds			
	Food Service <u>Fund #21000</u>	Athletics <u>Fund #22000</u>	Activities <u>Fund #23000</u>	Javits Gifted & Talented <u>Fund #24102</u>
Revenues:				
Intergovernmental - federal grants	\$ 3,412,458	\$ -	\$ -	\$ -
Intergovernmental - state grants	-	-	-	-
Contributions - private grants	-	-	-	-
Charges for services	921,586	334,202	603,339	-
Investment and interest income	696	17	-	-
Miscellaneous	<u>905</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>4,335,645</u>	<u>334,219</u>	<u>603,339</u>	<u>-</u>
Expenditures:				
Current:				
Instruction	-	325,844	442,676	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	4,499,203	-	-	-
Community services	-	-	-	-
Capital outlay	23,550	-	215,238	-
Debt service:				
Bond issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>4,522,753</u>	<u>325,844</u>	<u>657,914</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(187,108)	8,375	(54,575)	-
Other financing sources:				
Sale of bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	(187,108)	8,375	(54,575)	-
Fund balance at beginning of the year	<u>1,119,420</u>	<u>122,472</u>	<u>140,945</u>	<u>-</u>
Fund balance at end of the year	<u>\$ 932,312</u>	<u>\$ 130,847</u>	<u>\$ 86,370</u>	<u>\$ -</u>

(cont'd; 1 of 14)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2016**

	Special Revenue Funds			
	New Mexico Autism <u>Fund #24108</u>	Preschool IDEA-B <u>Fund #24109</u>	Education of Homeless <u>Fund #24113</u>	IDEA-B Private Schools <u>Fund #24115</u>
Revenues:				
Intergovernmental - federal grants	\$ 8,000	\$ 31,903	\$ 10,668	\$ 7,119
Intergovernmental - state grants	-	-	-	-
Contributions - private grants	-	-	-	-
Charges for services	-	-	-	-
Investment and interest income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>8,000</u>	<u>31,903</u>	<u>10,668</u>	<u>7,119</u>
Expenditures:				
Current:				
Instruction	8,000	30,827	10,668	-
Support services:				
Students	-	1,076	-	7,119
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Bond issuance costs	-	-	-	-
Total expenditures	<u>8,000</u>	<u>31,903</u>	<u>10,668</u>	<u>7,119</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Other financing sources:				
Sale of bonds	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 2 of 14)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2016**

	Special Revenue Funds			
	Fresh Fruits and Vegetables <u>Fund #24118</u>	21st Century Community Learning Centers <u>Fund #24119</u>	IDEA-B "Risk Pool" <u>Fund #24120</u>	IDEA-B Student Success <u>Fund #24132</u>
Revenues:				
Intergovernmental - federal grants	\$ 60,556	\$ 118,240	\$ 2,203	\$ 33,816
Intergovernmental - state grants	-	-	-	-
Contributions - private grants	-	-	-	-
Charges for services	-	-	-	-
Investment and interest income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	60,556	118,240	2,203	33,816
Expenditures:				
Current:				
Instruction	-	76,684	2,203	33,816
Support services:				
Students	-	8,194	-	-
Instruction	-	-	-	-
General Administration	-	16,982	-	-
School Administration	-	-	-	-
Central Services	-	2,000	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	10,380	-	-
Food services operations	60,556	-	-	-
Community services	-	4,000	-	-
Capital outlay	-	-	-	-
Debt service:				
Bond issuance costs	-	-	-	-
Total expenditures	60,556	118,240	2,203	33,816
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Other financing sources:				
Sale of bonds	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	\$ -	\$ -

(cont'd; 3 of 14)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2016**

	Special Revenue Funds			
	Title III English Language <u>Fund #24153</u>	Title II Teacher Quality <u>Fund #24154</u>	Title I School Improvement <u>Fund #24162</u>	Carl D Perkins <u>Fund #24174</u>
Revenues:				
Intergovernmental - federal grants	\$ 108,602	\$ 334,126	\$ 59,083	\$ 97,347
Intergovernmental - state grants	-	-	-	-
Contributions - private grants	-	-	-	-
Charges for services	-	-	-	-
Investment and interest income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>108,602</u>	<u>334,126</u>	<u>59,083</u>	<u>97,347</u>
Expenditures:				
Current:				
Instruction	107,984	327,225	59,083	90,475
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	618	4,581	-	-
School Administration	-	2,320	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	6,872
Debt service:				
Bond issuance costs	-	-	-	-
Total expenditures	<u>108,602</u>	<u>334,126</u>	<u>59,083</u>	<u>97,347</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Other financing sources:				
Sale of bonds	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 4 of 14)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2016**

	Special Revenue Funds			
	Carl D Perkins Secondary Fund #24175	Carl D Perkins Secondary Redistribution Fund #24176	Carl D Perkins HSTW - Current Fund #24180	Carl D Perkins HSTW - PY Unliq. Oblig Fund #24181
Revenues:				
Intergovernmental - federal grants	\$ 1,023	\$ 1,180	\$ -	\$ -
Intergovernmental - state grants	-	-	-	-
Contributions - private grants	-	-	-	-
Charges for services	-	-	-	-
Investment and interest income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	1,023	1,180	-	-
Expenditures:				
Current:				
Instruction	1,023	1,180	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Bond issuance costs	-	-	-	-
Total expenditures	1,023	1,180	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Other financing sources:				
Sale of bonds	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	\$ -	\$ -

(cont'd; 5 of 14)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2016**

	Special Revenue Funds			
	Carl D Perkins HSTW - Redistribution <u>Fund #24182</u>	USDA Equipment Assist <u>Fund #24183</u>	ARRA - Entitlement IDEA-B <u>Fund #24206</u>	ARRA - IDEA- B CEIS <u>Fund #24212</u>
Revenues:				
Intergovernmental - federal grants	\$ 12,935	\$ 12,228	\$ -	\$ -
Intergovernmental - state grants	-	-	-	-
Contributions - private grants	-	-	-	-
Charges for services	-	-	-	-
Investment and interest income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	12,935	12,228	-	-
Expenditures:				
Current:				
Instruction	12,935	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	12,228	-	-
Debt service:				
Bond issuance costs	-	-	-	-
Total expenditures	12,935	12,228	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Other financing sources:				
Sale of bonds	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	\$ -	\$ -

(cont'd; 6 of 14)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2016**

	Special Revenue Funds				
	Johnson O'Malley <u>Fund #25131</u>	Impact Aid Special Education <u>Fund #25145</u>	Impact Aid Indian Education <u>Fund #25147</u>	Title XIX Medicaid <u>Fund #25153</u>	Indian Ed Formula Grant <u>Fund #25184</u>
Revenues:					
Intergovernmental - federal grants	\$ 185,798	\$ 862	\$ 1,611	\$ 494,993	\$ 691,933
Intergovernmental - state grants	-	-	-	-	-
Contributions - private grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>185,798</u>	<u>862</u>	<u>1,611</u>	<u>494,993</u>	<u>691,933</u>
Expenditures:					
Current:					
Instruction	30,062	-	1,408	-	385,855
Support services:					
Students	148,175	-	10,349	422,168	208,658
Instruction	-	-	-	5,573	-
General Administration	3,955	-	163	23,563	9,494
School Administration	3,606	-	-	-	87,926
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>185,798</u>	<u>-</u>	<u>11,920</u>	<u>451,304</u>	<u>691,933</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	862	(10,309)	43,689	-
Other financing sources:					
Sale of bonds	-	-	-	-	-
<i>Net change in fund balance</i>	-	862	(10,309)	43,689	-
Fund balance at beginning of the year	<u>-</u>	<u>1</u>	<u>62,175</u>	<u>86,779</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ 863</u>	<u>\$ 51,866</u>	<u>\$ 130,468</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2016**

	Special Revenue Funds			
	Mentoring for Safe Schools Fund #25187	Title V Indian Health Care Improvement Act Fund #25209	Substance Abuse & Mental Health Fund #25238	Kellogg Foundation Fund #26121
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 2,684	\$ 51,819	\$ -
Intergovernmental - state grants	-	-	-	-
Contributions - private grants	-	-	-	250,000
Charges for services	-	-	-	-
Investment and interest income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	2,684	51,819	250,000
Expenditures:				
Current:				
Instruction	-	2,684	-	193,787
Support services:				
Students	-	-	51,819	6
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	27,289
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Bond issuance costs	-	-	-	-
Total expenditures	-	2,684	51,819	221,082
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	28,918
Other financing sources:				
Sale of bonds	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	28,918
Fund balance at beginning of the year	-	-	-	242,514
Fund balance at end of the year	\$ -	\$ -	\$ -	\$ 271,432

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2016**

	Special Revenue Funds			
	Dual Credit Instructional Materials <u>Fund #27103</u>	Libraries GO Bond 2012 <u>Fund #27107</u>	Reads to Lead <u>Fund #27114</u>	Pre-K Initiative <u>Fund #27149</u>
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ -	\$ -
Intergovernmental - state grants	47,975	13,973	195,000	652,009
Contributions - private grants	-	-	-	-
Charges for services	-	-	-	-
Investment and interest income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	47,975	13,973	195,000	652,009
Expenditures:				
Current:				
Instruction	47,975	-	195,000	652,009
Support services:				
Students	-	-	-	-
Instruction	-	13,973	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Bond issuance costs	-	-	-	-
Total expenditures	47,975	13,973	195,000	652,009
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Other financing sources:				
Sale of bonds	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	\$ -	\$ -

(cont'd; 9 of 14)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2016**

	Special Revenue Funds			
	Indian Education Act <u>Fund #27150</u>	Breakfast for Elementary Students <u>Fund #27155</u>	Libraries GO Bond 2006 <u>Fund #27170</u>	2013 School Buses <u>Fund #27178</u>
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ -	\$ -
Intergovernmental - state grants	16,916	88,347	-	83,175
Contributions - private grants	-	-	-	-
Charges for services	-	-	-	-
Investment and interest income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	16,916	88,347	-	83,175
Expenditures:				
Current:				
Instruction	5,865	-	-	-
Support services:				
Students	11,051	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	83,175
Food services operations	-	88,347	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Bond issuance costs	-	-	-	-
Total expenditures	16,916	88,347	-	83,175
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Other financing sources:				
Sale of bonds	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
Fund balance at beginning of the year	-	-	2,431	-
Fund balance at end of the year	\$ -	\$ -	\$ 2,431	\$ -

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2016**

	Special Revenue Funds			
	Workforce Readiness <u>Fund #27179</u>	Early College HS Start-Up <u>Fund #27180</u>	STEM Teacher Initiative <u>Fund #27181</u>	New Mexico Grown <u>Fund #27183</u>
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ -	\$ -
Intergovernmental - state grants	-	348,243	-	8,643
Contributions - private grants	-	-	-	-
Charges for services	-	-	-	-
Investment and interest income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	348,243	-	8,643
Expenditures:				
Current:				
Instruction	-	-	-	-
Support services:				
Students	-	62,241	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	286,002	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	8,643
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Bond issuance costs	-	-	-	-
Total expenditures	-	348,243	-	8,643
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Other financing sources:				
Sale of bonds	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	\$ -	\$ -

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2016**

	Special Revenue Funds			
	Parent Advocacy Project <u>Fund #27193</u>	STEM/Hard to Staff <u>Fund #27195</u>	Youth Conservation Corp <u>Fund #28133</u>	Tutoring <u>Fund #28178</u>
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ -	\$ -
Intergovernmental - state grants	-	121,144	128,499	-
Contributions - private grants	-	-	-	-
Charges for services	-	-	-	-
Investment and interest income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	121,144	128,499	-
Expenditures:				
Current:				
Instruction	-	121,144	139,872	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Bond issuance costs	-	-	-	-
Total expenditures	-	121,144	139,872	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(11,373)	-
Other financing sources:				
Sale of bonds	-	-	-	-
<i>Net change in fund balance</i>	-	-	(11,373)	-
Fund balance at beginning of the year	-	-	25,708	1,546
Fund balance at end of the year	\$ -	\$ -	\$ 14,335	\$ 1,546

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2016**

		Capital Project Funds	
	Total Nonmajor Special Revenue Funds	Special Capital Outlay - Local Fund #31300	Special Capital Outlay - State Fund #31400
Revenues:			
Intergovernmental - federal grants	\$ 5,741,187	\$ -	\$ -
Intergovernmental - state grants	1,703,924	-	-
Contributions - private grants	250,000	-	-
Charges for services	1,859,127	1,662	-
Investment and interest income	713	156	-
Miscellaneous	905	-	-
Total revenues	9,555,856	1,818	-
Expenditures:			
Current:			
Instruction	3,306,284	-	-
Support services:			
Students	930,856	-	-
Instruction	19,546	-	-
General Administration	59,356	-	-
School Administration	407,143	-	-
Central Services	2,000	-	-
Operation & Maintenance of Plant	-	-	-
Student transportation	93,555	-	-
Food services operations	4,656,749	-	-
Community services	4,000	-	-
Capital outlay	257,888	-	-
Debt service:			
Bond issuance costs	-	-	-
Total expenditures	9,737,377	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	(181,521)	1,818	-
Other financing sources:			
Sale of bonds	-	-	-
<i>Net change in fund balance</i>	(181,521)	1,818	-
Fund balance at beginning of the year	1,803,991	1,550,969	48,375
Fund balance at end of the year	\$ 1,622,470	\$ 1,552,787	\$ 48,375

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2016**

	Capital Project Funds			
	Ed Technology Equipment Act <u>Fund #31900</u>	Public School Capital Outlay - 20% <u>Fund #32100</u>	Total Nonmajor Capital Projects <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
Revenues:				
Intergovernmental - federal grants	\$ 147,662	\$ -	147,662	\$ 5,888,849
Intergovernmental - state grants	-	-	-	1,703,924
Contributions - private grants	-	-	-	250,000
Charges for services	-	-	1,662	1,860,789
Investment and interest income	4,150	-	4,306	5,019
Miscellaneous	-	-	-	905
Total revenues	<u>151,812</u>	<u>-</u>	<u>153,630</u>	<u>9,709,486</u>
Expenditures:				
Current:				
Instruction	-	-	-	3,306,284
Support services:				
Students	-	-	-	930,856
Instruction	-	-	-	19,546
General Administration	-	-	-	59,356
School Administration	-	-	-	407,143
Central Services	-	-	-	2,000
Operation & Maintenance of Plant	5,062,930	-	5,062,930	5,062,930
Student transportation	-	-	-	93,555
Food services operations	-	-	-	4,656,749
Community services	-	-	-	4,000
Capital outlay	-	-	-	257,888
Debt service:				
Bond issuance costs	28,050	-	28,050	28,050
Total expenditures	<u>5,090,980</u>	<u>-</u>	<u>5,090,980</u>	<u>14,828,357</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(4,939,168)	-	(4,937,350)	(5,118,871)
Other financing sources:				
Sale of bonds	<u>6,700,000</u>	<u>-</u>	<u>6,700,000</u>	<u>6,700,000</u>
<i>Net change in fund balance</i>	1,760,832	-	1,762,650	1,581,129
Fund balance at beginning of the year	<u>1,704,152</u>	<u>99,873</u>	<u>3,403,369</u>	<u>5,207,360</u>
Fund balance at end of the year	<u>\$ 3,464,984</u>	<u>\$ 99,873</u>	<u>\$ 5,166,019</u>	<u>\$ 6,788,489</u>

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NONMAJOR GOVERNMENTAL FUNDS
BUDGETARY PRESENTATION

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

FOOD SERVICE FUND - NO. 21000
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 2,729,524	\$ 2,729,524	\$ 3,114,909	\$ 385,385
Charges for services	981,303	981,303	921,586	(59,717)
Investment and interest income	570	570	696	126
Miscellaneous	-	-	905	905
Total revenues	3,711,397	3,711,397	4,038,096	326,699
Expenditures:				
Current:				
Food Services Operations	4,469,728	4,466,178	4,149,797	316,381
Capital outlay:				
Equipment	20,000	23,550	23,550	-
Total expenditures	4,489,728	4,489,728	4,173,347	316,381
<i>Excess (deficiency) of revenues over expenditures</i>	(778,331)	(778,331)	(135,251)	643,080
<i>Beginning cash balance budgeted</i>	778,331	778,331	-	(778,331)
Fund balance at beginning of the year	-	-	1,119,420	1,119,420
Fund balance at end of the year	\$ -	\$ -	984,169	\$ 984,169
RECONCILIATION TO GAAP BASIS:				
Change in inventory			10,120	
Change in grant receivable			1,187	
Change in payables			(63,164)	
Fund balance at end of the year (GAAP basis)			\$ 932,312	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

ATHLETICS FUND - NO. 22000
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Contributions - private grants	\$ 244,218	\$ 244,218	\$ 334,202	\$ 89,984
Charges for services	-	-	17	17
Total revenues	244,218	244,218	334,219	90,001
Expenditures:				
Current:				
Instruction	335,000	335,000	325,844	9,156
<i>Excess (deficiency) of revenues over expenditures</i>	(90,782)	(90,782)	8,375	99,157
<i>Beginning cash balance budgeted</i>	90,782	90,782	-	(90,782)
Fund balance at beginning of the year	-	-	122,472	122,472
Fund balance at end of the year	\$ -	\$ -	130,847	\$ 130,847
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 130,847	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

