

STATE OF NEW MEXICO
**FARMINGTON MUNICIPAL SCHOOL
DISTRICT NO. 5**

COMPREHENSIVE FINANCIAL ANNUAL REPORT
AND
SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2017
WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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INTRODUCTORY SECTION

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OFFICIAL ROSTER

June 30, 2017

BOARD OF EDUCATION

Kyle Rhodes	President
Mike Isaacson	Vice-President
Robyn Hoffman	Secretary
Keith Corley	Deputy Secretary
Sherry Galloway	Member

Gene Schmidt	Superintendent
Randall Bondow	Chief Financial Officer
Laura Warnke	Admin Asst. to Chief Financial Officer
Bobbi Newland	Comptroller
Denise Stokes	AP Specialist
Cyndi Bolen	Payroll
Lisa Evans	Procurement

SCHOOL OFFICIALS

AUDIT COMMITTEE

Mike Isaacson	Member-FMS Board
Keith Corley	Member-FMS Board
Linda Rodgers	Member-FMS community
Audra Winters	Member-FMS community
Eugene Schmidt	Member-FMS
Randall Bondow	Member-FMS
Bobbi Newland	Member-FMS
Laura Warnke	Member-FMS
Sean Fry	Member-NMVA
Nikki Sandoval	Member-NMVA Board
Carla Moralez	Member-NMVA
DeLea Taylor	Member-NMVA Board
Kelli Loudermilk	Member-NMVA

FINANCE COMMITTEE

Sherry Galloway	Member
Mike Isaacson	Member
Eugene Schmidt	Member
Randall Bondow	Member
Bobbi Newland	Member
Laura Warnke	Member
Phil Valdez	Member

NEW MEXICO VIRTUAL ACADEMY

GOVERNING BOARD

Cory Lee	President
Lawrence Palmer	Vice-President
Becky Ferris	Member
DeLea Taylor	Member
Erin Muffaleto-Baca	Secretary
Nikki Sandoval	Member

CHARTER SCHOOL OFFICIALS

Carla Moralez	Head Administrator
Sean Fry	Business Manager
Amy Begay	Admin Assist to Head Administrator
Carla Moralez	Procurement Officer

AUDIT COMMITTEE

DeLea Taylor	GC Member
Michael Shirer	GC Member
Carla Moralez	Director
Sean Fry	Business Manager

FINANCE COMMITTEE

DeLea Taylor	GC Member
Nikki Sandoval	GC Member
Carla Moralez	Member
Sean Fry	Member

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Government Finance Officers Association

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

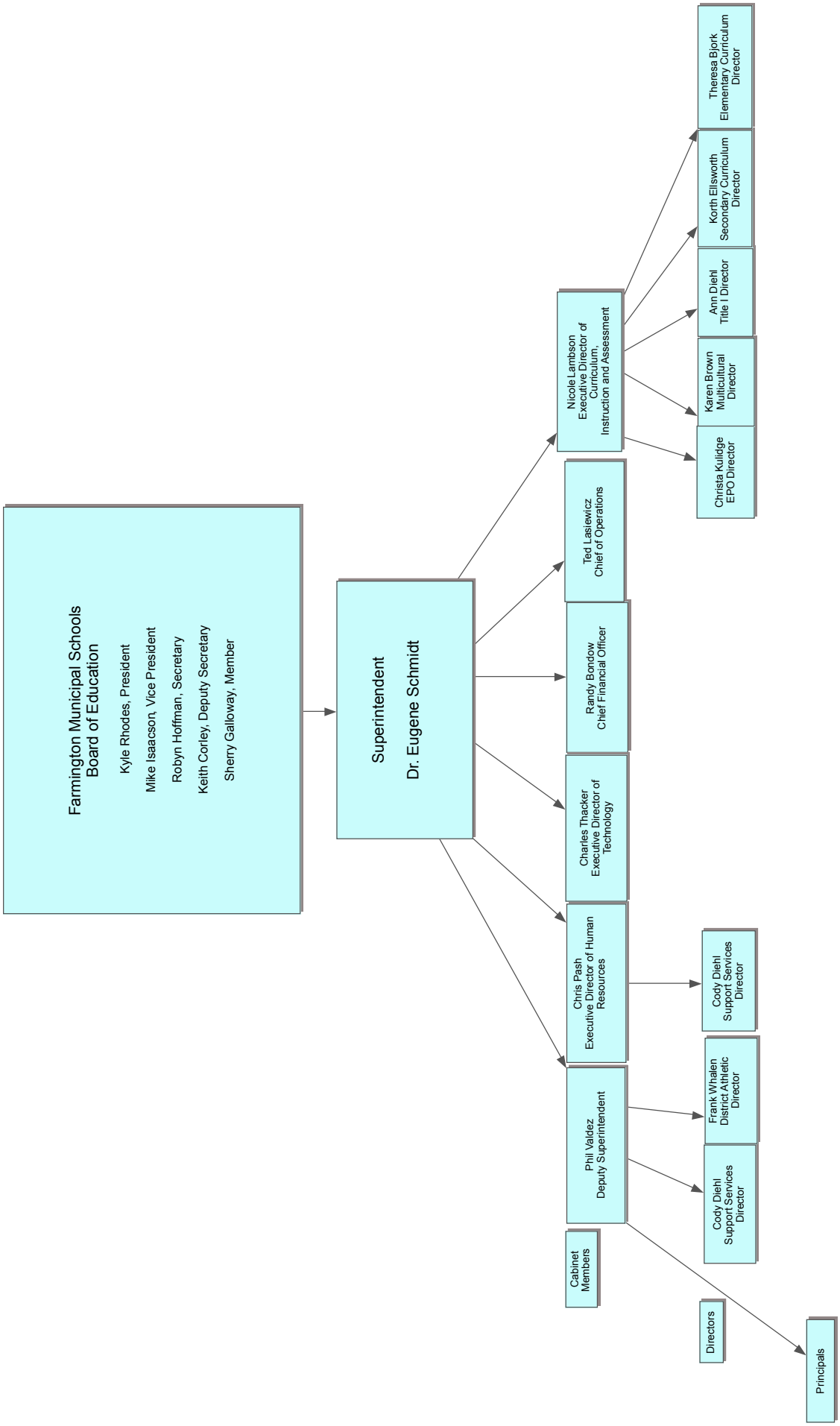
Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



TRANSMITTAL LETTER

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Farmington Municipal Schools

2001 North Dustin Avenue – P.O. Box 5850
Farmington, New Mexico 87401

ADMINISTRATIVE OFFICES

TELEPHONE (505) 324-9840

FAX (505) 599-8806

November 12, 2017

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, 2017.

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, 2017.

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, 2017, 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, 2017, 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 10,919 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, 64 and 104.

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.

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 Indian reservation in the country.

Within the past 3 years, Farmington has seen the addition of Fairfield Inn & Suites, Sleep Number, Dick’s Sporting Goods and Harbor Freight 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.

Four corners (“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 (SJGS), a four-unit, 1,683 megawatt of net accredited generation capacity, coal-fired plant located approximately 15 miles west of Farmington. The company operates SJGS 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. NM will retire coal-fired Units 2 and 3 at San Juan Generating Station by Dec. 31, 2017. PNM is planning shutting down remaining coal-burning units in 2022. PNM spokesman said the potential closure would align with the expiration of the company’s finance and supply agreements with the owner of the San Juan Coal Mine. The mine was purchased by Westmoreland Coal Co. in early 2016 for \$127 million. At the time of the purchase, Westmoreland said in a news release that a PNM-affiliated company had loaned it \$125 million to finance the purchase, with the loan maturing in five years. Year 2022 is also when PNM’s partnership agreement for the San Juan plant expires with Tucson Electric Power, the city of Farmington, Los Alamos County and Utah Associated Municipal Power Systems. PNM is the largest stakeholder in the plant, owning 66.4 percent of shares¹.

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.

¹ http://www.santafenewmexican.com/news/local_news/pnm-considering-san-juan-power-plant-shutdown/article_427f868e-0a95-11e7-855d-4bee7b9239a2.html

Crude Oil

Calendar Year	San Juan County		New Mexico	
	Volume (Barrels)	Value (000's)	Volume (Barrels)	Value (000's)
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
2016	3,924,905	131,989	147,090,860	5,762,847

Source: New Mexico ONGARD.

Natural Gas

Calendar Year	San Juan County		New Mexico	
	Volume (Barrels)	Value (000's)	Volume (Barrels)	Value (000's)
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
2016	342,850,067	899,432	1,185,300,793	3,186,977

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 Navajo 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 and LaPlata Mines, each estimated to have useful lives 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, the LaPlata is 20 miles north of Farmington, within the school district boundaries, and the San Juan mine is northwest. 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, pinto beans, alfalfa, pumpkin, barley, corn, and wheat. The enterprise also includes a 12,000 head custom feed yard, 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 ("SJPMC") 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, SJPMC 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. SJPMC 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.

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 7, 2017 voters approved issuing \$26,000,000 in bonds to fund renovation of McCormick Elementary, Country Club Elementary and numerous improvement projects. Remaining funds from a 2015 bond issue supplement the funding of these projects.

The District will receive Public School Critical Capital Outlay funds to help with the renovation of Country Club 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 2017 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, 2016. This was the 24th consecutive year (1993-2016) 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.

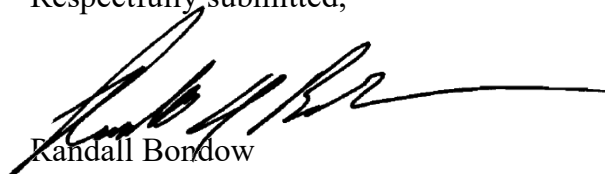
ACKNOWLEDGEMENT

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 2016-2017 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 2017

JULY 1, 2016 THROUGH JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

Tim Keller, State Auditor,
The Board of Education and 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 funds of Farmington Municipal School District No. 5, as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise Farmington Municipal School District No. 5's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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, each major fund, and the aggregate remaining fund information of Farmington Municipal School District No. 5, as of June 30, 2017, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 61-62 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 the financial statements that collectively comprise the Farmington Municipal School District No. 5's basic financial statements. The other supplemental information such as the combining and individual statements, budgetary comparisons for the major capital project funds, major debt service funds, and the nonmajor special revenue funds, schedules required by 2.2.2.NMAC, and the other information, such as 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* 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, combining and individual statements, budgetary comparisons for the major capital project funds, major debt service funds, and the nonmajor special revenue funds, and 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, combining and individual general fund financial statements, budgetary comparisons for the major capital project funds, major debt service funds, and the nonmajor special revenue funds, and 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 introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 3, 2017 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 3, 2017

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, 2017

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, 2017. 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 \$41,187,906 (*net position*). Of this amount, \$4,425,740 (*Unrestricted net position excluding pension liability of \$141,432,228 and net pension related deferred inflows / outflows of (\$19,180,372)*) 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 \$31,400,439, a decrease of \$26,497,932 in comparison with the prior year. Approximately 15% of this total amount, \$4,737,571 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 \$4,743,157 or 6.1% of the total general fund expenditures.
- The Farmington Municipal School District's total net debt decreased by \$11,200,000 or 12% during the current fiscal year. The district retired \$11,200,000 of debt and issued no new debt.
- On February 7, 2017, a bond election was held for \$26,000,000 and passed by 85% of the vote. The bonds will be sold over a four year period.

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, 2017

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 82).

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 16-28 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 28 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 \$41,187,906 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, 2017

Farmington Municipal School District's Net Position

	Governmental Activities		Total	
	FY 2017	FY 2016	FY 2017	FY 2016
Current and other assets	\$ 33,559,419	\$ 60,379,027	\$ 33,559,419	\$ 60,379,027
Capital assets	215,800,035	184,700,966	215,800,035	184,700,966
Total assets	249,359,454	245,079,993	249,359,454	245,079,993
Deferred outflows of resources	22,529,399	17,791,286	22,529,399	17,791,286
Current Liabilities	2,437,674	3,102,467	2,437,674	3,102,467
Noncurrent liabilities:				
Due within one year	8,555,000	11,200,000	8,555,000	11,200,000
Due in more than one year	74,818,177	83,680,483	74,818,177	83,680,483
Aggregate net pension liability	141,432,228	130,087,473	141,432,228	130,087,473
Total liabilities	227,243,079	228,070,423	227,243,079	228,070,423
Deferred inflows of resources	3,480,064	3,113,487	3,480,064	3,113,487
Net position:				
Net investment in capital assets	139,517,254	89,528,046	139,517,254	89,528,046
Restricted	19,496,768	51,226,513	19,496,768	51,226,513
Unrestricted	(117,826,116)	(109,067,190)	(117,826,116)	(109,067,190)
Total net position	\$ 41,187,906	\$ 31,687,369	\$ 41,187,906	\$ 31,687,369

Farmington Municipal School District's Net Position

A large portion of Farmington Municipal School District's net position (89%) 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 \$141,432,228 and net pension related deferred inflows/ outflows of (\$19,180,372)*, \$4,425,740 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 \$9,500,537 during the current fiscal year. Total assets increased slightly primarily due to a decrease in cash from the bond fund and an increase in capital assets caused by the construction of a new high school. Noncurrent liabilities decreased primarily due to the retirement of debt.

Governmental activities. Governmental activities increased Farmington Municipal School District's net position by \$9,500,537. Key elements of this increase are as follows:

- A 1.4% decrease 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 4.0% decrease in operational expenses for the district lowered spending 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, 2017

Farmington Municipal School District's Changes in Net Position

	Governmental Activities		Total	
	FY2017	FY2016	FY2017	FY2016
Revenues:				
Program Revenues:				
Charges for services	\$ 1,627,905	\$ 1,967,084	\$ 1,627,905	\$ 1,967,084
Operating grants & contributions	16,352,428	17,181,976	16,352,428	17,181,976
Capital grants & contributions	19,082,712	15,336,594	19,082,712	15,336,594
General Revenues:				
Property taxes-general purpose	551,471	540,502	551,471	540,502
Property taxes-capital projects	2,814,485	3,173,781	2,814,485	3,173,781
Property taxes-debt service	10,607,097	9,950,029	10,607,097	9,950,029
Oil & Gas	594,547	613,830	594,547	613,830
Grants and contributions not restricted to specific programs				
Miscellaneous Income	305,034	85,434	305,034	85,434
Earnings from investments	-	-	-	-
Gain on sale of capital asset	-	-	-	-
Total Revenues	\$ 124,052,334	\$ 124,747,103	\$ 124,052,334	\$ 124,747,103
Expenses:				
Direct instruction	\$ 67,974,302	\$ 63,321,346	\$ 67,974,302	\$ 63,321,346
Support Services:				
Students	12,021,053	11,530,356	12,021,053	11,530,356
Instruction - support	1,083,434	1,753,666	1,083,434	1,753,666
General administrative	1,736,695	1,454,979	1,736,695	1,454,979
School administrative	5,290,922	5,699,925	5,290,922	5,699,925
Central services	1,198,927	1,287,846	1,198,927	1,287,846
Operations and maintenance	15,185,927	24,372,188	15,185,927	24,372,188
Student transportation	2,732,618	3,418,076	2,732,618	3,418,076
Other support services	7,678	25,774	7,678	25,774
Non-instructional services				
Food services	4,862,251	4,802,086	4,862,251	4,802,086
Community services	11,345	56,904	11,345	56,904
Interest on long-term obligations	2,235,099	2,162,706	2,235,099	2,162,706
Operation of non-instruction services	-	-	-	-
Loss on disposal of capital asset	-	-	-	-
Other	211,546	-	211,546	-
Total Expenses	\$ 114,551,797	\$ 119,885,852	\$ 114,551,797	\$ 119,885,852
Increase/(Decrease) in net position	\$ 9,500,537	\$ 4,861,251	\$ 9,500,537	\$ 4,861,251
Net position - Beginning	\$ 31,687,369	\$ 26,826,118	\$ 31,687,369	\$ 26,826,118
Net position - Ending	\$ 41,187,906	\$ 31,687,369	\$ 41,187,906	\$ 31,687,369

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2017

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 \$31,400,439 a decrease in comparison with the prior year. Approximately 15% of this total amount (\$4,737,571) 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 (\$13,627,652), 2) for capital projects (\$11,406,417) and 3) a variety of other restricted purposes (\$1,426,681).

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 \$4,743,157 and total fund balance was \$4,863,656. 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 6.1% percent of the total general fund expenditures, and the total fund balance represents 6.2% since a very small portion of the general fund balance was restricted at June 30, 2017.

The fund balance of Farmington Municipal School District's general fund decreased by \$1,943,023 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 decreased expenditures primarily by decreasing the number of teachers and support staff throughout the district. The current fiscal year budget reflects an increase in the cash balance to comply with Board policy. The fund balance is expected to increase this next fiscal year as additional staff reductions will be made.

The district's GO Bonds debt service fund's total fund balance was \$10,081,305 that is restricted for the payment of debt service. This is a net decrease in fund balance of \$2,540,183. The decrease during the current year resulted primarily from increased principal and interest payments.

The educational technical debt service fund balance was \$3,540,761. The total amount is restricted for the payment of debt service. This is a net decrease in fund balance of \$603,642. The decrease is the result of an increase in the amount of principal and interest payments.

There was a decrease of \$19,424,045 in the fund balance of the bond building capital fund resulting in a fund balance of \$6,394,791. The decrease was the result of no new debt being issued and the construction of a new high school.

The special capital outlay fund represents funding received from the New Mexico Public Schools Capital Outlay Council for construction projects that qualify. In 2016-2017 the district received \$18,510,627 primarily for the construction of a new high school.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2017

General Fund Budgetary Highlights

Differences between the original budgeted revenues and the final amended budgeted revenues resulted in a budget decrease of \$1,515,821, which can be briefly summarized as follows:

- The difference resulted primarily from a mid-year cash sweep of school district cash balances by the State of New Mexico.
- Expenditures were decreased in an attempt to balance the budget.
- Additional cash from 6/30/16 was carried forward and budgeted in 2016-2017.

Capital Asset and Debt Administration

Capital assets. Farmington Municipal School District's investment in capital assets for its governmental activities as of June 30, 2017 amounts to \$215,800,035 (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 \$215,800,035 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:

- Continuation of Phase II of the construction of the new high school with a scheduled completion in November 2017.
- Phase I of construction and renovation of an elementary school scheduled to be completed in November 2017.
- 1 new bus was purchased to replace an existing bus.

Additional information on Farmington Municipal School District's capital assets can be found in note "III.E" on page 47 of this report.

	Government Activities		Total	
	FY2017	FY2016	FY2017	FY2016
Land	\$ 4,142,761	\$ 4,142,761	\$ 4,142,761	\$ 4,142,761
Construction in progress	54,931,088	17,958,201	54,931,088	17,958,201
Land improvements	77,799	166,226	77,799	166,226
Buildings and improvements	152,988,393	158,356,505	152,988,393	158,356,505
Machinery and equipment	3,659,994	4,077,273	3,659,994	4,077,273
Total	\$ 215,800,035	\$ 184,700,966	\$ 215,800,035	\$ 184,700,966

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For The Year Ended June 30, 2017

Long-term debt. As of June 30, 2017, Farmington Municipal School District had total bonded debt outstanding of \$79,700,000. 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 2017	FY 2016
General obligation bonds	\$79,700,000	\$90,900,000

Farmington Municipal School District's total debt decreased by \$11,200,000 during the current fiscal year. The district retired \$11,200,000 of debt and issued no new debt. Farmington Municipal School District maintains an AA3 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 \$89,348,775 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 48.

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, the State of New Mexico and San Juan County have seen an increase in unemployment and a continued 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 FY2019. The board of education is being proactive and considering ways to reduce expenditures on an opportunistic basis and improve 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 \$4,743,157 of its unassigned fund balance for spending in the 2017 fiscal year budget. The \$4,743,157 was 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, 2017

	Primary Government	Component Unit
	Governmental	New Mexico
	<u>Activities</u>	<u>Virtual Academy</u>
Assets		
Cash and cash equivalents	\$ 28,941,279	\$ 137,873
Investments	2,274,442	-
Receivables:		
Delinquent property taxes receivable	939,089	-
Grant	971,594	29,310
Interest	2,471	-
Due from other governments	228,426	-
Supplies inventory	120,499	-
Food inventory	81,619	-
Non-current:		
Non-depreciable assets	59,073,849	-
Depreciable capital assets, net	<u>156,726,186</u>	<u>-</u>
Total Assets	<u>249,359,454</u>	<u>167,183</u>
Deferred Outflows of Resources:		
Contributions to pension subsequent to the measurement date	7,564,470	106,371
Difference between expected and actual experience	613,585	7,902
Net difference between projected and actual investment earnings on plan investments	8,442,327	108,723
Net change in pension assumptions	2,878,993	37,077
Net change in proportionate share of pension liability	<u>3,052,220</u>	<u>82,605</u>
Total Deferred Outflows of Resources	<u>22,551,595</u>	<u>342,678</u>
Liabilities		
Accounts payable	1,240,461	168,488
Accrued interest	852,914	19,935
Compensated absences	344,299	-
Long-term liabilities other than pensions:		
Due within one year	8,555,000	-
Due in more than one year	74,818,177	-
Aggregate net pension liability	<u>141,432,228</u>	<u>1,821,417</u>
Total Liabilities	<u>227,243,079</u>	<u>2,009,840</u>
Deferred Inflows of Resources		
Advances of federal, state, and local grants	108,841	-
Difference between expected and actual experience	1,345,199	17,324
Net change in proportionate share of pension liability	<u>2,026,024</u>	<u>3,086</u>
Total Deferred Inflows of Resources	<u>3,480,064</u>	<u>20,410</u>
Net Position		
Net investment in capital assets	139,517,254	-
Restricted for:		
Inventories	202,118	-
Special revenue funds	1,426,681	995
Capital projects	4,479,365	-
Debt service	13,388,604	-
Unrestricted	<u>(117,826,116)</u>	<u>(1,521,384)</u>
Total Net Position	<u>\$ 41,187,906</u>	<u>\$ (1,520,389)</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, 2017

	General <u>Fund</u>	Food Service <u>Fund #21000</u>	Bond Building <u>Fund #31100</u>	Special Capital Outlay - State <u>Fund #31400</u>
Assets				
Cash and cash equivalents	\$ 3,864,272	\$ 948,429	\$ 4,815,954	\$ 48,375
Investments	-	-	2,274,442	-
Receivables:				
Property taxes	37,929	-	-	-
Grant	-	68,780	-	-
Interest	-	-	2,471	-
Due from other governments	9,627	-	-	-
Due from other funds	902,814	-	-	-
Supplies inventory	120,499	-	-	-
Food inventory	-	81,619	-	-
Total assets	<u>\$ 4,935,141</u>	<u>\$ 1,098,828</u>	<u>\$ 7,092,867</u>	<u>\$ 48,375</u>
 Liabilities, deferred inflows, and fund balance				
Liabilities:				
Accounts payable	\$ 39,017	\$ 392,175	\$ 698,076	\$ -
Due to other funds	-	-	-	-
Total liabilities	<u>39,017</u>	<u>392,175</u>	<u>698,076</u>	<u>-</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Delinquent property taxes	<u>32,468</u>	-	-	-
Total deferred inflows of resources	<u>32,468</u>	-	-	-
Fund balance:				
Non-spendable:				
Inventories	120,499	81,619	-	-
Restricted for:				
Special revenue funds	-	625,034	-	-
Capital projects funds	-	-	6,394,791	48,375
Debt service	-	-	-	-
Unassigned	<u>4,743,157</u>	-	-	-
Total fund balance	<u>4,863,656</u>	<u>706,653</u>	<u>6,394,791</u>	<u>48,375</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 4,935,141</u>	<u>\$ 1,098,828</u>	<u>\$ 7,092,867</u>	<u>\$ 48,375</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, 2017

