

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND
SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2018
WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Prepared By
Bobbi Newland, Chief Financial Officer

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INTRODUCTORY SECTION
OF
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR 2018

JULY 1, 2017 THROUGH JUNE 30, 2018



Our Mission

We will utilize a system of quality data driven instruction to ensure a culture of high performance for all students and staff.

District Goals

Student Achievement

Support campus initiatives that create learning environments in which all students within each subgroup can achieve academic success.

Staff Development

Promote/Develop outstanding instructional leadership among administrators and staff through shared best practices, improved evaluative techniques and an effective mentoring program.

Technology

Continue to utilize technology to enhance instructional strategies, improve communication with parents and community, and assist with student data analysis.

Communication

Develop a comprehensive process for communicating with the community, including through school advisory councils, concerning student achievement, accountability, and district initiatives.

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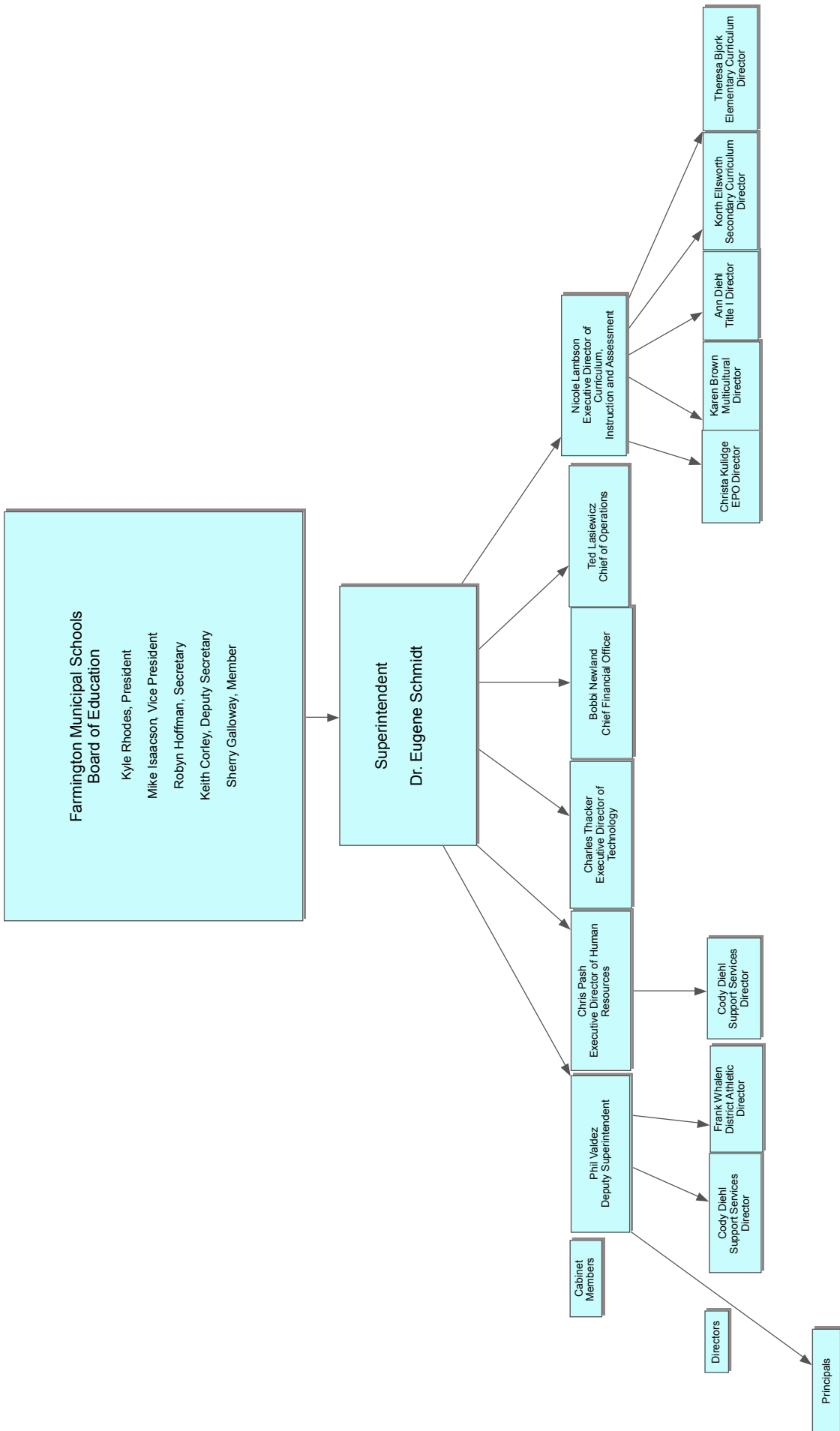
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OFFICIAL ROSTER

June 30, 2018

BOARD OF EDUCATION

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

ADMINISTRATION

Eugene Schmidt	Member-FMS
Bobbi Newland	Chief Financial Officer
Laura Warnke	Admin Asst. to Chief Financial Officer
Malinda Fowler	Comptroller
Malinda Fowler	Fed Programs
Denise Stokes	AP Specialist
Cyndi Bolen	Payroll
Lisa Evans	Procurement

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
Bobbi Newland	Member-FMS
Malinda Fowler	Member-FMS
Laura Warnke	Member-FMS
Kyle Hunt	Member-NMVA
Nikki Sandoval	Member-NMVA Board
Carla Morales	Member-NMVA
DeLea Taylor	Member-NMVA Board
Kelli Loudermilk	Member-NMVA

FINANCE COMMITTEE

Sherry Galloway	Member
Mike Isaacson	Member
Eugene Schmidt	Member-FMS
Bobbi Newland	Member-FMS
Malinda Fowler	Member-FMS
Laura Warnke	Member-FMS
Phil Valdez	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, 2017

Christopher P. Morill

Executive Director/CEO

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

ADMINISTRATIVE OFFICES

TELEPHONE (505) 324-9840
FAX (505) 599-8806

December 5, 2018

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, 2018.

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, 2018.

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, 2018, 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, 2018, 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 10,958 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.

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, employs roughly 434 workers, 82% of whom 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 which could save customers nearly \$500 million over the next best alternative. 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.

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 1,500 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, 20 years before the end of its useful life. 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 shares.

The San Juan mine is the only active underground mine in New Mexico. Coal usage is about 6.4 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.¹

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 Top 10 in natural gas production and 3rd in natural gas reserves with approximately 68% located in northwestern New Mexico. San Juan County has been ranked first in gas production in New Mexico and 4th in oil production for the past three years and these rankings are not expected to change in the foreseeable future. Exploration for natural gas in coal seams throughout the San Juan Basin has increased potential reserves by as much as 50 trillion cubic feet.

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

Crude Oil

Calendar Year	San Juan County		New Mexico	
	Volume (Barrels)	Value (000's)	Volume (Barrels)	Value (000's)
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
2017	4,728,892	199,529	167,271,496	7,935,246

Source: New Mexico ONGARD.

Natural Gas

Calendar Year	San Juan County		New Mexico	
	Volume (Barrels)	Value (000's)	Volume (Barrels)	Value (000's)
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
2017	330,759,782	1,086,211	1,303,860,366	4,324,880

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 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 13.34 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 72,000 acres under cultivation and over 38,000 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 feedyard, testing laboratory, fresh pack operation, bean plant, pellet/granary operation, and potato storage facilities. Business ventures contracted with NAPI include production of sod and an orchard (apples, peaches, apricots, and pears). Located on the project and just seven miles south of Farmington on Highway 371, is a 300 acre industrial park.

NAPI's success is dependent on its employment which varies between 200-500 people during a crop season. Ninety-five 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.

Education More than 10,000 students attended the District in school year 2017-18. There are six private and two Bureau of Indian Affairs ("BIA") contract schools in the District.

San Juan College (the "College") offers a two-year college program, enabling students to obtain Associate Degrees in Arts or Sciences in addition to occupational degrees and certificate programs. The College was founded in 1956 and has grown dramatically in size and scope since its founding. It is the most affordable post-secondary school in New Mexico. The College recently opened its Energy and Power Schools which will allow students to access careers in the oil and gas industry. It also has similar programs in pre-medicine and education.

Medical San Juan Regional Medical Center ("SJRM") is an acute care hospital in the Four Corners region with over 194 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, SJRM is one of the only hospitals 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. SJRM 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 2018 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, 2017. This was the 25th consecutive year (1993-2017) 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.

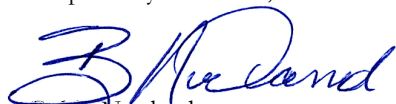
ACKNOWLEDGEMENT

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 2017-2018 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,


Bobbi Newland
Chief Financial Officer

FINANCIAL SECTION
OF
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR 2018

JULY 1, 2017 THROUGH JUNE 30, 2018



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INDEPENDENT AUDITORS' REPORT

Wayne Johnson, State Auditor,
The Board of Education and Audit Committee of
Farmington Municipal Schools 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 Schools District No. 5, as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise Farmington Municipal Schools District No. 5 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 Schools District No. 5's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Farmington Municipal Schools District No. 5, as of June 30, 2018, 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.

Emphasis of Matter

As discussed in Note I.B and Note IV.C, during the year ended June 30, 2018 Farmington Municipal Schools District No. 5 adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to these matters.

Wayne Johnson, State Auditor,
The Board of Education and Audit Committee of
Farmington Municipal Schools District No. 5

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7-13. Accounting principles generally accepted in the United States of America also require that the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions for pensions and OPEB on pages 66 through 69 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Farmington Municipal Schools District No. 5's basic financial statements. The supplemental information such as the budgetary comparisons for the major capital project fund, the combining and individual nonmajor fund financial statements, the budgetary comparisons for non-major special revenue funds, capital projects funds, debt service funds, 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* and the other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 10, 2018 on our consideration of the Farmington Municipal Schools 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 Schools District No. 5's internal control over financial reporting and compliance.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
November 10, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2018

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, 2018. 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 xiii – xviii.

Financial Highlights

- The assets of the Farmington Municipal School District were less than liabilities at the close of the most recent fiscal year by \$47,483,980 (*net position*). Of this amount, \$6,600,973 (*Unrestricted net position excluding pension liability of \$212,258,352, OPEB liability of \$57,417,203 and net pension related deferred inflows / outflows of (\$51,049,115)*) 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 \$33,448,433, a decrease of \$2,047,995 in comparison with the prior year. Approximately 20% of this total amount, \$6,915,798 is *available for spending* at the district's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,915,798 or 9.3% of the total general fund expenditures.
- The Farmington Municipal School District's total net debt increased by \$7,640,000 or 9.6% during the current fiscal year. The district retired \$10,830,000 of debt and issued \$ 18,470,000 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, 2018

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 90).

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-69 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 were less than liabilities by \$47,483,980 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, 2018

Farmington Municipal School District's Net Position

	Governmental Activities		Total	
	FY 2018	FY 2017	FY 2018	FY 2017
Current and other assets	\$ 28,515,851	\$ 33,559,419	\$ 28,515,851	\$ 33,559,419
Capital assets	228,767,411	215,800,035	228,767,411	215,800,035
Other non-current assets	6,161,295	-	6,161,295	-
Total assets	263,444,557	249,359,454	257,283,262	249,359,454
Deferred outflows of resources	71,388,222	22,551,595	71,388,222	22,551,595
Current Liabilities	1,553,992	2,437,674	1,553,992	2,437,674
Noncurrent liabilities:				
Due within one year	8,925,000	8,555,000	8,925,000	8,555,000
Due in more than one year	81,684,181	74,818,177	81,684,181	74,818,177
Aggregate net pension liability	226,657,290	141,432,228	226,657,290	141,432,228
Total liabilities	318,820,463	227,243,079	318,820,463	227,243,079
Deferred inflows of resources	20,478,031	3,480,064	20,478,031	3,480,064
Net position:				
Net investment in capital assets	138,081,745	139,517,254	138,081,745	139,517,254
Restricted	26,459,742	19,496,768	26,459,742	19,496,768
Unrestricted	(212,025,467)	(117,826,116)	(212,025,467)	(117,826,116)
Total net position	\$ (47,483,980)	\$ 41,187,906	\$ (47,483,980)	\$ 41,187,906

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 \$212,258,352, OPEB liability of \$57,417,203 and net pension related deferred inflows / outflows of (\$51,049,115)*, \$6,600,973 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 decreased by \$20,469,387 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 decreased Farmington Municipal School District's net position by \$20,469,387. Key elements of this decrease are as follows:

- A 5% increase in state equalization revenue as shown in the comparison of grants and contributions not restricted to specific programs.
- A 27% increase in operational expenses for the district boosted 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, 2018

Farmington Municipal School District's Changes in Net Position

	Governmental Activities		Total	
	FY2018	FY2017	FY2018	FY2017
Revenues:				
<i>Program Revenues:</i>				
Charges for services	\$ 1,345,846	\$ 1,627,905	\$ 1,345,846	\$ 1,627,905
Operating grants & contributions	17,066,458	16,352,428	17,066,458	16,352,428
Capital grants & contributions	6,966,441	19,082,712	6,966,441	19,082,712
<i>General Revenues:</i>				
Property taxes-general purpose	558,562	551,471	558,562	551,471
Property taxes-capital projects	2,858,482	2,814,485	2,858,482	2,814,485
Property taxes-debt service	10,794,816	10,607,097	10,794,816	10,607,097
Oil & Gas	510,604	594,547	510,604	594,547
<i>Grants and contributions not restricted to specific programs</i>	75,622,445	72,116,655	75,622,445	72,116,655
Miscellaneous Income	251,914	305,034	251,914	305,034
Earnings from investments	-	-	-	-
Gain on sale of capital asset	-	-	-	-
Total Revenues	\$ 115,975,568	\$ 124,052,334	\$ 115,975,568	\$ 124,052,334
Expenses:				
Direct instruction	\$ 85,954,460	\$ 67,974,302	\$ 85,954,460	\$ 67,974,302
Support Services:				
Students	12,064,587	12,021,053	12,064,587	12,021,053
Instruction - support	1,100,939	1,083,434	1,100,939	1,083,434
General administrative	1,745,705	1,736,695	1,745,705	1,736,695
School administrative	5,887,593	5,290,922	5,887,593	5,290,922
Central services	1,193,888	1,198,927	1,193,888	1,198,927
Operations and maintenance	18,359,469	15,185,927	18,359,469	15,185,927
Student transportation	2,996,001	2,732,618	2,996,001	2,732,618
Other support services	4,455	7,678	4,455	7,678
Non-instructional services				
Food services	4,921,309	4,862,251	4,921,309	4,862,251
Community services	8,919	11,345	8,919	11,345
Interest on long-term obligations	2,207,630	2,235,099	2,207,630	2,235,099
Operation of non-instruction services	-	-	-	-
Loss on disposal of capital asset	-	-	-	-
Other	-	211,546	-	211,546
Total Expenses	\$ 136,444,955	\$ 114,551,797	\$ 136,444,955	\$ 114,551,797
Increase/(Decrease) in net position	\$ (20,469,387)	\$ 9,500,537	\$ (20,469,387)	\$ 9,500,537
Net position - Beginning	\$ 41,187,906	\$ 31,687,369	\$ 41,187,906	\$ 31,687,369
Restatement	(68,202,499)	-	(68,202,499)	-
Net position - Ending	\$ (47,483,980)	\$ 41,187,906	\$ (47,483,980)	\$ 41,187,906

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2018

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 \$33,448,433 a decrease in comparison with the prior year. Approximately 21% of this total amount (\$6,915,798) 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 (\$13,478,972), 2) for capital projects (\$11,040,526) and 3) a variety of other restricted purposes (\$1,786,379).

The general fund is the chief operating fund of Farmington Municipal School District. At the end of the current fiscal year, unassigned fund balance of the general funds was \$6,915,798 and total fund balance was \$7,020,198. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned represents 8.3% percent of the total general fund expenditures, and the total fund balance represents 8.4% since a very small portion of the general fund balance was restricted at June 30, 2018.

The fund balance of Farmington Municipal School District's general fund decreased by \$2,156,542 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 \$9,954,947 that is restricted for the payment of debt service. This is a net decrease in fund balance of \$126,658. The decrease during the current year resulted primarily from increased principal and interest payments.

The educational technical debt service fund balance was \$3,524,025. The total amount is restricted for the payment of debt service. This is a net decrease in fund balance of \$16,736. The decrease is the result of an increase in the amount of principal and interest payments.

There was a decrease of \$2,384,677 in the fund balance of the bond building capital fund resulting in a fund balance of \$4,010,114. 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 2017-2018 the district received \$6,906,456 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, 2018

General Fund Budgetary Highlights

Differences between the original budgeted revenues and the final amended budgeted revenues resulted in a budget increase of \$745,442 which can be briefly summarized as follows:

- The difference resulted primarily from a mid-year increase in revenue from the state in state equalization funds of \$31.34 per program unit.
- Expenditures were increased in an attempt to balance the budget.
- Additional cash from 6/30/17 was carried forward and budgeted in 2017-2018.

Capital Asset and Debt Administration

Capital assets. Farmington Municipal School District’s investment in capital assets for its governmental activities as of June 30, 2018 amounts to \$228,767,411 (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 \$228,767,411 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 2018.
- Phase I of construction and renovation of an elementary school scheduled to be completed in November 2019.
- 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 48 of this report.

	Government Activities		Total	
	FY2018	FY2017	FY2018	FY2017
Land	\$ 4,142,761	\$ 4,142,761	\$ 4,142,761	\$ 4,142,761
Construction in progress	72,929,843	54,931,088	72,929,843	54,931,088
Land improvements	31,562	77,799	31,562	77,799
Buildings and improvements	148,279,563	152,988,393	148,279,563	152,988,393
Machinery and equipment	3,383,682	3,659,994	3,383,682	3,659,994
Total	<u>\$ 228,767,411</u>	<u>\$ 215,800,035</u>	<u>\$ 228,767,411</u>	<u>\$ 215,800,035</u>

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For The Year Ended June 30, 2018

Long-term debt. As of June 30, 2018, Farmington Municipal School District had total bonded debt outstanding of \$87,688,631. 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 2018	FY 2017
General obligation bonds	\$87,340,000	\$79,700,000

Farmington Municipal School District's total debt increased by \$7,640,000 during the current fiscal year. The district retired \$10,830,000 of debt and issued \$18,470,000 in 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 \$89,666,646 which is 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 49.