ACTIVITIES FUND - NO. 23000
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Contributions - private grants	\$ 310,850	\$ 625,853	\$ 603,339	\$ (22,514)
Expenditures:				
Current:				
Instruction	380,850	468,150	442,676	25,474
Capital outlay:				
Equipment	80,000	307,703	215,238	92,465
Total expenditures	460,850	775,853	657,914	117,939
<i>Excess (deficiency) of revenues over expenditures</i>	(150,000)	(150,000)	(54,575)	95,425
<i>Beginning cash balance budgeted</i>	150,000	150,000	-	(150,000)
Fund balance at beginning of the year	-	-	140,945	140,945
Fund balance at end of the year	\$ -	\$ -	86,370	\$ 86,370
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 86,370	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

JAVITS GIFTED & TALENTED FUND - NO. 24102
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NEW MEXICO AUTISM FUND - NO. 24108

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 8,000	\$ 9,523	\$ 1,523
Expenditures:				
Current:				
Instruction	-	8,000	8,000	-
<i>Excess of revenues over expenditures</i>	-	-	1,523	1,523
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	1,523	<u>\$ 1,523</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(1,523)	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

PRESCHOOL IDEA-B FUND - NO. 24109

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 58,283	\$ 120,372	\$ 19,743	\$ (100,629)
Expenditures:				
Current:				
Instruction	42,483	71,713	30,826	40,887
Support services:				
Students	15,800	48,659	1,077	47,582
Total expenditures	58,283	120,372	31,903	88,469
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(12,160)	(12,160)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(12,160)	\$ (12,160)
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			12,160	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

EDUCATION OF HOMELESS FUND - NO. 24113
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 14,034	\$ 20,775	\$ 20,174	\$ (601)
Expenditures:				
Current:				
Instruction	13,319	19,060	10,668	8,392
Support services:				
Students	715	1,715	-	1,715
Total expenditures	<u>14,034</u>	<u>20,775</u>	<u>10,668</u>	<u>10,107</u>
<i>Excess of revenues over expenditures</i>	-	-	9,506	9,506
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	9,506	<u>\$ 9,506</u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			(9,506)	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

IDEA-B PRIVATE SCHOOLS FUND - NO. 24115

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 4,827	\$ 7,119	\$ 3,468	\$ (3,651)
Expenditures:				
Current:				
Support services:				
Students	4,827	7,119	7,119	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(3,651)	(3,651)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(3,651)	\$ (3,651)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			3,651	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

FRESH FRUITS AND VEGETABLES FUND - NO. 24118
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 75,048	\$ 57,744	\$ (17,304)
Expenditures:				
Current:				
Food Services Operations	-	75,048	60,556	14,492
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(2,812)	(2,812)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(2,812)	<u>\$ (2,812)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			2,812	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

21ST CENTURY COMMUNITY LEARNING CENTERS FUND - NO. 24119

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 146,876	\$ 191,436	\$ 44,560
Expenditures:				
Current:				
Instruction	-	98,572	76,684	21,888
Support services:				
Students	-	9,454	8,194	1,260
General Administration	-	17,851	16,982	869
Central Services	-	2,000	2,000	-
Student transportation	-	14,999	10,380	4,619
Community Services Operations	-	4,000	4,000	-
Total expenditures	-	146,876	118,240	28,636
<i>Excess of revenues over expenditures</i>	-	-	73,196	73,196
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	73,196	\$ 73,196
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(73,196)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

IDEA-B "RISK POOL" FUND - NO. 24120
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 2,203	\$ 2,431	\$ 228
Expenditures:				
Current:				
Instruction	-	2,203	2,203	-
<i>Excess of revenues over expenditures</i>	-	-	228	228
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	228	<u>\$ 228</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(228)	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

IDEA-B STUDENT SUCCESS FUND - NO. 24132

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 40,000	\$ 40,000	\$ 54,705	\$ 14,705
Expenditures:				
Current:				
Instruction	40,000	40,000	33,816	6,184
<i>Excess of revenues over expenditures</i>	-	-	20,889	20,889
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	20,889	\$ 20,889
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(20,889)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

TITLE III ENGLISH LANGUAGE FUND - NO. 24153

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 112,847	\$ 249,108	\$ 63,385	\$ (185,723)
Expenditures:				
Current:				
Instruction	111,278	245,168	44,480	200,688
Support services:				
General Administration	1,569	3,940	618	3,322
Total expenditures	112,847	249,108	45,098	204,010
<i>Excess of revenues over expenditures</i>	-	-	18,287	18,287
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	18,287	\$ 18,287
RECONCILIATION TO GAAP BASIS:				
Change in payables			(63,504)	
Change in deferred revenue			45,217	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

TITLE II TEACHER QUALITY FUND - NO. 24154
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 413,870	\$ 464,594	\$ 309,039	\$ (155,555)
Expenditures:				
Current:				
Instruction	377,318	428,042	327,225	100,817
Support services:				
Students	3,608	3,608	-	3,608
General Administration	5,609	5,609	4,581	1,028
School Administration	<u>27,335</u>	<u>27,335</u>	<u>2,320</u>	<u>25,015</u>
Total expenditures	<u>413,870</u>	<u>464,594</u>	<u>334,126</u>	<u>130,468</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(25,087)	(25,087)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(25,087)	<u>\$ (25,087)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>25,087</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

TITLE I SCHOOL IMPROVEMENT FUND - NO. 24162
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 63,000	\$ 46,815	\$ (16,185)
Expenditures:				
Current:				
Instruction	-	63,000	59,083	3,917
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(12,268)	(12,268)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(12,268)	<u>\$ (12,268)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>12,268</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

CARL D PERKINS FUND - NO. 24174
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ 90,101	\$ 99,481	\$ 100,375	\$ 894
Expenditures:				
Current:				
Instruction	84,316	92,581	90,475	2,106
Capital outlay:				
Equipment	<u>5,785</u>	<u>6,900</u>	<u>6,872</u>	<u>28</u>
Total expenditures	<u>90,101</u>	<u>99,481</u>	<u>97,347</u>	<u>2,134</u>
<i>Excess of revenues over expenditures</i>	-	-	3,028	3,028
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	3,028	<u>\$ 3,028</u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>(3,028)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

CARL D PERKINS SECONDARY FUND - NO. 24175

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 7,500	\$ 1,026	\$ (6,474)
Expenditures:				
Current:				
Instruction	-	7,500	1,023	6,477
<i>Excess of revenues over expenditures</i>	-	-	3	3
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	3	<u>\$ 3</u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			(3)	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

CARL D PERKINS SECONDARY REDISTRIBUTION FUND - NO. 24176
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 17,597	\$ -	\$ (17,597)
Expenditures:				
Current:				
Instruction	-	17,597	1,180	16,417
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(1,180)	(1,180)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(1,180)	<u>\$ (1,180)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			1,180	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

CARL D PERKINS HSTW - CURRENT FUND - NO. 24180
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ 98,886	\$ 98,886
Expenditures:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	98,886	98,886
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	98,886	\$ 98,886
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(98,886)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

CARL D PERKINS HSTW - PY UNLIQ. OBLIG FUND - NO. 24181

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

CARL D PERKINS HSTW - REDISTRIBUTION FUND - NO. 24182
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 18,071	\$ -	\$ (18,071)
Expenditures:				
Current:				
Instruction	-	18,071	12,935	5,136
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(12,935)	(12,935)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(12,935)	<u>\$ (12,935)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			12,935	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

USDA EQUIPMENT ASSIST FUND - NO. 24183

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 12,500	\$ 12,228	\$ (272)
Expenditures:				
Current:				
Capital outlay:				
Equipment	-	12,500	12,228	272
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

ARRA - ENTITLEMENT IDEA-B FUND - NO. 24206

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

ARRA - IDEA-B CEIS FUND - NO. 24212
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

JOHNSON O'MALLEY FUND - NO. 25131
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 242,993	\$ 186,732	\$ (56,261)
Expenditures:				
Current:				
Instruction	-	33,899	30,062	3,837
Support services:				
Students	-	198,722	148,175	50,547
General Administration	-	4,830	3,955	875
School Administration	-	5,542	3,606	1,936
Total expenditures	-	242,993	185,798	57,195
<i>Excess of revenues over expenditures</i>	-	-	934	934
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	934	\$ 934
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(934)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

IMPACT AID SPECIAL EDUCATION FUND - NO. 25145
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ 862	\$ 862
Expenditures:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	862	862
Fund balance at beginning of the year	-	-	1	1
Fund balance at end of the year	\$ -	\$ -	863	\$ 863
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 863	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

IMPACT AID INDIAN EDUCATION FUND - NO. 25147
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 62,175	\$ 1,611	\$ (60,564)
Expenditures:				
Current:				
Instruction	-	28,000	1,408	26,592
Support services:				
Students	-	33,323	10,349	22,974
General Administration	-	852	163	689
Total expenditures	-	62,175	11,920	50,255
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(10,309)	(10,309)
Fund balance at beginning of the year	-	-	62,175	62,175
Fund balance at end of the year	\$ -	\$ -	51,866	\$ 51,866
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 51,866	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

TITLE XIX MEDICAID FUND - NO. 25153
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 476,255	\$ 494,993	\$ 18,738
Expenditures:				
Current:				
Support services:				
Students	-	441,873	422,168	19,705
Instruction	-	16,747	5,573	11,174
General Administration	-	17,635	23,563	(5,928)
Total expenditures	-	476,255	451,304	24,951
<i>Excess of revenues over expenditures</i>	-	-	43,689	43,689
Fund balance at beginning of the year	-	-	86,779	86,779
Fund balance at end of the year	\$ -	\$ -	130,468	\$ 130,468
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 130,468	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

INDIAN ED FORMULA GRANT FUND - NO. 25184

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 885,839	\$ 726,699	\$ (159,140)
Expenditures:				
Current:				
Instruction	-	470,181	385,855	84,326
Support services:				
Students	-	288,600	208,658	79,942
General Administration	-	14,058	9,494	4,564
School Administration	-	112,000	87,926	24,074
Operation & Maintenance of Plant	-	1,000	-	1,000
Total expenditures	-	885,839	691,933	193,906
<i>Excess of revenues over expenditures</i>	-	-	34,766	34,766
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	34,766	\$ 34,766
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(34,766)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

MENTORING FOR SAFE SCHOOLS FUND - NO. 25187
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	-	\$ -
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

TITLE V INDIAN HEALTH CARE IMPROVEMENT ACT FUND - NO. 25209
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 5,040	\$ -	\$ (5,040)
Expenditures:				
Current:				
Instruction	-	5,040	2,684	2,356
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(2,684)	(2,684)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(2,684)	<u>\$ (2,684)</u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			2,684	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

SUBSTANCE ABUSE & MENTAL HEALTH FUND - NO. 25238
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 51,819	\$ 53,775	\$ 1,956
Expenditures:				
Current:				
Support services:				
Students	-	51,819	51,819	-
<i>Excess of revenues over expenditures</i>	-	-	1,956	1,956
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	1,956	<u>\$ 1,956</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(1,956)	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

KELLOGG FOUNDATION FUND - NO. 26121

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Contributions - private grants	\$ -	\$ 492,514	\$ 250,000	\$ (242,514)
Expenditures:				
Current:				
Instruction	-	395,950	193,787	202,163
Support services:				
Students	-	-	6	(6)
Instruction	-	8,289	-	8,289
General Administration	-	10,475	-	10,475
School Administration	-	77,800	27,289	50,511
Total expenditures	-	492,514	221,082	271,432
<i>Excess of revenues over expenditures</i>	-	-	28,918	28,918
Fund balance at beginning of the year	-	-	242,514	242,514
Fund balance at end of the year	\$ -	\$ -	271,432	\$ 271,432
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 271,432	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

DUAL CREDIT INSTRUCTIONAL MATERIALS FUND - NO. 27103
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 34,506	\$ 29,566	\$ (4,940)
Expenditures:				
Current:				
Instruction	-	34,506	32,227	2,279
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(2,661)	(2,661)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(2,661)	<u>\$ (2,661)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			18,409	
Change in payables			<u>(15,748)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

LIBRARIES GO BOND 2012 FUND - NO. 27107

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 97,261	\$ 97,261	\$ 11,845	\$ (85,416)
Expenditures:				
Current:				
Support services:				
Instruction	<u>97,261</u>	<u>97,261</u>	<u>13,973</u>	<u>83,288</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(2,128)	(2,128)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>(2,128)</u>	<u><u>\$ (2,128)</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>2,128</u>	
Fund balance at end of the year (GAAP basis)			<u><u>\$ -</u></u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

READS TO LEAD FUND - NO. 27114
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 195,000	\$ 195,000	\$ 98,329	\$ (96,671)
Expenditures:				
Current:				
Instruction	195,000	195,000	195,000	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(96,671)	(96,671)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(96,671)	\$ (96,671)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			96,671	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

PRE-K INITIATIVE FUND - NO. 27149
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 691,240	\$ 723,302	\$ 650,968	\$ (72,334)
Expenditures:				
Current:				
Instruction	683,740	715,802	652,009	63,793
Support services:				
General Administration	2,000	2,000	-	2,000
Capital outlay:				
Equipment	<u>5,500</u>	<u>5,500</u>	<u>-</u>	<u>5,500</u>
Total expenditures	<u>691,240</u>	<u>723,302</u>	<u>652,009</u>	<u>71,293</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(1,041)	(1,041)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(1,041)	<u>\$ (1,041)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>1,041</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

INDIAN EDUCATION ACT FUND - NO. 27150

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 25,000	\$ 20,922	\$ (4,078)
Expenditures:				
Current:				
Instruction	-	13,180	5,865	7,315
Support services:				
Students	-	11,477	11,052	425
General Administration	-	343	-	343
Total expenditures	-	25,000	16,917	8,083
<i>Excess of revenues over expenditures</i>	-	-	4,005	4,005
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	4,005	\$ 4,005
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(4,005)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

BREAKFAST FOR ELEMENTARY STUDENTS FUND - NO. 27155
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 88,347	\$ 25,193	\$ (63,154)
Expenditures:				
Current:				
Food Services Operations	-	88,347	88,347	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(63,154)	(63,154)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(63,154)	<u>\$ (63,154)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			63,154	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

LIBRARIES GO BOND 2006 FUND - NO. 27170

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	2,431	2,431
Fund balance at end of the year	\$ -	\$ -	2,431	\$ 2,431
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 2,431	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

2013 SCHOOL BUSES FUND - NO. 27178
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 83,175	\$ -	\$ (83,175)
Expenditures:				
Current:				
Support services:				
Student transportation	-	83,175	83,175	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(83,175)	(83,175)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(83,175)	\$ (83,175)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			83,175	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

WORKFORCE READINESS FUND - NO. 27179

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ -	\$ 13,062	\$ 13,062
Expenditures:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	13,062	13,062
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	13,062	\$ 13,062
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(13,062)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

EARLY COLLEGE HS START-UP FUND - NO. 27180

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 349,000	\$ 243,569	\$ (105,431)
Expenditures:				
Current:				
Support services:				
Students	-	-	62,241	(62,241)
School Administration	-	349,000	286,002	62,998
Total expenditures	-	349,000	348,243	757
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(104,674)	(104,674)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(104,674)	\$ (104,674)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			104,674	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

STEM TEACHER INITIATIVE FUND - NO. 27181

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ -	\$ 79,584	\$ 79,584
Expenditures:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	79,584	79,584
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	79,584	\$ 79,584
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(79,584)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NEW MEXICO GROWN FUND - NO. 27183
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 12,487	\$ 8,181	\$ (4,306)
Expenditures:				
Current:				
Food Services Operations	-	12,487	8,643	3,844
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(462)	(462)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(462)	<u>\$ (462)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			462	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

PARENT ADVOCACY PROJECT FUND - NO. 27193

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ -	\$ 18,981	\$ 18,981
Expenditures:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	18,981	18,981
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	18,981	\$ 18,981
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(18,981)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

STEM/HARD TO STAFF FUND - NO. 27195

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 121,500	\$ 115,425	\$ (6,075)
Expenditures:				
Current:				
Instruction	-	121,500	121,144	356
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(5,719)	(5,719)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(5,719)	<u>\$ (5,719)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			5,719	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

YOUTH CONSERVATION CORP FUND - NO. 28133

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 145,010	\$ 128,499	\$ (16,511)
Expenditures:				
Current:				
Instruction	-	145,010	139,872	5,138
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(11,373)	(11,373)
Fund balance at beginning of the year	-	-	25,708	25,708
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	14,335	<u>\$ 14,335</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			<u>\$ 14,335</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

TUTORING FUND - NO. 28178

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	1,546	1,546
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	1,546	<u>\$ 1,546</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			<u>\$ 1,546</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

SPECIAL CAPITAL OUTLAY - LOCAL FUND - NO. 31300
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Charges for services	\$ 2,950	\$ 2,950	\$ 1,662	\$ (1,288)
Investment and interest income	<u>140</u>	<u>140</u>	<u>156</u>	<u>16</u>
Total revenues	3,090	3,090	1,818	(1,272)
Expenditures:				
Capital outlay:				
Construction in progress	<u>1,553,864</u>	<u>1,553,864</u>	<u>-</u>	<u>1,553,864</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,550,774)	(1,550,774)	1,818	1,552,592
<i>Beginning cash balance budgeted</i>	1,550,774	1,550,774	-	(1,550,774)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>1,550,969</u>	<u>1,550,969</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>1,552,787</u>	<u><u>\$ 1,552,787</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
Fund balance at end of the year (GAAP basis)			<u><u>\$ 1,552,787</u></u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