	Debt Service Fund #41000	Ed Tech Debt Service Fund #43000	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 9,924,219	\$ 3,452,998	\$ 5,887,032	\$ 28,941,279
Investments	-	-	-	2,274,442
Receivables:				
Property taxes	462,842	235,736	202,582	939,089
Grant	-	-	902,814	971,594
Interest	-	-	-	2,471
Due from other governments	103,272	56,865	58,662	228,426
Due from other funds	-	-	-	902,814
Supplies inventory	-	-	-	120,499
Food inventory	-	-	-	81,619
Total assets	<u>\$ 10,490,333</u>	<u>\$ 3,745,599</u>	<u>\$ 7,051,090</u>	<u>\$ 34,462,233</u>
Liabilities, deferred inflows, and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 111,193	\$ 1,240,461
Due to other funds	-	-	902,814	902,814
Total liabilities	-	-	1,014,007	2,143,275
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	108,841	108,841
Delinquent property taxes	409,028	204,838	163,344	809,678
Total deferred inflows of resources	409,028	204,838	272,185	918,519
Fund balance:				
Non-spendable:				
Inventories	-	-	-	202,118
Restricted for:				
Special revenue funds	-	-	801,647	1,426,681
Capital projects funds	-	-	4,963,251	11,406,417
Debt service	10,081,305	3,546,347	-	13,627,652
Unassigned	-	(5,586)	-	4,737,571
Total fund balance	10,081,305	3,540,761	5,764,898	31,400,439
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 10,490,333</u>	<u>\$ 3,745,599</u>	<u>\$ 7,051,090</u>	<u>\$ 34,462,233</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, 2017

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

Fund balances - total governmental funds	\$	31,400,439
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		317,389,025
Accumulated depreciation		(101,588,990)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable		809,678
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Contributions to pension subsequent to the measurement date		7,564,470
Difference between expected and actual experience		613,585
Net difference between projected and actual investment earnings on plan investments		8,442,327
Net change in pension assumptions		2,878,993
Net change in proportionate share of pension liability		3,052,220
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		(79,700,000)
Accrued interest payable		(852,914)
Accrued vacation payable		(344,299)
Bond premiums		(3,673,177)
Net pension liability		(141,432,228)
Deferred inflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Difference between expected and actual experience		(1,345,199)
Net change in proportionate share of pension liability		<u>(2,026,024)</u>
Net position of governmental activities	\$	<u><u>41,187,906</u></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, 2017

	General Fund	Food Service Fund #21000	Bond Building Fund #31100	Special Capital Outlay - State Fund #31400
Revenues:				
Taxes:				
Property	\$ 548,435	\$ -	\$ -	\$ -
Oil and gas	29,926	-	-	-
Intergovernmental - federal grants	107,863	3,449,871	-	-
Intergovernmental - state grants	75,408,627	-	-	18,510,627
Contributions - private grants	64,686	500	-	-
Charges for services	82,551	815,159	-	-
Investment and interest income	20	500	103,034	-
Miscellaneous	<u>293,936</u>	<u>10,998</u>	<u>-</u>	<u>-</u>
Total revenues	<u>76,536,044</u>	<u>4,277,028</u>	<u>103,034</u>	<u>18,510,627</u>
Expenditures:				
Current:				
Instruction	51,002,890	-	-	-
Support services:				
Students	9,094,481	-	-	-
Instruction	1,039,046	-	-	-
General Administration	1,345,750	-	-	-
School Administration	3,968,875	-	-	-
Central Services	1,077,561	-	-	-
Operation & Maintenance of Plant	8,339,976	-	881,883	-
Student transportation	2,503,167	-	-	-
Other Support services	7,291	-	-	-
Food services operations	-	4,445,031	-	-
Community services	4,773	-	-	-
Capital outlay	-	57,656	18,645,196	18,510,627
Debt service:				
Principal retirement	-	-	-	-
Bond interest paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>78,383,810</u>	<u>4,502,687</u>	<u>19,527,079</u>	<u>18,510,627</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,847,766)	(225,659)	(19,424,045)	-
Other financing uses:				
Refunds	<u>(95,257)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	(1,943,023)	(225,659)	(19,424,045)	-
Fund balance at beginning of the year	<u>6,806,679</u>	<u>932,312</u>	<u>25,818,836</u>	<u>48,375</u>
Fund balance at end of the year	<u>\$ 4,863,656</u>	<u>\$ 706,653</u>	<u>\$ 6,394,791</u>	<u>\$ 48,375</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, 2017

	<u>Debt Service Fund #41000</u>	<u>Ed Tech Debt Service Fund #43000</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes:				
Property	\$ 7,319,711	\$ 3,234,112	\$ 2,800,681	\$ 13,902,939
Oil and gas	186,978	141,365	236,278	594,547
Intergovernmental - federal grants	-	-	7,926,582	11,484,316
Intergovernmental - state grants	-	-	1,961,202	95,880,456
Contributions - private grants	-	-	-	65,186
Charges for services	-	-	730,195	1,627,905
Investment and interest income	820	368	17,096	121,838
Miscellaneous	-	-	100	305,034
Total revenues	<u>7,507,509</u>	<u>3,375,845</u>	<u>13,672,134</u>	<u>123,982,221</u>
Expenditures:				
Current:				
Instruction	-	-	5,966,343	56,969,233
Support services:				
Students	-	-	2,320,865	11,415,346
Instruction	-	-	91,072	1,130,118
General Administration	73,204	32,483	197,751	1,649,188
School Administration	-	-	1,055,452	5,024,327
Central Services	-	-	60,955	1,138,516
Operation & Maintenance of Plant	-	-	5,198,892	14,420,751
Student transportation	-	-	91,762	2,594,929
Other Support services	-	-	-	7,291
Food services operations	-	-	172,225	4,617,256
Community services	-	-	6,000	10,773
Capital outlay	-	-	155,908	37,369,387
Debt service:				
Principal retirement	7,375,000	3,825,000	-	11,200,000
Bond interest paid	<u>2,599,488</u>	<u>122,004</u>	-	<u>2,721,492</u>
Total expenditures	<u>10,047,692</u>	<u>3,979,487</u>	<u>15,317,225</u>	<u>150,268,607</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(2,540,183)	(603,642)	(1,645,091)	(26,286,386)
Other financing uses:				
Refunds	-	-	(116,289)	(211,546)
<i>Net change in fund balance</i>	(2,540,183)	(603,642)	(1,761,380)	(26,497,932)
Fund balance at beginning of the year	<u>12,621,488</u>	<u>4,144,403</u>	<u>7,526,278</u>	<u>57,898,371</u>
Fund balance at end of the year	<u>\$ 10,081,305</u>	<u>\$ 3,540,761</u>	<u>\$ 5,764,898</u>	<u>\$ 31,400,439</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, 2017

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

Net change in fund balance - total governmental funds	\$ (26,497,932)
<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	37,369,387
Depreciation	(5,648,662)
<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, 2016	(739,564)
June 30, 2017	809,678
<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	11,200,000
Deferred gain on bond refunding amortization	72,316
Bond premium amortization	307,306
<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, 2016	445,574
June 30, 2017	(344,299)
<p>Accrued interest at:</p>	
June 30, 2016	959,685
June 30, 2017	(852,914)
Loss on asset disposal	(621,656)
Deferred contributions to pension plan	7,564,470
Pension expense	<u>(14,522,852)</u>
Change in net position of governmental activities	<u>\$ 9,500,537</u>

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 540,028	\$ 540,028	\$ 549,363	\$ 9,335
Oil and gas	62,655	62,655	28,367	(34,288)
Intergovernmental - federal grants	84,000	84,000	107,863	23,863
Intergovernmental - state grants	77,948,894	76,433,073	75,408,627	(1,024,446)
Contributions - private grants	148,000	148,000	64,686	(83,314)
Charges for services	81,000	81,000	82,551	1,551
Investment and interest income	97	97	20	(77)
Miscellaneous	-	-	293,936	293,936
Total revenues	<u>78,864,674</u>	<u>77,348,853</u>	<u>76,535,413</u>	<u>(813,440)</u>
Expenditures:				
Current:				
Instruction	52,612,424	52,491,823	50,985,313	1,506,510
Support services:				
Students	9,170,577	9,302,094	9,160,715	141,379
Instruction	1,920,493	1,162,493	1,038,700	123,793
General Administration	1,246,975	1,385,458	1,346,835	38,623
School Administration	4,436,670	3,974,670	3,968,918	5,752
Central Services	1,181,587	1,181,587	1,075,190	106,397
Operation & Maintenance of Plant	9,481,019	8,632,074	8,420,932	211,142
Student transportation	2,924,375	2,536,914	2,502,989	33,925
Other Support services	2,176,483	2,176,483	7,291	2,169,192
Community services	4,773	4,773	4,773	-
Capital outlay	1,603	1,603	-	1,603
Total expenditures	<u>85,156,979</u>	<u>82,849,972</u>	<u>78,511,656</u>	<u>4,338,316</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(6,292,305)</u>	<u>(5,501,119)</u>	<u>(1,976,243)</u>	<u>3,524,876</u>
Other financing uses:				
Refunds	-	-	(95,257)	(95,257)
Transfers out	-	-	(2,581)	(2,581)
Total other financing uses	-	-	(97,838)	(97,838)
<i>Net change in fund balance</i>	(6,292,305)	(5,501,119)	(2,074,081)	3,427,038
<i>Beginning cash balance budgeted</i>	6,292,305	5,501,119	-	(5,501,119)
Fund balance at beginning of the year	-	-	6,806,679	6,806,679
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>4,732,598</u>	<u>\$ 4,732,598</u>
RECONCILIATION TO GAAP BASIS:				
Change in inventory			(14,322)	
Change in property tax receivable			3,260	
Change in due from other governments			407	
Change in payables			144,749	
Change in deferred property taxes			(3,036)	
Fund balance at end of the year (GAAP basis)			<u>\$ 4,863,656</u>	

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

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

FOOD SERVICE FUND - NO. 21000
**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ 3,079,497	\$ 3,079,497	\$ 3,063,206	\$ (16,291)
Contributions - private grants	-	-	500	500
Charges for services	1,236,741	1,236,741	815,159	(421,582)
Investment and interest income	570	570	500	(70)
Miscellaneous	-	-	10,998	10,998
Total revenues	4,316,808	4,316,808	3,890,363	(426,445)
Expenditures:				
Current:				
Food services operations	5,428,088	5,398,088	4,134,078	1,264,010
Capital outlay	27,825	57,825	57,656	169
Total expenditures	5,455,913	5,455,913	4,191,734	1,264,179
<i>Excess (deficiency) of revenues over expenditures</i>	(1,139,105)	(1,139,105)	(301,371)	837,734
<i>Beginning cash balance budgeted</i>	1,139,105	1,139,105	-	(1,139,105)
Fund balance at beginning of the year	-	-	932,312	932,312
Fund balance at end of the year	\$ -	\$ -	630,941	\$ 630,941
RECONCILIATION TO GAAP BASIS:				
Change in inventory			(14,426)	
Change in grant receivable			34,756	
Change in payables			55,382	
Fund balance at end of the year (GAAP basis)			\$ 706,653	

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, 2017

ASSETS

Pooled cash and investments	\$ <u>1,817,727</u>
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LIABILITIES

Deposits held for others	\$ <u>1,817,727</u>
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The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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.

B. Implementation of New Accounting Principles

During fiscal year 2017, the District adopted the following Governmental Accounting Standards Board (GASB) Statements:

- **GASB Statement No. 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 Statement No. 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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

B. Implementation of New Accounting Principles (cont'd)

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.

- **GASB Statement No. 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.

- **GASB Statement No. 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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

B. Implementation of New Accounting Principles (cont'd)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- **GASB Statement No. 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.
- **GASB Statement No. 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.

- **GASB Statement No. 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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

B. Implementation of New Accounting Principles (cont'd)

- **GASB Statement No. 83, *Certain Asset Retirement Obligations*** - This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. If probability weighting is not feasible at reasonable cost, the most likely amount should be used. This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement.

This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. A government should remeasure an ARO only when the result of the evaluation indicates there is a significant change in the estimated outlays. The deferred outflows of resources should be reduced and recognized as outflows of resources (for example, as an expense) in a systematic and rational manner over the estimated useful life of the tangible capital asset.

A government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. Additionally, a government may have a minority share of ownership interest in a jointly owned tangible capital asset in which no joint owner has a majority ownership, and a nongovernmental joint owner that has operational responsibility for the jointly owned tangible capital asset reports the associated ARO in accordance with the guidance of another recognized accounting standards setter. In both situations, the government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of this Statement.

In some cases, governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities. This Statement requires disclosure of how those funding and assurance requirements are being met by a government, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 (FYE June 30, 2019). Earlier application is encouraged.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

B. Implementation of New Accounting Principles (cont'd)

- **GASB Statement No. 84, *Fiduciary Activities*** – This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 (FYE June 30, 2020). Earlier application is encouraged. Changes adopted to conform to the provisions of this Statement should be applied retroactively by restating financial statements, if practicable, for all prior periods presented. If restatement for prior periods is not practicable, the cumulative effect, if any, of applying this Statement should be reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated. In the first period that this Statement is applied, the notes to the financial statements should disclose the nature of the restatement and its effect. Also, the reason for not restating prior periods presented should be disclosed.

- **GASB Statement No. 85, Omnibus 2017** – The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as goodwill and “negative” goodwill • Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest earning investment contracts at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Classifying employer-paid member contributions for OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

B. Implementation of New Accounting Principles (cont'd)

- **GASB Statement No. 86, Certain Debt Extinguishment Issues** – The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

In-Substance Defeasance of Debt Using Only Existing Resources Statement No. 7, Advance Refundings Resulting in Defeasance of Debt, requires that debt be considered defeased in substance when the debtor irrevocably places cash or other monetary assets acquired with refunding debt proceeds in a trust to be used solely for satisfying scheduled payments of both principal and interest of the defeased debt. The trust also is required to meet certain conditions for the transaction to qualify as an in-substance defeasance. This Statement establishes essentially the same requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the debt. However, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance. Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to financial statements in the period of the defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains outstanding at period-end should be disclosed.

Prepaid Insurance Related to Extinguished Debt – For governments that extinguish debt, whether through a legal extinguishment or through an in-substance defeasance, this Statement requires that any remaining prepaid insurance related to the extinguished debt be included in the net carrying amount of that debt for the purpose of calculating the difference between the reacquisition price and the net carrying amount of the debt.

Additional Disclosure for All In-Substance Defeasance Transactions – One of the criteria for determining an in-substance defeasance is that the trust hold only monetary assets that are essentially risk-free. If the substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited, governments should disclose that fact in the period in which the debt is defeased in substance. In subsequent periods, governments should disclose the amount of debt defeased in substance that remains outstanding for which that risk of substitution exists.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017 (FYE June 30, 2018). Earlier application is encouraged.

- **GASB Statement No. 87, Leases** - The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Definition of a Lease - A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

The provisions of this Statement are effective for reporting periods beginning after December 15, 2019 (FYE June 30, 2021).

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

C. 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.

D. 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.

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.

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.

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.

➤ SPECIAL REVENUE FUNDS

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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

➤ CAPITAL PROJECTS FUNDS

Bond Building (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.

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.

➤ DEBT SERVICE FUNDS

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.

Ed Tech Debt Service (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 –used to account for the proceeds of specific revenue sources – which are legally restricted to expenditures for specified purposes.

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

Fiduciary Funds –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.

E. 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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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 be collected, as prescribed in GASB 34. An allowance for refunds and uncollectible amounts has not been recorded.

3. *Inventories*

The District's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories are actually consumed. Inventory is valued at cost. Inventory in the Food Service Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased inventory is recorded as an expenditure at the time individual inventory items are consumed. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

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 assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation or forfeiture. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other capital assets are recorded at original cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Land, buildings and building improvements are recorded at historical cost or estimated historical cost if purchased or constructed. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction projects has not been capitalized.

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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

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

ASSETS	YEARS
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.

8. *Deferred Outflows/Inflows of Resources*

Both deferred inflows and outflows are reported in the Statement of Net Position, but are not recognized in the financial statements as revenues, expenses, and reduction of liabilities or increase in assets until the period(s) to which they relate.

In addition to assets, the District reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position/fund balance that applies to future periods and will not be recognized as an expenditure until that time.

The District also reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position/fund balance that applies to future periods and so will not be recognized as a revenue until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources.

The District reports deferred outflows of resources for pension-related amounts for the District's share of the difference between projected and actual earnings, for the District's share of the difference between contributions to the individual plans and the proportionate share of the contributions, and for changes of assumptions or other inputs.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

The District reports deferred inflows of resources for pension-related amounts in the government wide financial statements or the District's share of the difference between expected and actual experience and for the District's share of the difference between contributions to the individual plans and the proportionate share of the contributions.

Under the modified accrual basis of accounting, revenue and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as a deferred inflow of resources. Deferred inflows of resources are also comprised of property tax and long-term receivables that are unavailable in the fund statements.

9. 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, 2017.

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, 2017.

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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

10. *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.

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.

11. *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.

12. *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.

13. *Inter-fund Transactions*

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

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

14. 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 \$72,051,469 in state equalization guarantee distributions during the year ended June 30, 2017.

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 \$2,532,756 in transportation distributions during the year ended June 30, 2017.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the purchase of material listed on the PED 'Multiple List', while fifty percent of each allocation is available for purchases directly from vendors or transfer to the fifty percent account for purchase of material from the "Multiple List". Districts are allowed to carry forward unused textbook funds from year to year. The District received \$768,192 in instructional materials distributions during the year ended June 30, 2017.

15. Tax Abatements

Governmental Accounting Standards Board Statement No. 77 requires the District to disclose information on certain tax abatement agreements effecting the District. Accordingly, the District did not have any tax abatements effecting the District during the year ended June 30, 2017.

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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

A. Budgetary Information (cont'd)

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, 2017 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:

	ORIGINAL	FINAL
Major Funds:		
General Funds	\$ 85,156,979	\$ 82,849,972
Special Revenue Funds:		
Food Service	5,455,913	5,455,913
Capital Projects Funds:		
Bond Building	28,127,849	28,127,849
Special Capital Outlay - State	-	-
Debt Service Funds:		
Debt Service	22,042,862	22,042,862
Ed Tech Debt Service	9,057,033	9,057,033
Nonmajor Funds:		
Special Revenue Funds	6,649,345	13,755,224
Capital Projects Funds	11,511,582	11,782,312
Total Budget	\$ 168,001,563	\$ 173,071,165

B. Budgetary Violations

The District exceeded its legal budget in individual funds during the year ended June 30, 2017 as follows:

Reads to Lead	Support Services	\$ 3,360
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The District is aware of legal binding of budgets and has implemented a system of checks that will help prevent any further violations of budgetary control.

C. Deficit Fund Equity

There were not any deficit fund balances as of June 30, 2017.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

Cash and equivalents are comprised of the following balances:

	BALANCE
Financial institution:	
Wells Fargo	\$ 25,779,515
Citizens	1,122,912
Bank of Southwest	1,540,002
US Bank	4,577,742
State agencies:	
New Mexico Finance Authority	1,516,917
Less net reconciling items	<u>(3,778,082)</u>
	\$ 30,759,006
Less agency cash	<u>(1,817,727)</u>
Total cash and equivalents	\$ 28,941,279

At June 30, 2017, the carrying amount of the District's deposits was \$30,759,006 and the bank balance was \$34,537,088 with the difference consisting of outstanding checks. Of this balance \$750,000 was covered by federal depository insurance and \$24,917,055 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, 2017, \$8,870,033 of the District's bank balance was exposed to custodial risk as follows:

	INSURED	UNDER INSURED	TOTAL
Bank deposits:			
Uninsured and uncollateralized	\$ 8,870,033	\$ -	\$ 8,870,033
Uninsured and collateral held by pledging bank's trust dept not in the District's name	<u>24,917,055</u>	<u>-</u>	<u>24,917,055</u>
Total uninsured	33,787,088	-	33,787,088
Insured (FDIC)	<u>750,000</u>	<u>-</u>	<u>750,000</u>
Total deposits	<u>\$ 34,537,088</u>	<u>\$ -</u>	<u>\$ 34,537,088</u>
State of New Mexico collateral requirement:			
50% of uninsured public fund bank deposits	\$ 16,893,547	\$ -	\$ 16,893,547
Pledged security	<u>24,917,055</u>	<u>-</u>	<u>24,917,055</u>
Over collateralization	<u>\$ 8,023,508</u>	<u>\$ -</u>	<u>\$ 8,023,508</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

A. Cash and Temporary Investments (cont'd)

The collateral pledged is listed on Page 177 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	31 days (WAM)	\$2,274,441	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	
	Property Taxes	Grants	Governments	Funds
Major Funds:				
General Funds	\$ 37,929	\$ -	\$ 9,627	\$ 902,814
Food Service	-	68,780	-	-
Bond Building	-	-	-	-
Debt Service	462,842	-	103,272	-
Ed Tech Debt Service	235,736	-	56,865	-
Other Governmental Funds	202,582	902,814	58,662	-
Total	\$ 939,089	\$ 971,594	\$ 228,426	\$ 902,814

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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:

	UNAVAILABLE	UNEARNED
Grant drawdowns prior to meeting all eligibility requirements		
Other Governmental Funds	\$ -	\$ 108,841
Delinquent property taxes		
General Fund	32,468	-
Debt Service	409,028	-
Ed Tech Debt Service	204,838	-
Other Governmental Funds	163,344	-
Total deferred/unearned revenue for governmental funds	\$ 809,678	\$ 108,841

C. Inter-Fund Receivables and Payables

The inter-fund receivables and payables at June 30, 2017 were:

	RECEIVABLES	PAYABLES
Major Funds:		
General Funds	\$ 902,814	\$ -
Other Governmental Funds	-	902,814
Total	\$ 902,814	\$ 902,814

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

The inter-fund transfers during the year ended June 30, 2017 were:

	TRANSFER IN	TRANSFER OUT
Major Funds:		
General Funds	\$ -	\$ 2,581
Other Governmental Funds	2,581	-
Total	\$ 2,581	\$ 2,581

The transfers were to clear funds that are no longer being used and were approved by the New Mexico Department of Education.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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

E. Capital Assets

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

	BEGINNING	INCREASES	DECREASES	ENDING
Governmental activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 4,142,761	\$ -	\$ -	\$ 4,142,761
Construction in progress	17,958,201	36,972,887	-	54,931,088
Total capital assets not being depreciated	<u>22,100,962</u>	<u>36,972,887</u>	<u>-</u>	<u>59,073,849</u>
<u>Capital assets being depreciated:</u>				
Land improvements	4,448,663	-	-	4,448,663
Buildings and improvements	247,079,149	-	(5,148,912)	241,930,237
Furniture, fixtures, and equipment	11,637,391	396,500	(97,615)	11,936,276
Total capital assets being depreciated	<u>263,165,203</u>	<u>396,500</u>	<u>(5,246,527)</u>	<u>258,315,176</u>
Less accumulated depreciation for:				
Land improvements	(4,282,437)	(88,427)	-	(4,370,864)
Buildings and improvements	(88,722,644)	(4,748,883)	4,529,683	(88,941,844)
Furniture, fixtures, and equipment	(7,560,118)	(811,352)	95,188	(8,276,282)
Total accumulated depreciation	<u>(100,565,199)</u>	<u>(5,648,662)</u>	<u>4,624,871</u>	<u>(101,588,990)</u>
Total capital assets being depreciated, net	<u>162,600,004</u>	<u>(5,252,162)</u>	<u>(621,656)</u>	<u>156,726,186</u>
Total capital assets, net	<u>\$ 184,700,966</u>	<u>\$ 31,720,725</u>	<u>\$ (621,656)</u>	<u>\$ 215,800,035</u>

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

DEPRECIATION ALLOCATION TO FUNCTIONS	
Instruction	\$ 3,412,386
Support Services - Students	609,152
Support Services - Instruction	54,902
Support Services - General Administration	88,005
Support Services - School Administration	268,111
Central Services	60,754
Operations & Maintenance of Plant	769,528
Student Transportation	138,472
Other Support Services	389
Food Services	246,388
Community Services	575
Total Depreciation Expense	<u>\$ 5,648,662</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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, 2017 are as follows:

BOND ISSUES		ORIGINAL AMOUNT	INTEREST RATES	BALANCE	CURRENT PORTION
Series	2009	\$ 16,000,000	3.00% to 5.00%	\$ 2,775,000	\$ 500,000
Series	2011	12,500,000	2.00% to 4.00%	6,800,000	650,000
Series	2012	14,000,000	2.00% to 4.00%	7,650,000	950,000
Series	2012B	6,750,000	0.65% to 1.20%	-	-
Series	2014	23,500,000	2.00% to 3.00%	19,690,000	900,000
Series	2014B	3,530,000	2.00% to 2.00%	1,765,000	890,000
Series	Tech 2014	6,500,000	0.53% to 1.47%	3,100,000	1,700,000
Series	2015	35,000,000	3.00% to 5.00%	31,220,000	1,490,000
Series	Tech 2016	6,700,000	1.06% to 1.34%	6,700,000	1,475,000
Total		<u>\$ 124,480,000</u>		<u>\$ 79,700,000</u>	<u>\$ 8,555,000</u>

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

	BALANCE
Bonds payable	\$ 79,700,000
Less: current maturities	(8,555,000)
Unamortized:	
Bond premiums	3,673,177
Total non-current liabilities	<u>\$ 74,818,177</u>

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

YEAR ENDING	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
JUNE 30,			
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	4,100,000	1,732,925	5,832,925
2023 - 2027	22,500,000	6,332,063	28,832,063
2028 - 2032	17,915,000	2,374,663	20,289,663
2033 - 2037	6,605,000	216,369	6,821,369
Total	<u>\$ 79,700,000</u>	<u>\$ 19,354,519</u>	<u>\$ 99,054,519</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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, 2017 the following changes occurred in liabilities reported in the general obligation bonds account group:

		BEGINNING			ENDING	DUE WITHIN
		BALANCE	ADDITIONS	RETIREMENTS	BALANCE	ONE YEAR
Bonds payable						
<u>Original Amount</u>	<u>Issue</u>					
\$ 16,000,000	2009	\$ 3,275,000	\$ -	\$ 500,000	\$ 2,775,000	\$ 500,000
12,500,000	2011	7,400,000	-	600,000	6,800,000	650,000
14,000,000	2012	8,600,000	-	950,000	7,650,000	950,000
6,750,000	2012B	2,125,000	-	2,125,000	-	-
23,500,000	2014	20,335,000	-	645,000	19,690,000	900,000
3,530,000	2014B	2,665,000	-	900,000	1,765,000	890,000
6,500,000	Tech 2014	4,800,000	-	1,700,000	3,100,000	1,700,000
35,000,000	2015	35,000,000	-	3,780,000	31,220,000	1,490,000
6,700,000	Tech 2016	6,700,000	-	-	6,700,000	1,475,000
Total bonds payable		90,900,000		11,200,000	79,700,000	8,555,000
Bond premium		3,980,483	-	307,306	3,673,177	307,306
Compensated absences:						
Compensated vacation		445,576	396,227	497,504	344,299	344,299
		<u>\$ 95,326,059</u>	<u>\$ 396,227</u>	<u>\$ 12,004,810</u>	<u>\$ 83,717,476</u>	<u>\$ 9,206,605</u>

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

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, 2017 were \$68,467. The annual lease requirements are as follows:

JUNE 30,	AMOUNT
2018	\$ 68,467
2019	27,696
Total	<u>\$ 96,163</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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, 2017 and for the year then ended:

A. Cash and Temporary Investments

Cash and equivalents are comprised of the following balances:

	BALANCE
Financial institution:	
Citizens	\$ 256,494
Less net reconciling items	<u>(118,621)</u>
Total cash and equivalents	<u>\$ 137,873</u>

At June 30, 2017, the carrying amount of the District’s deposits was \$137,873 and the bank balance was \$256,494 with the difference consisting of outstanding checks. Of this balance \$250,000 was covered by federal depository insurance and \$6,494 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, 2017, none of the Charter School’s bank balance was exposed to custodial risk as follows:

	INSURED	UNDER INSURED	TOTAL
Bank deposits:			
Uninsured and uncollateralized	\$ -	\$ -	\$ -
Uninsured and collateral held by pledging bank's trust dept not in the School's name	<u>6,494</u>	<u>-</u>	<u>6,494</u>
Total uninsured	6,494	-	6,494
Insured (FDIC)	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total deposits	<u>\$ 256,494</u>	<u>\$ -</u>	<u>\$ 256,494</u>
 State of New Mexico collateral requirement:			
50% of uninsured public fund bank deposits	\$ 3,247	\$ -	\$ 3,247
Pledged security	<u>1,041,200</u>	<u>-</u>	<u>1,041,200</u>
Over collateralization	<u>\$ 1,037,953</u>	<u>\$ -</u>	<u>\$ 1,037,953</u>

The collateral pledged is listed on page 196 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, 2017

IV. COMPONENT UNIT (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	
	Property Taxes	Grants	Governments	Funds
Major Funds:				
General Funds	\$ -	\$ -	\$ -	\$ 25,662
Entitlement IDEA-B	-	-	-	-
Bond Building	-	-	-	-
Other Governmental Funds	-	29,310	-	-
Total	<u>\$ -</u>	<u>\$ 29,310</u>	<u>\$ -</u>	<u>\$ 25,662</u>

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, 2017 were:

	RECEIVABLES	PAYABLES
Major Funds:		
General Funds	\$ 25,662	\$ -
Entitlement IDEA-B	-	25,662
Total	<u>\$ 25,662</u>	<u>\$ 25,662</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, 2017.

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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

V. OTHER INFORMATION (cont'd)

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 150,082 active, retired, and inactive members in fiscal year 2016; there were 146,089 active, retired, and inactive members in fiscal year 2015.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

V. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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 2017.

Employer Contributions – In fiscal year 2017, 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, 2017 were \$7,542,274, 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 year ending June 30, 2017 was \$110,655, 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 218 contributing employers in fiscal year 2016; there were 216 contributing employers in fiscal year 2015.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

V. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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

Farmington Municipal Schools

At June 30, 2017, the District reported a liability of \$141,432,228 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2016, the District's proportion was 1.96531 percent, which was a decrease of 0.04306 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$14,522,852.

PENSION EXPENSE CALCULATION	
Net pension liability - end of the year	\$ 141,432,228
Net pension liability - beginning of the year	(130,087,473)
Deferred outflows of resources during the year	(4,989,513)
Deferred inflows of resources during the year	373,965
Reductions to ending net pension liability due contributions paid	<u>7,793,645</u>
Total Pension Expense	<u>\$ 14,522,852</u>

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OUTFLOWS	INFLOWS
Difference between expected and actual experience	\$ 613,585	\$ 1,345,199
Change of assumptions	2,878,993	-
Net difference between projected and actual earnings on pension plan investments	8,442,327	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,052,220	2,026,024
District contributions subsequent to the measurement date	<u>7,564,470</u>	<u>-</u>
Total	<u>\$ 22,551,595</u>	<u>\$ 3,371,223</u>

Deferred outflows of resources related to pensions in the amount of \$7,564,470 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, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

JUNE 30,	AMORTIZATION
2018	\$ 3,633,565
2019	2,489,424
2020	3,434,170
2021	2,058,743
2022	-
Thereafter	<u>-</u>
Total	<u>\$ 11,615,902</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

V. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

New Mexico Virtual Academy (Component Unit)

At June 30, 2017, the Charter School reported a liability of \$1,821,417 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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 school districts, actuarially determined. At June 30, 2016, the Charter School's proportion was 0.02531 percent, which was an increase of 0.00073 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Charter School recognized pension expense of \$229,824.

PENSION EXPENSE CALCULATION	
Net pension liability - end of the year	\$ 1,821,417
Net pension liability - beginning of the year	(1,592,112)
Deferred outflows of resources during the year	(78,450)
Deferred inflows of resources during the year	(21,516)
Reductions to ending net pension liability due contributions paid	<u>100,485</u>
Total Pension Expense	<u>\$ 229,824</u>

At June 30, 2017, the Charter School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OUTFLOWS	INFLOWS
Difference between expected and actual experience	\$ 7,902	\$ 17,324
Change of assumptions	37,077	-
Net difference between projected and actual earnings on pension plan investments	108,723	-
Changes in proportion and differences between School contributions and proportionate share of contributions	82,605	3,086
School contributions subsequent to the measurement date	<u>106,371</u>	<u>-</u>
Total	<u>\$ 342,678</u>	<u>\$ 20,410</u>

Deferred outflows of resources related to pensions in the amount of \$106,371 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, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

JUNE 30,	AMORTIZATION
2018	\$ 85,505
2019	42,852
2020	61,028
2021	26,512
2022	-
Thereafter	<u>-</u>
Total	<u>\$ 215,897</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

V. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

Actuarial Assumptions

A single discount rate of 7.75% was used to measure the total pension liability as of June 30, 2016. This single discount rate was based on 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, 2015. The total pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2015. The total pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2016. Specifically, the liabilities measured as of June 30, 2016 incorporate the following assumptions:

- 1) All members with an annual salary of more than \$20,000 will contribute 10.7% during the fiscal year ending June 30, 2015 and thereafter.
- 2) Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their 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.

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 rates based on age and service. Adopted by NMERB on June 12, 2015 in conjunction with the six-year experience study for the period ending June 30, 2014
Mortality:	Healthy males: RP-2000 Combined Mortality Table with white collar adjustments, generational mortality improvements with scale BB. Healthy females: GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with scale BB from the table's base year of 2012.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

V. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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 2016 and 2015 for 30-year return assumptions are summarized in the following table:

<u>Asset Class</u>	2016 Long-Term Expected <u>Real Rate of Return</u>	2015 Long-Term Expected <u>Real Rate of Return</u>
Cash	-0.25%	0.00%
U.S. Treasuries	0.00%	0.25%
IG Corp Credit	1.75%	1.50%
Mortgage Backed Securities	0.25%	0.50%
Core Bonds*	0.64%	0.73%
Treasury Inflation Protected Securities	0.75%	0.75%
High-Yield Bonds	2.50%	2.50%
Bank Loans	2.75%	2.75%
Global Bonds (Unhedged)	-0.50%	-1.00%
Global Bonds (Hedged)	-0.38%	-0.84%
Emerging Market Debt External	2.75%	2.75%
Emerging Market Debt Local Currency	3.25%	3.50%
Large Cap Equities	4.25%	4.25%
Small/ Mid Cap Equities	4.50%	4.50%
International Equities (Unhedged)	4.75%	4.75%
International Equities (Hedged)	5.14%	5.22%
Emerging International Equities	6.25%	6.00%
Private Equity	6.25%	6.25%
Private Debt	4.75%	4.75%
Private Real Assets	4.50%	4.50%
Real Estate	3.25%	3.25%
Commodities	2.25%	2.50%
Hedge Funds	3.25%	3.50%

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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

V. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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 2016, 2015, and 2014. 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.

		CURRENT SINGLE RATE		
		1% Decrease	Assumption	1% Increase
		6.75%	7.75%	8.75%
ERB (All Employers)				
2016	\$	9,531,509,131	\$ 7,196,433,561	\$ 5,258,980,529
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
Farmington Municipal Schools				
2016	\$	187,323,702	\$ 141,432,228	\$ 103,355,270
2015		175,041,386	130,087,473	92,321,507
2014		152,028,788	111,735,344	78,079,163
New Mexico Virtual Academy				
2016	\$	2,412,425	\$ 1,821,417	\$ 1,331,048
2015		2,142,293	1,592,112	1,129,903
2014		1,915,975	1,408,166	983,960

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, 2017

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 year ended June 30, 2017 was \$1,087,845, which equal the required contributions for each year.

New Mexico Virtual Academy's contributions to RHCA for the fiscal year ending June 30, 2017 was \$15,305, 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, 2017

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 3, 2017 which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2017

SCHEDULE OF THE FARMINGTON MUNICIPAL SCHOOLS' PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	2017	2016	2015
District's proportion of the net pension liability	1.965310%	2.008370%	1.958300%
District's proportionate share of the net pension liability	\$ 141,432,228	\$ 130,087,473	\$ 111,735,344
District's covered-employee payroll	\$ 56,130,511	\$ 57,084,325	\$ 53,977,809
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	251.97%	227.89%	207.00%
Plan fiduciary net position as a percentage of the total pension liability	61.58%	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*

	2017	2016	2015
Contractually required contribution	\$ 7,564,470	\$ 7,800,895	\$ 7,934,721
Contributions in relation to the contractually required	<u>(7,564,470)</u>	<u>(7,800,895)</u>	<u>(7,935,390)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (669)</u>
District's Covered-employee Payroll	\$ 54,402,833	\$ 56,130,511	\$ 57,084,325
Contribution as a percentage of covered-employee payroll	13.90%	13.90%	13.90%

* 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, 2017

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*

	2017	2016	2015
School's proportion of the net pension liability	0.024580%	0.000246%	0.024680%
School's proportionate share of the net pension liability	\$ 1,821,417	\$ 1,592,112	\$ 1,408,166
School's covered-employee payroll	\$ 722,913	\$ 698,722	\$ 680,233
School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	251.96%	227.86%	207.01%
Plan fiduciary net position as a percentage of the total pension liability	61.58%	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*

	2017	2016	2015
Contractually required contribution	\$ 106,370	\$ 100,485	\$ 97,122
Contributions in relation to the contractually required	<u>(106,370)</u>	<u>(100,485)</u>	<u>(97,126)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4)</u>
School's Covered-employee Payroll	\$ 765,254	\$ 722,913	\$ 698,722
Contribution as a percentage of covered-employee payroll	13.90%	13.90%	13.90%

* 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, 2017

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 2016 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 VI (B) *Actuarial Assumptions* of the financial statement note disclosure on the Pension Plan.

GENERAL FUNDS
YEAR ENDED JUNE 30, 2017

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, 2017

	Operational Fund #11000	Transportation Fund #13000	Instructional Materials Fund #14000	Total General Funds
Assets				
Cash and cash equivalents	\$ 3,613,895	\$ 38,082	\$ 212,295	\$ 3,864,272
Receivables:				
Property taxes	37,929	-	-	37,929
Due from other governments	9,627	-	-	9,627
Due from other funds	902,814	-	-	902,814
Supplies inventory	<u>-</u>	<u>120,499</u>	<u>-</u>	<u>120,499</u>
Total assets	<u>\$ 4,564,265</u>	<u>\$ 158,581</u>	<u>\$ 212,295</u>	<u>\$ 4,935,141</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	<u>\$ 38,679</u>	<u>\$ 338</u>	<u>\$ -</u>	<u>\$ 39,017</u>
Deferred inflows of resources:				
Delinquent property taxes	<u>32,468</u>	<u>-</u>	<u>-</u>	<u>32,468</u>
Fund balance:				
Non-spendable:				
Inventories	-	120,499	-	120,499
Unassigned	<u>4,493,118</u>	<u>37,744</u>	<u>212,295</u>	<u>4,743,157</u>
Total fund balance	<u>4,493,118</u>	<u>158,243</u>	<u>212,295</u>	<u>4,863,656</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 4,564,265</u>	<u>\$ 158,581</u>	<u>\$ 212,295</u>	<u>\$ 4,935,141</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, 2017**

	<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>Fund</u>
Revenues:				
Taxes:				
Property	\$ 548,435	\$ -	\$ -	\$ 548,435
Oil and gas	29,926	-	-	29,926
Intergovernmental - federal grants	107,863	-	-	107,863
Intergovernmental - state grants	72,107,679	2,532,756	768,192	75,408,627
Contributions - private grants	64,686	-	-	64,686
Charges for services	82,551	-	-	82,551
Investment and interest income	20	-	-	20
Miscellaneous	<u>293,936</u>	<u>-</u>	<u>-</u>	<u>293,936</u>
Total revenue	<u>73,235,096</u>	<u>2,532,756</u>	<u>768,192</u>	<u>76,536,044</u>
Expenditures:				
Current:				
Instruction	50,010,708	14,322	977,860	51,002,890
Support services:				
Students	9,094,481	-	-	9,094,481
Instruction	1,039,046	-	-	1,039,046
General Administration	1,345,750	-	-	1,345,750
School Administration	3,968,875	-	-	3,968,875
Central Services	1,077,561	-	-	1,077,561
Operation & Maintenance of Plant	8,339,976	-	-	8,339,976
Student transportation	-	2,503,167	-	2,503,167
Other Support services	7,291	-	-	7,291
Community services	<u>4,773</u>	<u>-</u>	<u>-</u>	<u>4,773</u>
Total expenditures	<u>74,888,461</u>	<u>2,517,489</u>	<u>977,860</u>	<u>78,383,810</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,653,365)	15,267	(209,668)	(1,847,766)
Other financing uses:				
Refunds	<u>-</u>	<u>-</u>	<u>(95,257)</u>	<u>(95,257)</u>
<i>Net change in fund balance</i>	(1,653,365)	15,267	(304,925)	(1,943,023)
Fund balance at beginning of the year	<u>6,146,483</u>	<u>142,976</u>	<u>517,220</u>	<u>6,806,679</u>
Fund balance at end of the year	<u>\$ 4,493,118</u>	<u>\$ 158,243</u>	<u>\$ 212,295</u>	<u>\$ 4,863,656</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 540,028	\$ 540,028	\$ 549,363	\$ 9,335
Oil and gas	62,655	62,655	28,367	(34,288)
Intergovernmental - federal grants	84,000	84,000	107,863	23,863
Intergovernmental - state grants	74,422,931	73,393,986	72,107,679	(1,286,307)
Contributions - private grants	148,000	148,000	64,686	(83,314)
Charges for services	81,000	81,000	82,551	1,551
Investment and interest income	97	97	20	(77)
Miscellaneous	-	-	293,936	293,936
Total revenues	75,338,711	74,309,766	73,234,465	(1,075,301)
Expenditures:				
Current:				
Instruction	52,010,836	51,468,272	50,007,453	1,460,819
Support services:				
Students	9,170,577	9,302,094	9,160,715	141,379
Instruction	1,920,493	1,162,493	1,038,700	123,793
General Administration	1,246,975	1,385,458	1,346,835	38,623
School Administration	4,436,670	3,974,670	3,968,918	5,752
Central Services	1,181,587	1,181,587	1,075,190	106,397
Operation & Maintenance of Plant	9,481,019	8,632,074	8,420,932	211,142
Other Support services	2,176,483	2,176,483	7,291	2,169,192
Community services	4,773	4,773	4,773	-
Capital outlay	1,603	1,603	-	1,603
Total expenditures	81,631,016	79,289,507	75,030,807	4,258,700
<i>Excess (deficiency) of revenues over expenditures</i>	(6,292,305)	(4,979,741)	(1,796,342)	3,183,399
Other financing uses:				
Transfers out	-	-	(2,581)	(2,581)
<i>Net change in fund balance</i>	(6,292,305)	(4,979,741)	(1,798,923)	3,180,818
<i>Beginning cash balance budgeted</i>	6,292,305	4,979,741	-	(4,979,741)
Fund balance at beginning of the year	-	-	6,146,483	6,146,483
Fund balance at end of the year	\$ -	\$ -	4,347,560	\$ 4,347,560
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			3,260	
Change in due from other governments			407	
Change in payables			144,927	
Change in deferred property taxes			(3,036)	
Fund balance at end of the year (GAAP basis)			\$ 4,493,118	

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, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Intergovernmental - state grants	\$ 2,924,375	\$ 2,532,756	\$ 2,532,756	\$ -
Expenditures:				
Current:				
Support services:				
Student transportation	<u>2,924,375</u>	<u>2,536,914</u>	<u>2,502,989</u>	<u>33,925</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	(4,158)	29,767	33,925
<i>Beginning cash balance budgeted</i>	-	4,158	-	(4,158)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>142,976</u>	<u>142,976</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>172,743</u>	<u><u>\$ 172,743</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in inventory			(14,322)	
Change in payables			<u>(178)</u>	
Fund balance at end of the year (GAAP basis)			<u><u>\$ 158,243</u></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, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Intergovernmental - state grants	\$ 601,588	\$ 506,331	\$ 768,192	\$ 261,861
Expenditures:				
Current:				
Instruction	601,588	1,023,551	977,860	45,691
<i>Excess (deficiency) of revenues over expenditures</i>	-	(517,220)	(209,668)	307,552
Other financing uses:				
Refunds	-	-	(95,257)	(95,257)
<i>Net change in fund balance</i>	-	(517,220)	(304,925)	212,295
<i>Beginning cash balance budgeted</i>	-	517,220	-	(517,220)
Fund balance at beginning of the year	-	-	517,220	517,220
Fund balance at end of the year	\$ -	\$ -	212,295	\$ 212,295
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 212,295	

MAJOR CAPITAL PROJECTS FUNDS
AND
MAJOR DEBT SERVICE FUNDS

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Investment and interest income	\$ 680	\$ 680	\$ 64,458	\$ 63,778
Expenditures:				
Current:				
Support services:				
Operation & Maintenance of Plant	2,345,000	2,345,000	25,756	2,319,244
Capital outlay	<u>25,782,849</u>	<u>25,782,849</u>	<u>19,733,891</u>	<u>6,048,958</u>
Total expenditures	<u>28,127,849</u>	<u>28,127,849</u>	<u>19,759,647</u>	<u>8,368,202</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(28,127,169)	(28,127,169)	(19,695,189)	8,431,980
<i>Beginning cash balance budgeted</i>	28,127,169	28,127,169	-	(28,127,169)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>25,818,836</u>	<u>25,818,836</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>6,123,647</u>	<u>\$ 6,123,647</u>
RECONCILIATION TO GAAP BASIS:				
Change in investments			(27,825)	
Change in receivables			66,402	
Change in payables			<u>232,567</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 6,394,791</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, 2017**

	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 revenue			18,510,627	
Change in expenditure			<u>(18,510,627)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 48,375</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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes:				
Property	\$ 9,491,985	\$ 9,491,985	\$ 7,320,376	\$ (2,171,609)
Oil and gas	482,503	482,503	180,740	(301,763)
Investment and interest income	<u>628</u>	<u>628</u>	<u>820</u>	<u>192</u>
Total revenues	<u>9,975,116</u>	<u>9,975,116</u>	<u>7,501,936</u>	<u>(2,473,180)</u>
Expenditures:				
Current:				
Support services:				
General Administration	94,920	94,920	73,204	21,716
Debt service:				
Principal retirement	7,375,000	7,375,000	7,375,000	-
Bond interest paid	2,599,488	2,599,488	2,599,488	-
Debt service reserves	<u>11,973,454</u>	<u>11,973,454</u>	<u>-</u>	<u>11,973,454</u>
Total expenditures	<u>22,042,862</u>	<u>22,042,862</u>	<u>10,047,692</u>	<u>11,995,170</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(12,067,746)	(12,067,746)	(2,545,756)	9,521,990
<i>Beginning cash balance budgeted</i>	12,067,746	12,067,746	-	(12,067,746)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>12,621,488</u>	<u>12,621,488</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>10,075,732</u>	<u>\$ 10,075,732</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			154,918	
Change in due from other governments			(85,864)	
Change in deferred property taxes			<u>(63,481)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 10,081,305</u>	

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, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 3,736,089	\$ 3,736,089	\$ 3,248,302	\$ (487,787)
Oil and gas	210,915	210,915	136,937	(73,978)
Investment and interest income	496	496	368	(128)
Total revenues	3,947,500	3,947,500	3,385,607	(561,893)
Expenditures:				
Current:				
Support services:				
Instruction	-	1,200	-	1,200
General Administration	37,432	37,432	32,483	4,949
Debt service:				
Principal retirement	3,825,000	3,825,000	3,825,000	-
Bond interest paid	122,004	122,004	122,004	-
Debt service reserves	5,072,597	5,071,397	-	5,071,397
Total expenditures	9,057,033	9,057,033	3,979,487	5,077,546
<i>Excess (deficiency) of revenues over expenditures</i>	(5,109,533)	(5,109,533)	(593,880)	4,515,653
<i>Beginning cash balance budgeted</i>	5,109,533	5,109,533	-	(5,109,533)
Fund balance at beginning of the year	-	-	4,144,403	4,144,403
Fund balance at end of the year	\$ -	\$ -	3,550,523	\$ 3,550,523
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			(13,841)	
Change in due from other governments			(6,128)	
Change in deferred property taxes			10,207	
Fund balance at end of the year (GAAP basis)			\$ 3,540,761	

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NONMAJOR GOVERNMENTAL FUNDS

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NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

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.

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).

Title I (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.

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.

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.

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.

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 Centers (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.

NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

Nonmajor Special Revenue Funds (cont'd)

- 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.
- Title I 1003g** (Fund No. 24124) Minimum Balance: None
The objective of this grant is to provide in conjunction with Title I funds for school improvement reserved under section 1003(a) of the ESEA. School Improvement Grants under section 1003(g) of the ESEA are used to improve student achievement in Title I schools identified for improvement, corrective action, or restructuring so as to enable those schools to make adequate yearly progress (AYP) and exit improvement status. Funding is by the Elementary and Secondary Education Act of 1965, as amended, Title I, Part B, Subpart 1.
- 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) Minimum Balance: None
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.
- 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).

NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

Nonmajor Special Revenue Funds (cont'd)

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.

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 (Fund No. 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.

NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

Nonmajor Special Revenue Funds (cont'd)

Native American Program (Fund No. 25248) To bring school-wide classroom reading instruction and targeted intervention for Limited English Proficient (LEP) students where the native language is Navajo.	Minimum Balance: None
Kellogg Foundation (Fund No. 26121) 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.	Minimum Balance: None
Dual Credit Instructional Materials (Fund No. 27103) 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.	Minimum Balance: None
Library GO Bonds 2012 (Fund No. 27107) 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).	Minimum Balance: None
Reads to Lead (Fund No. 27114) 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.	Minimum Balance: None
Pre-K Initiative (Fund No. 27149) 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.	Minimum Balance: None
Indian Education Act (Fund No. 27150) 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.	Minimum Balance: None
Breakfast for Elementary Students (Fund No. 27155) 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	Minimum Balance: None
Library GO Bond 2006 (Fund No. 27170) Funding made available to update and expand library collections.	Minimum Balance: None
2013 School Buses (Fund No. 27178) To provide for the purchase of school buses.	Minimum Balance: None
Workforce Readiness (Fund No. 27179) 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	Minimum Balance: None
Early College HS Start-Up (Fund No. 27180) 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.	Minimum Balance: None
STEM Teacher Initiative (Fund No. 27181) 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.	Minimum Balance: None

NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

Nonmajor Special Revenue Funds (cont'd)

- 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.
- College Counselor Initiative** (Fund No. 27189) Minimum Balance: None
Funding to be used by KCHS and SHS to hire a college advisor solely dedicated to college advisement. College advisors will be hired under STARS assignment code #83 as a Resource Coordinator. The hired Advisor(s) must have an appropriate license in accordance with STARS assignment code #83.
- 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.
- State SB-9 Match** (Fund No. 31700) Minimum Balance: None
To account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).
- Capital Improvements SB – 9** (Fund No. 31701) 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.
- 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, 2017

	Special Revenue Funds			
	Athletics Fund #22000	Activities Fund #23000	Title I Fund #24101	Javits Gifted & Talented Fund #24102
Assets				
Cash and cash equivalents	\$ 187,465	\$ 140,940	\$ 69,841	\$ 1,610
Receivables:				
Property taxes	-	-	-	-
Grant	-	-	-	-
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 187,465</u>	<u>\$ 140,940</u>	<u>\$ 69,841</u>	<u>\$ 1,610</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ 1,921	\$ -	\$ 132	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,921</u>	<u>-</u>	<u>132</u>	<u>-</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	69,709	1,610
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>69,709</u>	<u>1,610</u>
Fund balance:				
Restricted for:				
Special revenue funds	185,544	140,940	-	-
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>185,544</u>	<u>140,940</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 187,465</u>	<u>\$ 140,940</u>	<u>\$ 69,841</u>	<u>\$ 1,610</u>

(cont'd; 1 of 15)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds			
	Entitlement IDEA-B <u>Fund #24106</u>	New Mexico Autism <u>Fund #24108</u>	Preschool IDEA-B <u>Fund #24109</u>	Education of Homeless <u>Fund #24113</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 15,043	\$ 22,420
Receivables:				
Property taxes	-	-	-	-
Grant	132,746	5,773	-	-
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 132,746</u>	<u>\$ 5,773</u>	<u>\$ 15,043</u>	<u>\$ 22,420</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>132,746</u>	<u>5,773</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>132,746</u>	<u>5,773</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	15,043	22,420
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>15,043</u>	<u>22,420</u>
Fund balance:				
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>\$ 132,746</u>	<u>\$ 5,773</u>	<u>\$ 15,043</u>	<u>\$ 22,420</u>

(cont'd; 2 of 15)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

Special Revenue Funds

	IDEA-B Private Schools <u>Fund #24115</u>	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>	Title I - 1003g <u>Fund #24124</u>
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	7,857	1,600	86,917	-	48,150
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 7,857</u>	<u>\$ 1,600</u>	<u>\$ 86,917</u>	<u>\$ -</u>	<u>\$ 48,150</u>
Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>7,857</u>	<u>1,600</u>	<u>86,917</u>	<u>-</u>	<u>48,150</u>
Total liabilities	<u>7,857</u>	<u>1,600</u>	<u>86,917</u>	<u>-</u>	<u>48,150</u>
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	-
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Restricted for:					
Special revenue funds	-	-	-	-	-
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 7,857</u>	<u>\$ 1,600</u>	<u>\$ 86,917</u>	<u>\$ -</u>	<u>\$ 48,150</u>

(cont'd; 3 of 15)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds			
	IDEA-B Student Success <u>Fund #24132</u>	Title III English Language <u>Fund #24153</u>	Title II Teacher Quality <u>Fund #24154</u>	Title I School Improvement <u>Fund #24162</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	10,128	93,767	233,104	19,997
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 10,128</u>	<u>\$ 93,767</u>	<u>\$ 233,104</u>	<u>\$ 19,997</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>10,128</u>	<u>93,767</u>	<u>233,104</u>	<u>19,997</u>
Total liabilities	<u>10,128</u>	<u>93,767</u>	<u>233,104</u>	<u>19,997</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
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>\$ 10,128</u>	<u>\$ 93,767</u>	<u>\$ 233,104</u>	<u>\$ 19,997</u>

(cont'd; 4 of 15)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds			
	Carl D Perkins Fund #24174	Carl D Perkins Secondary Fund #24175	Carl D Perkins Secondary Redistribution Fund #24176	Carl D Perkins HSTW - Current Fund #24180
Assets				
Cash and cash equivalents	\$ -	\$ 3	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	15,378	-	8,231	590
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 15,378</u>	<u>\$ 3</u>	<u>\$ 8,231</u>	<u>\$ 590</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>15,378</u>	<u>-</u>	<u>8,231</u>	<u>590</u>
Total liabilities	<u>15,378</u>	<u>-</u>	<u>8,231</u>	<u>590</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	3	-	-
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>3</u>	<u>-</u>	<u>-</u>
Fund balance:				
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>\$ 15,378</u>	<u>\$ 3</u>	<u>\$ 8,231</u>	<u>\$ 590</u>

(cont'd; 5 of 15)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds			
	Carl D Perkins HSTW - PY Unliq. Oblig <u>Fund #24181</u>	Carl D Perkins HSTW - Redistribution <u>Fund #24182</u>	USDA Equipment Assist <u>Fund #24183</u>	ARRA - Entitlement IDEA-B <u>Fund #24206</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	3,834	8,794	-	-
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 3,834</u>	<u>\$ 8,794</u>	<u>\$ -</u>	<u>\$ -</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>3,834</u>	<u>8,794</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,834</u>	<u>8,794</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
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>\$ 3,834</u>	<u>\$ 8,794</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 6 of 15)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds			
	ARRA - IDEA- B CEIS <u>Fund #24212</u>	Johnson O'Malley <u>Fund #25131</u>	Impact Aid Special Education <u>Fund #25145</u>	Impact Aid Indian Education <u>Fund #25147</u>
Assets				
Cash and cash equivalents	\$ 55	\$ -	\$ 863	\$ 41,506
Receivables:				
Property taxes	-	-	-	-
Grant	-	108,130	-	-
Due from other governments	-	-	-	-
Total assets	<u>\$ 55</u>	<u>\$ 108,130</u>	<u>\$ 863</u>	<u>\$ 41,506</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	108,130	-	-
Total liabilities	-	108,130	-	-
Deferred inflows of resources:				
Advances of federal, state, and local grants	55	-	-	-
Delinquent property taxes	-	-	-	-
Total deferred inflows of resources	55	-	-	-
Fund balance:				
Restricted for:				
Special revenue funds	-	-	863	41,506
Capital projects funds	-	-	-	-
Total fund balance	-	-	863	41,506
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 55</u>	<u>\$ 108,130</u>	<u>\$ 863</u>	<u>\$ 41,506</u>

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds			
	Title XIX Medicaid <u>Fund #25153</u>	Indian Ed Formula Grant <u>Fund #25184</u>	Mentoring for Safe Schools <u>Fund #25187</u>	Title V Indian Health Care Improvement Act <u>Fund #25209</u>
Assets				
Cash and cash equivalents	\$ 366,966	\$ -	\$ 1	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	-	10,063	-	-
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 366,966</u>	<u>\$ 10,063</u>	<u>\$ 1</u>	<u>\$ -</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ 4,645	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>10,063</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,645</u>	<u>10,063</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	1	-
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
Fund balance:				
Restricted for:				
Special revenue funds	362,321	-	-	-
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>362,321</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 366,966</u>	<u>\$ 10,063</u>	<u>\$ 1</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds			
	Substance Abuse & Mental Health Fund #25238	Native American Program Fund #25248	Kellogg Foundation Fund #26121	Dual Credit Instructional Materials Fund #27103
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 14,452	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	-	3,297	-	6,556
Due from other governments	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 3,297</u>	<u>\$ 14,452</u>	<u>\$ 6,556</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	3,297	-	6,556
Total liabilities	-	3,297	-	6,556
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Delinquent property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balance:				
Restricted for:				
Special revenue funds	-	-	14,452	-
Capital projects funds	-	-	-	-
Total fund balance	-	-	14,452	-
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ -</u>	<u>\$ 3,297</u>	<u>\$ 14,452</u>	<u>\$ 6,556</u>

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds			
	Libraries GO Bond 2012 <u>Fund #27107</u>	Reads to Lead <u>Fund #27114</u>	Pre-K Initiative <u>Fund #27149</u>	Indian Education Act <u>Fund #27150</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	7,525	23,504	50,269	8,364
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 7,525</u>	<u>\$ 23,504</u>	<u>\$ 50,269</u>	<u>\$ 8,364</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>7,525</u>	<u>23,504</u>	<u>50,269</u>	<u>8,364</u>
Total liabilities	<u>7,525</u>	<u>23,504</u>	<u>50,269</u>	<u>8,364</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
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>\$ 7,525</u>	<u>\$ 23,504</u>	<u>\$ 50,269</u>	<u>\$ 8,364</u>

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds			
	Breakfast for Elementary Students <u>Fund #27155</u>	Libraries GO Bond 2006 <u>Fund #27170</u>	2013 School Buses <u>Fund #27178</u>	Workforce Readiness <u>Fund #27179</u>
Assets				
Cash and cash equivalents	\$ 2,729	\$ 2,431	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	-	-	-	-
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 2,729</u>	<u>\$ 2,431</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Restricted for:				
Special revenue funds	2,729	2,431	-	-
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>2,729</u>	<u>2,431</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 2,729</u>	<u>\$ 2,431</u>	<u>\$ -</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Special Revenue Funds			
	Early College HS Start-Up <u>Fund #27180</u>	STEM Teacher Initiative <u>Fund #27181</u>	New Mexico Grown <u>Fund #27183</u>	College Counselor Initiative <u>Fund #27189</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	-	-	-	8,240
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,240</u></u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,240</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,240</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
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><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,240</u></u>

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	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	\$ -	\$ -	\$ 49,315	\$ 1,546
Receivables:				
Property taxes	-	-	-	-
Grant	-	-	-	-
Due from other governments	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,315</u>	<u>\$ 1,546</u>
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	-	-	-	-
Delinquent property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balance:				
Restricted for:				
Special revenue funds	-	-	49,315	1,546
Capital projects funds	-	-	-	-
Total fund balance	-	-	49,315	1,546
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,315</u>	<u>\$ 1,546</u>

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Capital Projects Funds			
	Total Non-Major Special Revenue Funds	Special Capital Outlay - Local Fund #31300	State SB-9 Match Fund #31700	Capital Improvements SB-9 Fund #31701
Assets				
Cash and cash equivalents	\$ 917,186	\$ 1,555,307	\$ 450,247	\$ 1,444,305
Receivables:				
Property taxes	-	-	-	202,582
Grant	902,814	-	-	-
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,662</u>
Total assets	<u>\$ 1,820,000</u>	<u>\$ 1,555,307</u>	<u>\$ 450,247</u>	<u>\$ 1,705,549</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ 6,698	\$ 28,850	\$ -	\$ 72,645
Due to other funds	<u>902,814</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>909,512</u>	<u>28,850</u>	<u>-</u>	<u>72,645</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	108,841	-	-	-
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,344</u>
Total deferred inflows of resources	<u>108,841</u>	<u>-</u>	<u>-</u>	<u>163,344</u>
Fund balance:				
Restricted for:				
Special revenue funds	801,647	-	-	-
Capital projects funds	<u>-</u>	<u>1,526,457</u>	<u>450,247</u>	<u>1,469,560</u>
Total fund balance	<u>801,647</u>	<u>1,526,457</u>	<u>450,247</u>	<u>1,469,560</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,820,000</u>	<u>\$ 1,555,307</u>	<u>\$ 450,247</u>	<u>\$ 1,705,549</u>

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2017

	Capital Projects Funds			
	Ed Technology Equipment Act Fund #31900	Public School Capital Outlay - 20% Fund #32100	Total Non-Major Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,519,987	\$ -	\$ 4,969,846	\$ 5,887,032
Receivables:				
Property taxes	-	-	202,582	202,582
Grant	-	-	-	902,814
Due from other governments	-	-	58,662	58,662
Total assets	<u>\$ 1,519,987</u>	<u>\$ -</u>	<u>\$ 5,231,090</u>	<u>\$ 7,051,090</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ 3,000	\$ -	\$ 104,495	\$ 111,193
Due to other funds	-	-	-	902,814
Total liabilities	<u>3,000</u>	<u>-</u>	<u>104,495</u>	<u>1,014,007</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	108,841
Delinquent property taxes	-	-	163,344	163,344
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>163,344</u>	<u>272,185</u>
Fund balance:				
Restricted for:				
Special revenue funds	-	-	-	801,647
Capital projects funds	1,516,987	-	4,963,251	4,963,251
Total fund balance	<u>1,516,987</u>	<u>-</u>	<u>4,963,251</u>	<u>5,764,898</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,519,987</u>	<u>\$ -</u>	<u>\$ 5,231,090</u>	<u>\$ 7,051,090</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, 2017**

	Special Revenue Funds				
	Athletics <u>Fund #22000</u>	Activities <u>Fund #23000</u>	Title I <u>Fund #24101</u>	Javits Gifted & Talented <u>Fund #24102</u>	Entitlement IDEA-B <u>Fund #24106</u>
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	-	-	2,491,263	-	2,447,945
Intergovernmental - state grants	-	-	-	-	-
Charges for services	274,670	453,133	-	-	-
Investment and interest income	13	-	-	-	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>274,683</u>	<u>453,133</u>	<u>2,491,263</u>	<u>-</u>	<u>2,447,945</u>
Expenditures:					
Current:					
Instruction	218,065	398,503	1,683,849	-	1,046,967
Support services:					
Students	-	-	426,837	-	741,300
Instruction	-	-	-	-	-
General Administration	-	-	44,391	-	35,075
School Administration	-	-	336,186	-	566,648
Central Services	-	-	-	-	57,955
Operation & Maintenance of Plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	<u>1,921</u>	<u>60</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>219,986</u>	<u>398,563</u>	<u>2,491,263</u>	<u>-</u>	<u>2,447,945</u>
<i>Excess (deficiency) of revenues over expenditures</i>	54,697	54,570	-	-	-
Other financing uses:					
Refunds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	54,697	54,570	-	-	-
Fund balance at beginning of the year	<u>130,847</u>	<u>86,370</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ 185,544</u>	<u>\$ 140,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 1 of 13)

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, 2017**

Special Revenue Funds

	<u>New Mexico Autism Fund #24108</u>	<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>
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	5,773	36,052	16,003	7,857	120,686
Intergovernmental - state grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>5,773</u>	<u>36,052</u>	<u>16,003</u>	<u>7,857</u>	<u>120,686</u>
Expenditures:					
Current:					
Instruction	5,773	27,089	16,003	-	-
Support services:					
Students	-	8,963	-	7,857	-
Instruction	-	-	-	-	-
General Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	-	-	-	-	120,686
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>5,773</u>	<u>36,052</u>	<u>16,003</u>	<u>7,857</u>	<u>120,686</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-	-
Other financing uses:					
Refunds	-	-	-	-	-
<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>	<u>\$ -</u>

(cont'd; 2 of 13)

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, 2017**

Special Revenue Funds

	21st Century Community Learning Centers Fund #24119	IDEA-B "Risk Pool" Fund #24120	Title I - 1003g Fund #24124	IDEA-B Student Success Fund #24132	Title III English Language Fund #24153
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	165,839	-	48,150	20,632	209,081
Intergovernmental - state grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>165,839</u>	<u>-</u>	<u>48,150</u>	<u>20,632</u>	<u>209,081</u>
Expenditures:					
Current:					
Instruction	128,647	-	33,301	20,632	204,287
Support services:					
Students	8,010	-	-	-	130
Instruction	-	-	-	-	-
General Administration	20,182	-	-	-	4,664
School Administration	-	-	14,849	-	-
Central Services	3,000	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	6,000	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>165,839</u>	<u>-</u>	<u>48,150</u>	<u>20,632</u>	<u>209,081</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-	-
Other financing uses:					
Refunds	-	-	-	-	-
<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>	<u>\$ -</u>

(cont'd; 3 of 13)

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, 2017**

Special Revenue Funds

	<u>Title II Teacher Quality Fund #24154</u>	<u>Title I School Improvement Fund #24162</u>	<u>Carl D Perkins Fund #24174</u>	<u>Carl D Perkins Secondary Fund #24175</u>	<u>Carl D Perkins Secondary Redistribution Fund #24176</u>
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	305,825	69,468	105,105	-	15,474
Intergovernmental - state grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>305,825</u>	<u>69,468</u>	<u>105,105</u>	<u>-</u>	<u>15,474</u>
Expenditures:					
Current:					
Instruction	300,500	69,468	105,105	-	15,474
Support services:					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General Administration	5,283	-	-	-	-
School Administration	42	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>305,825</u>	<u>69,468</u>	<u>105,105</u>	<u>-</u>	<u>15,474</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-	-
Other financing uses:					
Refunds	-	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-	-
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 4 of 13)

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, 2017**

Special Revenue Funds

	<u>Carl D Perkins HSTW - Current Fund #24180</u>	<u>Carl D Perkins HSTW - PY Unliq. Oblig Fund #24181</u>	<u>Carl D Perkins HSTW - Redistribution Fund #24182</u>	<u>USDA Equipment Assist Fund #24183</u>	<u>ARRA - Entitlement IDEA-B Fund #24206</u>
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	-	-	4,287	-	-
Intergovernmental - state grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>4,287</u>	<u>-</u>	<u>-</u>
Expenditures:					
Current:					
Instruction	-	-	4,287	-	-
Support services:					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>4,287</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-	-
Other financing uses:					
Refunds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	-	-	-
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 5 of 13)

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, 2017**

	<u>Special Revenue Funds</u>				
	ARRA - IDEA- B CEIS Fund #24212	Johnson O'Malley Fund #25131	Impact Aid Special Education Fund #25145	Impact Aid Indian Education Fund #25147	Title XIX Medicaid Fund #25153
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	-	268,514	-	-	756,506
Intergovernmental - state grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>268,514</u>	<u>-</u>	<u>-</u>	<u>756,506</u>
Expenditures:					
Current:					
Instruction	-	93,537	-	6,301	-
Support services:					
Students	-	165,474	-	3,324	470,097
Instruction	-	-	-	-	14,741
General Administration	-	5,067	-	735	39,815
School Administration	-	4,436	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>268,514</u>	<u>-</u>	<u>10,360</u>	<u>524,653</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	(10,360)	231,853
Other financing uses:					
Refunds	-	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	(10,360)	231,853
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>863</u>	<u>51,866</u>	<u>130,468</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 863</u>	<u>\$ 41,506</u>	<u>\$ 362,321</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, 2017**

	Special Revenue Funds				
	Indian Ed Formula Grant Fund #25184	Mentoring for Safe Schools Fund #25187	Title V Indian Health Care Improvement Act Fund #25209	Substance Abuse & Mental Health Fund #25238	Native American Program Fund #25248
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	603,970	-	2,355	-	225,797
Intergovernmental - state grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	603,970	-	2,355	-	225,797
Expenditures:					
Current:					
Instruction	388,409	-	2,355	-	113,122
Support services:					
Students	96,650	-	-	-	105,049
Instruction	-	-	-	-	-
General Administration	10,325	-	-	-	3,862
School Administration	107,368	-	-	-	3,764
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	1,218	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	603,970	-	2,355	-	225,797
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-	-
Other financing uses:					
Refunds	-	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-	-
Fund balance at beginning of the year	-	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	\$ -	\$ -	\$ -

(cont'd; 7 of 13)

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, 2017**

Special Revenue Funds

	Kellogg Foundation Fund #26121	Dual Credit Instructional Materials Fund #27103	Libraries GO Bond 2012 Fund #27107	Reads to Lead Fund #27114	Pre-K Initiative Fund #27149
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	-	-	-	-	-
Intergovernmental - state grants	-	27,956	76,331	352,722	661,872
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>27,956</u>	<u>76,331</u>	<u>352,722</u>	<u>661,872</u>
Expenditures:					
Current:					
Instruction	118,532	27,956	-	169,222	661,872
Support services:					
Students	-	-	-	183,500	-
Instruction	-	-	76,331	-	-
General Administration	-	-	-	-	-
School Administration	22,159	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>140,691</u>	<u>27,956</u>	<u>76,331</u>	<u>352,722</u>	<u>661,872</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(140,691)	-	-	-	-
Other financing uses:					
Refunds	<u>(116,289)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	(256,980)	-	-	-	-
Fund balance at beginning of the year	<u>271,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ 14,452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2017**

Special Revenue Funds

	Indian Education Act Fund #27150	Breakfast for Elementary Students Fund #27155	Libraries GO Bond 2006 Fund #27170	2013 School Buses Fund #27178	Workforce Readiness Fund #27179
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	-	-	-	-	-
Intergovernmental - state grants	17,465	39,268	-	91,762	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>17,465</u>	<u>39,268</u>	<u>-</u>	<u>91,762</u>	<u>-</u>
Expenditures:					
Current:					
Instruction	10,494	-	-	-	-
Support services:					
Students	6,668	-	-	-	-
Instruction	-	-	-	-	-
General Administration	303	-	-	-	-
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student transportation	-	-	-	91,762	-
Food services operations	-	36,539	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>17,465</u>	<u>36,539</u>	<u>-</u>	<u>91,762</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	2,729	-	-	-
Other financing uses:					
Refunds	-	-	-	-	-
<i>Net change in fund balance</i>	-	2,729	-	-	-
Fund balance at beginning of the year	-	-	2,431	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ 2,729</u>	<u>\$ 2,431</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 9 of 13)

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, 2017**

Special Revenue Funds

	<u>Early College HS Start-Up Fund #27180</u>	<u>STEM Teacher Initiative Fund #27181</u>	<u>New Mexico Grown Fund #27183</u>	<u>College Counselor Initiative Fund #27189</u>	<u>Parent Advocacy Project Fund #27193</u>
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	-	-	-	-	-
Intergovernmental - state grants	-	-	15,000	97,006	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	-	-	15,000	97,006	-
Expenditures:					
Current:					
Instruction	-	-	-	-	-
Support services:					
Students	-	-	-	97,006	-
Instruction	-	-	-	-	-
General Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	-	-	15,000	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	-	15,000	97,006	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-	-
Other financing uses:					
Refunds	-	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-	-
Fund balance at beginning of the year	-	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	\$ -	\$ -	\$ -

(cont'd; 10 of 13)