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 \$6,915,798 of its unassigned fund balance for spending in the 2018 fiscal year budget. The \$6,915,798 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
OF
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

STATEMENT OF NET POSITION
 June 30, 2018

	Primary Government	Component Unit
	Governmental Activities	New Mexico Virtual Academy Charter School
Assets		
Cash and cash equivalents	\$ 24,503,735	\$ 470,854
Receivables:		
Delinquent property taxes receivable	957,339	-
Grant	2,640,142	29,310
Other receivables	-	24,221
Due from primary government	-	52,457
Due from other governments	187,877	-
Parts inventory	104,400	-
Food inventory	122,358	-
Non-current:		
Restricted cash	6,161,295	-
Non-depreciable assets	77,072,604	-
Depreciable capital assets, net	151,694,807	-
Total Assets	263,444,557	576,842
Deferred Outflows of Resources:		
Contributions to pension subsequent to the measurement date	7,258,813	115,757
Difference between expected and actual pension experience	381,024	5,360
Net change in pension assumptions	61,962,384	871,727
Net change in proportionate share of pension liability	741,422	97,358
Contributions to OPEB subsequent to the measurement date	1,044,579	16,656
Total Deferred Outflows of Resources	\$ 71,388,222	\$ 1,106,858

(cont'd; 1 of 2)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

STATEMENT OF NET POSITION
 June 30, 2018

	Primary Government	Component Unit
	Governmental Activities	New Mexico Virtual Academy Charter School
Liabilities		
Accounts payable	\$ 274,700	\$ 184,382
Accrued salaries	-	110,544
Accrued interest	878,204	-
Due to component unit	52,457	-
Compensated absences	348,631	-
Long-term liabilities other than pensions:		
Due within one year	8,925,000	-
Due in more than one year	81,684,181	-
Aggregate net pension liability	212,258,352	2,986,189
Aggregate OPEB liability	57,417,203	876,879
Total Liabilities	361,838,728	4,157,994
Deferred Inflows of Resources		
Advances of federal, state, and local grants	62,439	-
Gain on advanced bond refunding	76,485	-
Difference between expected and actual pension experience	3,270,040	46,005
Net difference between projected and actual investment earnings on pension plan investments	29,117	410
Net change in proportionate share of pension liability	3,971,929	1,477
Difference between expected and actual OPEB experience	2,203,368	33,650
Net difference between projected and actual investment earnings on OPEB plan investments	825,986	12,615
Net change in OPEB assumptions	10,038,667	153,311
Total Deferred Inflows of Resources	20,478,031	247,468
Net Position		
Net investment in capital assets	138,081,745	-
Restricted for:		
Inventories	226,758	-
Special revenue funds	1,786,379	5,608
Capital projects	11,209,498	-
Debt service	13,237,107	-
Unrestricted	(212,025,467)	(2,727,370)
Total Net Position	\$ (47,483,980)	\$ (2,721,762)

(2 of 2)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

STATEMENT OF ACTIVITIES
 Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Primary government:	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Units	
Governmental activities:						
Instruction	\$ 85,954,460	\$ 505,149	\$ 9,669,491	\$ 4,717,938	\$ (71,061,882)	
Support Services - Students	12,064,587	317,845	1,357,212	-	(10,389,530)	
Support Services - Instruction	1,100,939	-	123,851	-	(977,088)	
Support Services - General Administration	1,745,705	-	196,384	6,872	(1,542,449)	
Support Services - School Administration	5,887,593	-	662,328	-	(5,225,265)	
Central Services	1,193,888	-	134,307	-	(1,059,581)	
Operations & Maintenance of Plant	18,359,469	-	2,065,358	2,241,631	(14,052,480)	
Student Transportation	2,996,001	-	2,856,023	-	(139,978)	
Other Support Services	4,455	-	501	-	(3,954)	
Food Services	4,921,309	522,852	-	-	(4,398,457)	
Community Services	8,919	-	1,003	-	(7,916)	
Bond interest paid	2,207,630	-	-	-	(2,207,630)	
Total governmental activities	\$ 136,444,955	\$ 1,345,846	\$ 17,066,458	\$ 6,966,441	(111,066,210)	
 Component units:						
New Mexico Virtual Academy	\$ 3,359,478	\$ 1,447	\$ 117,845	\$ -		\$ (3,240,186)
 General revenues:						
Taxes:						
Property Taxes:						
					558,562	-
					2,858,482	-
					10,794,816	-
					510,604	-
					75,622,445	3,080,403
					251,914	-
					<u>90,596,823</u>	<u>3,080,403</u>
					<i>Change in net position</i>	<u>(20,469,387)</u>
						<u>(159,783)</u>
					41,187,906	(1,520,389)
					(68,202,499)	(1,041,590)
					<u>(27,014,593)</u>	<u>(2,561,979)</u>
					\$ (47,483,980)	\$ (2,721,762)

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, 2018

	General Fund	Title I Fund #24101	Entitlement IDEA-B Fund #24106	Bond Building Fund #31100
Assets				
Cash and cash equivalents	\$ 4,388,586	\$ -	\$ -	\$ 255
Receivables:				
Property taxes	38,772	-	-	-
Grant	-	794,615	564,547	-
Due from other governments	7,637	-	-	-
Due from other funds	2,574,461	-	-	-
Parts inventory	104,400	-	-	-
Food inventory	-	-	-	-
Restricted:				
Cash and cash equivalents	-	-	-	4,009,859
Total assets	<u>\$ 7,113,856</u>	<u>\$ 794,615</u>	<u>\$ 564,547</u>	<u>\$ 4,010,114</u>
 Liabilities, deferred inflows, and fund balance				
Liabilities:				
Accounts payable	\$ 59,852	\$ 162,328	\$ 333	\$ -
Due to other funds	-	632,287	511,757	-
Due to component unit	-	-	52,457	-
Total liabilities	<u>59,852</u>	<u>794,615</u>	<u>564,547</u>	<u>-</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Delinquent property taxes	<u>33,806</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>33,806</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	104,400	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	4,010,114
Debt service	-	-	-	-
Unassigned	<u>6,915,798</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>7,020,198</u>	<u>-</u>	<u>-</u>	<u>4,010,114</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 7,113,856</u>	<u>\$ 794,615</u>	<u>\$ 564,547</u>	<u>\$ 4,010,114</u>

(cont'd; 1 of 2)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

GOVERNMENTAL FUNDS

Balance Sheet
June 30, 2018

	Capital Improvements SB-9 <u>Fund #31701</u>	Debt Service <u>Fund #41000</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Assets				
Cash and cash equivalents	\$ 3,520,199	\$ 9,812,336	\$ 6,782,359	\$ 24,503,735
Receivables:				
Property taxes	205,254	489,029	224,284	957,339
Grant	-	-	1,280,980	2,640,142
Due from other governments	48,865	88,812	42,563	187,877
Due from other funds	-	-	164,166	2,738,627
Parts inventory	-	-	-	104,400
Food inventory	-	-	122,358	122,358
Restricted:				
Cash and cash equivalents	-	4,044	2,147,392	6,161,295
Total assets	<u>\$ 3,774,318</u>	<u>\$ 10,394,221</u>	<u>\$ 10,764,102</u>	<u>\$ 37,415,773</u>
 Liabilities, deferred inflows, and fund balance				
Liabilities:				
Accounts payable	\$ 38,299	\$ -	\$ 13,888	\$ 274,700
Due to other funds	-	-	1,594,583	2,738,627
Due to component unit	-	-	-	52,457
Total liabilities	<u>38,299</u>	<u>-</u>	<u>1,608,471</u>	<u>3,065,784</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	62,439	62,439
Delinquent property taxes	168,972	439,274	197,065	839,117
Total deferred inflows of resources	<u>168,972</u>	<u>439,274</u>	<u>259,504</u>	<u>901,556</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	122,358	226,758
Restricted for:				
Special revenue funds	-	-	1,786,379	1,786,379
Capital projects funds	3,567,047	-	3,463,365	11,040,526
Debt service	-	9,954,947	3,524,025	13,478,972
Unassigned	-	-	-	6,915,798
Total fund balance	<u>3,567,047</u>	<u>9,954,947</u>	<u>8,896,127</u>	<u>33,448,433</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 3,774,318</u>	<u>\$ 10,394,221</u>	<u>\$ 10,764,102</u>	<u>\$ 37,415,773</u>

(2 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

RECONCILIATION OF THE BALANCE SHEET - ALL GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
June 30, 2018

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

Fund balances - total governmental funds	\$	33,448,433
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		335,538,812
Accumulated depreciation		(106,771,401)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable		839,117
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		7,258,813
Difference between expected and actual pension experience		381,024
Net change in pension assumptions		61,962,384
Net change in proportionate share of pension liability		741,422
Contributions to OPEB subsequent to the measurement date		1,044,579
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		(87,340,000)
Accrued interest payable		(878,204)
Accrued vacation payable		(348,631)
Bond premiums		(3,269,181)
Net pension liability		(212,258,352)
Net OPEB liability		(57,417,203)
Deferred inflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Gain on advanced bond refunding		(76,485)
Difference between expected and actual pension experience		(3,270,040)
Net difference between projected and actual investment earnings on pension plan investm		(29,117)
Net change in proportionate share of pension liability		(3,971,929)
Difference between expected and actual OPEB experience		(2,203,368)
Net difference between projected and actual investment earnings on OPEB plan investme		(825,986)
Net change in OPEB assumptions		<u>(10,038,667)</u>
Net position of governmental activities	\$	<u>(47,483,980)</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, 2018

	<u>General Fund</u>	<u>Title I Fund #24101</u>	<u>Entitlement IDEA-B Fund #24106</u>	<u>Bond Building Fund #31100</u>
Revenues:				
Taxes:				
Property	\$ 557,224	\$ -	\$ -	\$ -
Oil and gas	25,680	-	-	-
Intergovernmental - federal grants	91,004	2,232,281	2,507,817	-
Intergovernmental - state grants	78,787,072	-	-	-
Contributions - private grants	89,500	-	-	-
Charges for services	75,202	-	-	-
Investment and interest income	19	-	-	42,065
Miscellaneous	<u>124,249</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>79,749,950</u>	<u>2,232,281</u>	<u>2,507,817</u>	<u>42,065</u>
Expenditures:				
Current:				
Instruction	48,302,830	1,427,081	1,003,722	-
Support services:				
Students	9,324,392	432,472	807,410	-
Instruction	1,014,710	-	-	-
General Administration	1,397,340	28,984	34,186	-
School Administration	4,596,149	343,744	560,352	-
Central Services	1,022,446	-	102,147	-
Operation & Maintenance of Plant	8,012,789	-	-	3,699,912
Student transportation	2,880,336	-	-	-
Other Support services	4,283	-	-	-
Food services operations	-	-	-	-
Community services	8,175	-	-	-
Capital outlay	1,029,958	-	-	9,712,200
Debt service:				
Principal retirement	-	-	-	2,275,000
Bond interest paid	-	-	-	-
Bond issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,334</u>
Total expenditures	<u>77,593,408</u>	<u>2,232,281</u>	<u>2,507,817</u>	<u>15,881,446</u>
<i>Excess (deficiency) of revenues over expenditures</i>	2,156,542	-	-	(15,839,381)
Other financing sources:				
Sale of bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,454,704</u>
<i>Net change in fund balance</i>	2,156,542	-	-	(2,384,677)
Fund balance at beginning of the year	<u>4,863,656</u>	<u>-</u>	<u>-</u>	<u>6,394,791</u>
Fund balance at end of the year	<u>\$ 7,020,198</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,010,114</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, 2018

	Capital Improvements SB-9 <u>Fund #31701</u>	Debt Service <u>Fund #41000</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:				
Taxes:				
Property	\$ 2,852,854	\$ 7,591,133	\$ 3,181,210	\$ 14,182,421
Oil and gas	244,008	129,485	111,431	510,604
Intergovernmental - federal grants	-	-	7,086,723	11,917,825
Intergovernmental - state grants	-	-	8,787,415	87,574,487
Contributions - private grants	-	-	13,547	103,047
Charges for services	-	-	1,270,644	1,345,846
Investment and interest income	-	876	17,025	59,985
Miscellaneous	-	-	127,665	251,914
Total revenues	<u>3,096,862</u>	<u>7,721,494</u>	<u>20,595,660</u>	<u>115,946,129</u>
Expenditures:				
Current:				
Instruction	-	-	3,730,355	54,463,988
Support services:				
Students	-	-	1,034,544	11,598,818
Instruction	-	-	39,394	1,054,104
General Administration	28,613	76,075	113,112	1,678,310
School Administration	-	-	160,050	5,660,295
Central Services	-	-	23,203	1,147,796
Operation & Maintenance of Plant	956,710	-	4,678,688	17,348,099
Student transportation	-	-	-	2,880,336
Other Support services	-	-	-	4,283
Food services operations	-	-	4,731,315	4,731,315
Community services	-	-	400	8,575
Capital outlay	14,052	-	7,393,577	18,149,787
Debt service:				
Principal retirement	-	5,380,000	3,175,000	10,830,000
Bond interest paid	-	2,407,073	102,778	2,509,851
Bond issuance costs	-	-	108,244	302,578
Total expenditures	<u>999,375</u>	<u>7,863,148</u>	<u>25,290,660</u>	<u>132,368,135</u>
<i>Excess (deficiency) of revenues over expenditures</i>	2,097,487	(141,654)	(4,695,000)	(16,422,006)
Other financing sources:				
Sale of bonds	-	15,296	5,000,000	18,470,000
<i>Net change in fund balance</i>	2,097,487	(126,358)	305,000	2,047,994
Fund balance at beginning of the year	<u>1,469,560</u>	<u>10,081,305</u>	<u>8,591,127</u>	<u>31,400,439</u>
Fund balance at end of the year	<u>\$ 3,567,047</u>	<u>\$ 9,954,947</u>	<u>\$ 8,896,127</u>	<u>\$ 33,448,433</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, 2018

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

Net change in fund balance - total governmental funds	\$ 2,047,994
<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	18,149,787
Depreciation	(5,182,411)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Deferred property taxes at:	
June 30, 2017	(809,678)
June 30, 2018	839,117
<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	10,830,000
Bonds sold	(18,470,000)
Deferred gain on bond refunding amortization	(76,485)
Bond premium amortization	-
<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>	
Compensated absences at:	
June 30, 2017	344,299
June 30, 2018	(348,631)
Accrued interest at:	
June 30, 2017	852,914
June 30, 2018	(878,204)
Loss on asset disposal	-
Deferred contributions to pension plan	7,258,813
Deferred contributions to OPEB plan	1,044,579
Pension expense	(34,192,752)
OPEB expense	<u>(2,282,725)</u>
Change in net position of governmental activities	<u>\$ (20,873,383)</u>

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

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes:				
Property	\$ 549,302	\$ 549,302	\$ 559,178	\$ 9,876
Oil and gas	30,563	30,563	26,211	(4,352)
Intergovernmental - federal grants	99,000	99,000	91,004	(7,996)
Intergovernmental - state grants	77,584,213	78,329,655	78,787,072	457,417
Contributions - private grants	28,868	28,868	89,500	60,632
Charges for services	85,490	85,490	75,202	(10,288)
Investment and interest income	17	17	19	2
Miscellaneous	<u>247,840</u>	<u>247,840</u>	<u>124,249</u>	<u>(123,591)</u>
Total revenues	<u>78,625,293</u>	<u>79,370,735</u>	<u>79,752,435</u>	<u>381,700</u>
Expenditures:				
Current:				
Instruction	50,674,831	50,903,730	48,303,840	2,599,890
Support services:				
Students	9,148,239	9,616,239	9,320,904	295,335
Instruction	1,082,404	1,102,404	1,012,747	89,657
General Administration	1,463,439	1,526,439	1,391,794	134,645
School Administration	4,026,325	4,137,925	4,596,149	(458,224)
Central Services	930,975	997,213	985,510	11,703
Operation & Maintenance of Plant	8,535,036	8,535,036	8,039,127	495,909
Student transportation	2,856,023	2,875,064	2,863,986	11,078
Other Support services	91,455	91,455	4,283	87,172
Community services	19,238	19,238	8,175	11,063
Capital outlay	<u>4,345,442</u>	<u>4,345,442</u>	<u>1,029,958</u>	<u>3,315,484</u>
Total expenditures	<u>83,173,407</u>	<u>84,150,185</u>	<u>77,556,473</u>	<u>6,593,712</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(4,548,114)	(4,779,450)	2,195,962	6,975,412
<i>Beginning cash balance budgeted</i>	4,548,114	4,779,450	-	(4,779,450)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>4,863,656</u>	<u>4,863,656</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>7,059,618</u>	<u>\$ 7,059,618</u>
RECONCILIATION TO GAAP BASIS:				
Change in inventory			(16,099)	
Change in property tax receivable			843	
Change in due from other governments			(1,990)	
Change in payables			(20,836)	
Change in deferred property taxes			<u>(1,338)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 7,020,198</u>	

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

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

TITLE I FUND - NO. 24101
**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 3,224,642	\$ 2,759,799	\$ 1,367,957	\$ (1,391,842)
Expenditures:				
Current:				
Instruction	2,149,612	1,684,769	1,264,894	419,875
Support services:				
Students	520,837	520,837	432,463	88,374
General Administration	47,292	47,292	28,984	18,308
School Administration	<u>506,901</u>	<u>506,901</u>	<u>343,744</u>	<u>163,157</u>
Total expenditures	<u>3,224,642</u>	<u>2,759,799</u>	<u>2,070,085</u>	<u>689,714</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(702,128)	(702,128)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(702,128)	<u>\$ (702,128)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			794,615	
Change in payables			(162,196)	
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

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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 2,364,789	\$ 3,573,126	\$ 2,076,016	\$ (1,497,110)
Expenditures:				
Current:				
Instruction	1,275,919	1,279,919	1,003,722	276,197
Support services:				
Students	287,104	1,491,441	807,410	684,031
General Administration	33,772	33,772	34,186	(414)
School Administration	665,847	665,847	560,019	105,828
Central Services	102,147	102,147	110,674	(8,527)
Total expenditures	<u>2,364,789</u>	<u>3,573,126</u>	<u>2,516,011</u>	<u>1,057,115</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(439,995)	(439,995)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>(439,995)</u>	<u>\$ (439,995)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			431,801	
Change in payables			(333)	
Change in accrued liabilities			8,527	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

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

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

AGENCY FUNDS
Statement of Fiduciary Assets and Liabilities
June 30, 2018

ASSETS

Pooled cash and investments	\$ <u>1,535,931</u>
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LIABILITIES

Deposits held for others	\$ <u>1,535,931</u>
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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. Based upon the application of these criteria, no component units or fiduciary units were included in the financial statements.

Generally Accepted Accounting Principles (GAAP) requires that financial statements present the District (primary government) and its component units. The District has no component units that are required to be presented 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*.

1. Blended Component Units

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

2. 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.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation the District's management who is responsible for their integrity and objectivity. The financial statements of the District conform to GAAP as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

B. Implementation of New Accounting Principles

During fiscal year 2018, the District adopted the following Governmental Accounting Standards Board (GASB) Statements:

➤ **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.



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

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

➤ **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.

➤ **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



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

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

- 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.

➤ **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.



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. 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.



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.

➤ **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).

➤ **GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements***

The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

Requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.



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

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

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

➤ **GASB Statement No. 89**, *Accounting for Interest Cost Incurred before the End of a Construction Period*

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement apply to the financial statements of all state and local governments. In financial statements prepared using the economic resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized as part of the historical cost of a capital asset. In financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 (FYE June 30, 2021). Earlier application is encouraged.

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. 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

The District reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the statement of activities.