SPECIAL CAPITAL OUTLAY - STATE FUND - NO. 31400
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	48,375	48,375
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	48,375	<u>\$ 48,375</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			<u>\$ 48,375</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

ED TECHNOLOGY EQUIPMENT ACT FUND - NO. 31900
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ 147,662	\$ 147,662
Investment and interest income	1,334	1,334	4,150	2,816
Total revenues	1,334	1,334	151,812	150,478
Expenditures:				
Current:				
Support services:				
Operation & Maintenance of Plant	2,039,574	8,411,756	5,097,250	3,314,506
<i>Excess (deficiency) of revenues over expenditures</i>	(2,038,240)	(8,410,422)	(4,945,438)	3,464,984
Other financing sources:				
Sale of bonds	-	6,700,000	6,700,000	-
<i>Net change in fund balance</i>	(2,038,240)	(1,710,422)	1,754,562	3,464,984
<i>Beginning cash balance budgeted</i>	2,038,240	1,710,422	-	(1,710,422)
Fund balance at beginning of the year	-	-	1,704,152	1,704,152
Fund balance at end of the year	\$ -	\$ -	3,458,714	\$ 3,458,714
RECONCILIATION TO GAAP BASIS:				
Change in payables			6,270	
Fund balance at end of the year (GAAP basis)			\$ 3,464,984	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

PUBLIC SCHOOL CAPITAL OUTLAY - 20% FUND - NO. 32100
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Contributions - private grants	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay:				
Equipment	99,873	99,873	-	99,873
<i>Excess (deficiency) of revenues over expenditures</i>	(99,873)	(99,873)	-	99,873
<i>Beginning cash balance budgeted</i>	99,873	99,873	-	(99,873)
Fund balance at beginning of the year	-	-	99,873	99,873
Fund balance at end of the year	\$ -	\$ -	99,873	\$ 99,873
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 99,873	

CAPITAL ASSETS

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATIONS OF
GOVERNMENTAL FUNDS - BY SOURCE

June 30, 2016

Governmental funds capital assets:	
Land	\$ 4,142,761
Buildings and improvements	247,079,149
Improvements other than buildings	4,448,663
Equipment	11,637,391
Construction in progress	<u>17,958,201</u>
Total governmental funds capital assets:	<u>\$ 285,266,165</u>
Investment in governmental funds capital assets by source:	
General funds	\$ 6,208,093
Special revenue funds	2,184,072
Capital projects funds	<u>276,874,000</u>
Total governmental funds capital assets:	<u>\$ 285,266,165</u>

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATIONS OF
 GOVERNMENTAL FUNDS - BY FUNCTION AND ACTIVITY
June 30, 2016

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Improvements other than buildings</u>	<u>Equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Educational services:						
Instruction	\$ -	\$ -	\$ 26,766	\$ 1,032,467	\$ -	\$ 1,059,233
Support services:						
Students	-	-	-	104,502	-	104,502
Instruction	-	-	-	7,354	-	7,354
General Administration	-	-	-	308,764	-	308,764
School Administration	-	82,941	-	159,099	-	242,040
Central Services	-	-	-	62,020	-	62,020
Operation & Maintenance of Plant	650,000	-	-	1,266,505	-	1,916,505
Student Transportation	-	-	-	7,010,677	-	7,010,677
Other Support Services	-	-	-	37,700	-	37,700
Non-instructional services:						
Food Services Operations	-	-	-	991,411	-	991,411
Capital Outlay	<u>3,492,761</u>	<u>246,996,208</u>	<u>4,421,897</u>	<u>656,892</u>	<u>17,958,201</u>	<u>273,525,959</u>
	<u>\$ 4,142,761</u>	<u>\$ 247,079,149</u>	<u>\$ 4,448,663</u>	<u>\$ 11,637,391</u>	<u>\$ 17,958,201</u>	<u>\$ 285,266,165</u>

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

SCHEDULE OF CAPITAL ASSETS USED IN THE OPERATIONS OF
 GOVERNMENTAL FUNDS - CHANGES BY FUNCTION AND ACTIVITY
June 30, 2016

<u>Function and Activity</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Reclassification</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Educational services:					
Instruction	\$ 1,039,048	\$ -	\$ 20,185	\$ -	\$ 1,059,233
Support services:					
Students	112,250	-	-	(7,748)	104,502
Instruction	7,354	-	-	-	7,354
General Administration	274,764	-	34,000	-	308,764
School Administration	242,040	-	-	-	242,040
Central Services	62,020	-	-	-	62,020
Operation & Maintenance of Plant	1,919,691	-	100,959	(104,145)	1,916,505
Student Transportation	7,228,405	-	331,725	(549,453)	7,010,677
Other Support Services	37,700	-	-	-	37,700
Non-instructional services:					
Food Services Operations	955,634	-	35,777	-	991,411
Capital Outlay	<u>251,620,771</u>	<u>-</u>	<u>26,731,865</u>	<u>(4,826,677)</u>	<u>273,525,959</u>
	<u>\$263,499,677</u>	<u>\$ -</u>	<u>\$ 27,254,511</u>	<u>\$ (5,488,023)</u>	<u>\$285,266,165</u>

ADDITIONAL DISCLOSURES

Statement of Changes in Assets and Liabilities – Agency Funds

Schedule of Pledged Collateral

Cash Reconciliation

Schedule of Vendor Information

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

FIDUCIARY FUNDS
Statement of Changes in Assets and Liabilities - All Agency Funds
Year Ended June 30, 2016

<u>ASSETS</u>	Balance <u>June 30, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>June 30, 2016</u>
Central Office	\$ 1,061,512	\$ 1,175,813	\$ 1,290,319	\$ 947,006
Farmington HS	418,192	716,535	806,153	328,574
Piedra Vista HS	<u>302,697</u>	<u>656,764</u>	<u>713,282</u>	<u>246,179</u>
 Pooled cash and investments	 <u>\$ 1,782,401</u>	 <u>\$ 2,549,112</u>	 <u>\$ 2,809,754</u>	 <u>\$ 1,521,759</u>
 <u>LIABILITIES</u>				
 Deposits held for others	 <u>\$ 1,782,401</u>	 <u>\$ 2,549,112</u>	 <u>\$ 2,809,754</u>	 <u>\$ 1,521,759</u>

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2016

	<u>Wells Fargo Bank</u>	<u>Citizens Bank</u>	<u>Bank of the Southwest</u>	<u>US Bank</u>	<u>New Mexico Finance Authority</u>
Cash on deposit at June 30, 2016:					
Checking and savings	\$ 26,792,805	\$ 4,969,602	\$ 1,303,374	\$ 3,941,257	\$ 2,824,302
Less: FDIC coverage	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	-	-
Uninsured funds	<u>\$ 26,542,805</u>	<u>\$ 4,719,602</u>	<u>\$ 1,053,374</u>	<u>\$ 3,941,257</u>	<u>\$ 2,824,302</u>
Amount requiring pledged collateral:					
50% collateral requirement	\$ 13,271,403	\$ 2,359,801	\$ 526,687	\$ 1,845,629	\$ 1,412,151
Pledged collateral	<u>17,486,989</u>	<u>5,590,149</u>	<u>825,000</u>	<u>3,941,257</u>	<u>2,824,302</u>
Excess (deficiency) of pledged collateral	<u>\$ 4,215,586</u>	<u>\$ 3,230,348</u>	<u>\$ 298,313</u>	<u>\$ 2,095,628</u>	<u>\$ 1,412,151</u>

Pledged collateral of financial institutions consists of the following at June 30, 2016

<u>Wells Fargo Bank:</u>	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
FNMA	6/1/2043	3138WVPL9	\$ 2,674,941
FNMA	4/1/2030	3138YGYF3	12,551,057
FNMA	10/1/2042	31417DQU0	<u>2,260,991</u>
			<u>\$ 17,486,989</u>

The above securities are held at Bank of New York Mellon, New York, NY.

<u>Citizens Bank:</u>	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
FNMA	10/25/2041	3136A1MJ1	<u>\$ 5,590,149</u>

The above securities are held at Federal Home Loan Bank in Dallas, TX.

<u>Bank of the Southwest:</u>	<u>Maturity</u>	<u>Market Value</u>
Letter of Credit	12/5/2016	<u>\$ 825,000</u>

The above letter of credit is held at Bank of the Southwest in Roswell, NM, will honored by the Federal Home Loan Bank.

<u>US Bank:</u>	<u>CUSIP #</u>	<u>Market Value</u>
First American Gov Obligations	31846V203	<u>\$ 3,941,257</u>

The above is a US Government backed money market held at USBank.

State of New Mexico:
 Detail of the pledged collateral to the District is unavailable because the bank commingles pledged collateral for all state funds it holds. However, the State Treasurer's Office Collateral Bureau monitors the pledged collateral for all state funds.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

CASH RECONCILIATION
 Year Ended June 30, 2016

	Beginning Cash	Receipts	Distributions	Other	Net Cash End of Period	Adjustments to the report	Total Cash on Report
Operations	\$ 7,838,408	\$ 76,614,878	\$ 78,137,653	\$ (2,264,143)	\$ 4,051,490	\$ (461,659)	\$ 3,589,831
Transportation	16,631	2,830,628	2,838,944	-	8,315	-	8,315
Instructional Materials	463,352	778,264	724,396	-	517,220	-	517,220
Food Services	1,385,050	4,038,096	4,173,347	-	1,249,799	-	1,249,799
Athletics	122,472	334,219	325,844	-	130,847	-	130,847
Activity Funds	140,945	603,340	657,915	-	86,370	-	86,370
Federal Flowthrough Funds	(1,829,079)	6,525,069	6,762,665	2,171,707	105,032	-	105,032
Federal Direct Funds	15,131	1,464,674	1,395,460	101,208	185,553	-	185,553
Local Grants	242,514	250,000	221,082	-	271,432	-	271,432
State Flowthrough Funds	(215,176)	1,315,625	1,559,677	-	(459,228)	461,659	2,431
State Direct Funds	27,254	128,499	139,872	-	15,881	-	15,881
Bond Building	5,850,732	35,023,478	14,124,731	(7,674)	26,741,805	(22,769,154)	3,972,651
Special Capital Outlay - Local	1,550,969	1,818	-	-	1,552,787	-	1,552,787
Special Capital Outlay - State	48,375	-	-	-	48,375	-	48,375
Capital Improvements SB-9	1,526,035	3,100,692	2,965,139	-	1,661,588	-	1,661,588
Ed Technology Equipment Act	1,710,422	6,851,812	5,097,250	-	3,464,984	-	3,464,984
Public School Capital Outlay - 20%	99,873	-	-	-	99,873	-	99,873
Debt Service	8,771,394	9,187,540	5,488,960	-	12,469,974	-	12,469,974
Ed Tech Debt Service	5,087,139	4,053,551	5,093,813	-	4,046,877	-	4,046,877
Agency Funds	-	-	-	-	-	1,521,759	1,521,759
Total	\$ 32,852,441	\$ 153,102,183	\$ 129,706,748	\$ 1,098	\$ 56,248,974	\$ (21,247,395)	\$ 35,001,579

Account Name	Account Type	Bank Name	Bank Amount	Adjustments to report:	
Operational	Checking - Interest	Wells Fargo	\$ 4,693,361	Agency funds	\$ 1,521,759
Op Invest	Money Market - Interest	Wells Fargo	12,870	Due from other Funds	(461,959)
School Lunch	Checking - Interest	Bank of the Southwest	1,303,374	Due to other Funds	461,959
Federal	Checking - Interest	Wells Fargo	100	Investments	(22,769,154)
Tec Bonds	Checking - Interest	Citizens	730,752		<u>\$ (21,247,395)</u>
Bond Fund	Checking - Interest	Wells Fargo	124		
Bond Fund	Checking - Interest	Citizens	1		
Capital Improvements	Checking - Interest	Citizens	1,640,550	Adjustments to cash:	
Activities	Checking - Interest	Citizens	911,525	Bank Balance	\$ 39,831,340
Debt	Checking - Interest	Wells Fargo	15,745,300	Cash on hand	-
Debt	Money Market - Interest	Wells Fargo	771,551	Outstanding deposits	252,897
Employee Benefits	Checking - Interest	Wells Fargo	2,677,788	Outstanding checks	(5,081,978)
FHS Merchant Acct	Checking - Interest	Wells Fargo	2,374	Total adjustment to cash	<u>\$ 35,002,259</u>
FHS Scorp Activity	Checking - Interest	Wells Fargo	345,147		
FHS Special Activity	Checking - Interest	Wells Fargo	1		
NonBudgeted	Checking - Interest	Wells Fargo	122,932		
PV Activity Acct	Checking - Interest	Wells Fargo	241,514		
Bond Building	Money Market - Interest	USBank	3,941,257		
PV MerchantAcct	Checking - Interest	Wells Fargo	266		
Secondary Athletic	Checking - Interest	Citizens	133,845		
Special Building	Checking - Interest	Citizens	1,552,929		
State & Local	Checking - Interest	Wells Fargo	1,711		
Transportation	Checking - Interest	Wells Fargo	26,944		
State & Local	Checking - Interest	Wells Fargo	7		
Bond Building	Escrow - Interest	NM Finance Authority	2,824,302		
Accounts payable	Checking - Interest	Wells Fargo	752,975		
Payroll Clearing	Checking - Interest	Wells Fargo	<u>1,397,840</u>		
			<u>\$ 39,831,340</u>		

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

SCHEDULE OF VENDOR INFORMATION
 (Individual Purchases in Exceeding \$60,000, Excluding Gross Receipts Tax)
Year Ended June 30, 2016

Prepared by (Agency Staff Name): Lisa Evans Title: Procurement Officer Date: August 31, 2016

<u>REF/REP #</u>	<u>Type of Procurement</u>	<u>Awarded To</u>	<u>Amount of Awarded Contract</u>	<u>Amount of Amended Contract</u>	<u>Name and Physical Address of All Respondents</u>	<u>In-State / Out-of-State Vendor</u>	<u>Veteran's Preference N/A for Federal Funds</u>	<u>Scope of Work</u>
7/29/15	Sole Source	Learner Innovations	\$ 65,450		292 Chicago Ave #1201, Minneapolis, MN 55407	out of state		Teacher Professional Development
2016-01		ARC	\$ 189,225		P.O. Box 1158, Albuquerque, NM 87103	in state		Facility Master Plan Service
2016-02	Not Used							
2016-03		Geomat	\$ 260,775		915 Malta Ave. Farmington, NM 87401 (Terracon from	in state		Quality Control Testing
2016-04	Lot #1	Beck			5300 Eagle Rock Ave NE, Suite A Albuquerque, NM	in state		Facility Upgrades
	Lot #2	Business Environments			5351 Wilshire NE, Albuquerque, NM 87113 (Contract Assoc, 800 20th	in state		Facility Upgrades
2016-05		Network Cabling	\$ 1,424,940		P.O. Box 190, Kirtland, NM 87417	in state		Fiber Optic Cable Network Solutions
2016-B01	bid	Winters Constr.	\$ 352,980		704 S. Orchard Ave, Farmington, NM 87401	in state		Facility Upgrades
2016-B02	bid	Winters Constr.	\$ 334,230		704 S. Orchard Ave, Farmington, NM 87401	in state		Facility Upgrades
2016-B03	bid	Winters Constr.	\$ 452,120		704 S. Orchard Ave, Farmington, NM 87401	in state		Facility Upgrades
3/29/16	Sole source	Thinkcerca, Inc.	\$ 140,800		440 N. Wells St., Site 720, Chicago, IL 60654	out of state		Teacher Professional Development

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COMPONENT UNIT
NEW MEXICO VIRTUAL ACADEMY

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY
 (COMPONENT UNIT OF FARMINGTON MUNICIPAL SCHOOLS)

STATEMENT OF NET POSITION
June 30, 2016

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 365,122
Receivables:	
Grant	<u>45,045</u>
Total Assets	<u>410,167</u>
 Deferred Outflows of Resources:	
Contributions to pension subsequent to the measurement date	100,485
Net change in pension assumptions	54,761
Net change in proportionate share of pension liability	<u>103,096</u>
Total Deferred Outflows of Resources	<u>258,342</u>
 Liabilities	
Accounts payable	51,452
Accrued salaries	129,552
Long-term liabilities other than pensions:	
Due within one year	-
Due in more than one year	-
Aggregate net pension liability	<u>1,592,112</u>
Total Liabilities	<u>1,773,116</u>
 Deferred Inflows of Resources	
Difference between expected and actual experience	29,364
Net difference between projected and actual investment earnings on plan investments	7,868
Net change in proportionate share of pension liability	<u>4,694</u>
Total Deferred Inflows of Resources	<u>41,926</u>
 Net Position	
Restricted for:	
Special revenue funds	417
Unrestricted	<u>(1,146,950)</u>
Total Net Position	<u>\$ (1,146,533)</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY
 (COMPONENT UNIT OF FARMINGTON MUNICIPAL SCHOOLS)