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, 2017**

	Special Revenue Funds			
	STEM/Hard to Staff Fund #27195	Youth Conservation Corp Fund #28133	Tutoring Fund #28178	Total Nonmajor Special Revenue Funds
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-
Intergovernmental - federal grants	-	-	-	7,926,582
Intergovernmental - state grants	-	131,573	-	1,510,955
Charges for services	-	-	-	727,803
Investment and interest income	-	-	-	13
Miscellaneous	-	-	-	-
Total revenues	-	131,573	-	10,165,353
Expenditures:				
Current:				
Instruction	-	96,593	-	5,966,343
Support services:				
Students	-	-	-	2,320,865
Instruction	-	-	-	91,072
General Administration	-	-	-	169,702
School Administration	-	-	-	1,055,452
Central Services	-	-	-	60,955
Operation & Maintenance of Plant	-	-	-	1,218
Student transportation	-	-	-	91,762
Food services operations	-	-	-	172,225
Community services	-	-	-	6,000
Capital outlay	-	-	-	1,981
Total expenditures	-	96,593	-	9,937,575
<i>Excess (deficiency) of revenues over expenditures</i>	-	34,980	-	227,778
Other financing uses:				
Refunds	-	-	-	(116,289)
<i>Net change in fund balance</i>	-	34,980	-	111,489
Fund balance at beginning of the year	-	14,335	1,546	690,158
Fund balance at end of the year	\$ -	\$ 49,315	\$ 1,546	\$ 801,647

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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, 2017**

	Capital Projects Funds		
	Special Capital Outlay - Local Fund #31300	State SB-9 Match Fund #31700	Capital Improvements SB-9 Fund #31701
Revenues:			
Taxes:			
Property	\$ -	\$ -	\$ 2,800,681
Oil and gas	-	-	236,278
Intergovernmental - federal grants	-	-	-
Intergovernmental - state grants	-	450,247	-
Charges for services	2,392	-	-
Investment and interest income	134	-	1,495
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>2,526</u>	<u>450,247</u>	<u>3,038,454</u>
Expenditures:			
Current:			
Instruction	-	-	-
Support services:			
Students	-	-	-
Instruction	-	-	-
General Administration	-	-	28,049
School Administration	-	-	-
Central Services	-	-	-
Operation & Maintenance of Plant	6	-	3,139,562
Student transportation	-	-	-
Food services operations	-	-	-
Community services	-	-	-
Capital outlay	<u>28,850</u>	<u>-</u>	<u>119,759</u>
Total expenditures	<u>28,856</u>	<u>-</u>	<u>3,287,370</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(26,330)	450,247	(248,916)
Other financing uses:			
Refunds	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	(26,330)	450,247	(248,916)
Fund balance at beginning of the year	<u>1,552,787</u>	<u>-</u>	<u>1,718,476</u>
Fund balance at end of the year	<u>\$ 1,526,457</u>	<u>\$ 450,247</u>	<u>\$ 1,469,560</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, 2017

	Capital Projects Funds			
	Ed Technology Equipment Act Fund #31900	Public School Capital Outlay - 20% Fund #32100	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ 2,800,681	\$ 2,800,681
Oil and gas	-	-	236,278	236,278
Intergovernmental - federal grants	-	-	-	7,926,582
Intergovernmental - state grants	-	-	450,247	1,961,202
Charges for services	-	-	2,392	730,195
Investment and interest income	15,454	-	17,083	17,096
Miscellaneous	<u>100</u>	<u>-</u>	<u>100</u>	<u>100</u>
Total revenues	<u>15,554</u>	<u>-</u>	<u>3,506,781</u>	<u>13,672,134</u>
Expenditures:				
Current:				
Instruction	-	-	-	5,966,343
Support services:				
Students	-	-	-	2,320,865
Instruction	-	-	-	91,072
General Administration	-	-	28,049	197,751
School Administration	-	-	-	1,055,452
Central Services	-	-	-	60,955
Operation & Maintenance of Plant	1,958,233	99,873	5,197,674	5,198,892
Student transportation	-	-	-	91,762
Food services operations	-	-	-	172,225
Community services	-	-	-	6,000
Capital outlay	<u>5,318</u>	<u>-</u>	<u>153,927</u>	<u>155,908</u>
Total expenditures	<u>1,963,551</u>	<u>99,873</u>	<u>5,379,650</u>	<u>15,317,225</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,947,997)	(99,873)	(1,872,869)	(1,645,091)
Other financing uses:				
Refunds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(116,289)</u>
<i>Net change in fund balance</i>	(1,947,997)	(99,873)	(1,872,869)	(1,761,380)
Fund balance at beginning of the year	<u>3,464,984</u>	<u>99,873</u>	<u>6,836,120</u>	<u>7,526,278</u>
Fund balance at end of the year	<u>\$ 1,516,987</u>	<u>\$ -</u>	<u>\$ 4,963,251</u>	<u>\$ 5,764,898</u>

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NONMAJOR GOVERNMENTAL FUNDS
BUDGETARY PRESENTATION

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Charges for services	\$ 295,677	\$ 449,199	\$ 274,670	\$ (174,529)
Investment and interest income	<u>-</u>	<u>-</u>	<u>13</u>	<u>13</u>
Total revenues	295,677	449,199	274,683	(174,516)
Expenditures:				
Current:				
Instruction	<u>376,016</u>	<u>529,538</u>	<u>218,065</u>	<u>311,473</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(80,339)	(80,339)	56,618	136,957
<i>Beginning cash balance budgeted</i>	80,339	80,339	-	(80,339)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>130,847</u>	<u>130,847</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	187,465	<u><u>\$ 187,465</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>(1,921)</u>	
Fund balance at end of the year (GAAP basis)			<u><u>\$ 185,544</u></u>	

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Charges for services	\$ 675,000	\$ 675,000	\$ 453,133	\$ (221,867)
Expenditures:				
Current:				
Instruction	667,916	667,916	398,503	269,413
Capital outlay	<u>200,000</u>	<u>200,000</u>	<u>60</u>	<u>199,940</u>
Total expenditures	<u>867,916</u>	<u>867,916</u>	<u>398,563</u>	<u>469,353</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(192,916)	(192,916)	54,570	247,486
<i>Beginning cash balance budgeted</i>	192,916	192,916	-	(192,916)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>86,370</u>	<u>86,370</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>140,940</u>	<u><u>\$ 140,940</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>-</u>	
Fund balance at end of the year (GAAP basis)			<u><u>\$ 140,940</u></u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

TITLE I FUND - NO. 24101
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ 2,530,245	\$ 2,898,168	\$ 3,537,712	\$ 639,544
Expenditures:				
Current:				
Instruction	1,556,728	1,760,728	1,684,551	76,177
Support services:				
Students	552,615	592,615	426,837	165,778
General Administration	45,274	51,676	44,391	7,285
School Administration	<u>375,628</u>	<u>493,149</u>	<u>336,186</u>	<u>156,963</u>
Total expenditures	<u>2,530,245</u>	<u>2,898,168</u>	<u>2,491,965</u>	<u>406,203</u>
<i>Excess of revenues over expenditures</i>	-	-	1,045,747	1,045,747
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>	1,045,747	<u>\$ 1,045,747</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(976,739)	
Change in payables			701	
Change in deferred revenue			<u>(69,709)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

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, 2017**

	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

ENTITLEMENT IDEA-B FUND - NO. 24106

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 2,116,786	\$ 3,515,422	\$ 3,234,674	\$ (280,748)
Expenditures:				
Current:				
Instruction	1,107,948	1,463,448	1,046,967	416,481
Support services:				
Students	448,904	1,119,178	761,057	358,121
General Administration	33,272	33,272	35,075	(1,803)
School Administration	438,659	684,795	566,648	118,147
Central Services	88,003	88,003	57,955	30,048
Operation & Maintenance of Plant	-	126,726	-	126,726
Total expenditures	<u>2,116,786</u>	<u>3,515,422</u>	<u>2,467,702</u>	<u>1,047,720</u>
<i>Excess of revenues over expenditures</i>	-	-	766,972	766,972
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	766,972	\$ 766,972
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(786,729)	
Change in payables			19,757	
Fund balance at end of the year (GAAP basis)			\$ -	

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, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 6,000	\$ -	\$ (6,000)
Expenditures:				
Current:				
Instruction	-	6,000	5,773	227
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(5,773)	(5,773)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(5,773)	<u>\$ (5,773)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			5,773	
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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ 58,283	\$ 131,675	\$ 47,998	\$ (83,677)
Expenditures:				
Current:				
Instruction	48,283	121,675	27,089	94,586
Support services:				
Students	10,000	10,000	8,963	1,037
Total expenditures	58,283	131,675	36,052	95,623
<i>Excess of revenues over expenditures</i>	-	-	11,946	11,946
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	11,946	\$ 11,946
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			(11,946)	
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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 13,500	\$ 17,496	\$ 9,038	\$ (8,458)
Expenditures:				
Current:				
Instruction	12,948	16,944	16,003	941
Support services:				
Students	<u>552</u>	<u>552</u>	<u>-</u>	<u>552</u>
Total expenditures	<u>13,500</u>	<u>17,496</u>	<u>16,003</u>	<u>1,493</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(6,965)	(6,965)
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>	(6,965)	<u>\$ (6,965)</u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>6,965</u>	
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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 7,857	\$ 7,857	\$ 7,119	\$ (738)
Expenditures:				
Current:				
Support services:				
Students	7,857	7,857	7,857	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(738)	(738)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(738)	\$ (738)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			738	
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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 150,858	\$ 125,968	\$ (24,890)
Expenditures:				
Current:				
Food services operations	-	150,858	120,686	30,172
<i>Excess of revenues over expenditures</i>	-	-	5,282	5,282
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	5,282	<u>\$ 5,282</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(5,282)	
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, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 185,481	\$ 106,777	\$ (78,704)
Expenditures:				
Current:				
Instruction	-	143,529	128,647	14,882
Support services:				
Students	-	11,317	8,010	3,307
General Administration	-	21,485	20,182	1,303
Central Services	-	3,000	3,000	-
Community services	-	6,150	6,000	150
Total expenditures	-	185,481	165,839	19,642
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(59,062)	(59,062)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(59,062)	\$ (59,062)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			59,062	
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, 2017**

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

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

TITLE I - 1003G FUND - NO. 24124
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 50,000	\$ -	\$ (50,000)
Expenditures:				
Current:				
Instruction	-	34,304	33,301	1,003
Support services:				
General Administration	-	870	-	870
School Administration	-	14,826	14,849	(23)
Total expenditures	-	50,000	48,150	1,850
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(48,150)	(48,150)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(48,150)	\$ (48,150)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			48,150	
Fund balance at end of the year (GAAP basis)			\$ -	

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 30,000	\$ 30,000	\$ 24,275	\$ (5,725)
Expenditures:				
Current:				
Instruction	<u>30,000</u>	<u>30,000</u>	<u>20,632</u>	<u>9,368</u>
<i>Excess of revenues over expenditures</i>	-	-	3,643	3,643
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>	3,643	<u>\$ 3,643</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>(3,643)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 116,726	\$ 336,218	\$ 111,621	\$ (224,597)
Expenditures:				
Current:				
Instruction	114,437	328,310	267,791	60,519
Support services:				
Students	-	1,800	130	1,670
General Administration	2,289	6,108	4,664	1,444
Total expenditures	116,726	336,218	272,585	63,633
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(160,964)	(160,964)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(160,964)	\$ (160,964)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			93,767	
Change in payables			63,504	
Change in deferred revenue			3,693	
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, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 372,483	\$ 634,029	\$ 283,774	\$ (350,255)
Expenditures:				
Current:				
Instruction	336,062	597,608	300,501	297,107
Support services:				
Students	3,608	3,608	-	3,608
General Administration	5,306	5,306	5,283	23
School Administration	<u>27,507</u>	<u>27,507</u>	<u>42</u>	<u>27,465</u>
Total expenditures	<u>372,483</u>	<u>634,029</u>	<u>305,826</u>	<u>328,203</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(22,052)	(22,052)
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>	(22,052)	<u>\$ (22,052)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>22,052</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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 70,000	\$ 70,000	\$ 61,739	\$ (8,261)
Expenditures:				
Current:				
Instruction	<u>70,000</u>	<u>70,000</u>	<u>69,468</u>	<u>532</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(7,729)	(7,729)
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>(7,729)</u>	<u>\$ (7,729)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			<u>7,729</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ 89,533	\$ 116,430	\$ 86,042	\$ (30,388)
Expenditures:				
Current:				
Instruction	83,748	110,645	105,105	5,540
Capital outlay	<u>5,785</u>	<u>5,785</u>	<u>-</u>	<u>5,785</u>
Total expenditures	<u>89,533</u>	<u>116,430</u>	<u>105,105</u>	<u>11,325</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(19,063)	(19,063)
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>	(19,063)	<u>\$ (19,063)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			15,378	
Change in deferred revenue			<u>3,685</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, 2017**

	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

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 19,617	\$ 9,040	\$ (10,577)
Expenditures:				
Current:				
Instruction	-	19,617	15,474	4,143
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(6,434)	(6,434)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(6,434)	<u>\$ (6,434)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			6,434	
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, 2017**

	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

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, 2017**

	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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 5,136	\$ 8,584	\$ 3,448
Expenditures:				
Current:				
Instruction	-	5,136	4,287	849
<i>Excess of revenues over expenditures</i>	-	-	4,297	4,297
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	4,297	<u>\$ 4,297</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(4,297)	
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, 2017**

	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 - 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, 2017**

	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>	-	-	-	-
Other financing uses:				
Transfers In	-	-	2,581	2,581
<i>Net change in fund balance</i>	-	-	2,581	2,581
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	2,581	<u>\$ 2,581</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(2,581)	
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, 2017**

	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

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, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 270,070	\$ 227,171	\$ (42,899)
Expenditures:				
Current:				
Instruction	-	93,625	93,538	87
Support services:				
Students	-	166,899	165,474	1,425
General Administration	-	5,083	5,067	16
School Administration	-	4,463	4,436	27
Total expenditures	-	270,070	268,515	1,555
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(41,344)	(41,344)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(41,344)	\$ (41,344)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			41,344	
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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 863	\$ -	\$ (863)
Expenditures:				
Current:				
Support services:				
Students	-	863	-	863
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	863	863
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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 51,857	\$ -	\$ (51,857)
Expenditures:				
Current:				
Instruction	-	24,000	6,301	17,699
Support services:				
Students	-	26,905	3,324	23,581
General Administration	-	952	735	217
Total expenditures	-	51,857	10,360	41,497
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(10,360)	(10,360)
Fund balance at beginning of the year	-	-	51,866	51,866
Fund balance at end of the year	\$ -	\$ -	41,506	\$ 41,506
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 41,506	

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 816,702	\$ 756,506	\$ (60,196)
Expenditures:				
Current:				
Support services:				
Students	-	765,110	470,097	295,013
Instruction	-	15,592	14,741	851
General Administration	-	36,000	35,170	830
Total expenditures	-	816,702	520,008	296,694
<i>Excess of revenues over expenditures</i>	-	-	236,498	236,498
Fund balance at beginning of the year	-	-	130,468	130,468
Fund balance at end of the year	\$ -	\$ -	366,966	\$ 366,966
RECONCILIATION TO GAAP BASIS:				
Change in payables			(4,645)	
Fund balance at end of the year (GAAP basis)			\$ 362,321	

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 862,683	\$ 628,328	\$ (234,355)
Expenditures:				
Current:				
Instruction	-	487,071	388,408	98,663
Support services:				
Students	-	227,881	96,650	131,231
General Administration	-	18,917	10,325	8,592
School Administration	-	127,314	107,368	19,946
Operation & Maintenance of Plant	-	1,500	1,218	282
Total expenditures	-	862,683	603,969	258,714
<i>Excess of revenues over expenditures</i>	-	-	24,359	24,359
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	24,359	\$ 24,359
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(24,359)	
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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 1	\$ -	\$ (1)
Expenditures:				
Current:				
Instruction	-	1	-	1
<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

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, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 2,355	\$ -	\$ (2,355)
Expenditures:				
Current:				
Instruction	-	2,355	2,355	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(2,355)	(2,355)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(2,355)	<u>\$ (2,355)</u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			2,355	
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, 2017**

	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	\$ -	\$ -	-	\$ -
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

NATIVE AMERICAN PROGRAM FUND - NO. 25248

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 311,059	\$ 222,500	\$ (88,559)
Expenditures:				
Current:				
Instruction	-	152,547	113,122	39,425
Support services:				
Students	-	142,100	105,049	37,051
General Administration	-	5,412	3,862	1,550
School Administration	-	11,000	3,764	7,236
Total expenditures	-	311,059	225,797	85,262
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(3,297)	(3,297)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(3,297)	\$ (3,297)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			3,297	
Fund balance at end of the year (GAAP basis)			\$ -	

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, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Contributions - private grants	\$ -	\$ 142,206	\$ -	\$ (142,206)
Expenditures:				
Current:				
Instruction	-	119,523	118,532	991
Support services:				
General Administration	-	2,500	-	2,500
School Administration	-	20,183	22,159	(1,976)
Total expenditures	-	142,206	140,691	1,515
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(140,691)	(140,691)
Other financing uses:				
Refunds	-	-	(116,289)	(116,289)
<i>Net change in fund balance</i>	-	-	(256,980)	(256,980)
Fund balance at beginning of the year	-	-	271,432	271,432
Fund balance at end of the year	\$ -	\$ -	14,452	\$ 14,452
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 14,452	

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 43,704	\$ 44,042	\$ 338
Expenditures:				
Current:				
Instruction	-	43,704	43,704	-
<i>Excess of revenues over expenditures</i>	-	-	338	338
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	338	<u>\$ 338</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(16,086)	
Change in payables			15,748	
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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 82,747	\$ 82,779	\$ 32
Expenditures:				
Current:				
Support services:				
Instruction	-	82,747	76,331	6,416
<i>Excess of revenues over expenditures</i>	-	-	6,448	6,448
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	6,448	\$ 6,448
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(6,448)	
Fund balance at end of the year (GAAP basis)			\$ -	

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 353,500	\$ 430,765	\$ 77,265
Expenditures:				
Current:				
Instruction	-	173,360	169,222	4,138
Support services:				
Students	-	180,140	183,500	(3,360)
Total expenditures	-	353,500	352,722	778
<i>Excess of revenues over expenditures</i>	-	-	78,043	78,043
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	78,043	\$ 78,043
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(78,043)	
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, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 723,302	\$ 663,058	\$ (60,244)
Miscellaneous	-	-	-	-
Total revenues	-	723,302	663,058	(60,244)
Expenditures:				
Current:				
Instruction	-	723,302	661,872	61,430
<i>Excess of revenues over expenditures</i>	-	-	1,186	1,186
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	1,186	<u>\$ 1,186</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(1,186)	
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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 25,000	\$ 26,017	\$ 1,017
Expenditures:				
Current:				
Instruction	-	17,778	10,494	7,284
Support services:				
Students	-	6,787	6,668	119
General Administration	-	435	303	132
Total expenditures	-	25,000	17,465	7,535
<i>Excess of revenues over expenditures</i>	-	-	8,552	8,552
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	8,552	\$ 8,552
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(8,552)	
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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 143,630	\$ 115,510	\$ (28,120)
Expenditures:				
Current:				
Food services operations	-	143,630	36,539	107,091
<i>Excess of revenues over expenditures</i>	-	-	78,971	78,971
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	78,971	<u>\$ 78,971</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(76,242)	
Fund balance at end of the year (GAAP basis)			<u>\$ 2,729</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, 2017**

	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	<u>\$ -</u>	<u>\$ -</u>	2,431	<u>\$ 2,431</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			<u>\$ 2,431</u>	

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 91,762	\$ 174,937	\$ 83,175
Expenditures:				
Current:				
Support services:				
Student transportation	-	91,762	91,762	-
<i>Excess of revenues over expenditures</i>	-	-	83,175	83,175
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	83,175	<u>\$ 83,175</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(83,175)	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

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, 2017**

	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	-	-	-	-
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

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, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ -	\$ 104,674	\$ 104,674
Expenditures:				
Instruction	-	-	-	-
<i>Excess 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, 2017**

	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	-	-	-	-
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

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 15,000	\$ 16,063	\$ 1,063
Expenditures:				
Current:				
Food services operations	-	15,000	15,000	-
<i>Excess of revenues over expenditures</i>	-	-	1,063	1,063
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	1,063	<u>\$ 1,063</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(1,063)	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

COLLEGE COUNSELOR INITIATIVE FUND - NO. 27189
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 101,921	\$ 88,766	\$ (13,155)
Expenditures:				
Current:				
Support services:				
Students	-	101,921	97,006	4,915
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(8,240)	(8,240)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(8,240)	\$ (8,240)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			8,240	
Fund balance at end of the year (GAAP basis)			\$ -	

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, 2017**

	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	-	-	-	-
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

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ -	\$ 5,719	\$ 5,719
Expenditures:				
Current:				
Instruction	-	-	-	-
<i>Excess 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, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 145,021	\$ 131,573	\$ (13,448)
Expenditures:				
Current:				
Instruction	-	145,021	96,593	48,428
<i>Excess of revenues over expenditures</i>	-	-	34,980	34,980
Fund balance at beginning of the year	-	-	14,335	14,335
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	49,315	<u>\$ 49,315</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			<u>\$ 49,315</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, 2017**

	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	-	-	1,546	1,546
Fund balance at end of the year	\$ -	\$ -	1,546	\$ 1,546
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 1,546	

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Charges for services	\$ 2,074	\$ 2,074	\$ 2,392	\$ 318
Investment and interest income	<u>85</u>	<u>85</u>	<u>133</u>	<u>48</u>
Total revenues	<u>2,159</u>	<u>2,159</u>	<u>2,525</u>	<u>366</u>
Expenditures:				
Current:				
Support services:				
Operation & Maintenance of Plant	53	53	6	47
Capital outlay	<u>1,555,181</u>	<u>1,555,181</u>	<u>-</u>	<u>1,555,181</u>
Total expenditures	<u>1,555,234</u>	<u>1,555,234</u>	<u>6</u>	<u>1,555,228</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,553,075)	(1,553,075)	2,519	1,555,594
<i>Beginning cash balance budgeted</i>	1,553,075	1,553,075	-	(1,553,075)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>1,552,787</u>	<u>1,552,787</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>1,555,306</u>	<u>\$ 1,555,306</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>(28,849)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 1,526,457</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

STATE SB-9 MATCH FUND - NO. 31700
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 270,730	\$ 450,247	\$ 179,517
Expenditures:				
Current:				
Support services:				
Operation & Maintenance of Plant	-	270,730	-	270,730
<i>Excess of revenues over expenditures</i>	-	-	450,247	450,247
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	450,247	<u>\$ 450,247</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			<u>\$ 450,247</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

CAPITAL IMPROVEMENTS SB-9 FUND - NO. 31701

**Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 2,760,572	\$ 2,760,572	\$ 2,804,926	\$ 44,354
Oil and gas	250,620	250,620	217,648	(32,972)
Investment and interest income	664	664	1,495	831
Total revenues	3,011,856	3,011,856	3,024,069	12,213
Expenditures:				
Current:				
Support services:				
General Administration	27,606	28,056	28,049	7
Operation & Maintenance of Plant	4,937,123	4,936,673	3,117,915	1,818,758
Capital outlay	101,445	101,445	95,386	6,059
Total expenditures	5,066,174	5,066,174	3,241,350	1,824,824
<i>Excess (deficiency) of revenues over expenditures</i>	(2,054,318)	(2,054,318)	(217,281)	1,837,037
<i>Beginning cash balance budgeted</i>	2,054,318	2,054,318	-	(2,054,318)
Fund balance at beginning of the year	-	-	1,718,476	1,718,476
Fund balance at end of the year	\$ -	\$ -	1,501,195	\$ 1,501,195
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			21,669	
Change in due from other governments			6,520	
Change in payables			(46,020)	
Change in deferred property taxes			(13,804)	
Fund balance at end of the year (GAAP basis)			\$ 1,469,560	