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.



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

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

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.

Governmental funds are used to account for the District’s general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of capital assets, and the servicing of long-term debt.

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

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

Debt Service Funds are used to account for the payment of principal and interest on long-term debt. Debt service revenues are from taxes and other operating revenues, some of which are pledged specifically to repay certain outstanding bond issues.

GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis* requires the District to present certain governmental funds as major funds. In addition to the General Fund, the District reports the following major governmental funds:

➤ SPECIAL REVENUE FUNDS

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.

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.

➤ 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.

➤ **Capital Improvements SB – 9** (Fund No. 31700) Minimum Balance: None
 This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 2 mill property tax levy and interest earned on investments, under New Mexico Senate Bill 9.

➤ 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.

Additionally, the government reports the following fund types:

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



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

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 District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

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

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

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, Capital Improvements SB – 9 Fund, and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

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

3. *Inventories*

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. In the Transportation Fund, inventory consists of expendable supplies held for maintenance. 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.



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

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

4. *Capital assets*

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

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

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

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

ESTIMATED USEFUL LIVES	
ASSETS	YEARS
Buildings	40 - 50
Building improvements	20
Land Improvements	10 - 20
Vehicles	7
Office equipment	5
Computer equipment	3 - 5

5. *Compensated absences*

It is the District's policy to permit employees to accumulate 120 days of earned but unused vacation, which will be paid to employees upon retirement from the District's service. The amount for liability has been reported in the government-wide financial statements.

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.



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

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

8. *Postemployment Benefits Other Than Pensions (OPEB)*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Fund (RHCA) and additions to/deductions from RHCA's fiduciary net position have been determined on the same basis as they are reported by RHCA. For this purpose, RHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

9. *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.

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.



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

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

10. *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, 2018.

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, 2018.

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.

11. *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.



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

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

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.

c. 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.

12. *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.

13. *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.

14. *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.

15. *Revenues*

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

A school district’s program costs are determined through the use of various formulas using ‘program units’ which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$75,519,398 in state equalization guarantee distributions during the year ended June 30, 2018.



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

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

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 \$2,856,023 in transportation distributions during the year ended June 30, 2018.

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 \$345,047 in instructional materials distributions during the year ended June 30, 2018.

16. *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, 2018.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

Actual expenditures may not exceed the budget on a line item basis, i.e., each budgeted expenditure must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series', this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

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

The 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.



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

A. Budgetary Information (cont'd)

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, 2018 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	\$ 83,173,407	\$ 84,150,185
Special Revenue Funds:		
Title I	3,224,642	2,759,799
Entitlement IDEA-B	2,364,789	3,573,126
Capital Projects Funds:		
Bond Building	17,406,685	17,406,685
Capital Improvements SB	4,259,579	4,259,579
Debt Service Funds:		
Debt Service	17,579,541	17,579,541
Nonmajor Funds:		
Special Revenue Funds	6,804,910	13,663,889
Capital Projects Funds	9,337,991	9,337,991
Debt Service Fund	6,925,506	6,925,506
Total Budget	\$ 151,077,050	\$ 159,656,301

B. Budgetary Violations

The District exceeded its legal budget in individual funds during the year ended June 30, 2018 as follows:

Education of Homeless	Support Services	\$ 254
Westmeath Foundation	Instruction	1,866

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

The District did not have any deficit fund balances as of June 30, 2018.



III. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

At June 30, 2018, the carrying amount of the District's deposits was \$32,200,941 and the bank balance was \$36,040,500 with the difference consisting of outstanding checks.

	AMOUNT
Financial institution:	
Wells Fargo	\$ 28,825,442
Citizens	912,972
Bank of the Southwest	140,791
State agencies:	
New Mexico Finance Authority	6,161,295
Cash on hand	20
Less:	
Agency cash	(1,535,931)
Restricted Cash	(6,161,295)
Net reconciling items	<u>(3,839,559)</u>
Total cash and equivalents	<u>\$ 24,503,735</u>

Of the total cash and cash equivalents balance, \$640,791 was covered by federal depository insurance and \$23,596,842 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 District does not have a deposit policy for custodial credit risk, other than these following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). 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, 2018, \$11,802,867 of the District's bank deposits was exposed to custodial risk as follows:

	INSURED	UNDER INSURED	TOTAL
Bank deposits:			
Uninsured and uncollateralized	\$ 11,802,867	\$ -	\$ 11,802,867
Uninsured and collateral held by pledging bank's trust dept not in the District's name	<u>23,596,842</u>	<u>-</u>	<u>23,596,842</u>
Total uninsured	35,399,709	-	35,399,709
Insured (FDIC)	<u>640,791</u>	<u>-</u>	<u>640,791</u>
Total deposits	<u>\$ 36,040,500</u>	<u>\$ -</u>	<u>\$ 36,040,500</u>
State of New Mexico collateral requirement:			
50% of uninsured public fund bank deposits	\$ 17,699,855	\$ -	\$ 17,699,855
Pledged security	<u>27,976,492</u>	<u>-</u>	<u>27,976,492</u>
Over collateralization	<u>\$ 10,276,637</u>	<u>\$ -</u>	<u>\$ 10,276,637</u>

The collateral pledged is listed on Schedule of Pledged Collateral in the Other Supplemental Information section 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 District. 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.



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

B. Receivables

Receivables as of June 30, 2018 for the government's individual major funds and non-major funds in the aggregate, including the following:

	<u>RECEIVABLES</u>		<u>DUE FROM OTHER</u>	
	<u>Property Taxes</u>	<u>Grants</u>	<u>Governments</u>	<u>Funds</u>
Major Funds:				
General Funds	\$ 38,772	\$ -	\$ 7,637	\$ 2,574,461
Title I	-	794,615	-	-
Entitlement IDEA-B	-	564,547	-	-
Bond Building	-	-	-	-
Capital Improvements SB-9	205,254	-	48,865	-
Debt Service	489,029	-	88,812	-
Other Governmental Funds	<u>224,284</u>	<u>1,280,980</u>	<u>42,563</u>	<u>164,166</u>
Total	<u>\$ 957,339</u>	<u>\$ 2,640,142</u>	<u>\$ 187,877</u>	<u>\$ 2,738,627</u>

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

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

	<u>UNAVAILABLE</u>	<u>UNEARNED</u>
Grant drawdowns prior to meeting all eligibility requirements		
Other Governmental Funds	\$ -	\$ 62,440
Delinquent property taxes		
General Fund	33,806	-
Capital Improvements SB-9	168,972	-
Debt Service	439,274	-
Other Governmental Funds	<u>197,065</u>	<u>-</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 839,117</u>	<u>\$ 62,440</u>

C. Inter-Fund Receivables and Payables

The inter-fund receivables and payables at June 30, 2018 were:

	<u>RECEIVABLES</u>	<u>PAYABLES</u>
Major Funds:		
General Funds	\$ 2,574,461	\$ -
Title I	-	632,287
Entitlement IDEA-B	-	511,757
Other Governmental Funds	<u>164,166</u>	<u>1,594,583</u>
Total	<u>\$ 2,738,627</u>	<u>\$ 2,738,627</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.



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

D. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>BEGINNING</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING</u>
Governmental activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 4,142,761	\$ -	\$ -	\$ 4,142,761
Construction in progress	54,931,088	17,998,755	-	72,929,843
Total capital assets not being depreciated	<u>59,073,849</u>	<u>17,998,755</u>	<u>-</u>	<u>77,072,604</u>
<u>Capital assets being depreciated:</u>				
Land improvements	4,448,663	-	-	4,448,663
Buildings and improvements	241,930,237	-	-	241,930,237
Furniture, fixtures, and equipment	11,936,276	151,032	-	12,087,308
Total capital assets being depreciated	<u>258,315,176</u>	<u>151,032</u>	<u>-</u>	<u>258,466,208</u>
Less accumulated depreciation for:				
Land improvements	(4,370,864)	(46,237)	-	(4,417,101)
Buildings and improvements	(88,941,844)	(4,708,830)	-	(93,650,674)
Furniture, fixtures, and equipment	(8,276,282)	(427,344)	-	(8,703,626)
Total accumulated depreciation	<u>(101,588,990)</u>	<u>(5,182,411)</u>	<u>-</u>	<u>(106,771,401)</u>
Total capital assets being depreciated, net	<u>156,726,186</u>	<u>(5,031,379)</u>	<u>-</u>	<u>151,694,807</u>
Total capital assets, net	<u>\$ 215,800,035</u>	<u>\$ 12,967,376</u>	<u>\$ -</u>	<u>\$ 228,767,411</u>

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

	<u>AMOUNT</u>
Instruction	\$ 3,304,833
Support Services - Students	469,156
Support Services - Instruction	42,812
Support Services - General Administration	67,885
Support Services - School Administration	228,951
Central Services	46,427
Operations & Maintenance of Plant	713,946
Student Transportation	116,506
Other Support Services	173
Food Services	191,375
Community Services	347
Total Depreciation Expense	<u>\$ 5,182,411</u>

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.



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

E. 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, 2018 are as follows:

BOND ISSUES		ORIGINAL AMOUNT	INTEREST RATES	BALANCE	CURRENT PORTION
Series	03/31/09	\$ 16,000,000	3.00% to 5.00%	\$ -	\$ -
Series	03/16/11	12,500,000	2.00% to 4.00%	6,150,000	700,000
Series	05/16/12	14,000,000	2.00% to 4.00%	6,700,000	950,000
Series	06/03/14	23,500,000	2.00% to 3.00%	18,790,000	800,000
Series	06/03/14	3,530,000	2.00% to 2.00%	875,000	875,000
Series	05/16/14	6,500,000	0.53% to 1.47%	1,400,000	1,400,000
Series	03/01/16	35,000,000	3.00% to 5.00%	29,730,000	1,200,000
Series	05/20/16	6,700,000	1.06% to 1.34%	5,225,000	1,800,000
Series	09/15/17	7,100,000	1.16% to 3.14%	7,100,000	650,000
Series	09/15/17	2,370,000	0.86% to 1.19%	2,370,000	550,000
Series	05/04/18	5,000,000	1.62% to 2.54%	5,000,000	-
Series	06/15/18	4,000,000	1.76% to 3.27%	4,000,000	-
Total		<u>\$ 136,200,000</u>		<u>\$ 87,340,000</u>	<u>\$ 8,925,000</u>

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

	BALANCE
Bonds payable	\$ 87,340,000
Less: current maturities	(8,925,000)
Unamortized:	
Bond premiums	3,269,181
Total non-current liabilities	<u>\$ 81,684,181</u>

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

YEAR ENDING	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
JUNE 30,			
2019	\$ 8,925,000	\$ 2,572,168	\$ 11,497,168
2020	8,755,000	2,345,630	11,100,630
2021	8,185,000	2,214,079	10,399,079
2022	5,845,000	1,961,956	7,806,956
2023	5,525,000	1,785,412	7,310,412
2024 - 2028	26,590,000	6,409,938	32,999,938
2029 - 2033	19,950,000	2,198,168	22,148,168
2034 - 2038	3,565,000	57,952	3,622,952
Total	<u>\$ 87,340,000</u>	<u>\$ 19,545,303</u>	<u>\$ 106,885,303</u>



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, 2018 the following changes occurred in liabilities reported in the general obligation bonds account group:

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE	DUE WITHIN ONE YEAR
Compensated absences:					
Compensated vacation	\$ 344,298	\$ 352,289	\$ 347,956	\$ 348,631	\$ 348,631
Bonds payable					
<u>Original Amount</u>	<u>Issue</u>				
\$ 16,000,000	03/31/09	2,775,000	-	2,775,000	-
12,500,000	03/16/11	6,800,000	-	650,000	6,150,000
14,000,000	05/16/12	7,650,000	-	950,000	6,700,000
23,500,000	06/03/14	19,690,000	-	900,000	18,790,000
3,530,000	06/03/14	1,765,000	-	890,000	875,000
6,500,000	05/16/14	3,100,000	-	1,700,000	1,400,000
35,000,000	03/01/16	31,220,000	-	1,490,000	29,730,000
6,700,000	05/20/16	6,700,000	-	1,475,000	5,225,000
7,100,000	09/15/17	-	7,100,000	-	7,100,000
2,370,000	09/15/17	-	2,370,000	-	2,370,000
5,000,000	05/04/18	-	5,000,000	-	5,000,000
4,000,000	06/15/18	-	4,000,000	-	4,000,000
Total Bonds payable		<u>79,700,000</u>	<u>18,470,000</u>	<u>10,830,000</u>	<u>87,340,000</u>
		<u>\$ 80,044,298</u>	<u>\$ 18,822,289</u>	<u>\$ 11,177,956</u>	<u>\$ 87,688,631</u>
					<u>\$ 9,273,631</u>

The liability of compensated absences is liquidated with resources from the general fund and several special revenue funds. The liquidation of bonds payable is done with resources from the debt service fund.

Advance Refunding

On September 15, 2017, the District issued general obligation refunding bonds of \$2,370,000 (Series 2017B) with an effective interest rate of 2.52% to advance refund the Series 2009 (refunded bonds) bonds with a par value of \$2,275,000. After paying issue costs of \$17,775, the net proceeds were \$2,352,225. As a result of the refunding, the District benefited from an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$101,979, or 4.48% of the par value of the refunded bonds.

New Debt

The District issued Series 2017A General Obligation Bonds in the amount of \$7,100,000 on September 15, 2017. The District made the first interest payment on March 1, 2018 and will make the first principal payment on September 1, 2018. The bond series will mature on September 1, 2032 with interest rate of 1.16% to 3.14%. The District was at 87% bonding capacity after the issuance of GO Series 2017A and 2017B.

The District issued Series 2018 General Obligation Educational Technology Bonds in the amount of \$5,000,000 on May 4, 2018. The District will make the first interest payment on March 1, 2019 and will make the first principal payment on September 1, 2019. The bond series will mature on September 1, 2022 with interest rate of 1.62% to 2.54%. The District was at 93% bonding capacity after the issuance of GO Series 2018.

The District issued Series 2018 General Obligation Bonds in the amount of \$4,000,000 on June 15, 2018. The District will make the first interest payment on March 1, 2019 and will make the first principal payment on September 1, 2019. The bond series will mature on September 1, 2033 with interest rate of 1.76% to 3.27%. The District was at 97% bonding capacity after the issuance of GO Series 2018.



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

F. Leases

The District leases office equipment under 60-month non-cancellable operating leases. 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, 2018 were \$68,467. The annual lease requirements are as follows:

JUNE 30,	AMOUNT
2019	\$ 27,696

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, 2018 and for the year then ended:

A. Cash and Temporary Investments

At June 30, 2018, the carrying amount of the Charter School's deposits was \$470,854 and the bank balance was \$484,361 with the difference consisting of outstanding checks. Of this balance \$250,000 was covered by federal depository insurance and \$234,361 was covered by collateral held in joint safekeeping by a third party.

	AMOUNT
Financial institution:	
Citizens	\$ 484,361
Less:	
Net reconciling items	(13,507)
Total cash and equivalents	\$ 470,854

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, 2018, 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 District's name	234,361	-	234,361
Total uninsured	234,361	-	234,361
Insured (FDIC)	250,000	-	250,000
Total deposits	\$ 484,361	\$ -	\$ 484,361
State of New Mexico collateral requirement:			
50% of uninsured public fund bank deposits	\$ 117,181	\$ -	\$ 117,181
Pledged security	994,600	-	994,600
Over collateralization	\$ 877,419	\$ -	\$ 877,419



IV. COMPONENT UNIT (cont'd)

A. Cash and Temporary Investments (cont'd)

The collateral pledged is listed on Schedule of Pledged Collateral with the component unit financial statements in the Other Supplemental Information section 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.

B. Receivables

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

	<u>RECEIVABLES</u>		<u>DUE FROM OTHER</u>	
	<u>Grants</u>	<u>Other</u>	<u>Funds</u>	<u>Other</u>
Major Funds:				
General Funds	\$ -	\$ 24,221	\$ 77,612	\$ -
Entitlement IDEA-B	29,310	-	-	52,457
Other Governmental Funds	-	-	-	-
Total	<u>\$ 29,310</u>	<u>\$ 24,221</u>	<u>\$ 77,612</u>	<u>\$ 52,457</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, 2018 were:

	<u>RECEIVABLES</u>	<u>PAYABLES</u>
Major Funds:		
General Funds	\$ 77,612	\$ -
Entitlement IDEA-B	-	77,612
Other Governmental Funds	-	-
Total	<u>\$ 77,612</u>	<u>\$ 77,612</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, 2018.



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 (NMPSIA) 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, 2018.

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.



V. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit commencing on July 1 following the later of: (i) the year a member retires, or (ii) the year in which a member attains age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

If the plan's funded ratio for the next preceding fiscal year is 100%, or greater, Section 22-11-31(C)(1) of the New Mexico Statutes Annotated defines the adjustment factor as $\frac{1}{2}$ of the percentage increase of the consumer price index between the next preceding calendar year and the preceding calendar year. The adjustment factor cannot exceed four percent, nor be less than two percent. However, if the percentage increase of the consumer price index is less than two percent, the adjustment factor will be equal to the percentage increase of the consumer price index.

If the plan's funded ratio for the next preceding fiscal year is greater than 90%, but less than 100%, Section 22-11-31(C)(2) indicates that the adjustment factor for all non-disability retirements will be 95% of the adjustment factor defined in Section 22-11-31(C)(1) if the member had 25 or more years of service credit at retirement and whose annuity is less than or equal to the median adjusted annuity for the fiscal year next preceding the adjustment date. For all other retirees eligible for an adjustment, the adjustment factor will be 90% of the adjustment factor defined in Section 22-11-31(C)(1).

If the plan's funded ratio for the next preceding fiscal year is 90%, or less, Section 22-11-31(C)(3) indicates that the adjustment factor for all non-disability retirements will be 90% of the adjustment factor defined in Section 22-11-31(C)(1) if the member had 25 or more years of service credit at retirement and whose annuity is less than or equal to the median adjusted annuity for the fiscal year next preceding the adjustment date. For all other retirees eligible for an adjustment, the adjustment factor will be 80% of the adjustment factor defined in Section 22-11-31(C)(1).

Finally, annuities shall not be decreased in the event that there is a decrease in the consumer price index between the next preceding calendar year and the preceding calendar year.

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 1.5%. 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 1.7%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

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

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

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



V. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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 2018.

Employer Contributions – In fiscal year 2018, 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, 2018 were \$7,258,813, which equal the amount of the required contributions for year ended June 30, 2018.

New Mexico Virtual Academy Charter School’s contributions to ERB for the fiscal years ending June 30, 2016 was \$115,757, 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 2017; there were 218 contributing employers in fiscal year 2016.

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

Farmington Municipal Schools

At June 30, 2018, the District reported a liability of \$212,258,352 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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 and regional education cooperatives, actuarially determined. At June 30, 2017, the District's proportion was 1.90992 percent, which was a decrease of 0.05539 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$34,192,752.