STATEMENT OF ACTIVITIES
 Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary government:					
Governmental activities:					
Instruction	\$ 2,866,355	\$ 2,443	\$ 87,124	\$ -	\$ (2,776,788)
Support Services - Students	160,924	-	4,891	-	(156,033)
Support Services - Instruction	32,473	-	987	-	(31,486)
Support Services - General Administration	35,053	-	1,065	-	(33,988)
Support Services - School Administration	201,870	-	6,136	-	(195,734)
Central Services	84,699	-	2,574	-	(82,125)
Operations & Maintenance of Plant	<u>115,949</u>	<u>-</u>	<u>3,524</u>	<u>-</u>	<u>(112,425)</u>
Total governmental activities	<u>\$ 3,497,323</u>	<u>\$ 2,443</u>	<u>\$ 106,301</u>	<u>\$ -</u>	<u>(3,388,579)</u>
			General revenues:		
			State equalization	2,888,409	
			Grants and contributions not restricted	400	
			Miscellaneous income	<u>526</u>	
			Total general revenues	<u>2,889,335</u>	
			<i>Change in net position</i>	(499,244)	
			Net position - beginning	<u>(647,289)</u>	
			Net position - ending	<u>\$ (1,146,533)</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY
 (COMPONENT UNIT OF FARMINGTON MUNICIPAL SCHOOLS)

GOVERNMENTAL FUNDS
Combining Balance Sheet
 June 30, 2016

	<u>General Funds</u>			<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>		
	<u>Operational Fund #11000</u>	<u>Instructional Materials Fund #14000</u>	<u>Total General Funds</u>	<u>Activities Fund #23000</u>	<u>Entitlement IDEA-B Fund #24106</u>	<u>Libraries GO Bond 2012 Fund #27107</u>	<u>Total Special Revenue Funds</u>	<u>Capital Improvements SB-9 Fund #31700</u>	<u>Total Governmental Funds</u>
Assets									
Cash and cash equivalents	\$ 364,705	\$ -	\$ 364,705	\$ 417	\$ -	\$ -	\$ 417	\$ -	\$ 365,122
Receivables:									
Grant	-	-	-	-	45,045	-	45,045	-	45,045
Due from other funds	41,097	-	41,097	-	-	-	-	-	41,097
Total assets	<u>\$ 405,802</u>	<u>\$ -</u>	<u>\$ 405,802</u>	<u>\$ 417</u>	<u>\$ 45,045</u>	<u>\$ -</u>	<u>\$ 45,462</u>	<u>\$ -</u>	<u>\$ 451,264</u>
Liabilities and fund balance									
Liabilities:									
Accounts payable	51,452	-	51,452	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,452
Accrued salaries	125,604	-	125,604	-	3,948	-	3,948	-	129,552
Due to other funds	-	-	-	-	41,097	-	41,097	-	41,097
Total liabilities	<u>177,056</u>	<u>-</u>	<u>177,056</u>	<u>-</u>	<u>45,045</u>	<u>-</u>	<u>45,045</u>	<u>-</u>	<u>222,101</u>
Fund balance:									
Restricted for:									
Special revenue funds	-	-	-	417	-	-	417	-	417
Unassigned	228,746	-	228,746	-	-	-	-	-	228,746
Total fund balance	<u>228,746</u>	<u>-</u>	<u>228,746</u>	<u>417</u>	<u>-</u>	<u>-</u>	<u>417</u>	<u>-</u>	<u>229,163</u>
Total liabilities and fund balance	<u>\$ 405,802</u>	<u>\$ -</u>	<u>\$ 405,802</u>	<u>\$ 417</u>	<u>\$ 45,045</u>	<u>\$ -</u>	<u>\$ 45,462</u>	<u>\$ -</u>	<u>\$ 451,264</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY
 (COMPONENT UNIT OF FARMINGTON MUNICIPAL SCHOOLS)

RECONCILIATION OF THE BALANCE SHEET - ALL GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
June 30, 2016

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

Fund balances - total governmental funds	\$	229,163
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
<p>Deferred inflow of resources are not financial resources, and therefore are not reported in the funds and include:</p>		
Contributions to pension subsequent to the measurement date		100,485
Net change in pension assumptions		54,761
Net change in proportionate share of pension liability		103,096
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds</p>		
Net pension liability		(1,592,112)
<p>Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:</p>		
Difference between expected and actual experience		(29,364)
Net difference between projected and actual investment earnings on plan investments		(7,868)
Net change in proportionate share of pension liability		<u>(4,694)</u>
Net position of governmental activities	\$	<u>(1,146,533)</u>

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY
 (COMPONENT UNIT OF FARMINGTON MUNICIPAL SCHOOLS)

GOVERNMENTAL FUNDS
 Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2016

	General Funds		Special Revenue Funds				Capital Projects Fund		Total Governmental Funds
	Operational Fund	Instructional Materials Fund	Total General Fund	Activities Fund #23000	Entitlement IDELA-B Fund #24106	Libraries GO Bond 2012 Fund #27107	Total Special Revenue Funds	Improvements SB-9 Fund #31700	
Revenues:									
Intergovernmental - federal grants	\$ -	\$ -	\$ -	\$ -	\$ 70,631	\$ -	\$ 70,631	\$ -	\$ 70,631
Intergovernmental - state grants	2,888,408	35,671	2,924,079	-	-	-	-	-	2,924,079
Contributions - private grants	400	-	400	-	-	-	-	-	400
Charges for services	1,800	-	1,800	643	-	-	643	-	2,443
Miscellaneous	526	-	526	-	-	-	-	-	526
Total revenues	<u>2,891,134</u>	<u>35,671</u>	<u>2,926,805</u>	<u>643</u>	<u>70,631</u>	<u>-</u>	<u>71,274</u>	<u>-</u>	<u>2,998,079</u>
Expenditures:									
Current:									
Instruction	2,733,502	51,194	2,784,696	711	7,335	-	8,046	-	2,792,742
Support services:									
Students	97,628	-	97,628	-	63,296	-	63,296	-	160,924
Instruction	32,473	-	32,473	-	-	-	-	-	32,473
General Administration	35,053	-	35,053	-	-	-	-	-	35,053
School Administration	201,870	-	201,870	-	-	-	-	-	201,870
Central Services	84,699	-	84,699	-	-	-	-	-	84,699
Operation & Maintenance of Plant	115,949	-	115,949	-	-	-	-	-	115,949
Total expenditures	<u>3,301,174</u>	<u>51,194</u>	<u>3,352,368</u>	<u>711</u>	<u>70,631</u>	<u>-</u>	<u>71,342</u>	<u>-</u>	<u>3,423,710</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(410,040)	(15,523)	(425,563)	(68)	-	-	(68)	-	(425,631)
Fund balance at beginning of the year	<u>638,786</u>	<u>15,523</u>	<u>654,309</u>	<u>485</u>	<u>-</u>	<u>-</u>	<u>485</u>	<u>-</u>	<u>654,794</u>
Fund balance at end of the year	<u>\$ 228,746</u>	<u>\$ -</u>	<u>\$ 228,746</u>	<u>\$ 417</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 417</u>	<u>\$ -</u>	<u>\$ 229,163</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY
 (COMPONENT UNIT OF FARMINGTON MUNICIPAL SCHOOLS)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

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

Net change in fund balance - total governmental funds	\$ (425,631)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Deferred contributions to pension plan	100,485
Pension expense	<u>(174,098)</u>
Change in net position of governmental activities	<u>\$ (499,244)</u>

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NEW MEXICO VIRTUAL ACADEMY
(COMPONENT UNIT OF FARMINGTON MUNICIPAL SCHOOLS)

GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

General Funds

Special revenue funds are operating funds used to account for the proceeds of specific revenue sources that are intended for specific purposes other than special assessments or major capital projects.

- OPERATING FUND (Fund No. 11000) Minimum Balance: None

The government's primary fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

- INSTRUCTIONAL MATERIALS FUND (Fund No. 14000) Minimum Balance: None

Accounts for all the Instructional Materials funds received through the state for the purpose of acquiring study materials for the students.

Special Revenue Funds

Special revenue funds are operating funds used to account for the proceeds of specific revenue sources that are intended for specific purposes other than special assessments or major capital projects.

- ACTIVITIES (Fund No. 23000) Minimum Balance: None

To account for revenue and expenditures associated with the District's non-instructional support activities (primarily after-school activities).

- ENTITLEMENT IDEA-B (Fund No. 24106) Minimum Balance: None

Program provides grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

- LIBRARY GO BONDS 2012 (Fund No. 27107) Minimum Balance: None

Funds to be used for library books and library resources for public school libraries statewide. Library resources include computers, software, projectors, televisions, other related hardware and software, shelving, desks, chairs, and book trucks/carts. Senate Bill 66, Laws of 2012, 2nd Session, Chapter 54, Section 10.B.(3).

Capital Projects Fund

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

- CAPITAL IMPROVEMENTS SB – 9 (Fund No. 31700) Minimum Balance: None

This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 2 mill property tax levy and interest earned on investments, under New Mexico Senate Bill 9.

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY
 (COMPONENT UNIT OF FARMINGTON MUNICIPAL SCHOOLS)

OPERATIONAL FUND - NO. 11000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 2,881,255	\$ 2,888,409	\$ 2,888,409	\$ -
Contributions - private grants	-	-	400	400
Charges for services	-	-	1,800	1,800
Miscellaneous	-	-	575	575
Total revenues	2,881,255	2,888,409	2,891,184	2,775
Expenditures:				
Current:				
Instruction	2,431,363	2,871,313	2,685,889	185,424
Support services:				
Students	148,063	145,463	97,628	47,835
Instruction	35,609	50,609	31,163	19,446
General Administration	23,400	36,100	33,679	2,421
School Administration	189,880	213,984	201,870	12,114
Central Services	74,800	89,800	84,699	5,101
Operation & Maintenance of Plant	113,004	119,926	114,844	5,082
Total expenditures	3,016,119	3,527,195	3,249,772	277,423
<i>Excess (deficiency) of revenues over expenditures</i>	(134,864)	(638,786)	(358,588)	280,198
<i>Beginning cash balance budgeted</i>	134,864	638,786	-	(638,786)
Fund balance at beginning of the year	-	-	638,786	638,786
Fund balance at end of the year	\$ -	\$ -	280,198	\$ 280,198
RECONCILIATION TO GAAP BASIS:				
Change in payables			(51,452)	
Fund balance at end of the year (GAAP basis)			\$ 228,746	

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY
 (COMPONENT UNIT OF FARMINGTON MUNICIPAL SCHOOLS)

INSTRUCTIONAL MATERIALS FUND - NO. 14000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Intergovernmental - state grants	\$ 29,408	\$ 35,671	\$ 35,671	\$ -
Expenditures:				
Current:				
Instruction	34,408	51,194	51,194	-
<i>Excess (deficiency) of revenues over expenditures</i>	(5,000)	(15,523)	(15,523)	-
<i>Beginning cash balance budgeted</i>	5,000	15,523	-	(15,523)
Fund balance at beginning of the year	-	-	15,523	15,523
Fund balance at end of the year	\$ -	\$ -	-	\$ -
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY
 (COMPONENT UNIT OF FARMINGTON MUNICIPAL SCHOOLS)

ACTIVITIES FUND - NO. 23000

**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Charges for services	\$ -	\$ 1,643	\$ 643	\$ (1,000)
Expenditures:				
Current:				
Instruction	-	1,643	711	932
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(68)	(68)
Fund balance at beginning of the year	-	-	485	485
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	417	<u>\$ 417</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			<u>\$ 417</u>	

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY
 (COMPONENT UNIT OF FARMINGTON MUNICIPAL SCHOOLS)

ENTITLEMENT IDEA-B FUND - NO. 24106

**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Intergovernmental - federal grants	\$ 70,796	\$ 70,796	\$ 61,858	\$ (8,938)
Expenditures:				
Current:				
Instruction	-	7,500	7,335	165
Support services:				
Students	70,796	63,296	63,296	-
Total expenditures	70,796	70,796	70,631	165
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(8,773)	(8,773)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(8,773)	\$ (8,773)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			8,773	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY
 (COMPONENT UNIT OF FARMINGTON MUNICIPAL SCHOOLS)

LIBRARIES GO BOND 2012 FUND - NO. 27107

**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Intergovernmental - state grants	\$ 8,037	\$ 8,037	\$ -	\$ (8,037)
Expenditures:				
Current:				
Support services:				
Instruction	8,037	8,037	-	8,037
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	-	\$ -
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY
 (COMPONENT UNIT OF FARMINGTON MUNICIPAL SCHOOLS)

CAPITAL IMPROVEMENTS SB-9 FUND - NO. 31700

**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Intergovernmental - state grants	\$ 21,665	\$ 32,336	\$ -	\$ (32,336)
Expenditures:				
Current:				
Support services:				
Operation & Maintenance of Plant	21,665	32,336	-	32,336
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	-	\$ -
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ -	

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OTHER SUPPLEMENTAL INFORMATION
(NEW MEXICO VIRTUAL ACADEMY)

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY
 (COMPONENT UNIT OF FARMINGTON MUNICIPAL SCHOOLS)

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2016

	<u>Citizens Bank</u>
Cash on deposit at June 30, 2016	\$ 374,789
Less: FDIC coverage	<u>250,000</u>
Uninsured funds	<u>\$ 124,789</u>
50% collateral requirement	\$ 62,395
Pledged collateral	<u>1,085,400</u>
Excess (deficiency) of pledged collateral	<u>\$ 1,023,005</u>

Pledged collateral of financial institutions consists of the following at June 30, 2016

<u>Citizens Bank:</u>	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
FHLB	9/13/2024	3130A2UW4	<u>\$ 1,085,400</u>

The above securities are held at Federal Home Loan Bank, Dallas, TX.

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY
 (COMPONENT UNIT OF FARMINGTON MUNICIPAL SCHOOLS)

CASH RECONCILIATION
 Year Ended June 30, 2016

	<u>Beginning Cash</u>	<u>Receipts</u>	<u>Distributions</u>	<u>Other</u>	<u>Net Cash End of Period</u>	<u>Adjustments to the report</u>	<u>Total Cash on Report</u>
Operations	\$ 748,662	\$ 2,891,184	\$ 3,249,772	\$ 15,727	\$ 405,801	\$ (41,096)	\$ 364,705
Instructional Materials	15,523	35,671	51,194	-	-	-	-
Activity Funds	485	643	711	-	417	-	417
Federal Flowthrough Funds	<u>(33,333)</u>	<u>61,858</u>	<u>70,631</u>	<u>1,010</u>	<u>(41,096)</u>	<u>41,096</u>	<u>-</u>
Total	<u>\$ 731,337</u>	<u>\$ 2,989,356</u>	<u>\$ 3,372,308</u>	<u>\$ 16,737</u>	<u>\$ 365,122</u>	<u>\$ -</u>	<u>\$ 365,122</u>

Account Name	Account Type	Bank Name	Bank Amount	Adjustments to report:	
Operational	Checking - Interest	Citizens of Farmington	<u>\$ 374,789</u>	Due from other funds - pooled cash	\$ (41,096)
				Due to other funds - pooled cash	<u>41,096</u>
				Total adjustment to the report	<u>\$ -</u>
				Adjustments to cash:	
				Bank Balance	\$ 374,789
				Cash on hand	-
				Outstanding deposits	-
				Outstanding checks	<u>(9,667)</u>
				Total adjustment to cash	<u>\$ 365,122</u>

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY
 (COMPONENT UNIT OF FARMINGTON MUNICIPAL SCHOOLS)

SCHEDULE OF VENDOR INFORMATION
 (Individual Purchases in Exceeding \$60,000, Excluding Gross Receipts Tax)
Year Ended June 30, 2016

Prepared by (Agency Staff Name): Sean Fry Title: Business Manager Date: October 26, 2016

<u>RFB/RFP #</u>	<u>Type of Procurement</u>	<u>Awarded To</u>	<u>Amount of Awarded Contract</u>	<u>Amount of Amended Contract</u>	<u>Name and Physical Address of All Respondents</u>	<u>In-State / Out-of-State Vendor</u>	<u>Veteran's Preference N/A for Federal Funds</u>	<u>Scope of Work</u>
None	Sole Source	K12, Inc.			K12 Management Inc. 2300 Coorportate Park Dr. Herndon, VA 20171	No	No	Online Curriculum and Materials, Support

STATISTICAL SECTION

This part of Farmington Municipal School District No. 5's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

FINANCIAL TRENDS

Page 197

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

§

REVENUE CAPACITY

Page 205

These schedules contain information to help the reader assess the District's most significant local revenue source, the sales tax.

§

DEBT CAPACITY

Page 211

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

§

DEMOGRAPHIC AND ECONOMIC INFORMATION

Page 214

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

§

OPERATING INFORMATION

Page 217

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2007		2008		2009		2010		2011
Governmental Activities									
Net investment in capital assets	\$ 21,445,446	\$	30,436,357	\$	26,012,989	\$	44,326,970	\$	44,134,648
Restricted	11,222,388		9,745,827		13,551,499		15,247,416		15,877,450
Unrestricted	26,477,373		23,784,295		34,891,564		17,178,375		21,449,047
Total governmental activities net position	<u>\$ 59,145,207</u>	<u>\$</u>	<u>63,966,479</u>	<u>\$</u>	<u>74,456,052</u>	<u>\$</u>	<u>76,752,761</u>	<u>\$</u>	<u>81,461,145</u>

	2012		2013		2014		2015		2016
Governmental Activities									
Net investment in capital assets	\$ 41,429,758	\$	87,888,998	\$	97,274,871	\$	105,039,068	\$	89,528,046
Restricted	15,416,710		17,180,682		18,167,016		24,781,118		51,226,513
Unrestricted	22,960,900		24,352,282		22,634,154		(102,994,068)		(90,715,061)
Total governmental activities net position	<u>\$ 79,807,368</u>	<u>\$</u>	<u>129,421,962</u>	<u>\$</u>	<u>138,076,041</u>	<u>\$</u>	<u>26,826,118</u>	<u>\$</u>	<u>50,039,498</u>

Note: 2013 capital assets were restated to correct prior years recordings of capital assets.