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, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Investment and interest income	\$ 520	\$ 520	\$ 15,454	\$ 14,934
Miscellaneous	-	-	100	100
Total revenues	520	520	15,554	15,034
Expenditures:				
Current:				
Support services:				
Operation & Maintenance of Plant	4,790,301	4,784,801	1,955,233	2,829,568
Capital outlay	-	5,500	5,318	182
Total expenditures	4,790,301	4,790,301	1,960,551	2,829,750
<i>Excess (deficiency) of revenues over expenditures</i>	(4,789,781)	(4,789,781)	(1,944,997)	2,844,784
<i>Beginning cash balance budgeted</i>	4,789,781	4,789,781	-	(4,789,781)
Fund balance at beginning of the year	-	-	3,464,984	3,464,984
Fund balance at end of the year	\$ -	\$ -	1,519,987	\$ 1,519,987
RECONCILIATION TO GAAP BASIS:				
Change in payables			(3,000)	
Fund balance at end of the year (GAAP basis)			\$ 1,516,987	

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, 2017**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Contributions - private grants	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Support services:				
Operation & Maintenance of Plant	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	\$ -	\$ -	-	\$ -
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ -	

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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, 2017

Governmental funds capital assets:	
Land	\$ 4,142,761
Buildings and improvements	241,930,237
Improvements other than buildings	4,448,663
Equipment	11,936,276
Construction in progress	<u>54,931,088</u>
Total governmental funds capital assets:	<u>\$ 317,389,025</u>

Investment in governmental funds capital assets by source:	
General funds	\$ 6,214,924
Special revenue funds	2,303,359
Capital projects funds	<u>308,870,742</u>
Total governmental funds capital assets:	<u>\$ 317,389,025</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, 2017

<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	\$ 1,048,636	\$ -	\$ 1,075,402
Support services:						
Students	-	-	-	110,502	-	110,502
Instruction	-	-	-	7,354	-	7,354
General Administration	-	-	-	293,665	-	293,665
School Administration	-	82,941	-	172,593	-	255,534
Central Services	-	-	-	62,020	-	62,020
Operation & Maintenance of Plant	650,000	-	-	1,321,017	-	1,971,017
Student Transportation	-	-	-	6,984,713	-	6,984,713
Other Support Services	-	-	-	37,700	-	37,700
Non-instructional services:						
Food Services Operations	-	-	-	1,085,398	-	1,085,398
Capital Outlay	<u>3,492,761</u>	<u>241,847,296</u>	<u>4,421,897</u>	<u>812,678</u>	<u>54,931,088</u>	<u>305,505,720</u>
	<u>\$ 4,142,761</u>	<u>\$ 241,930,237</u>	<u>\$ 4,448,663</u>	<u>\$ 11,936,276</u>	<u>\$ 54,931,088</u>	<u>\$ 317,389,025</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, 2017

<u>Function and Activity</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Reclassification</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Educational services:					
Instruction	\$ 1,059,233	\$ -	\$ 21,769	\$ (5,600)	\$ 1,075,402
Support services:					
Students	104,502	-	6,000	-	110,502
Instruction	7,354	-	-	-	7,354
General Administration	308,764	-	-	(15,099)	293,665
School Administration	242,040	-	13,494	-	255,534
Central Services	62,020	-	-	-	62,020
Operation & Maintenance of Plant	1,916,505	-	119,627	(65,115)	1,971,017
Student Transportation	7,010,677	-	-	(25,964)	6,984,713
Other Support Services	37,700	-	-	-	37,700
Non-instructional services:					
Food Services Operations	991,411	-	105,787	(11,800)	1,085,398
Capital Outlay	<u>273,525,959</u>	<u>-</u>	<u>37,102,710</u>	<u>(5,122,949)</u>	<u>305,505,720</u>
	<u>\$285,266,165</u>	<u>\$ -</u>	<u>\$ 37,369,387</u>	<u>\$ (5,246,527)</u>	<u>\$317,389,025</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
Schedule of Changes in Assets and Liabilities - All Agency Funds
Year Ended June 30, 2017

Activity		Balance			Balance
<u>Fund</u>	<u>ASSETS</u>	<u>June 30, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>June 30, 2017</u>
23001	Central Office	\$ 947,006	\$ 1,020,180	\$ 834,690	\$ 1,132,496
23002	Farmington HS	328,574	527,609	458,787	397,396
23007	Piedra Vista HS	<u>246,179</u>	<u>582,072</u>	<u>540,416</u>	<u>287,835</u>
	Pooled cash and investments	<u>\$ 1,521,759</u>	<u>\$ 2,129,861</u>	<u>\$ 1,833,893</u>	<u>\$ 1,817,727</u>
 <u>LIABILITIES</u>					
	Deposits held for others	<u>\$ 1,521,759</u>	<u>\$ 2,129,861</u>	<u>\$ 1,833,893</u>	<u>\$ 1,817,727</u>

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2017

	<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, 2017:					
Checking and savings	\$ 25,779,515	\$ 1,122,912	\$ 1,540,002	\$ 4,577,742	\$ 1,516,917
Less: FDIC coverage	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>
Uninsured funds	<u>\$ 25,529,516</u>	<u>\$ 872,912</u>	<u>\$ 1,290,002</u>	<u>\$ 4,577,741</u>	<u>\$ 1,516,917</u>
Amount requiring pledged collateral:					
50% collateral requirement	\$ 12,764,758	\$ 436,456	\$ 645,001	\$ 2,163,871	\$ 758,459
Pledged collateral	<u>13,733,476</u>	<u>5,263,921</u>	<u>825,000</u>	<u>4,577,741</u>	<u>1,516,917</u>
Excess (deficiency) of pledged collateral	<u>\$ 968,718</u>	<u>\$ 4,827,465</u>	<u>\$ 179,999</u>	<u>\$ 2,413,870</u>	<u>\$ 758,458</u>

Pledged collateral of financial institutions consists of the following at June 30, 2017

<u>Wells Fargo Bank:</u>	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
FNMAC	7/1/2035	3128P8BH3	\$ 1,765,938
FNMA	8/1/2031	3138WHR20	<u>11,967,537</u>
			<u>\$ 13,733,476</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>\$ 5,263,921</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	12/5/2017	<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>\$ 4,577,742</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, 2017

	Beginning Cash	Receipts	Distributions	Other	Net Cash End of Period	Adjustments to the report	Total Cash on Report
Operations	\$ 4,051,490	\$ 73,234,465	\$ 75,030,807	\$ 1,358,747	\$ 3,613,895	\$ -	\$ 3,613,895
Teacherage	-	-	-	-	-	-	-
Transportation	8,315	2,532,756	2,502,989	-	38,082	-	38,082
Instructional Materials	517,220	768,191	977,859	(95,257)	212,295	-	212,295
Food Services	1,249,799	3,890,364	4,191,734	-	948,429	-	948,429
Athletics	130,847	274,683	218,065	-	187,465	-	187,465
Activity Funds	86,370	453,133	398,563	-	140,940	-	140,940
Federal Flowthrough Funds	105,032	7,656,564	6,153,402	(1,499,222)	108,972	-	108,972
Federal Direct Funds	185,553	1,834,505	1,631,004	20,282	409,336	-	409,336
Local Grants	271,432	-	140,691	(116,289)	14,452	-	14,452
State Flowthrough Funds	(459,228)	1,752,330	1,392,400	104,458	5,160	-	5,160
State Direct Funds	15,881	131,573	96,593	-	50,861	-	50,861
Bond Building	26,741,805	64,457	19,759,646	43,780	7,090,396	(2,274,442)	4,815,954
Special Capital Outlay - Local	1,552,787	2,526	6	-	1,555,307	-	1,555,307
Special Capital Outlay - State	48,375	-	-	-	48,375	-	48,375
State SB-9 Match	-	450,247	-	-	450,247	-	450,247
Capital Improvements SB-9	1,661,588	3,024,067	3,241,350	-	1,444,305	-	1,444,305
Ed Technology Equipment Act	3,464,984	15,554	1,960,551	-	1,519,987	-	1,519,987
Public School Capital Outlay - 20%	99,873	-	99,873	-	-	-	-
Debt Service	12,469,974	7,501,936	10,047,691	-	9,924,219	-	9,924,219
Ed Tech Debt Service	4,046,877	3,385,607	3,979,486	-	3,452,998	-	3,452,998
Agency Funds	-	-	-	-	-	1,817,727	1,817,727
Total	\$ 56,248,974	\$ 106,972,958	\$ 131,822,710	\$ (183,501)	\$ 31,215,721	\$ (456,715)	\$ 30,759,006

Account Name	Account Type	Bank Name	Bank Amount	Adjustments to report:	
Operational	Checking - Interest	Wells Fargo	\$ 7,301,543	Agency funds	\$ 1,817,727
Op Invest	Money Market - Interest	Wells Fargo	12,890	Investments	(2,274,442)
School Lunch	Checking - Interest	Bank of the Southwest	1,540,002	Total adjustment to the report	\$ (456,715)
Federal	Checking - Interest	Wells Fargo	290,000		
Tec Bonds	Checking - Interest	Citizens	3,071		
Capital Improvements	Money Market - Interest	US Bank	4,577,741	Adjustments to cash:	
Activities	Checking - Interest	Citizens	1,119,842	Bank Balance	\$ 34,537,088
Debt	Checking - Interest	Wells Fargo	12,604,477	Cash on hand	-
Debt	Money Market - Interest	Wells Fargo	772,739	Outstanding deposits	-
Employee Benefits	Checking - Interest	Wells Fargo	2,376,117	Outstanding checks	(3,778,082)
FHS Scorp Activity	Checking - Interest	Wells Fargo	388,249	Errors	-
NonBudgeted	Checking - Interest	Wells Fargo	143,728	Total adjusted cash	\$ 30,759,006
PV Activity Acct	Checking - Interest	Wells Fargo	287,440		
Secondary Athletic	Checking - Interest	Citizens	2,920		
Special Building	Checking - Interest	Citizens	184,950		
Transportation	Checking - Interest	Wells Fargo	124		
Bond Building	Escrow - Interest	NM Finance Authority	1,516,917		
Accounts payable	Checking - Interest	Wells Fargo	81,768		
Payroll Clearing	Checking - Interest	Wells Fargo	1,332,570		
			<u>\$ 34,537,088</u>		

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, 2017

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 137,873
Receivables:	
Grant	<u>29,310</u>
Total Assets	<u>167,183</u>
 Deferred Outflows of Resources:	
Contributions to pension subsequent to the measurement date	106,371
Difference between expected and actual experience	7,902
Net difference between projected and actual investment earnings on plan investments	108,723
Net change in pension assumptions	37,077
Net change in proportionate share of pension liability	<u>82,605</u>
Total Deferred Outflows of Resources	<u>342,678</u>
 Liabilities	
Accounts payable	168,488
Accrued salaries	19,935
Long-term liabilities other than pensions:	
Due within one year	-
Due in more than one year	-
Aggregate net pension liability	<u>1,821,417</u>
Total Liabilities	<u>2,009,840</u>
 Deferred Inflows of Resources	
Difference between expected and actual experience	17,324
Net change in proportionate share of pension liability	<u>3,086</u>
Total Deferred Inflows of Resources	<u>20,410</u>
 Net Position	
Restricted for:	
Special revenue funds	995
Unrestricted	<u>(1,521,384)</u>
Total Net Position	<u>\$ (1,520,389)</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, 2017

	General Funds			Special Revenue Funds			Capital Projects Fund		
	Operational Fund #11000	Instructional Materials Fund #14000	Total General Funds	Activities Fund #23000	Entitlement IDEA-B Fund #24106	Libraries GO Bond 2012 Fund #27107	Special Revenue Funds	State SB-9 Match Fund #31700	Total Governmental Funds
Assets									
Cash and cash equivalents	\$ 128,997	\$ 7,581	\$ 136,578	\$ 1,295	\$ -	\$ -	\$ 1,295	\$ -	\$ 137,873
Receivables:									
Grant	-	-	-	-	29,310	-	29,310	-	29,310
Due from other funds	25,662	-	25,662	-	-	-	-	-	25,662
Total assets	<u>\$ 154,659</u>	<u>\$ 7,581</u>	<u>\$ 162,240</u>	<u>\$ 1,295</u>	<u>\$ 29,310</u>	<u>\$ -</u>	<u>\$ 30,605</u>	<u>\$ -</u>	<u>\$ 192,845</u>
Liabilities and fund balance									
Liabilities:									
Accounts payable	164,540	-	164,540	\$ 300	\$ 3,648	\$ -	\$ 3,948	\$ -	\$ 168,488
Accrued salaries	19,935	-	19,935	-	-	-	-	-	19,935
Due to other funds	-	-	-	-	25,662	-	25,662	-	25,662
Total liabilities	<u>184,475</u>	<u>-</u>	<u>184,475</u>	<u>300</u>	<u>29,310</u>	<u>-</u>	<u>29,610</u>	<u>-</u>	<u>214,085</u>
Fund balance:									
Restricted for:									
Special revenue funds	-	-	-	995	-	-	995	-	995
Unassigned	(29,816)	7,581	(22,235)	-	-	-	-	-	(22,235)
Total fund balance	<u>(29,816)</u>	<u>7,581</u>	<u>(22,235)</u>	<u>995</u>	<u>-</u>	<u>-</u>	<u>995</u>	<u>-</u>	<u>(21,240)</u>
Total liabilities and fund balance	<u>\$ 154,659</u>	<u>\$ 7,581</u>	<u>\$ 162,240</u>	<u>\$ 1,295</u>	<u>\$ 29,310</u>	<u>\$ -</u>	<u>\$ 30,605</u>	<u>\$ -</u>	<u>\$ 192,845</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, 2017

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

Fund balances - total governmental funds	\$	(21,240)
<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		106,371
Net change in pension assumptions		37,077
Net change in proportionate share of pension liability		82,605
<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		(1,821,417)
<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		(17,324)
Net difference between projected and actual investment earnings on plan investments		-
Net change in proportionate share of pension liability		<u>(3,086)</u>
Net position of governmental activities	\$	<u>(1,520,389)</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, 2017

	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	State SB-9 Match Fund #31700	
Revenues:									
Intergovernmental - federal grants	\$ -	\$ -	\$ -	\$ -	\$ 57,955	\$ -	\$ 57,955	\$ -	\$ 57,955
Intergovernmental - state grants	2,744,035	30,619	2,774,654	-	-	-	-	-	2,774,654
Contributions - private grants	-	-	-	200	-	-	200	-	200
Charges for services	400	-	400	941	-	-	941	-	1,341
Miscellaneous	256	-	256	-	-	-	-	-	256
Total revenues	<u>2,744,691</u>	<u>30,619</u>	<u>2,775,310</u>	<u>1,141</u>	<u>57,955</u>	<u>-</u>	<u>59,096</u>	<u>-</u>	<u>2,834,406</u>
Expenditures:									
Current:									
Instruction	2,426,966	23,038	2,450,004	563	-	-	563	-	2,450,567
Support services:									
Students	8,192	-	8,192	-	57,955	-	57,955	-	66,147
Instruction	46,124	-	46,124	-	-	-	-	-	46,124
General Administration	73,166	-	73,166	-	-	-	-	-	73,166
School Administration	267,582	-	267,582	-	-	-	-	-	267,582
Central Services	78,465	-	78,465	-	-	-	-	-	78,465
Operation & Maintenance of Plant	102,758	-	102,758	-	-	-	-	-	102,758
Total expenditures	<u>3,003,253</u>	<u>23,038</u>	<u>3,026,291</u>	<u>563</u>	<u>57,955</u>	<u>-</u>	<u>58,518</u>	<u>-</u>	<u>3,084,809</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(258,562)	7,581	(250,981)	578	-	-	578	-	(250,403)
Fund balance at beginning of the year	<u>228,746</u>	-	<u>228,746</u>	<u>417</u>	-	-	<u>417</u>	-	<u>229,163</u>
Fund balance (deficit) at end of the year	<u>\$ (29,816)</u>	<u>\$ 7,581</u>	<u>\$ (22,235)</u>	<u>\$ 995</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 995</u>	<u>\$ -</u>	<u>\$ (21,240)</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, 2017

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

Net change in fund balance - total governmental funds	\$ (250,403)
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.	
Deferred contributions to pension plan	106,371
Pension expense	<u>(229,824)</u>
Change in net position of governmental activities	<u>\$ (373,856)</u>

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

GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

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 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 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.

State SB-9 Match (Fund No. 31700) Minimum Balance: None
To account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 2,837,363	\$ 2,742,881	\$ 2,744,035	\$ 1,154
Charges for services	-	-	400	400
Miscellaneous	-	-	206	206
Total revenues	2,837,363	2,742,881	2,744,641	1,760
Expenditures:				
Current:				
Instruction	2,350,853	2,455,429	2,452,224	3,205
Support services:				
Students	63,754	1,500	5,320	(3,820)
Instruction	44,000	35,000	29,423	5,577
General Administration	28,050	72,090	69,073	3,017
School Administration	202,245	271,386	267,582	3,804
Central Services	76,800	80,800	78,465	2,335
Operation & Maintenance of Plant	119,611	106,873	103,133	3,740
Total expenditures	2,885,313	3,023,078	3,005,220	17,858
<i>Excess (deficiency) of revenues over expenditures</i>	(47,950)	(280,197)	(260,579)	19,618
<i>Beginning cash balance budgeted</i>	47,950	280,197	-	(280,197)
Fund balance at beginning of the year	-	-	228,746	228,746
Fund balance at end of the year	\$ -	\$ -	(31,833)	\$ (31,833)
RECONCILIATION TO GAAP BASIS:				
Change in payables			2,017	
Fund balance (deficit) at end of the year (GAAP basis)			\$ (29,816)	

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, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Intergovernmental - state grants	\$ 27,522	\$ 23,039	\$ 30,619	\$ 7,580
Expenditures:				
Current:				
Instruction	27,522	23,039	23,038	1
<i>Excess of revenues over expenditures</i>	-	-	7,581	7,581
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	7,581	\$ 7,581
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 7,581	

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, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Contributions - private grants	\$ -	\$ 200	\$ 200	\$ -
Charges for services	-	219	940	721
Total revenues	-	419	1,140	721
Expenditures:				
Current:				
Instruction	-	836	262	574
<i>Excess (deficiency) of revenues over expenditures</i>	-	(417)	878	1,295
<i>Beginning cash balance budgeted</i>	-	417	-	(417)
Fund balance at beginning of the year	-	-	417	417
Fund balance at end of the year	\$ -	\$ -	1,295	\$ 1,295
RECONCILIATION TO GAAP BASIS:				
Change in payables			(300)	
Fund balance at end of the year (GAAP basis)			\$ 995	

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, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 88,003	\$ 73,690	\$ (14,313)
Expenditures:				
Current:				
Support services:				
Students	-	88,003	57,955	30,048
<i>Excess of revenues over expenditures</i>	-	-	15,735	15,735
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	15,735	\$ 15,735
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(15,735)	
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, 2017**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Intergovernmental - state grants	\$ 4,426	\$ 4,426	\$ -	\$ (4,426)
Expenditures:				
Current:				
Support services:				
Instruction	4,426	4,426	-	4,426
<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)

STATE SB-9 MATCH FUND - NO. 31700
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (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, 2017

	<u>Citizens Bank</u>
Cash on deposit at June 30, 2017	\$ 256,494
Less: FDIC coverage	<u>250,000</u>
Uninsured funds	<u>\$ 6,494</u>
50% collateral requirement	\$ 3,247
Pledged collateral	<u>1,041,200</u>
Excess (deficiency) of pledged collateral	<u>\$ 1,037,953</u>

Pledged collateral of financial institutions consists of the following at June 30, 2017

<u>Citizens Bank:</u>	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
FHLB	9/13/2024	3130A2UW4	<u>\$ 1,041,200</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, 2017

	Beginning Cash	Receipts	Distributions	Other	Net Cash End of Period	Adjustments to the report	Total Cash on Report
Operations	\$ 405,801	\$ 2,744,642	\$ 3,005,220	\$ 9,436	\$ 154,659	\$ (25,662)	\$ 128,997
Instructional Materials	-	30,619	23,038	-	7,581	-	7,581
Activity Funds	417	1,140	262	-	1,295	-	1,295
Federal Flowthrough Funds	<u>(41,096)</u>	<u>73,689</u>	<u>57,955</u>	<u>(300)</u>	<u>(25,662)</u>	<u>25,662</u>	<u>-</u>
Total	<u>\$ 365,122</u>	<u>\$ 2,850,090</u>	<u>\$ 3,086,475</u>	<u>\$ 9,136</u>	<u>\$ 137,873</u>	<u>\$ -</u>	<u>\$ 137,873</u>

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>
Operational	Checking - Interest	Citizens of Farmington	\$ <u>256,494</u>

Adjustments to report:

Due from other funds - pooled cash	\$ (25,662)
Due to other funds - pooled cash	<u>25,662</u>
Total adjustment to the report	<u>\$ -</u>

Adjustments to cash:

Bank Balance	\$ 256,494
Cash on hand	-
Outstanding deposits	-
Outstanding checks	<u>(118,621)</u>
Total adjustment to cash	<u>\$ 137,873</u>

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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 201

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 209

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

§

DEBT CAPACITY

Page 215

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 218

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 221

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)

	2008		2009		2010		2011		2012
Governmental Activities									
Net investment in capital assets	\$ 30,436,357	\$	26,012,989	\$	44,326,970	\$	44,134,648	\$	41,429,758
Restricted	9,745,827		13,551,499		15,247,416		15,877,450		15,416,710
Unrestricted	23,784,295		34,891,564		17,178,375		21,449,047		22,960,900
Total governmental activities net position	<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>	<u>\$</u>	<u>79,807,368</u>

	2013		2014		2015		2016		2017
Governmental Activities									
Net investment in capital assets	\$ 87,888,998	\$	97,274,871	\$	105,039,068	\$	89,528,046	\$	139,517,254
Restricted	17,180,682		18,167,016		24,781,118		51,226,513		19,496,768
Unrestricted	24,352,282		22,634,154		(102,994,068)		(90,715,061)		(117,826,116)
Total governmental activities net position	<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>	<u>\$</u>	<u>41,187,906</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)

	2008	2009	2010	2011	2012
Expenses					
Governmental Activities:					
Instruction	\$ 50,679,984	\$ 51,556,881	\$ 52,940,094	\$ 50,181,718	\$ 48,705,662
Support services:	25,720,684	27,915,022	19,176,000	22,424,212	
Students					10,524,749
Instruction - support					1,733,137
General Administrative					1,181,832
School Administrative					4,463,277
Central Services					799,198
Operations & Maintenance of Plant					7,608,853
Student Transportation	3,122,735	3,023,738	3,206,068	2,760,952	3,108,422
Other support services					109,193
Non-instructional services:					
Food services	2,805,272	3,113,562	3,134,259	3,495,334	3,873,724
Community services					134,934
Bond Interest Payable					
Facilities, supplies and materials					11,950,619
Depreciation - unallocated					3,171,107
Operation of non-instructional services	5,589,905	1,852,097	17,149,315	14,373,083	
Athletics	553,966	304,874	366,917	280,813	
Interest on long-term obligations	1,105,550	1,099,819	1,320,460	1,001,828	1,194,295
Refunds					
Total governmental activities expenses	<u>\$ 89,578,096</u>	<u>\$ 88,865,993</u>	<u>\$ 97,293,113</u>	<u>\$ 94,517,940</u>	<u>\$ 98,559,002</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 1,086,221	\$ 874,480	\$ 721,172	\$ 841,094	\$ 740,797
Food Services	806,247	1,118,605	836,626	872,545	940,227
Operating grants and contributions	11,066,893	11,739,989	18,451,821	16,238,340	12,483,985
Capital grants and contributions	434,644	15,789	414,564	226,196	16,536
Total governmental activities program revenues	<u>\$ 13,394,005</u>	<u>\$ 13,748,863</u>	<u>\$ 20,424,183</u>	<u>\$ 18,178,175</u>	<u>\$ 14,181,545</u>
Net (expense)/revenue					
Governmental activities	<u>\$ 76,184,091</u>	<u>\$ 75,117,130</u>	<u>\$ 76,868,930</u>	<u>\$ 76,339,765</u>	<u>\$ 84,377,457</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)