PENSION EXPENSE CALCULATION	
Net pension liability - end of the year	\$ 212,258,352
Net pension liability - beginning of the year	(141,432,228)
Deferred outflows of resources during the year	(48,097,705)
Deferred inflows of resources during the year	3,899,863
Reductions to ending net pension liability due contributions paid	<u>7,564,470</u>
Total Pension Expense	<u>\$ 34,192,752</u>



V. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

At June 30, 2018, 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	\$ 381,024	\$ 3,270,040
Change of assumptions	61,962,384	-
Net difference between projected and actual earnings on pension plan investments	-	29,117
Changes in proportion and differences between District contributions and proportionate share of contributions	741,422	3,971,929
District contributions subsequent to the measurement date	<u>7,258,813</u>	<u>-</u>
Total	<u>\$ 70,343,643</u>	<u>\$ 7,271,086</u>

Deferred outflows of resources related to pensions in the amount of \$7,258,813 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
2019		\$ (21,450,290)
2020		(22,352,257)
2021		(13,758,984)
2022		1,747,787
2023		-
Thereafter		-
Total		<u>\$ (55,813,744)</u>

New Mexico Virtual Academy (Component Unit)

At June 30, 2018, the Charter School reported a liability of \$2,986,189 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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 and regional education cooperatives, actuarially determined. At June 30, 2017, the Charter School's proportion was 0.02687 percent, which was an increase of 0.00156 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Charter School recognized pension expense of \$560,487.

PENSION EXPENSE CALCULATION	
Net pension liability - end of the year	\$ 2,986,189
Net pension liability - beginning of the year	(1,821,417)
Deferred outflows of resources during the year	(738,138)
Deferred inflows of resources during the year	27,482
Reductions to ending net pension liability due contributions paid	<u>106,371</u>
Total Pension Expense	<u>\$ 560,487</u>



V. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

At June 30, 2018, 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	\$ 5,360	\$ 46,005
Change of assumptions	871,727	-
Net difference between projected and actual earnings on pension plan investments	-	410
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	97,358	1,477
Charter School contributions subsequent to the measurement	<u>115,757</u>	<u>-</u>
Total	<u>\$ 1,090,202</u>	<u>\$ 47,892</u>

Deferred outflows of resources related to pensions in the amount of \$115,757 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
2019		\$ (355,231)
2020		(374,608)
2021		(221,304)
2022		24,590
2023		-
Thereafter		-
Total		<u>\$ (926,553)</u>

Actuarial Assumptions

A single discount rate of 5.90% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on the expected rate of return on pension plan investments of 5.90%. 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 are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled forward from the valuation date to the Plan's year ended June 30, 2017 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. The liabilities reflect the impact of the new assumptions adopted by the Board of Trustees on April 21, 2017 as well as the change in the single discount rate between June 30, 2016 and June 30, 2017. Specifically, the liabilities measured as of June 30, 2017 incorporate the following assumptions:

- 1) All members with an annual salary of more than \$20,000 will contribute 10.7% 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 adopted by the Board on April 21, 2017 in conjunction with the change in the single discount rate, and
- 5) For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.



V. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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

Actuarial Cost Method Entry Age:	Normal
Amortization Method:	Level Percentage of Payroll
Remaining Period:	Amortized - closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method:	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation:	2.50%
Salary Increases:	Composition: 3.00% inflation, plus 0.75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return:	7.25%
Single Discount Rate:	5.90%
Retirement Age:	Experience based table of age and service rates
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.

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 2017 and 2016 for 30-year return assumptions are summarized in the following table:

<u>Asset Class</u>	<u>2017 Long-Term Expected Real Rate of Return</u>	<u>2016 Long-Term Expected Real Rate of Return</u>
Cash	-0.25%	-0.25%
U.S. Treasuries	0.25%	0.00%
IG Corp Credit	1.75%	1.75%
Mortgage Backed Securities	0.25%	0.25%
Core Bonds*	0.75%	0.64%
Treasury Inflation Protected Securities	0.50%	0.75%
High-Yield Bonds	2.50%	2.50%
Bank Loans	2.75%	2.75%
Global Bonds (Unhedged)	-0.50%	-0.50%
Global Bonds (Hedged)	-0.38%	-0.38%
Emerging Market Debt External	2.50%	2.75%
Emerging Market Debt Local Currency	3.25%	3.25%
Large Cap Equities	4.25%	4.25%
Small/ Mid Cap Equities	4.50%	4.50%
International Equities (Unhedged)	4.50%	4.75%
International Equities (Hedged)	4.89%	5.14%
Emerging International Equities	6.25%	6.25%
Private Equity	6.25%	6.25%
Private Debt	4.75%	4.75%
Private Real Assets	5.90%	4.50%
Real Estate	3.25%	3.25%
Commodities	2.25%	2.25%
Hedge Funds	3.22%	3.25%



V. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

Rate of Return

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

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

These items are developed for each major asset class.

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

The following table shows the sensitivity of the net pension liability to changes in the discount rate as of fiscal year end 2017, 2016, and 2015. In particular, the table presents the Plan's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower or one percentage point higher than the single discount rate.

PENSION CURRENT SINGLE RATE					
	Discount		Single Rate		
	Rate	1% Decrease	Assumption	1% Increase	
ERB (All Employers)					
2017	5.90%	\$ 14,466,972,041	\$ 11,113,468,217	\$ 8,372,251,980	
2016	7.75%	9,531,509,131	7,196,433,561	5,258,980,529	
2015	7.75%	8,715,594,530	6,477,266,299	4,596,837,569	
Farmington Municipal Schools					
2017	5.90%	\$ 276,307,589	\$ 212,258,352	\$ 159,903,312	
2016	7.75%	187,323,702	141,432,228	103,355,270	
2015	7.75%	175,041,386	130,087,473	92,321,507	
New Mexico Virtual Academy					
2017	5.90%	\$ 3,887,275	\$ 2,986,189	\$ 2,249,624	
2016	7.75%	2,412,425	1,821,417	1,331,048	
2015	7.75%	2,142,293	1,592,112	1,129,903	

C. Post-Retirement Health Care Benefits

Plan Description - The District, as an employer, contributes to the New Mexico Retiree Health Care Fund (RHCA), a cost-sharing multiple-employer defined benefit postemployment healthcare plan. The plan provides healthcare insurance and prescription drug benefits to retired employees of participating employers, 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. RHCA 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.nmrhca.org, www.saonm.org, or by writing to:

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



V. OTHER INFORMATION (cont'd)

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

The plan is used to provide postemployment benefits other than pensions (OPEB) for retirees who were an employee of participating employer in either the New Mexico Public Employees Retirement Association (PERA) or Educational Retirement Board (ERB), eligible to receive a pension. For employers who “buy-in” to the plan, retirees are eligible for benefits six months after the effective date of employer participation. Retirees not in a PERA enhanced (Fire, Police, Corrections) pension plan who commence benefits on or after January 1, 2020 will not receive any subsidy from RHCA before age 55.

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.

There were 160,035 active, retired, surviving spouses, and inactive members in fiscal year 2017; there were 159,642 active, retired, surviving spouses, and inactive members in fiscal year 2016.

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 (\$5) if the eligible participant retired prior to the employer’s 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 RHCA or viewed on their website at www.nmrhca.org.

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 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.

Benefits Provided - Retirees and spouses are eligible for medical and prescription drug benefits. Dental and vision benefits are also available but were not included in any valuation since they are 100% retiree-paid. A description of these benefits may be found in Enrolled Participants at www.nmrhca.org.

Member Contributions – Employees that were not members of an enhanced plan, the statute required each participating employee was required to contribute 1% of their gross salary in fiscal year 2018.



V. OTHER INFORMATION (cont'd)

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

Employer Contributions – In fiscal year 2018, the District was required to contribute 2% of the gross covered salary for employees who are entitled to RHCA benefits. The District’s contributions to RHCA for the fiscal year ending June 30, 2018 was \$1,044,579, which equal the amount of the required contributions for each fiscal year.

New Mexico Virtual Academy Charter School’s contributions to RHCA for the fiscal years ending June 30, 2016 was \$16,656, 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 301 contributing employers in fiscal year 2017.

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

Farmington Municipal Schools

At June 30, 2018, the District reported a liability of \$57,417,203 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 1.26702 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of \$2,282,725.

OPEB EXPENSE CALCULATION	
Net OPEB liability - end of the year	\$ 57,417,203
Net OPEB liability - beginning of the year	(69,290,344)
Deferred outflows of resources during the year	-
Deferred inflows of resources during the year	13,068,021
Reductions to ending net OPEB liability due contributions paid	<u>1,087,845</u>
Total OPEB Expense	<u>\$ 2,282,725</u>

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OUTFLOWS	INFLOWS
Difference between expected and actual experience	\$ -	\$ 2,203,368
Change of assumptions	-	825,986
Net difference between projected and actual earnings on OPEB plan investments	-	10,038,667
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	<u>1,044,579</u>	<u>-</u>
Total	<u>\$ 1,044,579</u>	<u>\$ 13,068,021</u>



V. OTHER INFORMATION (cont'd)

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

Deferred outflows of resources related to OPEB in the amount of \$1,044,579 resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>JUNE 30, AMORTIZATION</u>
2019	\$ 2,778,352
2020	2,778,352
2021	2,778,352
2022	2,778,352
2023	1,954,613
Thereafter	-
Total	<u>\$ 13,068,021</u>

New Mexico Virtual Academy (Component Unit)

At June 30, 2018, the Charter School reported a liability of \$876,879 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Charter School's proportion of the net OPEB liability was based on a projection of the Charter School's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the Charter School's proportion was 0.01935 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of \$34,865.

<u>OPEB EXPENSE CALCULATION</u>	
Net OPEB liability - end of the year	\$ 876,879
Net OPEB liability - beginning of the year	(1,058,206)
Deferred outflows of resources during the year	-
Deferred inflows of resources during the year	199,576
Reductions to ending net OPEB liability due contributions paid	<u>16,616</u>
Total OPEB Expense	<u>\$ 34,865</u>

At June 30, 2018, the Charter School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OUTFLOWS</u>	<u>INFLOWS</u>
Difference between expected and actual experience	\$ -	\$ 33,650
Change of assumptions	-	153,311
Net difference between projected and actual earnings on OPEB plan investments	-	12,615
Changes in proportion and differences between Charter School contributions and proportionate share of contributions	-	-
Charter School contributions subsequent to the measurement	<u>16,656</u>	-
Total	<u>\$ 16,656</u>	<u>\$ 199,576</u>



V. OTHER INFORMATION (cont'd)

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

Deferred outflows of resources related to OPEB in the amount of \$16,656 resulted from Charter School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

JUNE 30,	AMORTIZATION
2019	\$ 42,431
2020	42,431
2021	42,431
2022	42,431
2023	29,852
Thereafter	-
Total	\$ 199,576

Actuarial Assumptions

The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028.

A blended rate of the assumed investment return on Plan assets (e.g. 7.25% for the June 30, 2017 valuation) and the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (e.g. 3.58% as of June 30, 2017). The 7.25% discount rate was used to calculate the net OPEB liability through June 30, 2029. Benefit payments after June 30, 2029 are then discounted by the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, currently 3.58%. The blended discount rate of 3.81% was used to measure the total OPEB liability as of June 30, 2017.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions:

Valuation Date:	June 30, 2017
Actuarial Cost Method Entry Age:	Entry age normal, level percent of pay, calculated on individual employee basis
Amortization Method:	30-year open-ended amortization, level percent of payroll
Remaining Period:	30 years as of June 30, 2016
Asset Valuation Method:	Market value of assets

Actuarial assumptions

Inflation:	2.50% for ERB; 2.25% for PERA
Projected Salary Increases:	3.50%
Investment Rate of Return:	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health Care Cost Trend Rate:	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs



IV. OTHER INFORMATION (cont'd)

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

Rate of Return

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

Asset Class	Target Allocation %	2017
		Long-Term Expected Real Rate of Return %
U.S. core fixed income	20	9.1
U.S. equity - large cap	20	9.1
Non U.S. - emerging markets	15	12.2
Non U.S. - developed equities	12	9.8
Private equity	10	13.8
Credit and structured finance	10	7.3
Real estate	5	6.9
Absolute return	5	6.1
U.S. equity - small/mid cap	3	9.1

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

The following table shows the sensitivity of the net OPEB liability to changes in the discount rate as of June 30, 2017. In particular, the table presents the Plan's net OPEB liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (1% decrease) or one percentage point higher (1% increase) than the single discount rate.

OPEB CURRENT SINGLE RATE				
	Discount Rate	1% Decrease	Single Rate Assumption	1% Increase
RHCA (All Employers)				
2017	3.81%	\$ 5,496,848,763	\$ 4,531,673,018	\$ 3,774,405,896
Farmington Municipal Schools				
2017	3.81%	\$ 69,646,173	\$ 57,417,203	\$ 47,822,478
New Mexico Virtual Academy				
2017	3.81%	\$ 1,063,640	\$ 876,879	\$ 730,348



IV. OTHER INFORMATION (cont'd)

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

The following presents the Net OPEB Liability of RHCA as of June 30, 2017, as well as what the Fund's Net OPEB Liability would be if it were calculated using a health cost trend rate that is one percentage point lower (1% decrease) or one percentage point higher (1% increase) than the health cost trend rates used:

HEALTH COST TREND RATE				
	1% Decrease	Current Trend Rates	1% Increase	
RHCA (All Employers)				
2017	\$ 3,854,499,980	\$ 4,531,673,018	\$ 5,059,700,584	
Farmington Municipal Schools District No. 5				
2017	\$ 48,837,286.24	\$ 57,417,203	\$ 64,107,418	
New Mexico Virtual Academy				
2017	\$ 745,845.98	\$ 876,879	\$ 979,052	

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.

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. Restatement

There was a restatement of the basic financial statements for \$68,202,499, net pension liability. This was for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which requires the recognition of the District's portion of the cost-sharing OPEB liability.

There was also a restatement of the Charter Schools' basic financial statements of \$1,041,590, net OPEB liability, for the implementation of GASB75 which requires the recognition of the Charter Schools' portion of the cost-sharing OPEB liability.

G. Subsequent Events

Farmington Municipal Schools has currently elected not to renew the Charter School under the District. The Charter School is currently looking for sponsorship to continue operations. If sponsorship is not found the Charter School will end operations on June 30, 2019.

Subsequent events were evaluated through November 10, 2018 which is the date the financial statements were available to be issued.



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

	2018	2017	2016	2015
District's proportion of the net pension liability	1.909920%	1.965310%	2.008370%	1.958300%
District's proportionate share of the net pension liability	\$ 212,258,352	\$ 141,432,228	\$ 130,087,473	\$ 111,735,344
District's covered-employee payroll	\$ 54,402,833	\$ 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	390.16%	251.97%	227.89%	207.00%
Plan fiduciary net position as a percentage of the total pension liability	52.95%	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 THE FARMINGTON MUNICIPAL SCHOOL DISTRICT'S PENSION CONTRIBUTIONS
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	2018	2017	2016	2015
Contractually required contribution	\$ 7,267,901	\$ 7,564,470	\$ 7,800,895	\$ 7,934,721
Contributions in relation to the contractually required	<u>(7,258,813)</u>	<u>(7,564,470)</u>	<u>(7,800,895)</u>	<u>(7,935,390)</u>
Contribution deficiency (excess)	<u>\$ 9,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (669)</u>
District's Covered-employee Payroll	\$ 52,287,060	\$ 54,402,833	\$ 56,130,511	\$ 57,084,325
Contribution as a percentage of covered-employee payroll	13.88%	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.



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*

	2018	2017	2016	2015
Charter School's proportion of the net pension liability	0.026870%	0.024580%	0.024600%	0.024680%
Charter School's proportionate share of the net pension liability	\$ 2,986,189	\$ 1,821,417	\$ 1,592,112	\$ 1,408,166
Charter School's covered-employee payroll	\$ 765,254	\$ 722,913	\$ 698,722	\$ 680,233
Charter School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	390.22%	251.96%	227.86%	207.01%
Plan fiduciary net position as a percentage of the total pension liability	52.95%	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 THE NEW MEXICO VIRTUAL ACADEMY'S PENSION CONTRIBUTIONS
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	2018	2017	2016	2015
Contractually required contribution	\$ 115,757	\$ 106,370	\$ 100,485	\$ 97,122
Contributions in relation to the contractually required	(115,757)	(106,370)	(100,485)	(97,122)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Charter School's Covered-employee Payroll	\$ 832,788	\$ 765,254	\$ 722,913	\$ 698,722
Contribution as a percentage of covered-employee payroll	13.90%	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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

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 30, 2016, ERB implemented the following changes in assumptions for fiscal years 2017.

- 1) Fiscal year 2017 valuation assumptions that changed based on this study:
 - a. Lower wage inflation from 3.75% to 3.25%
 - b. Lower payroll growth from 3.50% to 3.00%
 - c. Minor changes to demographic assumptions
 - d. Lower Inflation rate from 3.00% to 2.50%
 - e. Lower Investment return from 7.75% to 7.25%
 - f. Lower COLA assumption from 2.00% per year to 1.90%
- 2) Assumptions that were not changed:
 - a. Population growth per year at 0.00%
 - b. Salary increases at 3.00% inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for less than ten years of service
 - c. Net real return remains at 4.75%

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



SCHEDULE OF THE FARMINGTON MUNICIPAL SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY
Retiree Health Care Authority (RHCA) OPEB Plan
Last 10 Fiscal Years*

	<u>2018</u>
District's proportion of the net OPEB liability	1.267020%
District's proportionate share of the net OPEB liability	\$ 57,417,203
District's covered-employee payroll	\$ 54,392,248
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	105.56%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

* 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 THE FARMINGTON MUNICIPAL SCHOOL DISTRICT'S OPEB CONTRIBUTIONS
Retiree Health Care Authority (RHCA) OPEB Plan
Last 10 Fiscal Years*

	<u>2018</u>
Contractually required contribution	\$ 1,044,579
Contributions in relation to the contractually required	<u>(1,044,579)</u>
Contribution deficiency (excess)	<u>\$ -</u>
District's Covered-employee Payroll	\$ 52,286,029
Contribution as a percentage of covered-employee payroll	2.00%

* 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 THE NEW MEXICO VIRTUAL ACADEMY'S PROPORTIONATE SHARE OF THE
 NET OPEB LIABILITY
 Retiree Health Care Authority (RHCA) OPEB Plan
 Last 10 Fiscal Years*

	<u>2018</u>
Charter School's proportion of the net OPEB liability	0.214150%
Charter School's proportionate share of the net OPEB liability	\$ 876,879
Charter School's covered-employee payroll	\$ 796,080
Charter School's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	110.15%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

* 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 THE NEW MEXICO VIRTUAL ACADEMY'S OPEB CONTRIBUTIONS
 Retiree Health Care Authority (RHCA) OPEB Plan
 Last 10 Fiscal Years*

	<u>2018</u>
Contractually required contribution	\$ 16,655
Contributions in relation to the contractually required	<u>(16,655)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Charter School's Covered-employee Payroll	\$ 832,788
Contribution as a percentage of covered-employee payroll	2.00%

* 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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 For the Year Ended June 30, 2018

Changes of assumptions: RHCA 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 30, 2017, RHCA implemented the following changes in assumptions for fiscal years 2017 and 2016.