Note: GASB 68 Pension liability recorded beginning in 2015

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2007 ¹	2008	2009	2010	2011
Expenses					
Governmental Activities:					
Instruction	\$ 48,281,471	\$ 50,679,984	\$ 51,556,881	\$ 52,940,094	\$ 50,181,718
Support services:	25,064,662	25,720,684	27,915,022	19,176,000	22,424,212
Students					
Instruction - support					
General Administrative					
School Administrative					
Central Services					
Operations & Maintenance of Plant					
Student Transportation	3,603,949	3,122,735	3,023,738	3,206,068	2,760,952
Other support services					
Non-instructional services:					
Food services	2,967,794	2,805,272	3,113,562	3,134,259	3,495,334
Community services					
Bond Interest Payable					
Facilities, supplies and materials					
Depreciation - unallocated					
Operation of non-instructional services	5,250,877	5,589,905	1,852,097	17,149,315	14,373,083
Athletics	469,366	553,966	304,874	366,917	280,813
Interest on long-term obligations	1,216,796	1,105,550	1,099,819	1,320,460	1,001,828
Total governmental activities expenses	<u>\$ 86,854,915</u>	<u>\$ 89,578,096</u>	<u>\$ 88,865,993</u>	<u>\$ 97,293,113</u>	<u>\$ 94,517,940</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 882,564	\$ 1,086,221	\$ 874,480	\$ 721,172	\$ 841,094
Food Services	765,005	806,247	1,118,605	836,626	872,545
Operating grants and contributions	10,794,422	11,066,893	11,739,989	18,451,821	16,238,340
Capital grants and contributions	298,570	434,644	15,789	414,564	226,196
Total governmental activities program revenues	<u>\$ 12,740,561</u>	<u>\$ 13,394,005</u>	<u>\$ 13,748,863</u>	<u>\$ 20,424,183</u>	<u>\$ 18,178,175</u>
Net (expense)/revenue					
Governmental activities	<u>\$ 74,114,354</u>	<u>\$ 76,184,091</u>	<u>\$ 75,117,130</u>	<u>\$ 76,868,930</u>	<u>\$ 76,339,765</u>

Note¹: New Mexico adopted the UCOA for school districts and combined governmental activity functions into Instruction, Support services, Operation of non-instructional services, Food services, Athletics, Pupil Transportation and Interest on long-term debt. Prior years have been adjusted accordingly.

Note - The District began reporting expenditures according to the breakdown by function in 2012.

(cont'd; 1 of 2)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2012	2013	2014	2015	2016
Expenses					
Governmental Activities:					
Instruction	\$ 48,705,662	\$ 50,490,205	\$ 56,300,845	\$ 63,425,766	\$ 44,969,217
Support services:					
Students	10,524,749	10,256,813	10,934,607	12,557,987	11,530,356
Instruction - support	1,733,137	2,166,682	1,782,540	1,916,013	1,753,666
General Administrative	1,181,832	1,189,237	1,474,637	1,460,323	1,454,979
School Administrative	4,463,277	6,443,991	5,117,842	5,326,590	5,699,925
Central Services	799,198	477,143	859,423	1,484,713	1,287,846
Operations & Maintenance of Plant	7,608,853	7,627,858	4,194,480	15,893,619	24,372,188
Student Transportation	3,108,422	3,154,396	3,082,206	4,317,667	3,418,076
Other support services	109,193	73,326	91,023	93,603	25,774
Non-instructional services:					
Food services	3,873,724	3,843,284	4,018,871	4,402,077	4,802,086
Community services	134,934	13,502	7,408	8,332	56,904
Bond Interest Payable					
Facilities, supplies and materials	11,950,619	9,217,681	3,046,988		
Depreciation - unallocated	3,171,107	1,639,781	4,025,893		
Operation of non-instructional services					
Athletics					
Interest on long-term obligations	1,194,295	1,373,015	1,106,616	1,534,093	2,162,706
Total governmental activities expenses	<u>\$ 98,559,002</u>	<u>\$ 97,966,914</u>	<u>\$ 96,043,379</u>	<u>\$ 112,420,783</u>	<u>\$ 101,533,723</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 740,797	\$ 910,475	\$ 1,061,757	\$ 829,598	\$ 1,045,498
Food Services	940,227	906,651	884,881	811,223	921,586
Operating grants and contributions	12,483,985	12,844,998	13,334,879	19,138,864	17,181,976
Capital grants and contributions	16,536	242,271	1,255,020	11,982,223	15,336,594
Total governmental activities program revenues	<u>\$ 14,181,545</u>	<u>\$ 14,904,395</u>	<u>\$ 16,536,537</u>	<u>\$ 32,761,908</u>	<u>\$ 34,485,654</u>
Net (expense)/revenue					
Governmental activities	<u>\$ 84,377,457</u>	<u>\$ 83,062,519</u>	<u>\$ 79,506,842</u>	<u>\$ 79,658,875</u>	<u>\$ 67,048,069</u>

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
 LAST TEN FISCAL YEARS
 (accrual basis of accounting)

	2007	2008	2009	2010	2011
Net (expense)/revenue					
Governmental activities	\$ 74,114,354	\$ 76,184,091	\$ 75,117,130	\$ 76,868,930	\$ 76,339,765
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes, general purpose	\$ 481,236	\$ 552,995	\$ 606,564	\$ 590,775	\$ 583,549
Property taxes, debt service	9,941,059	10,039,044	10,858,918	10,554,810	9,983,458
Property taxes, capital projects	2,296,075	2,636,299	2,889,531	2,787,701	3,136,308
Oil & Gas					
Unrestricted grants and contributions	62,759,755	66,897,642	71,133,055	64,409,185	67,228,446
Miscellaneous Income	1,007,894	704,280	118,635	330,227	116,388
Gain/(Loss) on sale of capital assets	-	-	-	492,941	-
Total government activities	\$ 76,486,019	\$ 80,830,260	\$ 85,606,703	\$ 79,165,639	\$ 81,048,149
Change in Net Position					
Governmental activities	\$ 2,371,665	\$ 4,646,169	\$ 10,489,573	\$ 2,296,709	\$ 4,708,384

	2012	2013	2014	2015	2016
Net (expense)/revenue					
Governmental activities	\$ 84,377,457	\$ 83,062,519	\$ 79,506,842	\$ 79,658,875	\$ 67,048,069
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes, general purpose	\$ 571,308	\$ 579,898	\$ 590,888	\$ 528,737	\$ 540,502
Property taxes, debt service	11,156,818	10,762,854	11,034,174	9,794,142	9,950,029
Property taxes, capital projects	2,510,503	2,892,633	2,942,681	3,524,200	3,173,781
Oil & Gas					
Unrestricted grants and contributions	68,459,802	70,013,110	73,575,299	75,837,173	75,897,873
Miscellaneous Income	25,249	23,467	17,879	256,983	85,434
Gain/(Loss) on sale of capital assets				(240,758)	-
Total government activities	\$ 82,723,680	\$ 84,271,962	\$ 88,160,921	\$ 91,139,907	\$ 90,261,449
Change in Net Position					
Governmental activities	\$ (1,653,777)	\$ 1,209,443	\$ 8,654,079	\$ 11,481,032	\$ 23,213,380

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

	2007	2008	2009	2010	2011
General Fund					
Unassigned	\$ 3,517,211	\$ 3,990,364	\$ 5,239,278	\$ 5,318,316	\$ 9,384,014
Inventories					
Total general fund	<u>3,517,211</u>	<u>3,990,364</u>	<u>5,239,278</u>	<u>5,318,316</u>	<u>9,384,014</u>
All other governmental funds					
Restricted:					
Special revenue funds	\$ 556,080	\$ 527,486	\$ 750,723	\$ 924,709	\$ 1,094,888
Capital projects funds	13,418,626	8,750,195	18,385,461	11,157,362	20,427,036
Debt service funds	10,666,308	10,273,313	12,800,776	10,652,904	10,779,975
Total all other governmental funds	<u>24,641,014</u>	<u>19,550,994</u>	<u>31,936,960</u>	<u>22,734,975</u>	<u>32,301,899</u>
Total fund balance	<u>\$ 28,158,225</u>	<u>\$ 23,541,358</u>	<u>\$ 37,176,238</u>	<u>\$ 28,053,291</u>	<u>\$ 41,685,913</u>

	2012	2013	2014	2015	2016
General Fund					
Unassigned	\$ 10,714,472	\$ 12,179,526	\$ 9,665,269	\$ 8,135,166	\$ 6,671,858
Inventories				\$ 138,041	134,821
Total general fund	<u>10,714,472</u>	<u>12,179,526</u>	<u>9,665,269</u>	<u>8,273,207</u>	<u>6,806,679</u>
All other governmental funds					
Restricted:					
Special revenue funds	\$ 1,225,957	\$ 1,453,776	\$ 1,787,908	\$ 1,803,991	\$ 1,622,470
Capital projects funds	25,286,190	10,016,368	28,055,811	8,720,466	32,703,331
Debt service funds	10,911,578	12,248,617	14,208,070	14,118,620	16,765,891
Total all other governmental funds	<u>37,423,725</u>	<u>23,718,761</u>	<u>44,051,789</u>	<u>24,643,077</u>	<u>51,091,692</u>
Total fund balance	<u>\$ 48,138,197</u>	<u>\$ 35,898,287</u>	<u>\$ 53,717,058</u>	<u>\$ 32,916,284</u>	<u>\$ 57,898,371</u>

Note - amounts restated prior to 2011 for implementation of GASB Statement 54 in 2011.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

	2007 ¹	2008	2009	2010	2011
Revenues					
Federal Sources:					
Federal grants	\$ 10,217,871	\$ 10,189,633	\$ 10,340,525	\$ 18,117,216	\$ 15,572,955
Total federal sources	<u>10,217,871</u>	<u>10,189,633</u>	<u>10,340,525</u>	<u>18,117,216</u>	<u>15,572,955</u>
State Sources:					
State equalization guarantee	59,023,094	62,565,757	67,158,187	60,836,533	64,288,193
Transportation	2,620,544	3,330,992	2,766,260	3,158,507	2,520,300
State instructional materials	902,771	1,000,893	1,208,608	414,145	419,953
State grants	1,387,104	1,311,904	1,410,172	749,169	891,581
Total state sources	<u>63,933,513</u>	<u>68,209,546</u>	<u>72,543,227</u>	<u>65,158,354</u>	<u>68,120,027</u>
Local Sources:					
District school tax levy	11,469,129	12,536,566	13,327,597	13,357,629	13,474,931
Fees and activities	1,112,511	1,882,145	1,935,504	1,557,798	1,713,639
Earnings from investments	953,089	704,280	118,635	330,227	116,388
Other revenue	475,544	10,323	57,581	-	-
Total local sources	<u>14,010,273</u>	<u>15,133,314</u>	<u>15,439,317</u>	<u>15,245,654</u>	<u>15,304,958</u>
Total revenues	<u>\$ 88,161,657</u>	<u>\$ 93,532,493</u>	<u>\$ 98,323,069</u>	<u>\$ 98,521,224</u>	<u>\$ 98,997,940</u>
Expenditures					
Instruction	\$ 47,072,766	\$ 48,829,221	\$ 50,606,964	\$ 50,753,301	\$ 48,611,814
Support services:	24,387,234	24,885,397	27,457,142	18,854,030	18,292,277
Students					
Instruction - support					
General Administrative					
School Administrative					
Central Services					
Operations & Maintenance of Plant					
Student Transportation	2,528,779	2,616,475	2,517,478	2,683,042	2,679,202
Other support services					
Non-instructional services:					
Food services	2,896,116	2,771,521	3,079,811	3,099,390	3,490,358
Community services	-	-	-	-	-
Operation of non-instructional services	1,107,827	2,465,366	259,590	10,385,256	9,855,378
Athletics	310,337	309,539	220,497	279,746	263,334
Capital outlay	4,394,012	10,955,679	13,604,850	9,858,461	10,312,236
Debt service:					
Principal	8,750,000	8,795,000	6,815,735	10,861,286	14,305,648
Interest	1,142,044	1,248,718	998,752	1,362,600	1,100,745
Capital lease issuance costs	-	22,444	116,716	-	-
Total expenditures	<u>\$ 92,589,115</u>	<u>\$ 102,899,360</u>	<u>\$ 105,677,535</u>	<u>\$ 108,137,112</u>	<u>\$ 108,910,992</u>
Revenues over (under) expenditures	\$ (4,427,458)	\$ (9,366,867)	\$ (7,354,466)	\$ (9,615,888)	\$ (9,913,052)
Other Financing Sources (Uses)					
Sale of capital assets	\$ -	\$ -	\$ -	\$ 492,941	\$ -
Bonds issued	10,100,000	-	16,000,000	-	22,710,000
Premium on bonds issued	58,471	-	314,243	-	835,674
Capital lease	-	4,750,000	4,500,000	-	-
Payments to refunded debt escrow	-	-	-	-	-
Total other financing sources (uses)	<u>\$ 10,158,471</u>	<u>\$ 4,750,000</u>	<u>\$ 20,814,243</u>	<u>\$ 492,941</u>	<u>\$ 23,545,674</u>
Net Change in Fund Balances	\$ 5,731,013	\$ (4,616,867)	\$ 13,459,777	\$ (9,122,947)	\$ 13,632,622
Debt Service as a Percentage of Noncapital Expenditures	10.7%	10.6%	8.5%	11.7%	14.6%

Note¹: New Mexico adopted the UCOA for school districts and combined governmental activity categories into Instruction, Support services, Operation of non-instructional services, Food services, Athletics, Pupil Transportation and Interest on long-term debt. Prior years have been adjusted accordingly.

Note - The District recomputed the percentage using the capitalized expenditures (capital asset additions) and not the capital outlay amount.

Note - The District began reporting expenditures according to the breakdown by function in 2012.

(cont'd; 1 of 2)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

	2012	2013	2014	2015	2016
Revenues					
Federal Sources:					
Federal grants	\$ 11,724,519	\$ 11,305,163	\$ 11,505,683	\$ 12,899,475	\$ 12,016,822
Total federal sources	11,724,519	11,305,163	11,505,683	12,899,475	12,016,822
State Sources:					
State equalization quantee	65,310,556	66,548,033	69,945,424	74,607,143	75,496,685
Transportation	2,698,211	2,769,972	2,877,620	3,178,562	2,830,628
State instructional materials	451,035	695,105	752,255	778,480	778,264
State grants	542,632	1,539,869	2,440,227	14,435,313	16,861,994
Total state sources	69,002,434	71,552,979	76,015,526	92,999,498	95,967,571
Local Sources:					
District school tax levy	13,782,009	13,986,761	14,400,614	14,771,824	14,189,088
Fees and activities	1,679,873	1,817,126	1,946,638	1,640,821	1,967,084
Earnings from investments	24,150	23,467	17,879	8,257	30,862
Other revenue	235,620	242,237	643,989	1,308,013	486,622
Total local sources	15,721,652	16,069,591	17,009,120	17,728,915	16,673,656
Total revenues	\$ 96,448,605	\$ 98,927,733	\$ 104,530,329	\$ 123,627,888	\$ 124,658,049
Expenditures					
Instruction	\$ 48,645,538	\$ 50,500,144	\$ 56,171,307	\$ 59,071,009	\$ 58,657,865
Support services:					
Students	10,484,641	10,211,974	10,923,048	11,995,208	11,519,452
Instruction - support	1,692,426	2,128,788	1,782,540	1,884,372	1,729,713
General Administrative	1,365,643	1,404,004	1,679,249	1,394,879	1,428,319
School Administrative	4,416,577	4,688,741	5,103,738	5,087,882	5,687,386
Central Services	789,070	468,282	853,221	1,418,176	1,281,644
Operations & Maintenance of Plant	7,664,410	7,607,882	8,256,411	15,181,355	18,079,740
Student Transportation	2,729,501	2,783,702	4,122,683	4,124,173	2,924,893
Other support services	97,296	57,034	91,023	89,408	25,774
Non-instructional services:					
Food services	3,845,948	3,820,888	4,025,369	4,204,800	4,656,749
Community services	134,934	13,502	7,408	7,959	8,402
Operation of non-instructional services	-	-	-	-	-
Athletics	-	-	-	-	-
Capital outlay	19,420,335	17,539,355	14,939,280	29,135,384	27,254,511
Debt service:					
Principal	9,044,230	8,598,102	7,985,000	9,400,000	8,375,000
Interest	1,218,681	1,345,245	1,224,129	1,434,057	2,105,108
Capital lease issuance costs	106,313	-	33,265	-	388,470
Total expenditures	\$ 111,655,543	\$ 111,167,643	\$ 117,197,671	\$ 144,428,662	\$ 144,123,026
Revenues over (under) expenditures	\$ (15,206,938)	\$ (12,239,910)	\$ (12,667,342)	\$ (20,800,774)	\$ (19,464,977)
Other Financing Sources (Uses)					
Sale of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds issued	14,000,000	-	33,530,000	-	41,700,000
Premium on bonds issued	909,222	-	486,113	-	2,747,064
Capital lease	6,750,000	-	-	-	-
Payments to refunded debt escrow	-	-	(3,530,000)	-	-
Total other financing sources (uses)	\$ 21,659,222	\$ -	\$ 30,486,113	\$ -	\$ 44,447,064
Net Change in Fund Balances	\$ 6,452,284	\$ (12,239,910)	\$ 17,818,771	\$ (20,800,774)	\$ 24,982,087
Debt Service as a Percentage of Noncapital Expenditures	9.9%	9.7%	9.2%	9.4%	9.0%

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Fiscal Year	Local Assessed	Central Assessed	Oil & Gas Assessed	Total Assessed Value	Exemptions	Total Taxable Assessed Value ¹	Estimated Actual Taxable Value	Total Direct Tax Rate
2007	\$ 975,740,712	\$ 62,552,707	\$ 235,836,931	\$ 1,274,130,350	\$ 54,641,688	\$ 1,219,488,662	\$ 3,658,831,869	\$ 9.953
2008	1,129,490,729	63,999,668	245,628,582	1,439,118,979	77,572,830	1,361,546,149	4,085,046,952	9.902
2009	1,230,768,674	82,737,036	238,830,914	1,552,336,624	98,012,298	1,454,324,326	4,363,409,319	9.915
2010	1,253,326,754	91,177,960	131,413,661	1,475,918,375	101,810,388	1,374,107,987	4,122,736,235	9.921
2011	1,409,817,347	84,283,882	148,590,174	1,642,691,403	230,196,464	1,412,494,939	4,237,908,608	9.923
2012	1,449,286,960	83,782,919	162,995,453	1,696,065,332	242,086,301	1,453,979,031	4,362,373,330	9.924
2013	1,505,199,475	77,702,285	101,656,804	1,684,558,564	257,130,153	1,427,428,411	4,282,713,504	9.926
2014	1,568,435,510	74,491,847	110,402,844	1,753,330,201	281,616,474	1,471,713,727	4,415,582,739	9.931
2015	1,600,883,002	74,064,669	125,310,176	1,800,257,847	283,214,249	1,517,043,598	4,551,585,953	9.939
2016	1,628,353,760	78,630,781	61,125,886	1,768,110,427	283,132,549	1,484,977,878	4,455,379,172	9.921

¹ The assessed values are 33 1/3% of actual taxable value, as set by New Mexico statute.