	2013	2014	2015	2016	2017
Expenses					
Governmental Activities:					
Instruction	\$ 50,490,205	\$ 56,300,845	\$ 63,425,766	\$ 44,969,217	\$ 67,974,302
Support services:					
Students	10,256,813	10,934,607	12,557,987	11,530,356	12,021,053
Instruction - support	2,166,682	1,782,540	1,916,013	1,753,666	1,083,434
General Administrative	1,189,237	1,474,637	1,460,323	1,454,979	1,736,695
School Administrative	6,443,991	5,117,842	5,326,590	5,699,925	5,290,922
Central Services	477,143	859,423	1,484,713	1,287,846	1,198,927
Operations & Maintenance of Plant	7,627,858	4,194,480	15,893,619	24,372,188	15,185,927
Student Transportation	3,154,396	3,082,206	4,317,667	3,418,076	2,732,618
Other support services	73,326	91,023	93,603	25,774	7,678
Non-instructional services:					
Food services	3,843,284	4,018,871	4,402,077	4,802,086	4,862,251
Community services	13,502	7,408	8,332	56,904	11,345
Bond Interest Payable					
Facilities, supplies and materials	9,217,681	3,046,988			
Depreciation - unallocated	1,639,781	4,025,893			
Operation of non-instructional services					
Athletics					
Interest on long-term obligations	1,373,015	1,106,616	1,534,093	2,162,706	2,235,099
Refunds					211,546
Total governmental activities expenses	<u>\$ 97,966,914</u>	<u>\$ 96,043,379</u>	<u>\$ 112,420,783</u>	<u>\$ 101,533,723</u>	<u>\$ 114,551,797</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 910,475	\$ 1,061,757	\$ 829,598	\$ 1,045,498	\$ 812,746
Food Services	906,651	884,881	811,223	921,586	815,159
Operating grants and contributions	12,844,998	13,334,879	19,138,864	17,181,976	16,352,428
Capital grants and contributions	242,271	1,255,020	11,982,223	15,336,594	19,082,712
Total governmental activities program revenues	<u>\$ 14,904,395</u>	<u>\$ 16,536,537</u>	<u>\$ 32,761,908</u>	<u>\$ 34,485,654</u>	<u>\$ 37,063,045</u>
Net (expense)/revenue					
Governmental activities	<u>\$ 83,062,519</u>	<u>\$ 79,506,842</u>	<u>\$ 79,658,875</u>	<u>\$ 67,048,069</u>	<u>\$ 77,488,752</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)

	2008	2009	2010	2011	2012
Net (expense)/revenue					
Governmental activities	\$ 76,184,091	\$ 75,117,130	\$ 76,868,930	\$ 76,339,765	\$ 84,377,457
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes, general purpose	\$ 552,995	\$ 606,564	\$ 590,775	\$ 583,549	\$ 571,308
Property taxes, capital projects	2,636,299	2,889,531	2,787,701	3,136,308	2,510,503
Property taxes, debt service	10,039,044	10,858,918	10,554,810	9,983,458	11,156,818
Oil & Gas					
Unrestricted grants and contributions	66,897,642	71,133,055	64,409,185	67,228,446	68,459,802
Miscellaneous Income	704,280	118,635	330,227	116,388	25,249
Gain/(Loss) on sale of capital assets	-	-	492,941	-	-
Total government activities	\$ 80,830,260	\$ 85,606,703	\$ 79,165,639	\$ 81,048,149	\$ 82,723,680
Change in Net Position					
Governmental activities	\$ 4,646,169	\$ 10,489,573	\$ 2,296,709	\$ 4,708,384	\$ (1,653,777)

	2013	2014	2015	2016	2017
Net (expense)/revenue					
Governmental activities	\$ 83,062,519	\$ 79,506,842	\$ 79,658,875	\$ 67,048,069	\$ 77,488,752
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes, general purpose	\$ 579,898	\$ 590,888	\$ 528,737	\$ 540,502	\$ 551,471
Property taxes, capital projects	2,892,633	2,942,681	3,524,200	3,173,781	2,814,485
Property taxes, debt service	10,762,854	11,034,174	9,794,142	9,950,029	10,607,097
Oil & Gas			1,439,430	613,830	594,547
Unrestricted grants and contributions	70,013,110	73,575,299	75,837,173	75,897,873	72,116,655
Miscellaneous Income	23,467	17,879	256,983	85,434	305,034
Gain/(Loss) on sale of capital assets			(240,758)	-	-
Total government activities	\$ 84,271,962	\$ 88,160,921	\$ 91,139,907	\$ 90,261,449	\$ 86,989,289
Change in Net Position					
Governmental activities	\$ 1,209,443	\$ 8,654,079	\$ 11,481,032	\$ 23,213,380	\$ 9,500,537

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

	2008	2009	2010	2011	2012
General Fund					
Unassigned	\$ 3,990,364	\$ 5,239,278	\$ 5,318,316	\$ 9,384,014	\$ 10,714,472
Inventories					
Total general fund	<u>3,990,364</u>	<u>5,239,278</u>	<u>5,318,316</u>	<u>9,384,014</u>	<u>10,714,472</u>
All other governmental funds					
Unassigned	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories	-	-	-	-	-
Restricted:					
Special revenue funds	527,486	750,723	924,709	1,094,888	1,225,957
Capital projects funds	8,750,195	18,385,461	11,157,362	20,427,036	25,286,190
Debt service funds	10,273,313	12,800,776	10,652,904	10,779,975	10,911,578
Total all other governmental funds	<u>19,550,994</u>	<u>31,936,960</u>	<u>22,734,975</u>	<u>32,301,899</u>	<u>37,423,725</u>
Total fund balance	<u>\$ 23,541,358</u>	<u>\$ 37,176,238</u>	<u>\$ 28,053,291</u>	<u>\$ 41,685,913</u>	<u>\$ 48,138,197</u>

	2013	2014	2015	2016	2017
General Fund					
Unassigned	\$ 12,179,526	\$ 9,665,269	\$ 8,135,166	\$ 6,671,858	\$ 4,743,157
Inventories			138,041	134,821	120,499
Total general fund	<u>12,179,526</u>	<u>9,665,269</u>	<u>8,273,207</u>	<u>6,806,679</u>	<u>4,863,656</u>
All other governmental funds					
Unassigned	\$ -	\$ -	\$ -	\$ -	\$ (5,586)
Inventories	-	-	-	-	81,619
Restricted:					
Special revenue funds	1,453,776	1,787,908	1,803,991	1,622,470	1,426,681
Capital projects funds	10,016,368	28,055,811	8,720,466	32,703,331	11,406,417
Debt service funds	12,248,617	14,208,070	14,118,620	16,765,891	13,627,652
Total all other governmental funds	<u>23,718,761</u>	<u>44,051,789</u>	<u>24,643,077</u>	<u>51,091,692</u>	<u>26,536,783</u>
Total fund balance	<u>\$ 35,898,287</u>	<u>\$ 53,717,058</u>	<u>\$ 32,916,284</u>	<u>\$ 57,898,371</u>	<u>\$ 31,400,439</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)

	2008	2009	2010	2011	2012
Revenues					
Federal Sources:					
Federal grants	\$ 10,189,633	\$ 10,340,525	\$ 18,117,216	\$ 15,572,955	\$ 11,724,519
Total federal sources	10,189,633	10,340,525	18,117,216	15,572,955	11,724,519
State Sources:					
State equalization guarantee	62,565,757	67,158,187	60,836,533	64,288,193	65,310,556
Transportation	3,330,992	2,766,260	3,158,507	2,520,300	2,698,211
State instructional materials	1,000,893	1,208,608	414,145	419,953	451,035
State grants	1,311,904	1,410,172	749,169	891,581	542,632
Total state sources	68,209,546	72,543,227	65,158,354	68,120,027	69,002,434
Local Sources:					
District school tax levy	12,536,566	13,327,597	13,357,629	13,474,931	13,782,009
Fees and activities	1,882,145	1,935,504	1,557,798	1,713,639	1,679,873
Earnings from investments	704,280	118,635	330,227	116,388	24,150
Other revenue	10,323	57,581	-	-	235,620
Total local sources	15,133,314	15,439,317	15,245,654	15,304,958	15,721,652
Total revenues	\$ 93,532,493	\$ 98,323,069	\$ 98,521,224	\$ 98,997,940	\$ 96,448,605
Expenditures					
Instruction	\$ 48,829,221	\$ 50,606,964	\$ 50,753,301	\$ 48,611,814	\$ 48,645,538
Support services:	24,885,397	27,457,142	18,854,030	18,292,277	
Students					10,484,641
Instruction - support					1,692,426
General Administrative					1,365,643
School Administrative					4,416,577
Central Services					789,070
Operations & Maintenance of Plant					7,664,410
Student Transportation	2,616,475	2,517,478	2,683,042	2,679,202	2,729,501
Other support services					97,296
Non-instructional services:					
Food services	2,771,521	3,079,811	3,099,390	3,490,358	3,845,948
Community services	-	-	-	-	134,934
Operation of non-instructional services	2,465,366	259,590	10,385,256	9,855,378	-
Athletics	309,539	220,497	279,746	263,334	-
Capital outlay	10,955,679	13,604,850	9,858,461	10,312,236	19,420,335
Debt service:					
Principal	8,795,000	6,815,735	10,861,286	14,305,648	9,044,230
Interest	1,248,718	998,752	1,362,600	1,100,745	1,218,681
Capital lease issuance costs	22,444	116,716	-	-	106,313
Total expenditures	\$ 102,899,360	\$ 105,677,535	\$ 108,137,112	\$ 108,910,992	\$ 111,655,543
Revenues over (under) expenditures	\$ (9,366,867)	\$ (7,354,466)	\$ (9,615,888)	\$ (9,913,052)	\$ (15,206,938)
Other Financing Sources (Uses)					
Sale of capital assets	\$ -	\$ -	\$ 492,941	\$ -	\$ -
Bonds issued		16,000,000	-	22,710,000	14,000,000
Premium on bonds issued		314,243	-	835,674	909,222
Capital lease	4,750,000	4,500,000	-	-	6,750,000
Payments to refunded debt escrow	-	-	-	-	-
Total other financing sources (uses)	\$ 4,750,000	\$ 20,814,243	\$ 492,941	\$ 23,545,674	\$ 21,659,222
Net Change in Fund Balances	\$ (4,616,867)	\$ 13,459,777	\$ (9,122,947)	\$ 13,632,622	\$ 6,452,284
Debt Service as a Percentage of Noncapital Expenditures	10.6%	8.5%	11.7%	14.6%	9.9%

Note ¹: 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)

	2013	2014	2015	2016	2017
Revenues					
Federal Sources:					
Federal grants	\$ 11,305,163	\$ 11,505,683	\$ 12,899,475	\$ 12,016,822	\$ 11,484,316
Total federal sources	11,305,163	11,505,683	12,899,475	12,016,822	11,484,316
State Sources:					
State equalization quantee	66,548,033	69,945,424	74,607,143	75,496,685	72,051,469
Transportation	2,769,972	2,877,620	3,178,562	2,830,628	2,532,756
State instructional materials	695,105	752,255	778,480	778,264	768,191
State grants	1,539,869	2,440,227	14,435,313	16,861,994	20,527,767
Total state sources	71,552,979	76,015,526	92,999,498	95,967,571	95,880,183
Local Sources:					
District school tax levy	13,986,761	14,400,614	14,771,824	14,189,088	14,497,486
Fees and activities	1,817,126	1,946,638	1,640,821	1,967,084	1,627,905
Earnings from investments	23,467	17,879	8,257	30,862	121,838
Other revenue	242,237	643,989	1,308,013	486,622	370,492
Total local sources	16,069,591	17,009,120	17,728,915	16,673,656	16,617,721
Total revenues	\$ 98,927,733	\$ 104,530,329	\$ 123,627,888	\$ 124,658,049	\$ 123,982,220
Expenditures					
Instruction	\$ 50,500,144	\$ 56,171,307	\$ 59,071,009	\$ 58,657,865	\$ 56,969,232
Support services:					
Students	10,211,974	10,923,048	11,995,208	11,519,452	11,415,346
Instruction - support	2,128,788	1,782,540	1,884,372	1,729,713	1,130,118
General Administrative	1,404,004	1,679,249	1,394,879	1,428,319	1,649,188
School Administrative	4,688,741	5,103,738	5,087,882	5,687,386	5,024,327
Central Services	468,282	853,221	1,418,176	1,281,644	1,138,516
Operations & Maintenance of Plant	7,607,882	8,256,411	15,181,355	18,079,740	14,420,751
Student Transportation	2,783,702	4,122,683	4,124,173	2,924,893	2,594,929
Other support services	57,034	91,023	89,408	25,774	7,291
Non-instructional services:					
Food services	3,820,888	4,025,369	4,204,800	4,656,749	4,617,256
Community services	13,502	7,408	7,959	8,402	10,773
Operation of non-instructional services	-	-	-	-	-
Athletics	-	-	-	-	-
Capital outlay	17,539,355	14,939,280	29,135,384	27,254,511	37,369,387
Debt service:					
Principal	8,598,102	7,985,000	9,400,000	8,375,000	11,200,000
Interest	1,345,245	1,224,129	1,434,057	2,105,108	2,721,492
Capital lease issuance costs	-	33,265	-	388,470	-
Total expenditures	\$ 111,167,643	\$ 117,197,671	\$ 144,428,662	\$ 144,123,026	\$ 150,268,606
Revenues over (under) expenditures	\$ (12,239,910)	\$ (12,667,342)	\$ (20,800,774)	\$ (19,464,977)	\$ (26,286,386)
Other Financing Sources (Uses)					
Sale of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds issued	-	33,530,000	-	41,700,000	-
Premium on bonds issued	-	486,113	-	2,747,064	-
Capital lease	-	-	-	-	-
Payments to refunded debt escrow	-	(3,530,000)	-	-	(211,546)
Total other financing sources (uses)	\$ -	\$ 30,486,113	\$ -	\$ 44,447,064	\$ (211,546)
Net Change in Fund Balances	\$ (12,239,910)	\$ 17,818,771	\$ (20,800,774)	\$ 24,982,087	\$ (26,497,932)
Debt Service as a Percentage of Noncapital Expenditures	9.7%	9.2%	9.4%	9.0%	12.3%

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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
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
2017	1,660,751,578	71,832,801	49,660,581	1,782,244,960	293,098,717	1,489,146,243	4,467,885,518	9.947

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		State Debt Service	San Juan County	City of Farmington	San Juan College	Total Direct & Overlapping
					Debt Service	Total Direct Rate					
2017	City of Farmington Residential	0.320	5.258	1.956	2.189	9.723	1.360	6.545	1.394	3.914	22.936
	City of Farmington Commercial/Oil & Gas	0.500	5.258	2.000	2.189	9.947	1.360	8.500	2.225	5.100	27.132
	San Juan County Residential	0.320	5.258	1.956	2.189	9.723	1.360	6.545	0.000	3.914	21.542
	San Juan County Commercial/Oil & Gas	0.500	5.258	2.000	2.189	9.947	1.360	8.500	0.000	5.100	24.907
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

(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				Total Direct & Overlapping
		Operational	Debt Service	Capital Improvement	Ed Tech Debt Service	Total Direct Rate	State Debt Service	San Juan County	City of Farmington	San Juan College	
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
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

Source: County Tax Collector

(2 of 2)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 COMPUTATION OF DIRECT AND OVERLAPPING
 GENERAL OBLIGATION DEBT

	2017 Assessed Valuation	G/O Debt Outstanding	Percent Applicable	Amount
<u>Overlapping Debt</u>				
State of New Mexico	\$ 56,922,567,412	\$ 403,170,000	2.62%	\$ 10,547,295
San Juan County	3,531,488,521	-	42.17%	-
San Juan College	3,531,488,521	10,910,000	42.17%	4,600,492
City of Farmington	1,172,283,764	-	100.00%	-
Total Overlapping Debt				<u>15,147,787</u>
<u>Direct Debt</u>				
Farmington Schools	1,489,146,243	83,373,177	100.00%	83,373,177
Total Direct and Overlapping Debt				<u><u>\$ 98,520,963.88</u></u>

Percent Applicable is calculated based on Assessed Valuation (i.e. Farmington Municipal Schools AV / State of NM AV = 2.62%)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND TEN YEARS AGO

Taxpayer	Type of Business	2017			2007		
		Assessed Valuation	Rank	Percentage of Assessed Valuation	Assessed Valuation	Rank	Percentage of Assessed Valuation
Animas Valley Mall LLC	Retail	\$ 10,003,466	1	0.67%	11,268,820	2	0.95%
XTO Energy Inc.	Oil Field Services	8,529,277	2	0.57%			
Gas Company of New Mexico	Utility	7,005,311	3	0.47%			
San Regional Medical Center	Medical Services	6,831,126	4	0.46%			
Compressor Systems Inc.	Oil Field Services	6,268,031	5	0.42%			
Animas Valley Land & Water Co.	Real Estate	5,953,633	6	0.40%			
Enterprise Field Services LLC	Oil Field Services	5,560,984	7	0.37%	6,791,059	6	0.57%
Farmington Station LLC	Oil Field Services	4,643,099	8	0.31%			0.00%
Chrch Pinon Hills Community	Real Estate	4,487,446	9	0.30%			
Burlington Resources	Oil & Gas	3,952,649	10	0.27%			
San Juan Coal	Mining				12,645,780	1	1.07%
Constar Co	Pipeline				10,341,656	3	0.88%
Transwestern Pipeline	Pipeline			0.00%	9,051,749	4	0.77%
Qwest	Communications			0.00%	7,285,224	5	0.62%
Alltel	Communications				5,591,175	7	0.47%
Hanover Compression LP	Pipeline				5,348,553	8	0.45%
Wal-Mart/Sam's Club	Retail				4,070,874	9	0.34%
San Juan Generating	Electric Utility				876,266	10	0.07%
Total		\$ 63,235,022		4.26%	\$ 72,358,216		6.65%
District's Assessed Valuation		\$ 1,489,146,243		100.00%	\$ 1,181,865,197		100.00%

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
2008	10,225,340	9,662,514	94.5%	562,003	10,224,517	99.99%
2009	10,943,023	10,386,217	94.9%	555,314	10,941,531	99.99%
2010	11,883,483	11,209,714	94.3%	671,949	11,881,663	99.98%
2011	12,128,833	11,498,161	94.8%	626,495	12,124,656	99.97%
2012	12,367,075	11,802,343	95.4%	562,259	12,364,602	99.98%
2013	12,817,489	12,264,550	95.7%	543,871	12,808,421	99.93%
2014	13,112,805	12,608,715	96.2%	474,904	13,083,619	99.78%
2015	13,395,584	12,901,875	96.3%	416,509	13,318,384	99.42%
2016	13,695,728	13,118,514	95.8%	357,750	13,476,264	98.40%
2017	13,934,874	13,382,726	96.0%	-	13,382,726	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 Obligation Bonds		Total Primary Government	Percentage of Personal Income ²	Per Capita ²
2007	\$ 34,673,090	\$	34,673,090	2.291%	676
2008	30,660,417		30,660,417	1.706%	549
2009	44,691,253		44,691,253	2.601%	771
2010	33,838,121		33,838,121	1.927%	583
2011	42,949,855		42,949,855	2.268%	745
2012	55,394,028		55,394,028	2.828%	954
2013	46,575,397		46,575,397	2.415%	815
2014	68,835,981		68,835,981	3.397%	1230
2015	58,885,194		58,885,194	2.850%	1099
2016	94,880,483		94,880,483	N/A	1789
2017	83,373,177		83,373,177	N/A	1588

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>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service fund</u>	<u>Total</u>	Percentage of Estimated Actual Taxable Value of <u>Property</u>	<u>Per Capita</u>
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%	563.61
2012	55,394,028	10,768,985	44,625,043	3.07%	768.72
2013	46,575,397	11,949,971	34,625,426	2.43%	605.55
2014	68,835,981	13,861,821	54,974,160	3.74%	982.04
2015	58,885,194	13,858,533	45,026,661	2.97%	840.48
2016	94,880,483	16,516,851	78,363,632	5.28%	1,477.53
2017	83,373,177	13,377,216	69,995,961	4.70%	1,333.09

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 COMPUTATION OF LEGAL DEBT MARGIN
 LAST TEN YEARS

	2008	2009	2010	2011	2012
Debt Limit	\$ 86,347,139	\$ 91,327,232	\$ 82,446,479	\$ 84,749,696	\$ 87,238,742
Total net debt applicable to limit	<u>30,645,000</u>	<u>44,329,266</u>	<u>33,467,980</u>	<u>41,872,331</u>	<u>53,578,102</u>
Legal debt margin	\$ 55,702,139	\$ 46,997,966	\$ 48,978,499	\$ 42,877,365	\$ 33,660,640
Total net debt applicable to the limit as a percentage of debt limit	35%	49%	41%	49%	61%

	2013	2014	2015	2016	2017
Debt Limit	\$ 85,645,705	\$ 88,302,824	\$ 90,429,785	\$ 91,022,616	\$ 89,348,775
Total net debt applicable to limit	<u>44,980,000</u>	<u>66,975,000</u>	<u>57,575,000</u>	<u>90,900,000</u>	<u>79,700,000</u>
Legal debt margin	\$ 40,665,705	\$ 21,327,824	\$ 32,854,785	\$ 122,616	\$ 9,648,775
Total net debt applicable to the limit as a percentage of debt limit	53%	76%	64%	100%	89%

Legal Debt Limit Calculation for Fiscal Year 2017

Assessed Value	\$ 1,489,146,243
Debt limit (6% of total assessed value)	\$ 89,348,775
Debt applicable to limit: General Obligation Bonds	<u>79,700,000</u>
Legal debt margin	<u>\$ 9,648,775</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
2008	55,826	1,797,485,548	32,198	4.60%
2009	57,501	1,718,532,387	29,887	7.70%
2010	58,076	1,756,276,316	30,241	9.80%
2011	57,623	1,893,557,815	32,861	8.60%
2012	58,051	1,958,762,376	33,742	7.70%
2013	57,180	1,928,809,136	33,732	7.60%
2014	55,980	2,026,293,878	36,197	7.40%
2015	53,572	2,066,451,466	38,573	7.70%
2016	53,037	N/A	N/A	9.10%
2017	52,506	N/A	N/A	8.00%

Notes: NA=Not available - 2016 to be released in December 2017

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>	2017			2007		
	<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	1,955	1	3.69%	1,423	1	2.55%
Farmington Municipal School District No.5	1,258	2	2.37%	1,389	2	2.49%
City of Farmington	1,000	3	1.89%	685	6	1.23%
Central Consolidated Schools	958	4	1.81%	1,218	3	2.18%
San Juan College	900	5	1.70%	1,005	4	1.80%
San Juan County	709	6	1.34%	612	9	1.10%
Basin Home Health/Basin Coord.	706	7	1.33%	640	8	1.15%
Wal-Mart	645	8	1.22%	677	7	1.21%
Conoco Phillips	474	9	0.89%			
Aztec Public School District	450	10	0.85%			
BHP Billiton				950	5	1.70%
Arizona Public Service Company				590	10	1.06%
	9,055		17.08%	9,189		16.48%

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction:										
Teachers	663	708	710	696	659	651	644	685	681	661
Instructional Aides	179	183	185	178	211	175	184	112	200	195
Support services:										
Students	163	165	123	157	155	155	160	154	166	164
Instruction - support	19	21	23	21	26	23	23	21	22	23
General Administrative	9	9	9	7	11	14	12	13	11	11
School Administrative	50	54	65	50	42	47	47	50	54	49
Central Services	14	14	17	14	11	9	9	11	10	13
Operations & Maintenance of Plant	92	90	97	92	105	90	97	100	100	100
Student Transportation	61	59	58	60	63	64	64	87	95	88
Food Services Operations	3	4	4	4	4	3	4	4	3	3
Total	1,253	1,307	1,291	1,279	1,287	1,231	1,244	1,237	1,342	1,307

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
2008	10,215	67,943,902	6,651	2.99%	89,869,172	8,798	8.39%	685	14.91	42.38%
2009	10,441	67,490,728	6,464	-2.82%	100,786,596	9,653	9.72%	644	16.21	48.97%
2010	10,517	61,407,778	5,839	-9.67%	96,050,751	9,133	-5.39%	651	16.16	49.21%
2011	10,572	60,880,957	5,759	-1.37%	91,811,663	8,684	-4.91%	659	16.04	52.58%
2012	10,648	65,213,440	6,124	6.35%	101,592,359	9,541	9.86%	696	15.30	55.90%
2013	10,686	67,074,652	6,277	2.49%	101,490,733	9,498	-0.46%	710	15.05	55.22%
2014	10,923	72,871,616	6,671	6.29%	104,025,142	9,523	0.27%	708	15.43	56.08%
2015	11,069	77,800,382	7,029	5.36%	123,498,205	11,157	17.15%	663	16.70	55.20%
2016	10,928	78,137,653	7,150	1.73%	119,123,975	10,901	-2.30%	708	15.44	57.43%
2017	10,919	75,030,807	6,872	-3.90%	117,795,535	10,788	-1.03%	663	16.47	62.04%