The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2017. The mortality, retirement, disability, turnover and salary increase assumptions are based on the PERA annual valuation as of June 30, 2016 and the ERB actuarial experience study as of June 30, 2016.

- 1) Fiscal year 2017 valuation assumptions that changed based on this study:
 - a. Lower Investment return from 7.75% to 7.25%
 - b. Lower Inflation rate from 3.00% to 2.50%
 - c. Minor changes to demographic assumptions
- 2) Assumptions that were not changed:
 - a. Population growth per year at 0.00%
 - b. Health care cost trend rate 8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

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

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OTHER SUPPLEMENTAL INFORMATION
OF
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018

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GENERAL FUNDS

(OTHER SUPPLEMENTAL INFORMATION)

Operating Fund (Fund No. 11000)

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 (Fund No. 13000)

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 (Fund No. 14000)

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, 2018

	Operational Fund #11000	Transportation Fund #13000	Instructional Materials Fund #14000	Total General Funds
Assets				
Cash and cash equivalents	\$ 4,225,639	\$ 30,119	\$ 132,828	\$ 4,388,586
Receivables:				
Property taxes	38,772	-	-	38,772
Due from other governments	7,637	-	-	7,637
Due from other funds	2,574,461	-	-	2,574,461
Parts inventory	-	104,400	-	104,400
Total assets	<u>\$ 6,846,509</u>	<u>\$ 134,519</u>	<u>\$ 132,828</u>	<u>\$ 7,113,856</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ 59,263	\$ 589	\$ -	\$ 59,852
Deferred inflows of resources:				
Delinquent property taxes	33,806	-	-	33,806
Fund balance:				
Non-spendable:				
Inventories	-	104,400	-	104,400
Unassigned	6,753,440	29,530	132,828	6,915,798
Total fund balance	6,753,440	133,930	132,828	7,020,198
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 6,846,509</u>	<u>\$ 134,519</u>	<u>\$ 132,828</u>	<u>\$ 7,113,856</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, 2018**

	General Funds			Total General Fund
	Operational Fund #11000	Transportation Fund #13000	Instructional Materials Fund #14000	
Revenues:				
Taxes:				
Property	\$ 557,224	\$ -	\$ -	\$ 557,224
Oil and gas	25,680	-	-	25,680
Intergovernmental - federal grants	91,004	-	-	91,004
Intergovernmental - state grants	75,586,002	2,856,023	345,047	78,787,072
Contributions - private grants	89,500	-	-	89,500
Charges for services	75,202	-	-	75,202
Investment and interest income	19	-	-	19
Miscellaneous	124,249	-	-	124,249
Total revenue	76,548,880	2,856,023	345,047	79,749,950
Expenditures:				
Current:				
Instruction	47,878,316	-	424,514	48,302,830
Support services:				
Students	9,324,392	-	-	9,324,392
Instruction	1,014,710	-	-	1,014,710
General Administration	1,397,340	-	-	1,397,340
School Administration	4,596,149	-	-	4,596,149
Central Services	1,022,446	-	-	1,022,446
Operation & Maintenance of Plant	8,012,789	-	-	8,012,789
Student transportation	-	2,880,336	-	2,880,336
Other Support services	4,283	-	-	4,283
Community services	8,175	-	-	8,175
Capital outlay	1,029,958	-	-	1,029,958
Total expenditures	74,288,558	2,880,336	424,514	77,593,408
<i>Excess (deficiency) of revenues over expenditures</i>				
	2,260,322	(24,313)	(79,467)	2,156,542
Fund balance at beginning of the year	4,493,118	158,243	212,295	4,863,656
Fund balance at end of the year	\$ 6,753,440	\$ 133,930	\$ 132,828	\$ 7,020,198

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 549,302	\$ 549,302	\$ 559,178	\$ 9,876
Oil and gas	30,563	30,563	26,211	(4,352)
Intergovernmental - federal grants	99,000	99,000	91,004	(7,996)
Intergovernmental - state grants	74,421,185	75,000,023	75,586,002	585,979
Contributions - private grants	28,868	28,868	89,500	60,632
Charges for services	85,490	85,490	75,202	(10,288)
Investment and interest income	17	17	19	2
Miscellaneous	<u>247,840</u>	<u>247,840</u>	<u>124,249</u>	<u>(123,591)</u>
Total revenues	<u>75,462,265</u>	<u>76,041,103</u>	<u>76,551,365</u>	<u>510,262</u>
Expenditures:				
Current:				
Instruction	50,367,826	50,217,826	47,879,326	2,338,500
Support services:				
Students	9,148,239	9,616,239	9,320,904	295,335
Instruction	1,082,404	1,102,404	1,012,747	89,657
General Administration	1,463,439	1,526,439	1,391,794	134,645
School Administration	4,026,325	4,137,925	4,596,149	(458,224)
Central Services	930,975	997,213	985,510	11,703
Operation & Maintenance of Plant	8,535,036	8,535,036	8,039,127	495,909
Other Support services	91,455	91,455	4,283	87,172
Community services	19,238	19,238	8,175	11,063
Capital outlay	<u>4,345,442</u>	<u>4,345,442</u>	<u>1,029,958</u>	<u>3,315,484</u>
Total expenditures	<u>80,010,379</u>	<u>80,589,217</u>	<u>74,267,973</u>	<u>6,321,244</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(4,548,114)	(4,548,114)	2,283,392	6,831,506
<i>Beginning cash balance budgeted</i>	4,548,114	4,548,114	-	(4,548,114)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>4,493,118</u>	<u>4,493,118</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>6,776,510</u>	<u>\$ 6,776,510</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			843	
Change in due from other governments			(1,990)	
Change in payables			(20,585)	
Change in deferred property taxes			<u>(1,338)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 6,753,440</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

TRANSPORTATION FUND - NO. 13000
**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 2,856,023	\$ 2,856,023	\$ 2,856,023	\$ -
Expenditures:				
Current:				
Support services:				
Student transportation	2,856,023	2,875,064	2,863,986	11,078
<i>Excess (deficiency) of revenues over expenditures</i>	-	(19,041)	(7,963)	11,078
<i>Beginning cash balance budgeted</i>	-	19,041	-	(19,041)
Fund balance at beginning of the year	-	-	158,243	158,243
Fund balance at end of the year	\$ -	\$ -	150,280	\$ 150,280
RECONCILIATION TO GAAP BASIS:				
Change in inventory			(16,099)	
Change in payables			(251)	
Fund balance at end of the year (GAAP basis)			\$ 133,930	

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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Intergovernmental - state grants	\$ 307,005	\$ 473,609	\$ 345,047	\$ (128,562)
Expenditures:				
Current:				
Instruction	307,005	685,904	424,514	261,390
<i>Excess (deficiency) of revenues over expenditures</i>	-	(212,295)	(79,467)	132,828
<i>Beginning cash balance budgeted</i>	-	212,295	-	(212,295)
Fund balance at beginning of the year	-	-	212,295	212,295
Fund balance at end of the year	\$ -	\$ -	132,828	\$ 132,828
 RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 132,828	

OTHER SUPPLEMENTAL INFORMATION
*(MAJOR CAPITAL PROJECTS FUNDS
AND
MAJOR DEBT SERVICE FUND)*

Budgetary statements for funds that meet the requirements of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis* to be considered Major Funds but are not considered special revenue 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, 2018

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Investment and interest income	\$ 10,000	\$ 10,000	\$ 77,812	\$ 67,812
Expenditures:				
Current:				
Support services:				
Operation & Maintenance of Plant	2,345,000	2,345,000	942,302	1,402,698
Capital outlay	<u>15,061,685</u>	<u>15,061,685</u>	<u>13,282,599</u>	<u>1,779,086</u>
Total expenditures	<u>17,406,685</u>	<u>17,406,685</u>	<u>14,224,901</u>	<u>3,181,784</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(17,396,685)	(17,396,685)	(14,147,089)	3,249,596
Other financing sources:				
Sale of bonds	<u>7,100,000</u>	<u>7,100,000</u>	<u>7,158,084</u>	<u>58,084</u>
<i>Net change in fund balance</i>	(10,296,685)	(10,296,685)	(6,989,005)	3,307,680
<i>Beginning cash balance budgeted</i>	10,296,685	10,296,685	-	(10,296,685)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>6,394,791</u>	<u>6,394,791</u>
Fund balance (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>(594,214)</u>	<u>\$ (594,214)</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			698,076	
Change in bond issue			<u>3,906,252</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 4,010,114</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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 2,805,672	\$ 2,805,672	\$ 2,861,263	\$ 55,591
Oil and gas	122,252	122,252	248,352	126,100
Investment and interest income	<u>671</u>	<u>671</u>	<u>-</u>	<u>(671)</u>
Total revenues	<u>2,928,595</u>	<u>2,928,595</u>	<u>3,109,615</u>	<u>181,020</u>
Expenditures:				
Current:				
Support services:				
General Administration	28,057	28,057	28,613	(556)
Operation & Maintenance of Plant	4,076,865	4,076,865	966,684	3,110,181
Capital outlay	<u>154,657</u>	<u>154,657</u>	<u>38,425</u>	<u>116,232</u>
Total expenditures	<u>4,259,579</u>	<u>4,259,579</u>	<u>1,033,722</u>	<u>3,225,857</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,330,984)	(1,330,984)	2,075,893	3,406,877
<i>Beginning cash balance budgeted</i>	1,330,984	1,330,984	-	(1,330,984)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>1,469,560</u>	<u>1,469,560</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>3,545,453</u>	<u>\$ 3,545,453</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			2,672	
Change in due from other governments			(9,797)	
Change in payables			34,347	
Change in deferred property taxes			<u>(5,628)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 3,567,047</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes:				
Property	\$ 7,752,688	\$ 7,752,688	\$ 7,607,531	\$ (145,157)
Oil and gas	202,783	202,783	131,606	(71,177)
Investment and interest income	<u>712</u>	<u>712</u>	<u>876</u>	<u>164</u>
Total revenues	<u>7,956,183</u>	<u>7,956,183</u>	<u>7,740,013</u>	<u>(216,170)</u>
Expenditures:				
Current:				
Support services:				
General Administration	77,527	77,527	76,075	1,452
Debt service:				
Principal retirement	5,380,000	5,380,000	5,380,000	-
Bond interest paid	2,575,471	2,575,471	2,407,073	168,398
Debt service reserves	<u>9,546,543</u>	<u>9,546,543</u>	<u>-</u>	<u>9,546,543</u>
Total expenditures	<u>17,579,541</u>	<u>17,579,541</u>	<u>7,863,148</u>	<u>9,716,393</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(9,623,358)	(9,623,358)	(123,135)	9,500,223
Other financing sources:				
Bond premium	<u>-</u>	<u>-</u>	<u>15,296</u>	<u>15,296</u>
<i>Net change in fund balance</i>	(9,623,358)	(9,623,358)	(107,839)	9,515,519
<i>Beginning cash balance budgeted</i>	9,623,358	9,623,358	-	(9,623,358)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>10,081,305</u>	<u>10,081,305</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>9,973,466</u>	<u>\$ 9,973,466</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			26,187	
Change in due from other governments			(14,460)	
Change in deferred property taxes			<u>(30,246)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 9,954,947</u>	

OTHER SUPPLEMENTAL INFORMATION

(NONMAJOR GOVERNMENTAL FUNDS)

Funds that did not meet the requirements of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis* to be considered Major Funds and have not been identified as Major Funds by management.

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Nonmajor Special Revenue Funds

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

- Food Services** (Fund No. 21000) Minimum Balance: None
 This program provides financing for the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-12, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 sat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.
- Athletics** (Fund No. 22000) Minimum Balance: None
 This fund provides financing for school athletic activities. Funding is provided by fees from patrons.
- Activities** (Fund No. 23000) Minimum Balance: None
 To account for revenue and expenditures associated with the District's non-instructional support activities (primarily after-school activities).
- Javits Gifted & Talented** (Fund No. 24102) Minimum Balance: None
 The purpose of this program is to meet the special education needs of gifted and talented students. The major emphasis of the program is on serving students traditionally underrepresented in gifted and talented programs, particularly economically disadvantaged, limited English proficient (LEP), and disabled students, to help reduce the serious gap in achievement among certain groups of students at the highest levels of achievement. Authorization: Elementary and Secondary Education Act of 1965, as amended, Title V, Part D, Subpart 6.
- New Mexico Autism** (Fund No. 24108) Minimum Balance: None
 Program is to provide grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.
- Preschool IDEA-B** (Fund No. 24109) Minimum Balance: None
 The Preschool program is for the purpose of enhancing Special Education for handicapped children from ages 3 to 5. The program is funded by the United States government, under the Individuals With Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.
- Education of Homeless** (Fund No. 24113) Minimum Balance: None
 To ensure that all homeless children and youth have equal access to the same free, appropriate public education available to other children, the Education for Homeless Children and Youth program provides assistance to States, Outlying Areas, and the Department of Interior/Bureau of Indian Education (BIE) to: (1) establish or designate an Office of Coordinator of Education of Homeless Children and Youths; (2) develop and carry out a State plan for the education of homeless children; and (3) make subgrants to local educational agencies to support the education of those children. Authorization: McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.
- IDEA-B Private Schools** (Fund No. 24115) Minimum Balance: None
 To provide grants to States to assist the States in providing a free appropriate public education to all children with disabilities.. The program is funded by the United States government, under the Individuals With Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.
- 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 Special Revenue Funds (cont'd)

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. 27171, 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: 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).

IDEA-B Stay in School (Fund No. 24188) 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.

Academic Enrichment (Fund No. 24189)
 To improve student's academic achievement by increasing the capacity of States, local educational agencies (LEAs), schools and local communities to: (1) provide all students with access to a well-rounded education; (2) improve school conditions for student learning; and (3) improve the use of technology in order to improve the academic achievement and digital literacy for all students. Authorization: Elementary and Secondary Education, et seq., Title IV, Part A, Subpart I, Section (20.U.S. C. 710; Department of Education Appropriations Act, 2017



Nonmajor Special Revenue Funds (cont'd)

- 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.
- Native American Program** (Fund No. 25248) Minimum Balance: None
 To bring school-wide classroom reading instruction and targeted intervention for Limited English Proficient (LEP) students where the native language is Navajo.
- Kellogg Foundation** (Fund No. 26121) Minimum Balance: None
 This grant will expand evidence-based parent education and family support programs targeting vulnerable families in select New Mexico neighborhoods to promote parental knowledge of child development needs and parental advocacy skills.
- Dual Credit Instructional Materials** (Fund No. 27103) Minimum Balance: None
 To provide instructional materials to be used for a dual credit course approved by Higher Education Department (HED) and through a college/university for which the district has an approved agreement.
- Library GO Bonds 2012** (Fund No. 27107) Minimum Balance: None
 Funds to be used for library books and library resources for public school libraries statewide. Library resources include computers, software, projectors, televisions, other related hardware and software, shelving, desks, chairs, and book trucks/carts. Senate Bill 66, Laws of 2012, 2nd Session, Chapter 54, Section 10.B.(3).



Nonmajor Special Revenue Funds (cont'd)

- Reads to Lead** (Fund No. 27114) Minimum Balance: None
 Provides an aligned approach for districts and schools to ensure that children can read by the end of third grade—giving them essential skills for future career and college success. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators.
- Recruitment Support** (Fund No. 27114) Minimum Balance: None
 This award must be used for teacher recruitment efforts such as signing bonuses for new teachers, covering the costs of travel to a recruiting/hiring event, updates to your district website with regard to recruitment, or the cost of placing advertisements in a newspaper or external website.
- Pre-K Initiative** (Fund No. 27149) Minimum Balance: None
 The pre-k program shall address the total development needs of preschool children, including physical, cognitive, social and emotional needs, and shall include health care, nutrition, safety and multicultural sensitivity.
- Indian Education Act** (Fund No. 27150) Minimum Balance: None
 To increase academic achievement and provide culturally relevant learning experiences for American Indian students; to establish collaborative partnerships that engage active participation of American Indian parents, students, tribe(s), community-based organizations, universities, private sector and/or other entities who work with American Indian students; to establish a parent community advisory committee to participate in the development of an Indigenous curriculum framework and to profile Indigenous best practices.
- Breakfast for Elementary Students** (Fund No. 27155) Minimum Balance: None
 The Breakfast for Elementary School program provides foods (at no charge) after the instructional day has begun, provided that instruction occurs simultaneously with breakfast. Authorized through 22-13-13.2 NMSA 1978; NMAC 6.12.9
- Library GO Bond 2006** (Fund No. 27170) Minimum Balance: None
 Funding made available to update and expand library collections.
- 4R Future Individual/Group** (Fund No. 27188 & 27190) Minimum Balance: None
 To design and development of locally-crafted opportunities to champion and retain educators. Through this opportunity, LEAs will have a powerful tool to ensure that educators who demonstrate the ability to positively impact the academic trajectory of their students will be recognized for their excellence and, furthermore, be incentivized to continue their work within their classrooms and 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.
- 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.
- Westmeath Foundation** (Fund No. 29102) Minimum Balance: None
 Exclusively for the Exceptional Programs Office to use only for educational, scientific, or literary purposes.



Nonmajor Capital Projects Funds

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

Special Building Local (Fund No. 31300) Minimum Balance: None

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

Special Capital Outlay – State (Fund No. 31400) Minimum Balance: None

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

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).

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.

Nonmajor Debt Service Funds

Debt service funds are used to account for the payment of principal and interest on long-term debt. Debt Service revenues are from taxes and other operating revenues, some of which are pledged specifically to repay certain outstanding bond issues.