Source: State of New Mexico, Taxation and Revenue Department Property Tax Division, and Office of San Juan County Assessor.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION MILLAGE RATES
 LAST TEN FISCAL YEARS

Fiscal Year		Farmington Municipal Schools Millage Rates					Overlapping Millage Rates				
		Operational	Debt Service	Capital Improvement	Ed Tech Debt Service	Total Direct Rate	State Debt Service	San Juan County	City of Farmington	San Juan College	Total Direct & Overlapping
2016	City of Farmington Residential	0.319	5.167	1.951	2.254	9.691	1.360	6.529	1.392	3.863	22.835
	City of Farmington Commercial/Oil & Gas	0.500	5.167	2.000	2.254	9.921	1.360	8.500	2.209	5.100	27.090
	San Juan County Residential	0.319	5.167	1.951	2.254	9.691	1.360	6.529	0.000	3.863	21.443
	San Juan County Commercial/Oil & Gas	0.500	5.167	2.000	2.254	9.921	1.360	8.500	0.000	5.100	24.881
2015	City of Farmington Residential	0.323	4.656	1.974	2.783	9.736	1.360	6.231	1.410	3.714	22.451
	City of Farmington Commercial/Oil & Gas	0.500	4.656	2.000	2.783	9.939	1.360	8.500	2.225	5.100	27.124
	San Juan County Residential	0.323	4.656	1.974	2.783	9.736	1.360	6.231	0.000	3.714	21.041
	San Juan County Commercial/Oil & Gas	0.500	4.656	2.000	2.783	9.939	1.360	8.500	0.000	5.100	24.899
2014	City of Farmington Residential	0.322	3.937	1.968	3.494	9.721	1.360	6.231	1.407	3.714	22.433
	City of Farmington Commercial/Oil & Gas	0.500	3.937	2.000	3.494	9.931	1.360	8.500	2.225	5.100	27.116
	San Juan County Residential	0.322	3.937	1.968	3.494	9.721	1.360	6.231	0.000	3.714	21.026
	San Juan County Commercial/Oil & Gas	0.500	3.937	2.000	3.494	9.931	1.360	8.500	0.000	5.100	24.891
2013	City of Farmington Residential	0.326	5.760	1.994	1.666	9.746	1.360	6.310	1.426	3.754	22.596
	City of Farmington Commercial/Oil & Gas	0.500	5.760	2.000	1.666	9.926	1.360	8.500	2.225	5.100	27.111
	San Juan County Residential	0.326	5.760	1.994	1.666	9.746	1.360	6.310	0.000	3.754	21.170
	San Juan County Commercial/Oil & Gas	0.500	5.760	2.000	1.666	9.926	1.360	8.500	0.000	5.100	24.886
2012	City of Farmington Residential	0.327	5.199	2.000	2.225	9.751	1.360	6.326	1.431	3.582	22.450
	City of Farmington Commercial/Oil & Gas	0.500	5.199	2.000	2.225	9.924	1.360	8.500	2.225	4.920	26.929
	San Juan County Residential	0.327	5.199	2.000	2.225	9.751	1.360	6.326	0.000	3.582	21.019
	San Juan County Commercial/Oil & Gas	0.500	5.199	2.000	2.225	9.924	1.360	8.500	0.000	4.920	24.704

(cont'd; 1 of 2)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION MILLAGE RATES
 LAST TEN FISCAL YEARS

Fiscal Year		Farmington Municipal Schools Millage Rates					Overlapping Millage Rates				
		Operational	Debt Service	Capital Improvement	Ed Tech Debt Service	Total Direct Rate	State Debt Service	San Juan County	City of Farmington	San Juan College	Total Direct & Overlapping
2011	City of Farmington Residential	0.324	4.976	1.873	2.447	9.620	1.362	6.267	1.419	3.733	22.401
	City of Farmington Commercial	0.500	4.976	2.000	2.447	9.923	1.362	8.500	2.128	5.100	27.013
	City of Farmington Oil & Gas	0.500	4.976	2.000	2.447	9.923	1.362	8.500	2.225	5.100	27.110
	San Juan County Residential	0.324	4.976	1.873	2.447	9.620	1.362	6.267	0.000	3.733	20.982
	San Juan County Commercial/Oil & Gas	0.500	4.976	2.000	2.447	9.923	1.362	8.500	0.000	5.100	24.885
2010	City of Farmington Residential	0.332	5.065	1.920	2.356	9.673	1.530	6.425	1.457	3.812	22.897
	City of Farmington Commercial	0.500	5.065	2.000	2.356	9.921	1.530	8.500	1.950	5.100	27.001
	City of Farmington Oil & Gas	0.500	5.065	2.000	2.356	9.921	1.530	8.500	2.225	5.100	27.276
	San Juan County Residential	0.332	5.065	1.920	2.356	9.673	1.530	6.425	0.000	3.812	21.440
	San Juan County Commercial/Oil & Gas	0.500	5.065	2.000	2.356	9.921	1.530	8.500	0.000	5.100	25.051
2009	City of Farmington Residential	0.327	4.938	1.893	2.486	9.644	1.150	6.312	1.438	3.756	22.300
	City of Farmington Commercial	0.491	4.938	2.000	2.486	9.915	1.150	8.500	1.908	5.100	26.573
	City of Farmington Oil & Gas	0.500	4.938	2.000	2.486	9.924	1.150	8.500	2.225	5.100	26.899
	San Juan County Residential	0.327	4.938	1.893	2.486	9.644	1.150	6.312	0.000	3.756	20.862
	San Juan County Commercial	0.491	4.938	2.000	2.486	9.915	1.150	8.500	0.000	5.100	24.665
	San Juan County Oil & Gas	0.500	4.938	2.000	2.486	9.924	1.150	8.500	0.000	5.100	24.674
2008	City of Farmington Residential	0.335	5.772	1.940	1.678	9.725	1.250	6.567	1.457	3.883	22.882
	City of Farmington Commercial	0.474	5.772	1.978	1.678	9.902	1.250	8.500	1.878	5.100	26.630
	City of Farmington Oil & Gas	0.500	5.772	2.000	1.678	9.950	1.250	8.500	2.225	5.100	27.025
	San Juan County Residential	0.335	5.772	1.940	1.678	9.725	1.250	6.567	0.000	3.883	21.425
	San Juan County Commercial	0.474	5.772	1.978	1.678	9.902	1.250	8.500	0.000	5.100	24.752
	San Juan County Oil & Gas	0.500	5.772	2.000	1.678	9.950	1.250	8.500	0.000	5.100	24.800
2007	City of Farmington Residential	0.329	7.427	1.908	0.026	9.690	1.221	6.451	1.434	3.828	22.624
	City of Farmington Commercial	0.464	7.427	1.936	0.026	9.853	1.221	8.500	1.824	5.100	26.498
	City of Farmington Oil & Gas	0.500	7.427	2.000	0.026	9.953	1.221	8.500	2.225	5.100	26.999
	San Juan County Residential	0.329	7.427	1.908	0.026	9.690	1.221	6.451	0.000	3.828	21.190
	San Juan County Commercial	0.464	7.427	1.936	0.026	9.853	1.221	8.500	0.000	5.100	24.674
	San Juan County Oil & Gas	0.500	7.427	2.000	0.026	9.953	1.221	8.500	0.000	5.100	24.774

Source: County Tax Collector

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 COMPUTATION OF DIRECT AND OVERLAPPING
 GENERAL OBLIGATION DEBT

	2016 Assessed Valuation	G/O Debt Outstanding	Percent Applicable	Amount
<u>Overlapping Debt</u>				
State of New Mexico	\$ 61,607,964,708	\$ 326,755,000	2.41%	\$ 7,875,994
San Juan County	3,637,535,172	-	40.82%	-
San Juan College	3,637,535,172	12,110,000	40.82%	4,943,755
City of Farmington	1,150,509,234	-	100.00%	-
Total Overlapping Debt				<u>12,819,749</u>
<u>Direct Debt</u>				
Farmington Schools	1,484,977,878	94,880,483	100.00%	94,880,483
Total Direct and Overlapping Debt				<u><u>\$ 107,700,231.61</u></u>

Percent Applicable is calculated based on Assessed Valuation (i.e. Farmington Municipal Schools AV / State of NM AV = 2.41%)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND TEN YEARS AGO

Taxpayer	Type of Business	2016			2006		
		Assessed Valuation	Rank	Percentage of Assessed Valuation	Assessed Valuation	Rank	Percentage of Assessed Valuation
Animas Valley Mall LLC	Retail	\$ 46,126,565	1	3.11%	11,382,647	2	
Transwestern Pipeline	Pipeline	29,904,237	2	2.01%	9,143,181	4	0.77%
XTO Energy Inc.	Oil Field Services	26,176,074	3	1.76%			
Gas Company of New Mexico	Utility	20,957,274	4	1.41%			
San Regional Medical Center	Medical Services	20,070,097	5	1.35%			
Compressor Systems Inc.	Oil Field Services	19,354,050	6	1.30%			
Enterprise Field Services LLC	Oil Field Services	19,075,506	7	1.28%	6,859,656	6	
Farmington Station LLC	Oil Field Services	13,765,104	8	0.93%			0.00%
Qwest	Communications	11,974,314	9	0.81%	7,358,812	5	0.62%
Burlington Resources	Oil & Gas	11,847,916	10	0.80%			
San Juan Coal	Mining				12,773,515	1	1.08%
Constar Co	Pipeline				10,446,117	3	0.88%
Alltel	Communications				5,647,652	7	0.48%
Hanover Compression LP	Pipeline				5,402,579	8	0.46%
Wal-Mart	Retail				4,074,948	9	0.34%
San Juan Generating	Electric Utility				2,655,352	10	0.22%
Total		<u>\$ 219,251,137</u>		<u>14.76%</u>	<u>\$ 75,744,459</u>		<u>4.87%</u>
District's Assessed Valuation		<u>\$ 1,484,977,878</u>		<u>100.00%</u>	<u>\$ 1,181,865,197</u>		<u>100.00%</u>

Source: San Juan County's Assessor's Office
 State of New Mexico Taxation & Revenue, Property Tax Division

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOLS DISTRICT NO. 5
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 8,985,113	\$ 8,609,233	95.8%	\$ 375,064	\$ 8,984,297	99.99%
2008	10,121,316	9,662,514	95.5%	457,739	10,120,253	99.99%
2009	10,832,527	10,386,217	95.9%	444,444	10,830,661	99.98%
2010	11,764,501	11,209,714	95.3%	552,393	11,762,107	99.98%
2011	11,985,486	11,498,161	95.9%	482,420	11,980,581	99.96%
2012	12,256,067	11,802,343	96.3%	443,436	12,245,779	99.92%
2013	12,817,333	12,264,550	95.7%	511,120	12,775,670	99.67%
2014	13,110,228	12,608,715	96.2%	340,366	12,949,081	98.77%
2015	13,389,015	12,901,875	96.4%	-	12,901,875	96.36%
2016	13,659,225	13,118,514	96.0%	-	13,118,514	96.04%

Source: San Juan County Treasurer.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOLS DISTRICT NO. 5
 OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS

	<u>Governmental Activities</u>					
	General		Total	Percentage	Per	
	Obligation		Primary	of Personal	Capita ²	
	<u>Bonds</u>		<u>Government</u>	<u>Income²</u>		
2007	\$	34,673,090	\$	34,673,090	2.291%	676
2008		30,660,417		30,660,417	1.742%	549
2009		44,691,253		44,691,253	2.680%	771
2010		33,838,121		33,838,121	1.978%	583
2011		42,949,855		42,949,855	2.233%	713
2012		55,394,028		55,394,028	2.836%	933
2013		46,575,397		46,575,397	2.347%	781
2014		68,835,981		68,835,981	N/A	1151
2015		58,885,194		58,885,194	N/A	981
2016		94,880,483		94,880,483	N/A	1789

Notes:

- 1.) NA = Not Available
- 2.) New Mexico state statute authorizes school districts to issue debt and impose a property tax for the purpose of financing technology leases.

² **Source:** United States Department of Commerce, Bureau of Economic Analysis

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOLS DISTRICT NO. 5
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	General Obligation <u>Bonds</u>	Less: Amounts Available in Debt <u>Service fund</u>	<u>Total</u>	Percentage of Estimated Actual Taxable Value of <u>Property</u>	<u>Per Capita</u>
2007	\$ 34,673,090	\$ 10,256,807	\$ 24,416,283	2.00%	\$ 456.33
2008	30,660,417	9,942,252	20,718,165	1.52%	371.12
2009	44,691,253	12,491,260	32,199,993	2.21%	554.00
2010	33,838,121	10,334,379	23,503,742	1.71%	398.36
2011	42,949,855	10,472,588	32,477,267	2.30%	539.14
2012	55,394,028	10,768,985	44,625,043	3.07%	751.32
2013	46,575,397	11,949,971	34,625,426	2.43%	580.87
2014	68,835,981	13,861,821	54,974,160	3.74%	918.93
2015	58,885,194	13,858,533	45,026,661	2.97%	749.95
2016	94,880,483	16,516,851	78,363,632	5.28%	1,477.53

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 COMPUTATION OF LEGAL DEBT MARGIN
 LAST TEN YEARS

	2007	2008	2009	2010	2011
Debt Limit	\$ 76,447,821	\$ 86,347,139	\$ 91,327,232	\$ 82,446,479	\$ 84,749,696
Total net debt applicable to limit	<u>34,690,000</u>	<u>30,645,000</u>	<u>44,329,266</u>	<u>33,467,980</u>	<u>41,872,331</u>
Legal debt margin	\$ 41,757,821	\$ 55,702,139	\$ 46,997,966	\$ 48,978,499	\$ 42,877,365
Total net debt applicable to the limit as a percentage of debt limit	45%	35%	49%	41%	49%

	2012	2013	2014	2015	2016
Debt Limit	\$ 87,238,742	\$ 85,645,705	\$ 88,302,824	\$ 90,429,785	\$ 91,022,616
Total net debt applicable to limit	<u>53,578,102</u>	<u>44,980,000</u>	<u>66,975,000</u>	<u>57,575,000</u>	<u>90,900,000</u>
Legal debt margin	\$ 33,660,640	\$ 40,665,705	\$ 21,327,824	\$ 32,854,785	\$ 122,616
Total net debt applicable to the limit as a percentage of debt limit	61%	53%	76%	64%	100%

Legal Debt Limit Calculation for Fiscal Year 2015

Assessed Value	\$ 1,517,043,598
Debt limit (6% of total assessed value)	\$ 91,022,616
Debt applicable to limit: General Obligation Bonds	<u>90,900,000</u>
Legal debt margin	<u>\$ 122,616</u>

Note: The debt limit for school districts in New Mexico is 6% of the district's assessed value.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN YEARS

Calendar Year	Population	Personal Income	Per Capita Income ¹	Unemployment Rate ²
2007	\$ 53,506	\$ 1,513,684,740	\$ 28,290	3.70%
2008	55,826	1,759,579,694	31,519	4.60%
2009	57,501	1,667,759,004	29,004	7.70%
2010	58,076	1,711,035,112	29,462	9.80%
2011	60,239	1,923,069,836	31,924	8.60%
2012	59,396	1,952,929,104	32,880	7.70%
2013	59,609	1,984,339,925	33,289	7.60%
2014	59,824	N/A	N/A	7.40%
2015	60,039	N/A	N/A	7.70%
2016	53,037	N/A	N/A	9.10%

Notes: NA=Not available - 2014 to be released in December 2015

Source: ¹ United States Department of Commerce, Bureau of Economic Analysis

² United States Bureau of Labor Statistics

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND TEN YEARS AGO

<u>Employer</u>	2016			2006		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
San Juan Medical Center	1,900	1	3.58%	1,375	1	2.47%
Farmington Municipal School District No.5	1,306	2	2.46%	1,252	2	2.24%
Central Consolidated Schools	1,000	3	1.89%	1,125	3	2.02%
San Juan College	1,000	4	1.89%	1,000	4	1.79%
City of Farmington	966	5	1.82%	685	6	1.23%
Wal-Mart	766	6	1.44%	677	7	1.21%
San Juan County	703	7	1.33%			
Conoco Phillips	525	8	0.99%			
Basin Home Health/Basin Coord.	659	9	1.24%	640	8	1.15%
Aztec Public School District	480	10	0.91%			
BHP Minerals				950	5	1.70%
Arizona Public Service Company				590	9	1.06%
Bloomfield Schools				500	10	0.90%
	9,305		17.55%	8,794		15.77%

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 FULL-TIME-EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction:										
Teachers	708	710	696	659	651	644	685	681	661	679
Instructional Aides	183	185	178	211	175	184	112	200	195	182
Support services:										
Students	165	123	157	155	155	160	154	166	164	152
Instruction - support	21	23	21	26	23	23	21	22	23	24
General Administrative	9	9	7	11	14	12	13	11	11	12
School Administrative	54	65	50	42	47	47	50	54	49	43
Central Services	14	17	14	11	9	9	11	10	13	11
Operations & Maintenance of Plant	90	97	92	105	90	97	100	100	100	115
Student Transportation	59	58	60	63	64	64	87	95	88	84
	3									
Food Services Operations	4	4	4	4	3	4	4	3	3	3
Total	1,310	1,291	1,279	1,287	1,231	1,244	1,237	1,342	1,307	1,305

Notes: Full-time instructional employees of the district are employed for all 185 scheduled school days, at 7.5 hours per day or 1,387.5 hours per year.