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Elementary					
Animas (1963)					
Square Feet	56,678	56,678	56,678	56,678	56,678
Capacity	528	528	528	528	528
Enrollment	482	422	451	426	445
Apache (1956)					
Square Feet	59,712	59,712	59,712	59,712	59,712
Capacity	594	594	594	594	594
Enrollment	463	498	520	494	472
Bluffview (1961)					
Square Feet	61,197	61,197	61,197	61,197	61,197
Capacity	578	578	578	578	578
Enrollment	464	486	460	427	409
Country Club (1959)					
Square Feet	59,164	59,164	59,164	59,164	59,164
Capacity	578	578	578	578	578
Enrollment	504	524	555	576	555
Esperanza (1995)					
Square Feet	79,284	79,284	79,284	79,284	79,284
Capacity	660	660	660	660	660
Enrollment	575	591	612	612	593
Ladera (1963)					
Square Feet	59,159	59,159	59,159	59,159	59,159
Capacity	561	561	561	561	561
Enrollment	593	584	602	604	595
McCormick (1954)					
Square Feet	57,474	57,474	57,474	57,474	57,474
Capacity	578	578	578	578	578
Enrollment	464	511	497	496	444
McKinley (1954)					
Square Feet	73,192	73,192	73,192	73,192	73,192
Capacity	644	644	644	644	644
Enrollment	582	592	604	583	587
Mesa Verde (1963)					
Square Feet	54,131	54,131	54,131	54,131	54,131
Capacity	578	578	578	578	578
Enrollment	560	585	582	524	502
Northeast (1963)					
Square Feet	55,923	55,923	55,923	76,928	76,928
Capacity	578	578	578	578	580
Enrollment	563	590	564	533	626

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Middle School					
Heights (1971)					
Square Feet	88,229	88,229	88,229	88,229	88,229
Capacity	1100	1100	1100	1100	1100
Enrollment	705	686	700	706	692
Hermosa (1960)					
Square Feet	85,849	85,849	85,849	94,466	94,466
Capacity	1025	1025	1025	1025	1025
Enrollment	600	587	571	583	603
Mesa View (1994)					
Square Feet	100,987	100,987	100,987	100,987	100,987
Capacity	1080	1080	1080	1080	1080
Enrollment	654	594	620	587	544
Tibbetts (2014)					
Square Feet	90,791	113,217	113,217	113,217	113,217
Capacity	966	1160	1160	1160	1160
Enrollment	545	610	575	587	621
High School					
Farmington (1955)					
Square Feet	262,628	262,628	262,628	262,628	180,598
Capacity	2334	2334	2334	2334	2334
Enrollment	1302	1326	1404	1392	1322
Piedra Vista (1998)					
Square Feet	247,138	247,138	247,138	247,138	247,138
Capacity	1821	1821	1821	1821	1821
Enrollment	1281	1368	1379	1412	1430
Rocinante (1996)					
Square Feet	24,187	24,187	24,187	24,187	24,187
Capacity	333	333	333	333	333
Enrollment	162	172	178	184	207
San Juan College HS (2016)					
Square Feet					8,322
Capacity					88
Enrollment					74
Preschool					
FS Preschool (1991)					
Square Feet	13,505	13,505	13,505	13,505	13,505
Capacity	92	92	92	92	92
Enrollment	133	157	147	164	173
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

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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

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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

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Schedule of Findings and Questioned Costs:
Summary of Auditor's Results
Financial Statement Findings
Federal Award Findings

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Summary Schedule of Prior Year Audit Findings

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Schedule of Expenditures of Federal Awards
Notes to the Schedule of Expenditures of Federal Awards

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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 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, 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, 2017, 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 3, 2017.

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 a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. Finding 2017-001. However, material weaknesses may exist that have not been identified.

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 2017-002 through 2017-007.

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 3, 2017



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 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, 2017. 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, 2017.

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 3, 2017

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, 2017

Federal Grantor/Pass - Through <u>Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	Pass-Through Entity <u>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	\$ -	\$ 2,442,079	
USDA School Breakfast Program	10.553	21000	-	<u>655,883</u>	
Total Child Nutrition Cluster					3,097,962
Fresh Fruits and Vegetables	10.582	24118	-		120,686
Pass-Through Program From:					
New Mexico Human Service Department:					
USDA Commodities Program	10.565	21000	<u>-</u>		<u>351,909</u>
<i>Subtotal Pass-Through Programs</i>			<u>-</u>		<u>3,570,557</u>
<i>Total U.S. Department of Agriculture</i>					<u>3,570,557</u>
U.S. Department of Interior					
Pass-Through Programs From:					
Office of the Navajo Nation:					
Johnson O'Malley	15.130	25131	<u>-</u>		<u>268,514</u>
U.S. Department of Education:					
Direct Programs:					
Impact Aid Indian Education	84.041	25147	-		10,360
Indian Ed Formula Grant	84.060	25184	<u>-</u>		<u>603,970</u>
<i>Subtotal Direct Programs</i>			<u>\$ -</u>		<u>\$ 840,127</u>

(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, 2017

Federal Grantor/Pass - Through <u>Grantor/Program or Cluster Title</u>	Federal CFDA <u>Number</u>	Pass-Through Entity Identifying <u>Number</u>	Passed To <u>Subrecipients</u>	Cluster <u>Programs</u>	Federal <u>Expenditures</u>
U.S. Department of Education (continued):					
Pass-Through Programs From:					
New Mexico Department of Education:					
<u>Special Education (IDEA) Cluster:</u>					
Entitlement IDEA-B	84.027	24106	\$ 57,955	\$ 2,447,945	
New Mexico Autism	84.027A	24108	-	5,773	
Preschool IDEA-B	84.173	24109	-	36,052	
IDEA-B Private Schools	84.027	24115	-	7,857	
IDEA-B Student Success	84.027A	24132	-	20,632	
Total Special Education (IDEA) Cluster			57,955	2,518,259	
Title I	84.010	24101	-		2,491,263
Title I School Improvement	84.010	24162	-		69,468
Education of Homeless	84.196	24113	-		16,003
21st Century Community Learning Centers	84.287C	24119	-		165,839
Title I - 1003g	84.377	24124	-		48,150
Title III English Language	84.365	24153	-		209,081
Title II Teacher Quality	84.367	24154	-		305,825
Carl D Perkins	84.048	24174	-		105,105
Carl D Perkins Secondary Redistribution	84.048	24176	-		15,474
Carl D Perkins HSTW - Redistribution	84.048	24182	-		4,287
<i>Subtotal Pass-Through Programs</i>			57,955		5,948,754
<i>Total U.S. Department of Education</i>			57,955		6,788,881
U.S. Department of Health and Human Services:					
Direct Program:					
Title V Indian Health Care Improvement Act	93.237	25209	-		2,355
Pass-Through Program From:					
New Mexico Department of Health:					
Title XIX Medicaid	93.778	25153	-		524,653
<i>Total U.S. Department of Health and Human Services</i>			-		527,008
Total Expenditures of Federal Awards			\$ 57,955		\$ 11,154,960
Charter School Awards:					
New Mexico Virtual Academy					
Entitlement IDEA-B	84.027	24106	\$ 57,955		

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2017

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 2017 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 20% (LOW risk auditee) of federally granted funds. Actual coverage is approximately 25% of total cash and non-cash federal award program expenditures. Total cash expenditures were in the amount of \$10,803,051 and all non-cash expenditures amounted to \$351,909.

<u>MAJOR FEDERAL PROGRAM</u>	<u>CFDA#</u>	<u>EXPENDITURE</u>
Cash Assistance:		
Title I	84.010	\$ 2,560,731
Johnson O'Malley	15.130	<u>268,514</u>
Total		<u>\$ 2,829,245</u>

The District did not have any federal programs that were considered a high risk Type A programs for the 2017. The U.S. Department of Education is the 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, 2017. 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, 2017, 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, 2017 and the federal awards expended during the year are as follows:

Federal Sources	\$ 11,484,316
Indirect costs from federal programs	(107,863)
Unexpended federal sources from current year	(403,827)
Prior year federal sources expended	<u>182,334</u>
Total Expenditures of Federal Awards	<u>\$ 11,154,960</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2017

4. Unexpended Federal Awards

There were federal awards received during the year ended June 30, 2017 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:

	<u>CFDA #</u>	<u>FUND #</u>	<u>Unexpended Awards</u>			
			<u>Carryover</u>	<u>2017</u>	<u>2017</u>	<u>Total</u>
			<u>From PY</u>	<u>Awards</u>	<u>Expenditures</u>	<u>Unexpended</u>
Impact Aid Special Education	84.041	25147	\$ 51,866	\$ -	\$ (10,360)	\$ 41,506
Title XIX Medicaid	93.778	25153	130,468	756,506	(524,653)	362,321
			<u>\$ 182,334</u>	<u>\$ 756,506</u>	<u>\$ (535,013)</u>	<u>\$ 403,827</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, 2017.

<u>PROGRAM</u>	<u>CFDA #</u>	<u>FUND #</u>	<u>RECEIVABLE</u>
USDA National School Lunch Program	10.555	21000	\$ 68,780
Title I School Improvement	84.010	24162	19,997
Entitlement IDEA-B	84.027	24106	132,746
New Mexico Autism	84.027A	24108	5,773
IDEA-B Private Schools	84.027	24115	7,857
Fresh Fruits and Vegetables	10.582	24118	1,600
21st Century Community Learning Centers	84.287C	24119	86,917
Title I SIG - 1003g	84.377	24124	48,150
Preschool IDEA-B	84.173	24132	10,128
IDEA-B Student Success	84.027A	24153	93,767
Title III English Language	84.365	24154	233,104
Rural & Low-Income Schools	84.358	24174	15,378
Carl D Perkins Secondary Redistribution	84.048	24176	8,231
Carl D Perkins HSTW - Current	84.048	24180	590
Carl D Perkins HSTW - PY Unilq. Oblig	84.048	24181	3,834
Carl D Perkins HSTW - Redistribution	84.048	24182	8,794
Johnson O'Malley	15.13	25131	108,130
Indian Ed Formula Grant	84.06	25184	10,063
		25248	3,297
			<u>\$ 867,136</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, 2017

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?	—	✓	—
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>		
Title I	84.010		
Johnson O'Malley	15.130		
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, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS

FARMINGTON MUNICIPAL SCHOOLS

2017 – 001 INTERNAL CONTROLS OVER RECEIPTS (Original No. 2016-001)
Significant Deficiency
(Repeat of prior year finding; updated and revised)

Condition: Of the forty receipts selected for testing, seven were not available for review. The controls over the receipting in the accounting system allows users to change the receipt number and allowing for “gaps” in the sequence of receipt numbers. We did not find that users were able to delete receipts after entering into the system.

Eight deposits, totaling \$2,802, of the thirty-three deposits reviewed were not deposited within one banking day.

Progress from the prior year: The late deposits noted increased from five in the prior year to eight in the current year. However, the total of the late deposits decreased from \$24,632 in the prior year. All receipts that were available for review were traceable to the bank deposits; indicating a correction of the prior year occurrence.

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: The accounting system does not have controls set to limit the manipulation of data by the users.

Deposits at times were taking more than 24 hours to be deposited in the bank.

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 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.

Recommendation: The accounting system controls should be adjusted to limit the user ability to manipulate data that is essential to the controls over cash receipting. Procedures should be applied to ensure that the system receipts are reviewed at frequency that allows for timely correction of “gaps” or missing receipts.

Staff should be trained on the state law concerning cash receipts and importance of following that law.

Management’s response: The District will review the cash receipt procedures in place at each location to ensure compliance with district internal control policies and state law. Corrective actions will be taken at each location that are found to be out of compliance.

The BusinessPlus accounting system will be reviewed to determine if an automated receipt numbering process can be implemented to improve controls. Under the current process, we will document when a receipt number is issued out of sequence in error to provide an explanation for the occurrence.

Person/positions responsible for overseeing corrective actions: Chief Financial Officer

Timeline for corrective actions: The District will complete the review and implement corrective actions by April 2018.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

FARMINGTON MUNICIPAL SCHOOLS (cont'd)

2017 – 002 PURCHASES MADE PRIOR TO APPROVAL (Original No. 2016-003)
Other Non-Compliance
(Repeat of prior year finding; updated and revised)

Condition: Of the Thirty disbursements tested, nine purchases in the amount of \$13,742 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.

Progress from the prior year: The items noted increased from five in the prior year to nine in the current year. The District has initiated training and counseling to make the staff aware of the proper procedures.

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: The district has developed a report that searches the database for purchase orders dated after the invoice date. All locations receive the report and are required to explain why the purchase order was issued late and provide their corrective action plan to prevent future occurrences. Training will be provided where necessary to assist employees in correcting the issue.

Person/positions responsible for overseeing corrective actions: Chief Procurement Officer

Timeline for corrective actions: Corrective action and training will begin effective immediately.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

FARMINGTON MUNICIPAL SCHOOLS (cont'd)

2017 – 003 LACK OF TIMELY MONITORING OF BUDGET
Other matters (Does not rise to the level of significant deficiency)

Condition: There were unfavorable variances between actual and budgeted line item expenditures. The District had one over expenditure of line items at the end of June 30, 2017. The following fund had the unfavorable variance between budgeted amounts at fiscal yearend:

Reads to Lead	Support services	\$ 3,360
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Criteria: According to NMSA 1978 Section 22-8-11 B all fiscal agents of public monies have a responsibility to monitor spending to comply with established budget guidelines.

Cause: Improper monitoring of line item expenditures by comparing budgeted amounts and actual amounts spent allowed unfavorable (negative) variances, overspending of line item budgets, to occur.

Effect of condition: Violation of NMSA 1978 Section 22-8-11 B, over spending of public monies. The condition could lead to expenditures being paid in excess of total budgeted amounts.

Recommendation: Management should implement immediate steps to provide adequate financial reports to allow for proper and timely monitoring of line item expenditures. Budget adjustment requests should be approved by the Board of Education and State Public Education Department (when required) to receive approval to make necessary changes to the records prior to being presented for audit.

Management's response: The district currently reviews all funds at the end of the year to look for funds and/or functions that are in a deficit. Corrective actions are taken to resolve the deficits including budget adjustment requests to PED if needed. In the referenced fund above, the corrective action was to correct a prior budget adjustment request, approved by PED, which had been entered incorrectly into the general ledger. However, the budget entry was input as a journal entry that posted to the expenditures instead of the budget causing the deficit. The district will add a step at the end of FY2018 to rerun the report and verify there are no deficits prior to submitting year-end actuals to PED.

Person/positions responsible for overseeing corrective actions: Chief Financial Officer

Timeline for corrective actions: Prior to submitting FY2018 actuals.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

NEW MEXICO VIRTUAL ACADEMY (Component Unit)

2017 – 004 PURCHASES MADE PRIOR TO APPROVAL (Original No. 2016-004)
Other matters (Does not rise to the level of significant deficiency)
(Repeat of prior year finding; updated and revised)

Condition: Of the Thirty disbursements tested, five purchases totaling \$69,765 was made prior to the approval of purchase order. The purchase order had been initiated but did not have final approval prior to purchase being completed. Purchase orders are used to control cash and to authorize the purchases in accordance with the authorized budget.

Progress from the prior year: The Charter School had not improved the controls over purchased from the prior year which also had five occurrences in the testing.

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 2016-2017 school year Administration was not consistent with policies and procedures that were adopted by the board. Management will continue to work with 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. Management will also work with Governance to draft a policy that would result in official reprimand and may result in the employee(s) either returning ordered items or paying for them solely if proper procurement is not followed. Management will review the environment as well as requirements surrounding procurement with all staff and governance.

Responsible party(ies) for corrective action(s): Director/Business Manager/Governing Council

Corrective action(s) timeline: February 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

NEW MEXICO VIRTUAL ACADEMY (Component Unit) (cont'd)

2017 – 005 UNTIMELY PAYMENT OF INVOICES (Original No. 2016-005)
Other matters (Does not rise to the level of significant deficiency)
(Repeat of prior year finding; updated and revised)

Condition: Three of the Thirty disbursements tested were purchases that were not paid within 30 days of being invoiced. The amount of the three disbursements was \$158,816 and the days outstanding of the invoices ranged from 40 to 71 days and an average of 51 days.

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 worked with their vendors to adjust billing cycles to reduce delays related to this added internal control. Management will continue to work with vendors to ensure that bills are received promptly, without interruption, and that they are paid within 30 days.

Responsible party(ies) for corrective action(s): Director/Site Coordinator

Corrective action(s) timeline: January 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

NEW MEXICO VIRTUAL ACADEMY (Component Unit) (cont'd)

2017 – 006 BACKGROUND CHECKS

Other matters (Does not rise to the level of significant deficiency)

Condition: Two of 30 employee files selected for testing had missing background checks.

Progress from the prior year: The District reduced the number of occurrences from three in the prior year to one in the current year.

Criteria: In accordance 1978 NMSA 22-10A-5, all employees who have access to children are required to have a background check completed and approved.

Cause: The District is not maintaining adequate controls over employee hiring.

Effect of condition: The District is out of compliance with requirements for 1978 NMSA 22-10A-5.

Recommendation: The District should not employ any individual without prior receipt of the cleared background check.

Management's response: All NMVA staff are required to have and pass a background check, or submit a copy of a current passed background check that is not more than 2 years old at the time of their initial hiring. In addition, all employees are required to get new back ground checks every 2 years. NMVA will ensure that the missing record is located and returned to the employees file. NMVA will review employee files, in collaboration with the Farmington Municipal Schools district, to ensure that the files are in proper order and specifically, the policy of recurring background checks is being followed.

Responsible party(ies) for corrective action(s): Director/Site Coordinator

Corrective action(s) timeline: December 2017

2017 – 007 UNAUTHORIZED TEMPORARY INTER-FUND LOANS

Other matters (Does not rise to the level of significant deficiency)

Condition: As of June 30, 2017, there was a fund that had overspent its cash balance and was pooled with other funds. This resulted in the funds borrowing from other funds without the approval of the local governing board. The funds that had unauthorized loans were as follows:

<u>Fund #</u>	<u>Fund</u>	<u>Cash Deficiency</u>
24106	Entitlement IDEA-B	(29,310)

Criteria: PSAB Supplement 7 states "Temporary transfers require local board approval only. Districts/charter schools may make a loan from the operational fund to another fund based on the maximum expected need during the year in order to minimize the cycles of board approval, making a loan and repaying it several times during the year, with a goal of having the loan repaid at year end." Internal control should exist to provide reasonable assurance that no disbursement is made that would result in a deficit cash balance within a fund. Cash from program specific revenues cannot be used to fund other programs without the proper approval of the awarding agency. The Board of Education is required to approve all inter-fund loans.

Cause: The state system requires that the federal funds should be spent before the schools get the money from the funding source, allowing the funding source to review and approve expenditures before reimbursement. The other cause was the school did not make the appropriate loan from the Operating Fund creating a deficit cash balance in the fund. Also, the school incorrectly recorded revenue for one fund in another fund thereby creating an interfund loan.

Effect of condition: The District is not following the procedures of PASB Supplement 7.

Recommendation: Management should develop a plan to monitor cash balances to ensure that the General Fund can cover the reimbursement funds until reimbursements have been received. Requests for reimbursements should be monitored and followed up on to promote expedient processing.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2017 – 007 UNAUTHORIZED TEMPORARY INTER-FUND LOANS (cont'd)
Other matters (Does not rise to the level of significant deficiency)

Management's response: Management disagrees with this finding on both the grounds that the reference is out dated and non-applicable. First, management has spoken with the Public Education Department and they have acknowledged that the references to inter-fund loans in the supplement is not applicable since the state switched from a draw down system to their current reimbursement basis for state and federal funding. The language in PSAB Supplement 7 references this when they speak to "the maximum expected need during the year in order to minimize the cycles of board approval, making a loan and repaying it several times during the year, with a goal of having the loan repaid at year end." Under the current reimbursement system, all expenditures, including salaries and benefits, must actually be paid out using existing operational funds, since reimbursement based funds cannot carry cash balances, before they are able to be reimbursed. NMVA employees are paid throughout July, after the close of the state's fiscal year making approval prior to the end of the year not possible. Secondly, management disagrees that this applies in that the Charter School act specifically names those charged with governance of a charter school as a Governing Council, not a School Board or Board of Education. Management understands the reason for this distinction being that taxing authority is given to School Boards and Boards of Education in statute and this is a power that charter schools do not have. Since the referenced PSAB uses language defining a scenario that cannot legally exist it is inherently flawed and not applicable to NMVA, a charter school in the state of New Mexico. Management will comply with all required current regulations.

Person/positions responsible for overseeing corrective actions: Business Manager

Timeline for corrective actions: December 2017.

Auditor's Rebuttal: PSAB 7, "Temporary inter-fund transfers are transfers of cash from one fund/subfund to another. Most transfers of this type are temporary cash loans to be repaid at a predetermined date that is approved by the local school board, but no later than one year from the approved transfer. Accounts utilized are "due from" (object 14000) and "due to" accounts (object 24000) to indicate inter-fund receivable(s) and pay able(s). (See Supplement 3, Uniform Chart of Accounts). Temporary transfers require local board approval only. Districts/charter schools may make a loan from the operational fund to another fund based on the maximum expected need during the year in order to minimize the cycles of board approval, making a loan and repaying it several times during the year, with a goal of having the loan repaid at year end." Additionally, PSAB 5 states "Transfers should be recognized in the accounting period in which the interfund receivable and payable arise. (GASB Codification Section 1100.108d) These transfers are temporary in nature and must be recorded in the due to/due from accounts when they occur. Only the Operational account may make these temporary transfers to other funds. See PSAB Supplement 7, Cash Controls."

The reference to PSAB is not outdated and management does not seem to fully understand the requirements. PSAB 7's statement about the "maximum expected need" means that a school district/charter school should make adequate planning to anticipate future needs and authorized the temporary loans at a level that minimized the need for repeated authorizations from the local board (governing council). Management has stated that it is impossible to meet the requirements due to the summer payrolls. Management should be able to exercise proper financial responsibility by making the proper planning decisions and cash controls to allow compliance with the requirements.

A governing council is intended to function the same as board of education. The council retains the responsibility to oversee the charter school's management and make decisions/authorizations that are not delegated to management. Charter schools are held to the same control structure requirements as a school district.

Management has cited a time for correction yet has given indication of not having the intention of complying with the requirements.

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, 2017

I. NOT RESOLVED (Repeated in the current year)

FARMINGTON MUNICIPAL SCHOOLS

2016 – 001 INTERNAL CONTROLS OVER RECEIPTS

2016 – 003 PURCHASES MADE PRIOR TO APPROVAL

NEW MEXICO VIRTUAL ACADEMY (Component Unit)

2016 – 004 PURCHASES MADE PRIOR TO APPROVAL

2016 – 005 UNTIMELY PAYMENT OF PURCHASES

II. RESOLVED (Not repeated in the current year)

FARMINGTON MUNICIPAL SCHOOLS

2016 – 002 MISSING OR INCOMPLETE FORM I-9

NEW MEXICO VIRTUAL ACADEMY (Component Unit)

2016 – 006 MISSING OR INCOMPLETE FORM I-9

2016 – 007 NO CHIEF PROCUREMENT OFFICER AT THE TIME OF PROCUREMENT

2016 – 008 CONTROLS OVER TRAVEL REIMBURSEMENTS

REQUIRED DISCLOSURES

Year Ended June 30, 2017

An exit conference was held November 8, 2017 during which the audit findings were discussed. The exit conference was attended by the following individuals:

FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

Sherry Galloway	Member, Board of Education / Audit Committee
Eugene Schmidt	Superintendent; Member, Audit Committee
Phil Valdez	Deputy Superintendent
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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