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.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

Special Revenue Funds

	<u>Food Service</u> <u>Fund #21000</u>	<u>Athletics</u> <u>Fund #22000</u>	<u>Activities</u> <u>Fund #23000</u>	<u>Javits Gifted &</u> <u>Talented</u> <u>Fund #24102</u>	<u>New Mexico</u> <u>Autism</u> <u>Fund #24108</u>
Assets					
Cash and cash equivalents	\$ 322,251	\$ 214,708	\$ 270,943	\$ 1,610	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	-	-	-	-	5,998
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Food inventory	122,358	-	-	-	-
Restricted:					
Cash and cash equivalents	-	-	-	-	-
Total assets	<u>\$ 444,609</u>	<u>\$ 214,708</u>	<u>\$ 270,943</u>	<u>\$ 1,610</u>	<u>\$ 5,998</u>
 Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ 1,888	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	5,998
Total liabilities	<u>1,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,998</u>
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	1,610	-
Delinquent property taxes	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,610</u>	<u>-</u>
Fund balance:					
Non-spendable:					
Inventories	122,358	-	-	-	-
Restricted for:					
Special revenue funds	320,363	214,708	270,943	-	-
Capital projects funds	-	-	-	-	-
Debt service	-	-	-	-	-
Total fund balance	<u>442,721</u>	<u>214,708</u>	<u>270,943</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows					
of resources, and fund balance	<u>\$ 444,609</u>	<u>\$ 214,708</u>	<u>\$ 270,943</u>	<u>\$ 1,610</u>	<u>\$ 5,998</u>

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds			
	Preschool IDEA-B <u>Fund #24109</u>	Education of Homeless <u>Fund #24113</u>	IDEA-B Private Schools <u>Fund #24115</u>	Fresh Fruits and Vegetables <u>Fund #24118</u>
Assets				
Cash and cash equivalents	\$ 12,557	\$ 18,993	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	-	-	117	14,885
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Food inventory	-	-	-	-
Restricted:				
Cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 12,557</u>	<u>\$ 18,993</u>	<u>\$ 117</u>	<u>\$ 14,885</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	117	14,885
Total liabilities	<u>-</u>	<u>-</u>	<u>117</u>	<u>14,885</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	12,557	18,993	-	-
Delinquent property taxes	-	-	-	-
Total deferred inflows of resources	<u>12,557</u>	<u>18,993</u>	<u>-</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 12,557</u>	<u>\$ 18,993</u>	<u>\$ 117</u>	<u>\$ 14,885</u>

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds				
	21st Century Community Learning Centers Fund #24119	Title I - 1003g Fund #24124	IDEA-B Student Success Fund #24132	Title III English Language Fund #24153	Title II Teacher Quality Fund #24154
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	131,715	138,362	-	31,278	302,381
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Food inventory	-	-	-	-	-
Restricted:					
Cash and cash equivalents	-	-	-	-	-
Total assets	<u>\$ 131,715</u>	<u>\$ 138,362</u>	<u>\$ -</u>	<u>\$ 31,278</u>	<u>\$ 302,381</u>
Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 12,000
Due to other funds	<u>131,715</u>	<u>138,362</u>	<u>-</u>	<u>31,278</u>	<u>290,381</u>
Total liabilities	<u>131,715</u>	<u>138,362</u>	<u>-</u>	<u>31,278</u>	<u>302,381</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:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service	<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>\$ 131,715</u>	<u>\$ 138,362</u>	<u>\$ -</u>	<u>\$ 31,278</u>	<u>\$ 302,381</u>

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds			
	Title I School Improvement Fund #24162	Carl D Perkins - JAG Fund #24171	Carl D Perkins Fund #24174	Carl D Perkins Secondary Fund #24175
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 5,051	\$ 3
Receivables:				
Property taxes	-	-	-	-
Grant	-	30,000	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Food inventory	-	-	-	-
Restricted:				
Cash and cash equivalents	-	-	-	-
Total assets	\$ -	\$ 30,000	\$ 5,051	\$ 3
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	30,000	-	-
Total liabilities	-	30,000	-	-
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	5,051	3
Delinquent property taxes	-	-	-	-
Total deferred inflows of resources	-	-	5,051	3
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balance	\$ -	\$ 30,000	\$ 5,051	\$ 3

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

Special Revenue Funds

	Carl D Perkins Secondary Redistribution Fund #24176	Carl D Perkins HSTW - Current Fund #24180	Carl D Perkins HSTW - PY Unliq. Oblig Fund #24181	Carl D Perkins HSTW - Redistribution Fund #24182	USDA Equipment Assist Fund #24183
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	13,593	590	3,834	8,794	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Food inventory	-	-	-	-	-
Restricted:					
Cash and cash equivalents	-	-	-	-	-
Total assets	<u>\$ 13,593</u>	<u>\$ 590</u>	<u>\$ 3,834</u>	<u>\$ 8,794</u>	<u>\$ -</u>
 Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>13,593</u>	<u>590</u>	<u>3,834</u>	<u>8,794</u>	<u>-</u>
Total liabilities	<u>13,593</u>	<u>590</u>	<u>3,834</u>	<u>8,794</u>	<u>-</u>
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	-
Delinquent property taxes	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service	-	-	-	-	-
Total fund balance	-	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 13,593</u>	<u>\$ 590</u>	<u>\$ 3,834</u>	<u>\$ 8,794</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, 2018

	Special Revenue Funds			
	IDEA-B Stay in School <u>Fund #24188</u>	Academic Enrichment <u>Fund #24189</u>	ARRA - IDEA-B CEIS <u>Fund #24212</u>	Johnson O'Malley <u>Fund #25131</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 55	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	99,558	34,163	-	91,166
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Food inventory	-	-	-	-
Restricted:				
Cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 99,558</u>	<u>\$ 34,163</u>	<u>\$ 55</u>	<u>\$ 91,166</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>99,558</u>	<u>34,163</u>	<u>-</u>	<u>91,166</u>
Total liabilities	<u>99,558</u>	<u>34,163</u>	<u>-</u>	<u>91,166</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	55	-
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>55</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service	<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>\$ 99,558</u>	<u>\$ 34,163</u>	<u>\$ 55</u>	<u>\$ 91,166</u>

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds			
	Impact Aid Special Education Fund #25145	Impact Aid Indian Education Fund #25147	Title XIX Medicaid Fund #25153	Indian Ed Formula Grant Fund #25184
Assets				
Cash and cash equivalents	\$ 863	\$ 34,463	\$ 843,133	\$ 56,814
Receivables:				
Property taxes	-	-	-	-
Grant	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Food inventory	-	-	-	-
Restricted:				
Cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 863</u>	<u>\$ 34,463</u>	<u>\$ 843,133</u>	<u>\$ 56,814</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Delinquent property taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	863	34,463	843,133	56,814
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Total fund balance	<u>863</u>	<u>34,463</u>	<u>843,133</u>	<u>56,814</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 863</u>	<u>\$ 34,463</u>	<u>\$ 843,133</u>	<u>\$ 56,814</u>

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds			
	Mentoring for Safe Schools Fund #25187	Native American Program Fund #25248	Kellogg Foundation Fund #26121	Dual Credit Instructional Materials Fund #27103
Assets				
Cash and cash equivalents	\$ 1	\$ 24,169	\$ 14,452	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	-	-	-	7,217
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Food inventory	-	-	-	-
Restricted:				
Cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 1</u>	<u>\$ 24,169</u>	<u>\$ 14,452</u>	<u>\$ 7,217</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	7,217
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,217</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	1	24,169	-	-
Delinquent property taxes	-	-	-	-
Total deferred inflows of resources	<u>1</u>	<u>24,169</u>	<u>-</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	14,452	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>14,452</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1</u>	<u>\$ 24,169</u>	<u>\$ 14,452</u>	<u>\$ 7,217</u>

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds			
	Libraries GO Bond 2012 <u>Fund #27107</u>	Reads to Lead <u>Fund #27114</u>	Recruitment Support <u>Fund #27128</u>	Pre-K Initiative <u>Fund #27149</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	1,702	126,083	20,203	201,983
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Food inventory	-	-	-	-
Restricted:				
Cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 1,702</u>	<u>\$ 126,083</u>	<u>\$ 20,203</u>	<u>\$ 201,983</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>1,702</u>	<u>126,083</u>	<u>20,203</u>	<u>201,983</u>
Total liabilities	<u>1,702</u>	<u>126,083</u>	<u>20,203</u>	<u>201,983</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Delinquent property taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Total fund balance	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,702</u>	<u>\$ 126,083</u>	<u>\$ 20,203</u>	<u>\$ 201,983</u>

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

Special Revenue Funds

	<u>Indian Education Act Fund #27150</u>	<u>Breakfast for Elementary Students Fund #27155</u>	<u>Libraries GO Bond 2006 Fund #27170</u>	<u>4R Future Individual Fund #27188</u>	<u>College Counselor Initiative Fund #27189</u>
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 2,431	\$ 164,166	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	10,411	6,947	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Food inventory	-	-	-	-	-
Restricted:					
Cash and cash equivalents	-	-	-	-	-
Total assets	<u>\$ 10,411</u>	<u>\$ 6,947</u>	<u>\$ 2,431</u>	<u>\$ 164,166</u>	<u>\$ -</u>
 Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>10,411</u>	<u>4,218</u>	<u>-</u>	<u>164,166</u>	<u>-</u>
Total liabilities	<u>10,411</u>	<u>4,218</u>	<u>-</u>	<u>164,166</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>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Special revenue funds	-	2,729	2,431	-	-
Capital projects funds	-	-	-	-	-
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>2,729</u>	<u>2,431</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 10,411</u>	<u>\$ 6,947</u>	<u>\$ 2,431</u>	<u>\$ 164,166</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, 2018

	Special Revenue Funds			
	4R Future Group <u>Fund #27190</u>	Youth Conservation Corp <u>Fund #28133</u>	Tutoring <u>Fund #28178</u>	Westmeath Foundation <u>Fund #29102</u>
Assets				
Cash and cash equivalents	\$ -	\$ 23,826	\$ 1,546	\$ 108
Receivables:				
Property taxes	-	-	-	-
Grant	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	164,166	-	-	-
Food inventory	-	-	-	-
Restricted:				
Cash and cash equivalents	-	-	-	-
Total assets	<u>\$ 164,166</u>	<u>\$ 23,826</u>	<u>\$ 1,546</u>	<u>\$ 108</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>164,166</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>164,166</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:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	23,826	1,546	108
Capital projects funds	-	-	-	-
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>23,826</u>	<u>1,546</u>	<u>108</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 164,166</u>	<u>\$ 23,826</u>	<u>\$ 1,546</u>	<u>\$ 108</u>

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

		Capital Projects Funds			
	Total Non-Major Special Revenue Funds	Special Capital Outlay - Local Fund #31300	Special Capital Outlay - State Fund #31400	State SB-9 Match Fund #31700	Ed Technology Equipment Act Fund #31900
Assets					
Cash and cash equivalents	\$ 2,012,143	\$ 944,840	\$ 48,375	\$ 179,517	\$ 143,241
Receivables:					
Property taxes	-	-	-	-	-
Grant	1,280,980	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	164,166	-	-	-	-
Food inventory	122,358	-	-	-	-
Restricted:					
Cash and cash equivalents	-	-	-	-	2,147,392
Total assets	<u>\$ 3,579,647</u>	<u>\$ 944,840</u>	<u>\$ 48,375</u>	<u>\$ 179,517</u>	<u>\$ 2,290,633</u>
 Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ 13,888	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>1,594,583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,608,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:					
Advances of federal, state, and local grants	62,439	-	-	-	-
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>62,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Non-spendable:					
Inventories	122,358	-	-	-	-
Restricted for:					
Special revenue funds	1,786,379	-	-	-	-
Capital projects funds	-	944,840	48,375	179,517	2,290,633
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>1,908,737</u>	<u>944,840</u>	<u>48,375</u>	<u>179,517</u>	<u>2,290,633</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 3,579,647</u>	<u>\$ 944,840</u>	<u>\$ 48,375</u>	<u>\$ 179,517</u>	<u>\$ 2,290,633</u>

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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2018

	Total Non-Major Capital Projects Funds	Ed Tech Debt Service Fund #43000	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	\$ 1,315,973	\$ 3,454,243	\$ 6,782,359
Receivables:			
Property taxes	-	224,284	224,284
Grant	-	-	1,280,980
Due from other governments	-	42,563	42,563
Due from other funds	-	-	164,166
Food inventory	-	-	122,358
Restricted:			
Cash and cash equivalents	<u>2,147,392</u>	<u>-</u>	<u>2,147,392</u>
Total assets	<u>\$ 3,463,365</u>	<u>\$ 3,721,090</u>	<u>\$ 10,764,102</u>
 Liabilities, deferred inflows and fund balance			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 13,888
Due to other funds	<u>-</u>	<u>-</u>	<u>1,594,583</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>1,608,471</u>
Deferred inflows of resources:			
Advances of federal, state, and local grants	-	-	62,439
Delinquent property taxes	<u>-</u>	<u>197,065</u>	<u>197,065</u>
Total deferred inflows of resources	<u>-</u>	<u>197,065</u>	<u>259,504</u>
Fund balance:			
Non-spendable:			
Inventories	-	-	122,358
Restricted for:			
Special revenue funds	-	-	1,786,379
Capital projects funds	3,463,365	-	3,463,365
Debt service	<u>-</u>	<u>3,524,025</u>	<u>3,524,025</u>
Total fund balance	<u>3,463,365</u>	<u>3,524,025</u>	<u>8,896,127</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 3,463,365</u>	<u>\$ 3,721,090</u>	<u>\$ 10,764,102</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, 2018**

Special Revenue Funds

	<u>Food Service Fund #21000</u>	<u>Athletics Fund #22000</u>	<u>Activities Fund #23000</u>	<u>Javits Gifted & Talented Fund #24102</u>	<u>New Mexico Autism Fund #24108</u>
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	3,764,597	-	-	-	5,998
Intergovernmental - state grants	-	-	-	-	-
Contributions - private grants	-	-	-	-	-
Charges for services	522,852	317,845	428,227	-	-
Investment and interest income	114	-	-	-	-
Miscellaneous	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>4,291,563</u>	<u>317,845</u>	<u>428,227</u>	<u>-</u>	<u>5,998</u>
Expenditures:					
Current:					
Instruction	-	285,681	298,224	-	5,998
Support services:					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Food services operations	4,530,745	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	24,750	3,000	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	-	-	-	-	-
Bond issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>4,555,495</u>	<u>288,681</u>	<u>298,224</u>	<u>-</u>	<u>5,998</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(263,932)	29,164	130,003	-	-
Other financing sources:					
Sale of bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	(263,932)	29,164	130,003	-	-
Fund balance at beginning of the year	<u>706,653</u>	<u>185,544</u>	<u>140,940</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ 442,721</u>	<u>\$ 214,708</u>	<u>\$ 270,943</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 1 of 12)

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, 2018**

	Special Revenue Funds				
	Preschool IDEA-B <u>Fund #24109</u>	Education of Homeless <u>Fund #24113</u>	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>
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	19,386	18,156	117	124,787	169,062
Intergovernmental - state grants	-	-	-	-	-
Contributions - private grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>19,386</u>	<u>18,156</u>	<u>117</u>	<u>124,787</u>	<u>169,062</u>
Expenditures:					
Current:					
Instruction	19,386	17,902	-	-	134,638
Support services:					
Students	-	-	117	-	9,024
Instruction	-	-	-	-	-
General Administration	-	254	-	-	22,000
School Administration	-	-	-	-	-
Central Services	-	-	-	-	3,000
Operation & Maintenance of Plant	-	-	-	-	-
Food services operations	-	-	-	124,787	-
Community services	-	-	-	-	400
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>19,386</u>	<u>18,156</u>	<u>117</u>	<u>124,787</u>	<u>169,062</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-	-
Other financing sources:					
Sale of bonds	-	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-	-
Fund balance at beginning of the year	-	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 2 of 12)

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, 2018**

	Special Revenue Funds				
	Title I - 1003g Fund #24124	IDEA-B Student Success Fund #24132	Title III English Language Fund #24153	Title II Teacher Quality Fund #24154	Title I School Improvement Fund #24162
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	470,932	15,397	129,538	184,970	-
Intergovernmental - state grants	-	-	-	-	-
Contributions - private grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	470,932	15,397	129,538	184,970	-
Expenditures:					
Current:					
Instruction	426,850	15,397	87,805	182,491	-
Support services:					
Students	-	-	39,919	-	-
Instruction	-	-	-	-	-
General Administration	6,594	-	1,814	2,479	-
School Administration	37,488	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	470,932	15,397	129,538	184,970	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-	-
Other financing sources:					
Sale of bonds	-	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-	-
Fund balance at beginning of the year	-	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	\$ -	\$ -	\$ -

(cont'd; 3 of 12)

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, 2018**

	Special Revenue Funds				
	Carl D Perkins - JAG Fund #24171	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
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	30,000	61,860	-	16,160	-
Intergovernmental - state grants	-	-	-	-	-
Contributions - private grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>30,000</u>	<u>61,860</u>	<u>-</u>	<u>16,160</u>	<u>-</u>
Expenditures:					
Current:					
Instruction	30,000	53,155	-	15,934	-
Support services:					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General Administration	-	755	-	226	-
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	7,950	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>30,000</u>	<u>61,860</u>	<u>-</u>	<u>16,160</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-	-
Other financing sources:					
Sale of bonds	-	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-	-
Fund balance at beginning of the year	-	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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, 2018**

	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>	IDEA-B Stay in School <u>Fund #24188</u>	Academic Enrichment <u>Fund #24189</u>
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	-	-	14,212	99,559	34,163
Intergovernmental - state grants	-	-	-	-	-
Contributions - private grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	-	-	14,212	99,559	34,163
Expenditures:					
Current:					
Instruction	-	-	-	91,751	33,685
Support services:					
Students	-	-	-	7,808	-
Instruction	-	-	-	-	-
General Administration	-	-	-	-	478
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	14,212	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	-	-	14,212	99,559	34,163
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-	-
Other financing sources:					
Sale of bonds	-	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-	-
Fund balance at beginning of the year	-	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	\$ -	\$ -	\$ -

(cont'd; 5 of 12)

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, 2018**

	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>	Title XIX Medicaid <u>Fund #25153</u>
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	-	208,406	-	1	958,987
Intergovernmental - state grants	-	-	-	-	-
Contributions - private grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	-	208,406	-	1	958,987
Expenditures:					
Current:					
Instruction	-	96,970	-	5,243	-
Support services:					
Students	-	103,590	-	1,702	416,583
Instruction	-	-	-	-	32,841
General Administration	-	3,393	-	99	28,751
School Administration	-	4,453	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	-	208,406	-	7,044	478,175
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	(7,043)	480,812
Other financing sources:					
Sale of bonds	-	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	(7,043)	480,812
Fund balance at beginning of the year	-	-	863	41,506	362,321
Fund balance at end of the year	\$ -	\$ -	\$ 863	\$ 34,463	\$ 843,133

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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, 2018**

	Special Revenue Funds				
	Indian Ed Formula Grant Fund #25184	Mentoring for Safe Schools Fund #25187	Native American Program Fund #25248	Kellogg Foundation Fund #26121	Dual Credit Instructional Materials Fund #27103
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	543,826	-	216,609	-	-
Intergovernmental - state grants	-	-	-	-	38,009
Contributions - private grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	543,826	-	216,609	-	38,009
Expenditures:					
Current:					
Instruction	268,153	-	69,984	-	38,009
Support services:					
Students	97,051	-	141,404	-	-
Instruction	-	-	137	-	-
General Administration	6,819	-	3,856	-	-
School Administration	113,718	-	1,228	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	1,271	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	487,012	-	216,609	-	38,009
<i>Excess (deficiency) of revenues over expenditures</i>	56,814	-	-	-	-
Other financing sources:					
Sale of bonds	-	-	-	-	-
<i>Net change in fund balance</i>	56,814	-	-	-	-
Fund balance at beginning of the year	-	-	-	14,452	-
Fund balance at end of the year	\$ 56,814	\$ -	\$ -	\$ 14,452	\$ -

(cont'd; 7 of 12)