Bus Drivers FTE calculation changed in 2012 to reflect actual hours in route.

Source: Actuals Expenditure Rollup Report

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2007	10,120	\$ 65,360,277	\$ 6,459	6.97%	\$ 82,139,764	\$ 8,117	0.00%	661	15.31	42.56%
2008	10,215	67,943,902	6,651	2.99%	89,869,172	8,798	8.39%	681	15.00	42.38%
2009	10,441	67,490,728	6,464	-2.82%	100,786,596	9,653	9.72%	685	15.24	48.97%
2010	10,517	61,407,778	5,839	-9.67%	96,050,751	9,133	-5.39%	644	16.33	49.21%
2011	10,572	60,880,957	5,759	-1.37%	91,811,663	8,684	-4.91%	651	16.24	52.58%
2012	10,648	65,213,440	6,124	6.35%	101,592,359	9,541	9.86%	659	16.16	55.90%
2013	10,686	67,074,652	6,277	2.49%	101,490,733	9,498	-0.46%	696	15.35	55.22%
2014	10,923	72,871,616	6,671	6.29%	104,025,142	9,523	0.27%	710	15.38	56.08%
2015	11,069	77,800,382	7,029	5.36%	123,498,205	11,157	17.15%	708	15.63	55.20%
2016	10,928	78,137,653	7,150	1.73%	119,123,975	10,901	-2.30%	708	15.44	57.43%

Notes: Enrollment figures from average student counts on 80th and 120th day of school.

2009 Operating expenditures include only expenditures for 11000 general fund. Prior years included transportation and instructional materials as they were classified as general funds by the state until 2009.

Expenses include expenditures for all governmental funds less debt service

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 SCHOOL BUILDING INFORMATION
 LAST FIVE YEARS

<u>School</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Preschool					
FS Preschool (1991)					
Square Feet	13,505	13,505	13,505	13,505	13,505
Capacity	92	92	92	92	92
Enrollment	89	133	157	147	147
Elementary					
Animas (1963)					
Square Feet	58,923	56,678	56,678	56,678	56,678
Capacity	539	528	528	528	528
Enrollment	480	482	422	451	451
Apache (1956)					
Square Feet	55,088	59,712	59,712	59,712	59,712
Capacity	580	594	594	594	594
Enrollment	469	463	498	520	520
Bluffview (1961)					
Square Feet	59,405	61,197	61,197	61,197	61,197
Capacity	632	578	578	578	578
Enrollment	495	464	486	460	460
Country Club (1959)					
Square Feet	54,684	59,164	59,164	59,164	59,164
Capacity	551	578	578	578	578
Enrollment	534	504	524	555	555
Esperanza (1995)					
Square Feet	73,908	79,284	79,284	79,284	79,284
Capacity	636	660	660	660	660
Enrollment	570	575	591	612	612
Ladera (1963)					
Square Feet	55,597	59,159	59,159	59,159	59,159
Capacity	569	561	561	561	561
Enrollment	609	593	584	602	602
McCormick (1954)					
Square Feet	53,858	57,474	57,474	57,474	57,474
Capacity	595	578	578	578	578
Enrollment	438	464	511	497	497
McKinley (1954)					
Square Feet	59,744	73,192	73,192	73,192	73,192
Capacity	600	644	644	644	644
Enrollment	568	582	592	604	604
Mesa Verde (1963)					
Square Feet	46,972	54,131	54,131	54,131	54,131
Capacity	519	578	578	578	578
Enrollment	554	560	585	582	582
Northeast (1963)					
Square Feet	49,630	55,923	55,923	55,923	55,923
Capacity	513	578	578	578	578
Enrollment	563	563	590	564	564

Source: School District's Master Facility Survey

(cont'd; 1 of 2)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 SCHOOL BUILDING INFORMATION
 LAST FIVE YEARS

<u>School</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Middle School					
Heights (1971)					
Square Feet	88,229	88,229	88,229	88,229	88,229
Capacity	1100	1100	1100	1100	1100
Enrollment	694	705	686	700	706
Hermosa (1960)					
Square Feet	85,849	85,849	85,849	85,849	94,466
Capacity	1025	1025	1025	1025	1025
Enrollment	577	600	587	571	583
Mesa View (1994)					
Square Feet	100,987	100,987	100,987	100,987	100,987
Capacity	1080	1080	1080	1080	1080
Enrollment	614	654	594	620	587
Tibbetts (2014)					
Square Feet	90,791	90,791	113,217	113,217	113,217
Capacity	966	966	1160	1160	1160
Enrollment	523	545	610	575	587
High School					
Farmington (1955)					
Square Feet	262,628	262,628	262,628	262,628	262,628
Capacity	2334	2334	2334	2334	2334
Enrollment	1309	1302	1326	1404	1392
Piedra Vista (1998)					
Square Feet	247,138	247,138	247,138	247,138	247,138
Capacity	1821	1821	1821	1821	1821
Enrollment	1274	1281	1368	1379	1412
Rocinante (1996)					
Square Feet	24,187	24,187	24,187	24,187	24,187
Capacity	333	333	333	333	333
Enrollment	179	162	172	178	184
Cate Center (1949)					
Square Feet	52,191	52,191	52,191	52,191	52,191
Capacity	719	719	719	719	719
Enrollment	200	200	200	200	200
San Juan College HS (2016)					
Square Feet					8,322
Capacity					88
Enrollment					80

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COMPLIANCE SECTION

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

§

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on the Schedule of Expenditures of
Federal Awards Required By Uniform Guidance

§

Schedule of Findings and Questioned Costs:
Summary of Auditor's Results
Financial Statement Findings
Federal Award Findings

§

Summary Schedule of Prior Year Audit Findings

§

Schedule of Expenditures of Federal Awards
Notes to the Schedule of Expenditures of Federal Awards

§

Required Disclosure

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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

INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor
The Board of Education and
The Audit Committee of Farmington Municipal School District No. 5

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, aggregate discretely presented component units, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Farmington Municipal School District No. 5 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Farmington Municipal School District No. 5's basic financial statements, and the combining and individual funds and related budgetary comparisons of Farmington Municipal School District No. 5, presented as supplemental information, and have issued our report thereon dated November 12, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered Farmington Municipal School District No. 5'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 Farmington Municipal School District No. 5's internal control. Accordingly, we do not express an opinion on the effectiveness of Farmington Municipal School District No. 5's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Farmington Municipal School District No. 5's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a *material weakness*, yet important enough to merit attention by those charged with governance.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. Findings 2016-001.

Tim Keller, State Auditor
The Board of Education and
The Audit Committee of Farmington Municipal School District No. 5

Compliance and other matters

As part of obtaining reasonable assurance about whether Farmington Municipal School District No. 5'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. We also noted certain other matters that are required to be reported pursuant to Government Auditing Standards and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings 2016-002 through 2016-008.

Farmington Municipal School District No. 5's Response to Findings

Farmington Municipal School District No. 5 responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Farmington Municipal School District No. 5's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Farmington Municipal School District No. 5'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.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
November 12, 2016

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Tim Keller, State Auditor
The Board of Education and
The Audit Committee of Farmington Municipal School District No. 5

Report on Compliance for Each Major Federal Program

We have audited Farmington Municipal School District No. 5'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 Farmington Municipal School District No. 5's major federal programs for the year ended June 30, 2016. Farmington Municipal School District No. 5's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Farmington Municipal School District No. 5'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 Farmington Municipal School District No. 5'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 Farmington Municipal School District No. 5's compliance.

Opinion on Each Major Federal Program

In our opinion, Farmington Municipal School District No. 5 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, 2016.

Tim Keller, State Auditor
The Board of Education and
The Audit Committee of Farmington Municipal School District No. 5

Report on Internal Control Over Compliance

Management of Farmington Municipal School District No. 5 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 Farmington Municipal School District No. 5's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Farmington Municipal School District No. 5's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
November 12, 2016

SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed To Subrecipients</u>	<u>Cluster Programs</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:					
Pass-Through Program From:					
New Mexico Department of Education:					
<u>Child Nutrition Cluster:</u>					
USDA National School Lunch Program	10.555	21000	\$ -	\$ 2,234,396	
USDA School Breakfast Program	10.553	21000	-	<u>881,701</u>	
Total Child Nutrition Cluster					3,116,097
Fresh Fruits and Vegetables	10.582	24118	-		60,556
USDA Equipment Assist	10.579	24183	-		12,228
Pass-Through Program From:					
New Mexico Human Service Department:					
USDA Commodities Program	10.565	21000	-		<u>296,361</u>
<i>Subtotal Pass-Through Programs</i>					<u>3,485,242</u>
<i>Total U.S. Department of Agriculture</i>					<u>3,485,242</u>
U.S. Department of Interior					
Pass-Through Programs From:					
Office of the Navajo Nation:					
Johnson O'Malley	15.130	25131	-		<u>185,798</u>
U.S. Department of Education:					
Direct Programs:					
Impact Aid Special Education	84.041	11000	-		6,444
Impact Aid Indian Education	84.041	25147	-		11,920
Indian Ed Formula Grant	84.060	25184	-		<u>691,933</u>
<i>Subtotal Direct Programs</i>					<u>710,297</u>
Pass-Through Programs From:					
New Mexico Department of Education:					
<u>Special Education (IDEA) Cluster:</u>					
Entitlement IDEA-B	84.027	24106	70,631	3,143,659	
New Mexico Autism	84.027A	24108	-	8,000	
Preschool IDEA-B	84.173	24109	-	31,903	
IDEA-B Private Schools	84.027	24115	-	7,119	
IDEA-B "Risk Pool"	84.027	24120	-	2,203	
IDEA-B Student Success	84.027A	24132	-	<u>33,816</u>	
Total Special Education (IDEA) Cluster					3,226,700

(cont'd; 1 of 2)

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

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed To Subrecipients	Cluster Programs	Federal Expenditures
U.S. Department of Education (cont'd):					
Pass-Through Programs From (cont'd):					
New Mexico Department of Education (cont'd):					
Title I	84.010	24101	\$ -		\$ 2,775,742
Education of Homeless	84.196	24113	-		10,668
21st Century Community Learning Centers	84.287C	24119	-		118,240
Title III English Language	84.365	24153	-		108,602
Title II Teacher Quality	84.367	24154	-		334,126
Title I School Improvement	84.010	24162	-		59,083
Carl D Perkins	84.048	24174	-		97,347
Carl D Perkins Secondary	84.048	24175	-		1,023
Carl D Perkins Secondary Redistribution	84.048	24176	-		1,180
Carl D Perkins HSTW - Redistribution	84.048	24182	-		<u>12,935</u>
<i>Subtotal Pass-Through Programs</i>					<u>6,745,646</u>
<i>Total U.S. Department of Education</i>					<u>7,455,943</u>
U.S. Department of Health and Human Services:					
Direct Program:					
Title V Indian Health Care Improvement Act	93.237	25209	-		2,684
Substance Abuse & Mental Health	93.243	25238	-		<u>51,819</u>
<i>Subtotal Direct Programs</i>					54,503
Pass-Through Program From:					
New Mexico Department of Health:					
Title XIX Medicaid	93.778	25153	<u>-</u>		<u>451,304</u>
<i>Total U.S. Department of Health and Human Services</i>					<u>505,807</u>
Total Expenditures of Federal Awards			<u>\$ 70,631</u>		<u>\$ 11,632,790</u>
Charter School Awards:					
Anansi Charter School					
Entitlement IDEA-B	84.027	24106	<u>\$ 70,631</u>		

(2 of 2)

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2016

1. Scope of audit pursuant to OMB Uniform Grant Guidance

All federal grant operations of Farmington Municipal School District No. 5 (the “District”) are included in the scope of the Office of management and Budget (“OMB”) Uniform Grant Guidance audit (the “Single Audit”). The Single Audit was performed in accordance with the provisions of the OMB Circular Compliance Supplement (Revised August 2016 the “Compliance Supplement”). Compliance testing of all requirements are described in the Compliance Supplement, was performed for the grants programs noted below. These programs represent all federal award programs and other grants with fiscal year 2016 cash and non-cash expenditures to ensure coverage of at least 40% (HIGH risk auditee) of federally granted funds. Actual coverage is approximately 62% of total cash and non-cash federal award program expenditures. Total cash expenditures were in the amount of \$11,336,429 and all non-cash expenditures amounted to \$296,361.

<u>Major Federal Award Program Description</u>	<u>Fiscal 2016 Expenditure</u>
Cash assistance:	
USDA Child Nutrition Cluster	\$ 3,116,097
Special Education (IDEA) Cluster	3,219,581
Title XIX Medicaid	451,304
Total	<u>\$ 7,251,609</u>

The District did not have any federal programs that were considered a high risk Type A programs for the 2016.

The U.S. Department of Education is the School District’s oversight agency for single audit.

2. Summary of significant accounting policies

Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Grant Guidance. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and changes in net position of the District. All federal programs considered active during the year ended June 30, 2016, are reflected on the Schedule. An active federal program is defined as a federal program for which there were receipts or disbursements of funds or accrued (deferred) grant revenue adjustments during the fiscal year or a federal program considered as not completed or closed out at the beginning of the fiscal year. The Schedule is prepared using the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the District has met the qualifications for the respective grant. Grant revenues for the Food Donation Program are based upon commodities received, at amounts per standard price listing, published quarterly by the United States Department of Agriculture (the “USDA”). In addition, there is no federal insurance in effect during the year and loan or loan guarantee outstanding at year end.

Accrued and deferred reimbursements

Various reimbursement procedures are used for Federal awards received by the District. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over receipts to date. Deferred balance at year-end represent an excess of cash receipts over reimbursable expenditure to date. Generally, accrued or deferred balances covered by differences in the timing of cash receipts and expenditures will be reversed in the remaining grant period.

3. Reconciliation of Federal Awards to Expenditure of Federal Awards

The differences between the federal awards received (Intergovernmental sources – federal) during the year ended June 30, 2016 and the federal awards expended during the year are as follows:

Federal sources	\$ 12,016,822
Indirect costs from federal programs	(349,791)
Unexpended federal sources received during the year	(132,940)
Prior year federal sources expended	98,699
Total expenditures of federal awards	<u>\$ 11,632,790</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

4. Unexpended Federal Awards

There were federal awards received during the year ended June 30, 2016 that were not expended during the year. These awards will be reported in subsequent years when they have been expended. Those amounts are as follows:

	CFDA #	Fund #	PY Federal Sources		Unexpended Awards		Total
			Carryover	Expended During 2016	Carryover From PY	2016 Awards	
Javits Gifted & Talented	84.009	24102	\$ -		\$ 1,610	\$ -	\$ 1,610
Preschool IDEA-B	84.173	24109	15,257		-	3,097	3,097
Education of Homeless	84.196	24113	10,668		9,211	20,174	29,385
Title III English Language	84.365	24153	48,911		-	3,693	3,693
Carl D Perkins	84.048	24174	658		-	3,685	3,685
Carl D Perkins Secondary	84.048	24175	-		-	3	3
ARRA - IDEA-B CEIS	84.391	24212	-		55	-	55
Impact Aid Special Education	84.041	25145	-		1	862	863
Impact Aid Indian Education	84.041	25147	11,920		50,255	1,611	51,866
Title XIX Medicaid	93.778	25153	86,779		-	130,468	130,468
Mentoring for Safe Schools	16.726	25187	-		1	-	1
Title V Indian Health Care Improvement	93.237	25209	2,684		2,355	-	2,355
			<u>\$ 176,877</u>		<u>\$ 63,488</u>	<u>\$ 163,593</u>	<u>\$ 227,081</u>

5. Federal Awards Receivable

There are federal programs that have not received reimbursement for expenditures made within those programs. The District expects to receive all reimbursement of federal awards in the following year. The following programs reported a receivable for the expenditures that had not been reimbursed as of June 30, 2016.

	CFDA #	Fund #	Receivable
Food Service	10.555	21000	\$ 34,024
Title I	84.010	24101	976,739
Entitlement IDEA-B	84.027	24106	912,514
IDEA-B Private Schools	84.027	24115	7,119
Fresh Fruits and Vegetables	10.582	24118	6,882
21st Century Community Learning Center	84.287C	24119	27,854
IDEA-B "Risk Pool"	84.027	24120	2,203
IDEA-B Student Success	84.276A	24132	13,771
Title II Teacher Quality	84.367	24154	211,053
Title I School Improvement	84.010	24162	12,268
Carl D Perkins Secondary Redistribution	84.048	24176	1,797
Carl D Perkins HSTW - Current	84.048	24180	590
Carl D Perkins HSTW - PY Unliq. Oblig	84.048	24181	3,834
Carl D Perkins HSTW - Redistribution	84.048	24182	13,092
ARRA - Entitlement IDEA-B	84.391	24206	2,581
Johnson O'Malley	15.130	25131	66,786
Indian Ed Formula Grant	84.060	25184	34,423
			<u>\$ 2,327,530</u>

6. Indirect Costs

The District has not elected to use the 10% de minimis indirect cost.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2016

I. SUMMARY OF AUDIT RESULTS

	<u>Yes</u>	<u>No</u>	<u>Occurrences</u>
FINANCIAL STATEMENTS:			
Type of auditor's report issued: <u>Unmodified</u>			
Internal control over financial reporting:			
Material weakness(es) identified?	—	✓	—
Significant Deficiency(ies) identified?	✓	—	1
Noncompliance material to financial statements noted?	—	✓	—
FEDERAL AWARDS:			
Internal control over major programs:			
Material weakness(es) identified?	—	✓	—
Significant Deficiency(ies) identified?	—	✓	—
Type of auditor's report issued on compliance with major programs: <u>Unmodified</u>			
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?	—	✓	—
The programs treated as major programs include:			
<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>		
Special Education (IDEA-B) Cluster	84.027, 84.027A, 84.173		
Child Nutrition Cluster (USDA)	10.553 & 10.555		
Title XIX Medicaid	93.775		
The threshold for distinguishing types A and B programs: <u>\$750,000</u>			
Auditee qualified as low-risk auditee?	—	✓	

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

II. FINDINGS RELATED TO FINANCIAL STATEMENTS

FARMINGTON MUNICIPAL SCHOOLS

2016 – 001 INTERNAL CONTROLS OVER RECEIPTS
Significant Deficiency

Condition: In two cases out of the forty receipts tested, the receipts were issued from an unauthorized receipt book. The books used were not preprinted or ordered by school district. Total transaction from one unauthorized receipt book was \$7 and a second receipt of \$20.00 could not be traced to any of the deposits or daily receipts reports.

Five deposits, totaling \$24,632, of the forty deposits reviewed were not deposited within one banking day.

Of the forty receipts tested one, in the amount of \$161, could not be traced to the deposit slip, which totaled \$10,342.

Criteria: NMAC 6.20.2.14 (b) says that the school district shall issue a factory pre-numbered receipt for all money received. Pre-numbered receipts are to be controlled and secured. NMAC 6.20.2.14 (d) says that a cash receipts journal is to be used for each fiscal year beginning July 1 and ending June 30, and is to be presented to the school district's auditor during the annual audit.

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

NMAC 6.20.2.11 requires the district to have a system in place that provides management with reasonable assurance that assets are safe-guarded against loss.

Cause: Unauthorized receipt books were used to receive cash. One of the deposits did not even with total receipts amount, second receipt was not attached to any of the reports. Uncontrollable use of unauthorized receipts could create possible room for fraud and the District losing its revenue.

Deposits at times were taking more than 24 hours to be deposited in the bank.

The system of receipts tracks all the receipts, but there was not a report printed that traced the receipts to a specific deposit. Or as the cash changed hands there was not a verification of the cash, leaving the cash susceptible to theft.

Effect of condition: The District is not in compliance with 1978 NMAC 6.20.2.14 (b) and (d) and is lacking a significant control over cash which is also a violation of 1978 NMSA 6-10-2 and 6-NMAC – 2.2.1.14.11.

The District is in violation of NMAC 6.20.2.14(c). Cash retained by management for extended periods of time are susceptible to misuse or fraud.

The District is in violation of NMAC 6.20.2.11. Controls over receipts needs to be in enough detail that the District can track the receipt from the student or person that gave the money all the way the bank, with no question about whether that is the same money.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

FARMINGTON MUNICIPAL SCHOOLS (cont'd)

2016 – 001 INTERNAL CONTROLS OVER RECEIPTS (cont'd)
Significant Deficiency

Recommendation: An official system of controls over cash receipts and reporting to the business office, which includes establishing cash receipts journal, shall be implemented. All receipts shall be reviewed on timely manner to identify whether authorized receipt books are in use. School officials shall be prohibited from using any unauthorized receipt books.

Receipts should be deposited within one banking day.

The District needs to see if there is a report that can be printed from the tracking system that would list the receipts that tie to the cash that is being deposited. Also the District needs a verification system that follows the money as it is transferred from one employee to another in order to make sure that the person taking the money knows exactly how much money they are taking from each employee or person.

Management's response: The District will review its internal control processes for all receipts and take correction action to ensure compliance with all regulations. The actions taken will be reviewed with the auditor.

Person/positions responsible for overseeing corrective actions: Chief Financial Officer

Timeline for corrective actions: The District will complete the review and implement changes beginning in January 2017.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

FARMINGTON MUNICIPAL SCHOOLS (cont'd)

2016 – 002 MISSING OR INCOMPLETE FORM I-9
Other Non-Compliance

Condition: Six out of thirty-one employee files selected for testing had incomplete I-9 forms.

Criteria: In accordance with the federal Immigration and Nationality Act Section 274A, employees are required to prove their citizenship or legal immigrant status prior to employment.

Cause: The District did not complete the I-9 forms by not completing all the required information required on the form.

Effect of condition: The District is out of compliance with requirements for the Immigration and Nationality Act.

Recommendation: The District should not employ any individual without prior completion and verification of the Form I-9.

Management's response: The District will review all personnel files to ensure that the I-9 forms are updated and comply with the regulations.

Person/positions responsible for overseeing corrective actions: Executive director of Human Resources

Timeline for corrective actions: Corrective actions will be completed prior to June 30, 2017.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

FARMINGTON MUNICIPAL SCHOOLS (cont'd)

2016 – 003 PURCHASES MADE PRIOR TO APPROVAL
Other Non-Compliance

Condition: Of the Thirty disbursements tested, five purchases in the amount of \$11,034 were made prior to the approval of purchase orders. Purchase orders are used to control cash and to authorize the purchases in accordance with the authorized budget.

Criteria: Authorization for a purchase is acquired through the completion of a purchase order, which is signed by a person given authority over purchase control. The purchase order must be approved prior to the purchase or ordering of goods as per PSAB Supplement 13.

Cause: Personnel initiated and/or completed purchases prior to obtaining approval for the purchase in accordance with established policies and regulations.

Effect of condition: Any purchases made without prior authorization have the potential to cause cash deficits in the funds from which they are made or violations of the approved budget.

Recommendation: The importance of cash controls and adequate planning need to be made clear to all personnel that will be making purchases for the school.

Management's response: All personnel will be reminded of the requirements to have a purchase order approved prior to purchasing goods and services. Our Accounts payable Dept. will be directed to not pay an invoice if the purchase order was requested after receiving the invoice. It will be the requestor's responsibility to pay the invoice.

Person/positions responsible for overseeing corrective actions: Chief Procurement Officer

Timeline for corrective actions: Corrective action will begin effective immediately.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

NEW MEXICO VIRTUAL ACADEMY (Component Unit)

2016 – 004 PURCHASES MADE PRIOR TO APPROVAL
Other Non-Compliance

Condition: Of the thirty disbursements tested, five purchases in the amount of \$111,416 were made prior to the approval of purchase orders. Purchase orders are used to control cash and to authorize the purchases in accordance with the authorized budget.

Criteria: Authorization for a purchase is acquired through the completion of a purchase order, which is signed by a person given authority over purchase control. The purchase order must be approved prior to the purchase or ordering of goods as per PSAB Supplement 13.

Cause: Personnel initiated and/or completed purchases prior to obtaining approval for the purchase in accordance with established policies and regulations.

Effect of condition: Any purchases made without prior authorization have the potential to cause deficits in the funds which they are made or violations of the approved budget.

Recommendation: The importance of cash controls and adequate planning need to be made clear to all personnel that will be making purchases for the school.

Management's response: The New Mexico Virtual Academy has worked hard to develop financial policies and procedures that are both compliant and safe guard the school from financial mismanagement. During the 2015-2016 school year Administration was not consistent with policies and procedures that were adopted by the board. Management will continue to work with the new school administration and all staff to emphasize the procedures established and ensure that all purchases have an approved purchase order before goods or services are not only received but ordered.

Person/positions responsible for overseeing corrective actions: Business Manager and Governing Board.

Timeline for corrective actions: Previous school administrator was terminated; financial policies were updated in August 2016.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

NEW MEXICO VIRTUAL ACADEMY (Component Unit) (cont'd)

2016 – 005 UNTIMELY PAYMENT OF PURCHASES
Other Non-Compliance

Condition: Of the thirty disbursements tested one in the amount of \$211 was not paid within 45 days of being invoiced. The check was dated 136 days after the invoice date.

Criteria: Disbursement payments made in remittance for products and/or services received by the District should be made in a timely manner as part of sound accounting practices. Payment should be made within vendor terms or within thirty days of the invoice date.

Cause: The District did not process payments for purchases within an appropriate time.

Effect of condition: Late fees can be added to the cost of purchases made that are not paid for in a timely manner. Payment of such late fees is not an allowable cost under the guidelines established by the federal government.

Recommendation: A system should be implemented to ensure that invoices are paid within a period not to exceed thirty days from the invoice date.

Management's response: Per the Governing Council policies, all primary vendor's invoices are not paid until they are reviewed and approved by the entire Governing Council at an open meeting. If invoices are received after finance committee meets on 2nd Tuesday of the month, they are not on agenda for full Governing Council meeting until they are reviewed by the finance committee. Communication with the vendor takes place addressing delays. Management will recommend to the board that special meetings be called when needed to make sure that invoices are paid within 45 days.

Person/positions responsible for overseeing corrective actions: Business Manager and Governing Council

Timeline for corrective actions: November 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

NEW MEXICO VIRTUAL ACADEMY (Component Unit) (cont'd)

2016 – 006 MISSING OR INCOMPLETE FORM I-9
Other Non-Compliance

Condition: Two out of fifteen employee files selected for testing had missing or incomplete I-9 forms. Section 2 of the forms was not completed and the forms were not signed by management.

Criteria: In accordance with the federal Immigration and Nationality Act Section 274A, employees are required to prove their citizenship or legal immigrant status prior to employment.

Cause: The District did not verify that the Form I-9's were completed properly.

Effect of condition: The District is out of compliance with requirements for the Immigration and Nationality Act.

Recommendation: The District should not employ any individual without prior completion and verification of the Form I-9.

Management's response: In an effort to ensure the integrity of the school's official personnel and purchasing records, the New Mexico Virtual Academy started utilizing digital documents in 2015. All personnel that were hired prior to the fall of 2015 had hard copy personnel records that are maintained at the learning center. Between the business office and the learning center, a complete personnel file exists. Management turned over the complete files in question once they were identified as missing. Management will review the school's current personnel files to ensure that all I-9s and other required documents are present and in good order.

Person/positions responsible for overseeing corrective actions: Business Manager

Timeline for corrective actions: January 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

NEW MEXICO VIRTUAL ACADEMY (Component Unit) (cont'd)

2016 – 007 NO CHIEF PROCUREMENT OFFICER AT THE TIME OF PROCUREMENT
Other Non-Compliance

Condition: The charter school made procurement over \$60,000 without a certified chief procurement officer.

Criteria: Pursuant to the Procurement Code, specifically sections 13-1-95.2 (E) NMSA 1978, only certified chief procurement officers may do the following:

- (1) Make determinations, including determinations regarding exemptions
- (2) Issue purchase orders and authorize small purchases, and
- (3) Approve procurement

Cause: On June 24, 2016 the charter school entered into an Educational Products and Services Agreement with K12 Virtual Schools, LLC and did not have a certified chief procurement officer.

Effect of condition: The charter school is bound by agreements entered into by uncertified employees in direct violation of the Procurement Code.

Recommendation: The charter school should select one employee to be the chief procurement officer and have them certified with the state before making any procurement.

Management's response: The board of The New Mexico Virtual Academy appointed the Head Administrator to be the Chief Procurement Officer shortly after they were brought on in 2015. The Head Administrator did not pursue this endorsement or training during their time of employment with the school. This employee has since left employment with the school. The New Mexico Virtual Academy is working with the state purchasing office to utilize a contractor on an interim basis until new school administration is able to take the in-person training that takes place in Albuquerque, NM through the only authorized provider for the entire state; there is currently a wait list.

Person/positions responsible for overseeing corrective actions: Assistant Director will be certified and listed as CPO.

Timeline for corrective actions: Spring of 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

NEW MEXICO VIRTUAL ACADEMY (Component Unit) (cont'd)

2016 – 008 CONTROLS OVER TRAVEL REIMBURSEMENTS
Other Non-Compliance

Condition: Reimbursement check for employee travel totaled \$357, but the actual receipts only totaled \$344. No backup provided for the difference. No agenda provided for the training indicating if meals provided.

Criteria: According to NMSA 1978 Section 2-42-2-8-A where lodging and/or meals are provided or paid for by the agency, the governing body, or another entity, the public officer or employee is entitled to reimbursement only for actual expenses under 2.42.2.9 NMAC.

Cause: Improper monitoring and reimbursement of travel reimbursements

Effect of condition: Violation of NMAC 1978 Section 2.42.2.9, reimbursing for per diem when actual expenses were paid for the hotel and the meals could have been included in the cost of the training or the cost of the hotel.

Recommendation: Management should implement immediate steps to provide adequate documentation of what has been paid for with actual costs, and reimburse actual expenses for meals, if actual costs have been reimbursed for the hotel.

Management's response: All documents relating to the travel and back up to the expenditures in question were provided in their entirety to the auditor at first request. The total amount of the receipts present exceeded the amount that the school actually reimbursed the employee. This amount was less than the authorized purchase order. The school does not see this as a violation of NMSA 1978 Section 2-42-2-8-A or 2.42.2.9 NMAC.

Person/positions responsible for overseeing corrective actions:

Timeline for corrective actions:

Auditor's Rebuttal: The original request for supporting documentation was made on July 25, 2016 and the incomplete documentation was provided on September 28, 2016. As indicated in the condition, the travel receipts originally provided did not amount to at least the amount of the check that was drafted for the reimbursement. Additional receipts were provide on November 10, 2016 that could not be specifically identified to the reimbursement in question. The management response does not adequately address the requirements of NMAC 2.2.2.

III. AUDIT FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings to be reported from the prior year.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2016

I. NOT RESOLVED

There were no findings to be reported from the prior year.

II. RESOLVED

FARMINGTON MUNICIPAL SCHOOLS

SA2015 – 002 LATE FILING OF FEDERAL CLEARING HOUSE REPORTING

Current Status: Resolved. Not repeated in the current year.

NEW MEXICO VIRTUAL ACADEMY (Component Unit)

2015 – 001 MISSING BACKGROUND CHECK

Current Status: Resolved. Not repeated in the current year.

REQUIRED DISCLOSURES

Year Ended June 30, 2016

An exit conference was held November 9, 2016 during which the audit findings were discussed. The exit conference was attended by the following individuals:

FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

Kyle Rhodes	President, Board of Education / Member, Audit Committee
Bill Young	Member, Board of Education / Member, Audit Committee
Audra Winters	Member, Audit Committee
Eugene Schmidt	Superintendent / Member, Audit Committee
Randall Bondow	Chief Financial Officer / Member, Audit Committee
Bobbi Newland	Comptroller / Member, Audit Committee
Laurie Warnke	Admin Assist to Business & Fin / / Member, Audit Committee

NEW MEXICO VIRTUAL ACADEMY

Delea Taylor	Member, Governing Board / Member, Audit Committee
Carla Morales	Head Administrator / Member, Audit Committee
Sean Fry	Business Manager / Member, Audit Committee

ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA	Partner
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