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, 2018**

	Special Revenue Funds				
	Libraries GO Bond 2012 <u>Fund #27107</u>	Reads to Lead <u>Fund #27114</u>	Recruitment Support <u>Fund #27128</u>	Pre-K Initiative <u>Fund #27149</u>	Indian Education Act <u>Fund #27150</u>
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	-	-	-	-	-
Intergovernmental - state grants	6,416	258,356	20,203	639,068	22,466
Contributions - private grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>6,416</u>	<u>258,356</u>	<u>20,203</u>	<u>639,068</u>	<u>22,466</u>
Expenditures:					
Current:					
Instruction	-	145,539	-	586,835	12,100
Support services:					
Students	-	109,182	-	50,000	7,203
Instruction	6,416	-	-	-	-
General Administration	-	3,635	-	-	-
School Administration	-	-	-	-	3,163
Central Services	-	-	20,203	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	2,233	-
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>6,416</u>	<u>258,356</u>	<u>20,203</u>	<u>639,068</u>	<u>22,466</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-	-
Other financing sources:					
Sale of bonds	-	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-	-
Fund balance at beginning of the year	<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>

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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, 2018**

	<u>Special Revenue Funds</u>				
	Breakfast for Elementary Students <u>Fund #27155</u>	Libraries GO Bond 2006 <u>Fund #27170</u>	4R Future Individual <u>Fund #27188</u>	College Counselor Initiative <u>Fund #27189</u>	4R Future Group <u>Fund #27190</u>
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	-	-	-	-	-
Intergovernmental - state grants	75,783	-	605,531	50,961	164,166
Contributions - private grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment and interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>75,783</u>	<u>-</u>	<u>605,531</u>	<u>50,961</u>	<u>164,166</u>
Expenditures:					
Current:					
Instruction	-	-	605,531	-	164,166
Support services:					
Students	-	-	-	50,961	-
Instruction	-	-	-	-	-
General Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Food services operations	75,783	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>75,783</u>	<u>-</u>	<u>605,531</u>	<u>50,961</u>	<u>164,166</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-	-
Other financing sources:					
Sale of bonds	-	-	-	-	-
<i>Net change in fund balance</i>	-	-	-	-	-
Fund balance at beginning of the year	<u>2,729</u>	<u>2,431</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ 2,729</u>	<u>\$ 2,431</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, 2018**

	Special Revenue Funds			
	Youth Conservation Corp <u>Fund #28133</u>	Tutoring <u>Fund #28178</u>	Westmeath Foundation <u>Fund #29102</u>	Total Nonmajor Special Revenue <u>Funds</u>
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-
Intergovernmental - federal grants	-	-	-	7,086,723
Intergovernmental - state grants	-	-	-	1,880,959
Contributions - private grants	-	-	13,547	13,547
Charges for services	-	-	-	1,268,924
Investment and interest income	-	-	-	114
Miscellaneous	-	-	-	4,000
Total revenues	-	-	13,547	10,254,267
Expenditures:				
Current:				
Instruction	25,489	-	13,439	3,730,355
Support services:				
Students	-	-	-	1,034,544
Instruction	-	-	-	39,394
General Administration	-	-	-	81,153
School Administration	-	-	-	160,050
Central Services	-	-	-	23,203
Operation & Maintenance of Plant	-	-	-	1,271
Food services operations	-	-	-	4,731,315
Community services	-	-	-	400
Capital outlay	-	-	-	52,145
Debt service:				
Principal retirement	-	-	-	-
Bond interest paid	-	-	-	-
Bond issuance costs	-	-	-	-
Total expenditures	25,489	-	13,439	9,853,830
<i>Excess (deficiency) of revenues over expenditures</i>	(25,489)	-	108	400,437
Other financing sources:				
Sale of bonds	-	-	-	-
<i>Net change in fund balance</i>	(25,489)	-	108	400,437
Fund balance at beginning of the year	49,315	1,546	-	1,508,300
Fund balance at end of the year	\$ 23,826	\$ 1,546	\$ 108	\$ 1,908,737

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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, 2018**

	Capital Projects Funds				
	Special Capital Outlay - Local <u>Fund #31300</u>	Special Capital Outlay - State <u>Fund #31400</u>	State SB-9 Match <u>Fund #31700</u>	Ed Technology Equipment Act <u>Fund #31900</u>	Total Nonmajor Capital Projects <u>Funds</u>
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-	-
Intergovernmental - federal grants	-	-	-	-	-
Intergovernmental - state grants	-	6,906,456	-	-	6,906,456
Contributions - private grants	-	-	-	-	-
Charges for services	1,720	-	-	-	1,720
Investment and interest income	-	-	-	16,551	16,551
Miscellaneous	-	-	-	123,665	123,665
Total revenues	<u>1,720</u>	<u>6,906,456</u>	<u>-</u>	<u>140,216</u>	<u>7,048,392</u>
Expenditures:					
Current:					
Instruction	-	-	-	-	-
Support services:					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	148,361	-	270,730	4,258,326	4,677,417
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	434,976	6,906,456	-	-	7,341,432
Debt service:					
Principal retirement	-	-	-	-	-
Bond interest paid	-	-	-	-	-
Bond issuance costs	-	-	-	108,244	108,244
Total expenditures	<u>583,337</u>	<u>6,906,456</u>	<u>270,730</u>	<u>4,366,570</u>	<u>12,127,093</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(581,617)	-	(270,730)	(4,226,354)	(5,078,701)
Other financing sources:					
Sale of bonds	-	-	-	5,000,000	5,000,000
<i>Net change in fund balance</i>	(581,617)	-	(270,730)	773,646	(78,701)
Fund balance at beginning of the year	<u>1,526,457</u>	<u>48,375</u>	<u>450,247</u>	<u>1,516,987</u>	<u>3,542,066</u>
Fund balance at end of the year	<u>\$ 944,840</u>	<u>\$ 48,375</u>	<u>\$ 179,517</u>	<u>\$ 2,290,633</u>	<u>\$ 3,463,365</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, 2018**

	Ed Tech Debt Service <u>Fund #43000</u>	Total Nonmajor Governmental <u>Funds</u>
Revenues:		
Taxes:		
Property	\$ 3,181,210	\$ 3,181,210
Oil and gas	111,431	111,431
Intergovernmental - federal grants	-	7,086,723
Intergovernmental - state grants	-	8,787,415
Contributions - private grants	-	13,547
Charges for services	-	1,270,644
Investment and interest income	360	17,025
Miscellaneous	<u>-</u>	<u>127,665</u>
Total revenues	<u>3,293,001</u>	<u>20,595,660</u>
Expenditures:		
Current:		
Instruction	-	3,730,355
Support services:		
Students	-	1,034,544
Instruction	-	39,394
General Administration	31,959	113,112
School Administration	-	160,050
Central Services	-	23,203
Operation & Maintenance of Plant	-	4,678,688
Food services operations	-	4,731,315
Community services	-	400
Capital outlay	-	7,393,577
Debt service:		
Principal retirement	3,175,000	3,175,000
Bond interest paid	102,778	102,778
Bond issuance costs	<u>-</u>	<u>108,244</u>
Total expenditures	<u>3,309,737</u>	<u>25,290,660</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(16,736)	(4,695,000)
Other financing sources:		
Sale of bonds	<u>-</u>	<u>5,000,000</u>
<i>Net change in fund balance</i>	(16,736)	305,000
Fund balance at beginning of the year	<u>3,540,761</u>	<u>8,591,127</u>
Fund balance at end of the year	<u>\$ 3,524,025</u>	<u>\$ 8,896,127</u>

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OTHER SUPPLEMENTAL INFORMATION
(NONMAJOR GOVERNMENTAL FUNDS – BUDGETARY PRESENTATION)

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

FOOD SERVICE FUND - NO. 21000
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ 3,500,000	\$ 3,500,000	\$ 3,536,466	\$ 36,466
Charges for services	1,213,000	1,213,000	522,852	(690,148)
Investment and interest income	400	400	114	(286)
Miscellaneous	<u>3,000</u>	<u>3,000</u>	<u>4,000</u>	<u>1,000</u>
Total revenues	<u>4,716,400</u>	<u>4,716,400</u>	<u>4,063,432</u>	<u>(652,968)</u>
Expenditures:				
Current:				
Food services operations	4,995,577	4,995,577	4,664,861	330,716
Capital outlay	<u>45,823</u>	<u>45,823</u>	<u>24,750</u>	<u>21,073</u>
Total expenditures	<u>5,041,400</u>	<u>5,041,400</u>	<u>4,689,611</u>	<u>351,789</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(325,000)	(325,000)	(626,179)	(301,179)
<i>Beginning cash balance budgeted</i>	325,000	325,000	-	(325,000)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>706,653</u>	<u>706,653</u>
Fund balance at end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>80,474</u>	<u><u>\$ 80,474</u></u>
RECONCILIATION TO GAAP BASIS:				
Change in inventory			40,739	
Change in grant receivable			(68,780)	
Change in payables			<u>390,288</u>	
Fund balance at end of the year (GAAP basis)			<u><u>\$ 442,721</u></u>	

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, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Charges for services	\$ -	\$ 114,764	\$ 317,845	\$ 203,081
Expenditures:				
Current:				
Instruction	-	297,308	285,681	11,627
Capital outlay	-	4,921	4,921	-
Total expenditures	-	302,229	290,602	11,627
<i>Excess (deficiency) of revenues over expenditures</i>	-	(187,465)	27,243	214,708
<i>Beginning cash balance budgeted</i>	-	187,465	-	(187,465)
Fund balance at beginning of the year	-	-	185,544	185,544
Fund balance at end of the year	\$ -	\$ -	212,787	\$ 212,787
RECONCILIATION TO GAAP BASIS:				
Change in payables			1,921	
Fund balance at end of the year (GAAP basis)			\$ 214,708	

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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Charges for services	\$ -	\$ 157,284	\$ 428,227	\$ 270,943
Expenditures:				
Current:				
Instruction	-	298,224	298,224	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	(140,940)	130,003	270,943
<i>Beginning cash balance budgeted</i>	-	140,940	-	(140,940)
Fund balance at beginning of the year	-	-	140,940	140,940
Fund balance at end of the year	\$ -	\$ -	270,943	\$ 270,943
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 270,943	

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, 2018**

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

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

NEW MEXICO AUTISM FUND - NO. 24108
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 6,000	\$ 5,773	\$ (227)
Expenditures:				
Current:				
Instruction	-	6,000	5,998	2
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(225)	(225)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(225)	<u>\$ (225)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			225	
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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 55,128	\$ 55,128	\$ 16,900	\$ (38,228)
Expenditures:				
Current:				
Instruction	50,128	35,628	19,386	16,242
Support services:				
Students	5,000	5,000	-	5,000
Capital outlay	<u>-</u>	<u>14,500</u>	<u>-</u>	<u>14,500</u>
Total expenditures	<u>55,128</u>	<u>55,128</u>	<u>19,386</u>	<u>35,742</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(2,486)	(2,486)
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>	(2,486)	<u>\$ (2,486)</u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>2,486</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 17,913	\$ 14,729	\$ (3,184)
Expenditures:				
Current:				
Instruction	-	17,913	17,902	11
Support services:				
General Administration	-	-	254	(254)
Total expenditures	-	17,913	18,156	(243)
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(3,427)	(3,427)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(3,427)	\$ (3,427)
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			3,427	
Fund balance at end of the year (GAAP basis)			\$ -	

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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 13,542	\$ 13,542	\$ 7,857	\$ (5,685)
Expenditures:				
Current:				
Support services:				
Students	13,542	13,542	117	13,425
<i>Excess of revenues over expenditures</i>	-	-	7,740	7,740
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	7,740	\$ 7,740
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(7,740)	
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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 147,534	\$ 111,502	\$ (36,032)
Expenditures:				
Current:				
Food services operations	-	147,534	124,787	22,747
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(13,285)	(13,285)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(13,285)	<u>\$ (13,285)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			13,285	
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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 175,767	\$ 124,263	\$ (51,504)
Expenditures:				
Current:				
Instruction	-	136,129	134,638	1,491
Support services:				
Students	-	9,532	9,024	508
General Administration	-	24,657	22,000	2,657
Central Services	-	3,300	3,000	300
Community services	-	2,149	400	1,749
Total expenditures	-	175,767	169,062	6,705
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(44,799)	(44,799)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(44,799)	\$ (44,799)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			44,799	
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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 720,135	\$ 380,720	\$ (339,415)
Expenditures:				
Current:				
Instruction	-	604,299	426,850	177,449
Support services:				
Students	-	20,000	-	20,000
General Administration	-	29,836	6,594	23,242
School Administration	-	66,000	37,488	28,512
Total expenditures	-	720,135	470,932	249,203
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(90,212)	(90,212)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(90,212)	\$ (90,212)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			90,212	
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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 20,000	\$ 20,000	\$ 25,525	\$ 5,525
Expenditures:				
Current:				
Instruction	20,000	20,000	15,397	4,603
<i>Excess of revenues over expenditures</i>	-	-	10,128	10,128
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	10,128	\$ 10,128
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(10,128)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

TITLE III ENGLISH LANGUAGE FUND - NO. 24153

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 125,466	\$ 179,591	\$ 192,027	\$ 12,436
Expenditures:				
Current:				
Instruction	103,959	118,076	87,805	30,271
Support services:				
Students	17,300	56,550	39,919	16,631
General Administration	1,747	2,505	1,814	691
School Administration	2,460	2,460	-	2,460
Total expenditures	125,466	179,591	129,538	50,053
<i>Excess of revenues over expenditures</i>	-	-	62,489	62,489
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	62,489	\$ 62,489
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(62,489)	
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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ 452,890	\$ 727,684	\$ 115,693	\$ (611,991)
Expenditures:				
Current:				
Instruction	431,324	706,118	170,491	535,627
Support services:				
General Administration	21,566	21,566	2,479	19,087
Total expenditures	452,890	727,684	172,970	554,714
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(57,277)	(57,277)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(57,277)	\$ (57,277)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			69,277	
Change in payables			(12,000)	
Fund balance at end of the year (GAAP basis)			\$ -	

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, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ 19,997	\$ 19,997
Expenditures:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	19,997	19,997
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	19,997	\$ 19,997
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(19,997)	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

CARL D PERKINS - JAG FUND - NO. 24171

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 30,000	\$ -	\$ (30,000)
Expenditures:				
Current:				
Instruction	-	30,000	30,000	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(30,000)	(30,000)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(30,000)	<u>\$ (30,000)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			30,000	
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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 100,471	\$ 98,977	\$ 82,289	\$ (16,688)
Expenditures:				
Current:				
Instruction	88,315	86,821	53,155	33,666
Support services:				
General Administration	4,206	4,206	755	3,451
Capital outlay	7,950	7,950	7,950	-
Total expenditures	100,471	98,977	61,860	37,117
<i>Excess of revenues over expenditures</i>	-	-	20,429	20,429
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	20,429	\$ 20,429
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(15,378)	
Change in deferred revenue			(5,051)	
Fund balance at end of the year (GAAP basis)			\$ -	

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, 2018**

	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

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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ 2,250	\$ 23,119	\$ 10,798	\$ (12,321)
Expenditures:				
Current:				
Instruction	2,250	22,170	15,934	6,236
Support services:				
General Administration	-	949	226	723
Total expenditures	2,250	23,119	16,160	6,959
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(5,362)	(5,362)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(5,362)	\$ (5,362)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			5,362	
Fund balance at end of the year (GAAP basis)			\$ -	

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, 2018**

	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, 2018**

	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 - REDISTRIBUTION FUND - NO. 24182

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2018**

	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

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, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 14,212	\$ 14,212	\$ -
Expenditures:				
Current:				
Capital outlay	-	14,212	14,212	-
<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

IDEA-B STAY IN SCHOOL FUND - NO. 24188

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 253,500	\$ 1	\$ (253,499)
Expenditures:				
Current:				
Instruction	-	224,200	91,751	132,449
Support services:				
Students	-	29,300	7,808	21,492
Total expenditures	-	253,500	99,559	153,941
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(99,558)	(99,558)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(99,558)	\$ (99,558)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			99,558	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

ACADEMIC ENRICHMENT FUND - NO. 24189

**Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 232,874	\$ -	\$ (232,874)
Expenditures:				
Current:				
Instruction	-	199,614	33,685	165,929
Support services:				
General Administration	-	3,260	478	2,782
School Administration	-	30,000	-	30,000
Total expenditures	-	232,874	34,163	198,711
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(34,163)	(34,163)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(34,163)	\$ (34,163)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			34,163	
Fund balance at end of the year (GAAP basis)			\$ -	

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, 2018**

	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

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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 268,268	\$ 225,369	\$ (42,899)
Expenditures:				
Current:				
Instruction	-	134,333	96,970	37,363
Support services:				
Students	-	123,415	103,590	19,825
General Administration	-	4,807	3,393	1,414
School Administration	-	5,713	4,453	1,260
Total expenditures	-	268,268	208,406	59,862
<i>Excess of revenues over expenditures</i>	-	-	16,963	16,963
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	16,963	\$ 16,963
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(16,963)	
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, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Support services:				
Students	-	863	-	863
<i>Excess (deficiency) of revenues over expenditures</i>	-	(863)	-	863
<i>Beginning cash balance budgeted</i>	-	863	-	(863)
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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ 1	\$ 1
Expenditures:				
Current:				
Instruction	-	17,916	5,243	12,673
Support services:				
Students	-	23,000	1,702	21,298
General Administration	-	590	99	491
Total expenditures	-	41,506	7,044	34,462
<i>Excess (deficiency) of revenues over expenditures</i>	-	(41,506)	(7,043)	34,463
<i>Beginning cash balance budgeted</i>	-	41,506	-	(41,506)
Fund balance at beginning of the year	-	-	41,506	41,506
Fund balance at end of the year	\$ -	\$ -	34,463	\$ 34,463
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 34,463	

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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 271,951	\$ 958,987	\$ 687,036
Expenditures:				
Current:				
Support services:				
Students	-	534,951	416,583	118,368
Instruction	-	48,966	32,841	16,125
General Administration	-	55,000	33,396	21,604
Total expenditures	-	638,917	482,820	156,097
<i>Excess (deficiency) of revenues over expenditures</i>	-	(366,966)	476,167	843,133
<i>Beginning cash balance budgeted</i>	-	366,966	-	(366,966)
Fund balance at beginning of the year	-	-	362,321	362,321
Fund balance at end of the year	\$ -	\$ -	838,488	\$ 838,488
RECONCILIATION TO GAAP BASIS:				
Change in payables			4,645	
Fund balance at end of the year (GAAP basis)			\$ 843,133	

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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 664,832	\$ 553,889	\$ (110,943)
Expenditures:				
Current:				
Instruction	-	618,316	268,153	350,163
Support services:				
Students	-	144,411	97,051	47,360
General Administration	-	16,814	6,819	9,995
School Administration	-	142,004	113,718	28,286
Operation & Maintenance of Plant	-	2,000	1,271	729
Total expenditures	-	923,545	487,012	436,533
<i>Excess (deficiency) of revenues over expenditures</i>	-	(258,713)	66,877	325,590
<i>Beginning cash balance budgeted</i>	-	258,713	-	(258,713)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	66,877	\$ 66,877
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(10,064)	
Change in deferred revenue			1	
Fund balance at end of the year (GAAP basis)			\$ 56,814	

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, 2018**

	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 deferred revenue			-	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 309,581	\$ 244,075	\$ (65,506)
Expenditures:				
Current:				
Instruction	-	185,541	69,984	115,557
Support services:				
Students	-	167,695	141,404	26,291
Instruction	-	-	137	(137)
General Administration	-	35,607	3,856	31,751
School Administration	-	6,000	1,228	4,772
Total expenditures	-	394,843	216,609	178,234
<i>Excess (deficiency) of revenues over expenditures</i>	-	(85,262)	27,466	112,728
<i>Beginning cash balance budgeted</i>	-	85,262	-	(85,262)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	27,466	\$ 27,466
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(3,297)	
Change in deferred revenue			(24,169)	
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, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Contributions - private grants	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction	-	-	-	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	14,452	14,452
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, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 44,716	\$ 37,348	\$ (7,368)
Expenditures:				
Current:				
Instruction	-	44,716	38,009	6,707
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(661)	(661)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(661)	<u>\$ (661)</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			661	
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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 823	\$ 6,416	\$ 12,239	\$ 5,823
Expenditures:				
Current:				
Support services:				
Instruction	823	6,416	6,416	-
<i>Excess of revenues over expenditures</i>	-	-	5,823	5,823
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	5,823	\$ 5,823
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(5,823)	
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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 269,638	\$ 269,638	\$ 155,776	\$ (113,862)
Expenditures:				
Current:				
Instruction	155,000	155,000	145,539	9,461
Support services:				
Students	110,000	110,000	109,182	818
General Administration	4,638	4,638	3,635	1,003
Total expenditures	269,638	269,638	258,356	11,282
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(102,580)	(102,580)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(102,580)	\$ (102,580)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			102,580	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

RECRUITMENT SUPPORT FUND - NO. 27128

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 31,341	\$ -	\$ (31,341)
Expenditures:				
Current:				
Support services:				
Central Services	-	31,341	20,203	11,138
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(20,203)	(20,203)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(20,203)	\$ (20,203)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			20,203	
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, 2018

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Intergovernmental - state grants	\$ 723,302	\$ 723,302	\$ 487,354	\$ (235,948)
Expenditures:				
Current:				
Instruction	673,302	667,569	586,835	80,734
Support services:				
Students	-	-	50,000	(50,000)
General Administration	-	3,500	-	3,500
Student transportation	50,000	50,000	-	50,000
Capital outlay	-	2,233	2,233	-
Total expenditures	723,302	723,302	639,068	84,234
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(151,714)	(151,714)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(151,714)	\$ (151,714)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			151,714	
Fund balance at end of the year (GAAP basis)			\$ -	

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, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 27,117	\$ 20,419	\$ (6,698)
Expenditures:				
Current:				
Instruction	-	14,354	12,100	2,254
Support services:				
Students	-	8,031	7,203	828
General Administration	-	385	-	385
School Administration	-	4,347	3,163	1,184
Total expenditures	-	27,117	22,466	4,651
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(2,047)	(2,047)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(2,047)	\$ (2,047)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			2,047	
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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 75,866	\$ 68,836	\$ (7,030)
Expenditures:				
Current:				
Food services operations	-	75,866	75,783	83
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(6,947)	(6,947)
Fund balance at beginning of the year	-	-	2,729	2,729
Fund balance at end of the year	\$ -	\$ -	(4,218)	\$ (4,218)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			6,947	
Fund balance at end of the year (GAAP basis)			\$ 2,729	

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, 2018**

	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	-	-	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

4R FUTURE INDIVIDUAL FUND - NO. 27188

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 1,260,562	\$ 769,697	\$ (490,865)
Expenditures:				
Current:				
Instruction	-	1,260,562	605,531	655,031
<i>Excess of revenues over expenditures</i>	-	-	164,166	164,166
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	164,166	\$ 164,166
RECONCILIATION TO GAAP BASIS:				
Change in payables			(164,166)	
Fund balance at end of the year (GAAP basis)			\$ -	

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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 50,961	\$ 59,201	\$ 8,240
Expenditures:				
Current:				
Support services:				
Students	-	50,961	50,961	-
<i>Excess of revenues over expenditures</i>	-	-	8,240	8,240
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	8,240	<u>\$ 8,240</u>
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			(8,240)	
Fund balance at end of the year (GAAP basis)			<u>\$ -</u>	

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

4R FUTURE GROUP FUND - NO. 27190
**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 467,166	\$ -	\$ (467,166)
Expenditures:				
Current:				
Instruction	-	467,166	164,166	303,000
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(164,166)	(164,166)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(164,166)	<u>\$ (164,166)</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

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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ -	\$ 67,486	\$ -	\$ (67,486)
Expenditures:				
Current:				
Instruction	-	67,486	25,489	41,997
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(25,489)	(25,489)
Fund balance at beginning of the year	-	-	49,315	49,315
Fund balance at end of the year	\$ -	\$ -	23,826	\$ 23,826
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 23,826	

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, 2018**

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

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

WESTMEATH FOUNDATION FUND - NO. 29102

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Contributions - private grants	\$ -	\$ 13,547	\$ 13,547	\$ -
Expenditures:				
Current:				
Instruction	-	11,573	13,439	(1,866)
Support services:				
Students	-	1,974	-	1,974
Total expenditures	-	13,547	13,439	108
<i>Excess of revenues over expenditures</i>	-	-	108	108
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	108	\$ 108
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 108	

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, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Charges for services	\$ 1,524	\$ 1,524	\$ 1,720	\$ 196
Investment and interest income	<u>18</u>	<u>18</u>	<u>-</u>	<u>(18)</u>
Total revenues	<u>1,542</u>	<u>1,542</u>	<u>1,720</u>	<u>178</u>
Expenditures:				
Current:				
Support services:				
Operation & Maintenance of Plant	300,000	300,000	148,361	151,639
Capital outlay	<u>955,871</u>	<u>955,871</u>	<u>463,826</u>	<u>492,045</u>
Total expenditures	<u>1,255,871</u>	<u>1,255,871</u>	<u>612,187</u>	<u>643,684</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(1,254,329)	(1,254,329)	(610,467)	643,862
<i>Beginning cash balance budgeted</i>	1,254,329	1,254,329	-	(1,254,329)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>1,526,457</u>	<u>1,526,457</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	915,990	<u>\$ 915,990</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>28,850</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 944,840</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, 2018**

	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	-	-	48,375	48,375
Fund balance at end of the year	\$ -	\$ -	48,375	\$ 48,375
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 48,375	

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, 2018**

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

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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Investment and interest income	\$ 15,190	\$ 15,190	\$ 16,551	\$ 1,361
Miscellaneous	-	-	123,665	123,665
Total revenues	15,190	15,190	140,216	125,026
Expenditures:				
Current:				
Support services:				
Operation & Maintenance of Plant	7,792,369	7,792,369	4,369,570	3,422,799
Capital outlay	19,021	19,021	-	19,021
Total expenditures	7,811,390	7,811,390	4,369,570	3,441,820
<i>Excess (deficiency) of revenues over expenditures</i>	(7,796,200)	(7,796,200)	(4,229,354)	3,566,846
Other financing sources:				
Sale of bonds	6,500,000	6,500,000	5,000,000	(1,500,000)
<i>Net change in fund balance</i>	(1,296,200)	(1,296,200)	770,646	2,066,846
<i>Beginning cash balance budgeted</i>	1,296,200	1,296,200	-	(1,296,200)
Fund balance at beginning of the year	-	-	1,516,987	1,516,987
Fund balance at end of the year	\$ -	\$ -	2,287,633	\$ 2,287,633
RECONCILIATION TO GAAP BASIS:				
Change in payables			3,000	
Fund balance at end of the year (GAAP basis)			\$ 2,290,633	

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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 3,163,214	\$ 3,163,214	\$ 3,195,851	\$ 32,637
Oil and gas	114,564	114,564	114,772	208
Investment and interest income	<u>221</u>	<u>221</u>	<u>360</u>	<u>139</u>
Total revenues	<u>3,277,999</u>	<u>3,277,999</u>	<u>3,310,983</u>	<u>32,984</u>
Expenditures:				
Current:				
Support services:				
General Administration	31,632	36,632	31,959	4,673
Debt service:				
Principal retirement	3,175,000	3,175,000	3,175,000	-
Bond interest paid	102,778	97,778	102,778	(5,000)
Debt service reserves	<u>3,616,096</u>	<u>3,616,096</u>	<u>-</u>	<u>3,616,096</u>
Total expenditures	<u>6,925,506</u>	<u>6,925,506</u>	<u>3,309,737</u>	<u>3,615,769</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(3,647,507)	(3,647,507)	1,246	3,648,753
<i>Beginning cash balance budgeted</i>	3,647,507	3,647,507	-	(3,647,507)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>3,540,761</u>	<u>3,540,761</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>3,542,007</u>	<u>\$ 3,542,007</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			(11,452)	
Change in due from other governments			(14,303)	
Change in deferred property taxes			<u>7,773</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 3,524,025</u>	

OTHER SUPPLEMENTAL INFORMATION
(CAPITAL ASSETS)

Supplemental schedules of capital assets to provide additional analysis.

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, 2018

Governmental funds capital assets:	
Land	\$ 4,142,761
Buildings and improvements	241,930,237
Improvements other than buildings	4,448,663
Equipment	12,087,308
Construction in progress	<u>72,929,843</u>
Total governmental funds capital assets:	<u>\$ 335,538,812</u>
Investment in governmental funds capital assets by source:	
General funds	\$ 7,244,882
Special revenue funds	2,355,504
Capital projects funds	<u>325,938,426</u>
Total governmental funds capital assets:	<u>\$ 335,538,812</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, 2018

<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	\$ 1,076,031	\$ -	\$ 1,102,797
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	-	-	-	1,110,148	-	1,110,148
Capital Outlay	<u>3,492,761</u>	<u>241,847,296</u>	<u>4,421,897</u>	<u>911,565</u>	<u>72,929,843</u>	<u>323,603,362</u>
	<u>\$ 4,142,761</u>	<u>\$ 241,930,237</u>	<u>\$ 4,448,663</u>	<u>\$ 12,087,308</u>	<u>\$ 72,929,843</u>	<u>\$ 335,538,812</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, 2018

<u>Function and Activity</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Reclassification</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Educational services:					
Instruction	\$ 1,075,402	\$ -	\$ 27,395	\$ -	\$ 1,102,797
Support services:					
Students	110,502	-	-	-	110,502
Instruction	7,354	-	-	-	7,354
General Administration	293,665	-	-	-	293,665
School Administration	255,534	-	-	-	255,534
Central Services	62,020	-	-	-	62,020
Operation & Maintenance of Plant	1,971,017	-	-	-	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	-	24,750	-	1,110,148
Capital Outlay	<u>305,505,720</u>	<u>-</u>	<u>18,097,642</u>	<u>-</u>	<u>323,603,362</u>
	<u>\$317,389,025</u>	<u>\$ -</u>	<u>\$ 18,149,787</u>	<u>\$ -</u>	<u>\$335,538,812</u>

OTHER SUPPLEMENTAL INFORMATION

(STATE REQUIRED DISCLOSURES)

Supplemental schedules required by the State of
New Mexico to provide additional analysis.

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, 2018

<u>ASSETS</u>	Balance <u>June 30, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>June 30, 2018</u>
Cash and cash equivalents:				
Central Office	\$ 1,132,496	\$ 907,947	\$ 1,128,561	\$ 911,882
Farmington HS	397,396	432,972	481,399	348,969
Piedra Vista HS	<u>287,835</u>	<u>533,741</u>	<u>546,496</u>	<u>275,080</u>
	<u>\$ 1,817,727</u>	<u>\$ 1,874,660</u>	<u>\$ 2,156,456</u>	<u>\$ 1,535,931</u>
 <u>LIABILITIES</u>				
Deposits held for others	<u>\$ 1,817,727</u>	<u>\$ 1,874,660</u>	<u>\$ 2,156,456</u>	<u>\$ 1,535,931</u>

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2018

	<u>Wells Fargo</u> <u>Bank</u>	<u>Citizens</u> <u>Bank</u>	<u>Bank of the</u> <u>Southwest</u>	<u>New Mexico</u> <u>Finance Authority</u>	<u>Total</u>
Cash on deposit at June 30, 2018:					
Checking and savings	\$ 28,825,442	\$ 912,972	\$ 140,791	\$ 6,161,295	\$ 36,040,500
Less: FDIC coverage	<u>(250,000)</u>	<u>(250,000)</u>	<u>(140,791)</u>	-	<u>(640,791)</u>
Uninsured funds	<u>\$ 28,575,442</u>	<u>\$ 662,972</u>	<u>\$ -</u>	<u>\$ 6,161,295</u>	<u>\$ 35,399,709</u>
Amount requiring pledged collateral:					
50% collateral requirement	\$ 14,287,721	\$ 331,486	\$ -	\$ 3,080,648	\$ 17,699,855
Pledged collateral	<u>16,772,575</u>	<u>5,042,622</u>	-	<u>6,161,295</u>	<u>27,976,492</u>
Excess (deficiency) of pledged collateral	<u>\$ 7,527,476</u>	<u>\$ 4,711,136</u>	<u>\$ -</u>	<u>\$ 3,080,647</u>	<u>\$ 10,276,637</u>

Pledged collateral of financial institutions consists of the following at June 30, 2018

Wells Fargo Bank:	Maturity	CUSIP #	Market Value
FNMA	3/1/2043	3138W7C51	<u>\$ 16,772,575</u>

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

Citizens Bank:	Maturity	CUSIP #	Market Value
FNMA	10/25/2041	3136A1MJ1	<u>\$ 5,042,622</u>

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

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, 2018

	<u>Beginning Cash</u>	<u>Receipts</u>	<u>Distributions</u>	<u>Other</u>	<u>Net Cash End of Period</u>	<u>Adjustments to the report</u>	<u>Total Cash on Report</u>
Operations	\$ 3,613,895	\$ 76,551,363	\$ 74,267,972	\$ (1,671,647)	\$ 4,225,639	\$ -	\$ 4,225,639
Transportation	38,082	2,856,023	2,863,986	-	30,119	-	30,119
Instructional Materials	212,295	345,047	424,514	-	132,828	-	132,828
Food Services	948,429	4,063,431	4,689,609	-	322,251	-	322,251
Athletics	187,465	317,845	290,602	-	214,708	-	214,708
Activity Funds	140,940	428,227	298,224	-	270,943	-	270,943
Federal Flowthrough Funds	108,972	4,566,258	5,968,393	1,270,448	(22,715)	60,984	38,269
Federal Direct Funds	409,336	1,982,320	1,401,888	(30,325)	959,443	-	959,443
Local Grants	14,452	-	-	-	14,452	-	14,452
State Flowthrough Funds	5,160	1,610,873	1,880,961	431,525	166,597	- ⁽¹⁾	166,597
State Direct Funds	50,861	-	25,489	-	25,372	-	25,372
Local/State	-	13,547	13,439	-	108	-	108
Bond Building	7,090,396	77,812	14,224,901	7,158,084	101,391	3,908,723	4,010,114
Special Capital Outlay - Local	1,555,307	1,720	612,187	-	944,840	-	944,840
Special Capital Outlay - State	48,375	-	-	-	48,375	-	48,375
State SB-9 Match	450,247	-	270,730	-	179,517	-	179,517
Capital Improvements SB-9	1,444,305	3,109,614	1,033,720	-	3,520,199	-	3,520,199
Ed Technology Equipment Act	1,519,987	140,216	4,369,570	5,000,000	2,290,633	-	2,290,633
Debt Service	9,924,219	7,740,014	7,863,149	15,296	9,816,380	-	9,816,380
Ed Tech Debt Service	3,452,998	3,310,982	3,309,737	-	3,454,243	-	3,454,243
Agency Funds	-	-	-	-	-	1,535,931	1,535,931
Total	\$ 31,215,721	\$ 107,115,292	\$ 123,809,071	\$ 12,173,381	\$ 26,695,323	\$ 5,505,638	\$ 32,200,961

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>	Adjustments to report:	
Operational	Checking - Interest	Wells Fargo	\$ 10,794,233	Agency funds	\$ 1,535,931
Op Invest	Checking - Interest	Wells Fargo	12,909	Interfund loans - pooled cash ⁽¹⁾	164,166
School Lunch	Checking - Interest	Bank of Southwest	140,791	Interfund loans - pooled cash ⁽¹⁾	(164,166)
Secondary Athletic	Checking - Interest	Citizens	215,008	Clearing account	-
Activities	Checking - Interest	Citizens	911,970	Total adjustment to the report	<u>\$ 1,535,931</u>
FHS Scorp Activity	Checking - Interest	Wells Fargo	349,339		
NonBudgeted	Checking - Interest	Wells Fargo	103,276		
PV Activity Acct	Checking - Interest	Wells Fargo	274,879	Adjustments to cash:	
Tec Bonds	Checking - Interest	Citizens	1,003	Bank Balance	\$ 36,040,500
NMFA	Escrow	NM Finance	1,337	Cash on hand	20
NMFA	Escrow	NM Finance	142,217	Outstanding deposits	557,774
NMFA	Escrow	NM Finance	4,044	Outstanding checks	(4,397,333)
NMFA	Escrow	NM Finance	65,029	Errors	-
NMFA	Escrow	NM Finance	3,944,830	Total adjusted cash	<u>\$ 32,200,961</u>
NMFA	Escrow	NM Finance	2,003,837		
Debt	Checking - Interest	Wells Fargo	12,492,680		
Debt	Checking - Interest	Wells Fargo	773,899		
Employee Benefits	Checking - Interest	Wells Fargo	2,442,431		
Accounts payable	Checking - Interest	Wells Fargo	44,248		
Payroll Clearing	Checking - Interest	Wells Fargo	1,322,540		
			<u>\$ 36,040,500</u>		

OTHER SUPPLEMENTAL INFORMATION

(COMPONENT UNIT)

Component unit financial statements and schedules required by the State of New Mexico.

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

STATEMENT OF NET POSITION
 June 30, 2018

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 470,854
Receivables:	
Grant	81,767
Other receivables	<u>24,221</u>
Total Assets	<u>576,842</u>
 Deferred Outflows of Resources:	
Contributions to pension subsequent to the measurement date	115,757
Difference between expected and actual pension experience	5,360
Net change in pension assumptions	871,727
Net change in proportionate share of pension liability	97,358
Contributions to OPEB subsequent to the measurement date	<u>16,656</u>
Total Deferred Outflows of Resources	<u>1,106,858</u>
 Liabilities	
Accounts payable	294,926
Aggregate net pension liability	2,986,189
Aggregate OPEB liability	<u>876,879</u>
Total Liabilities	<u>4,157,994</u>
 Deferred Inflows of Resources	
Difference between expected and actual pension experience	46,005
Net difference between projected and actual investment earnings on pension plan investments	410
Net change in proportionate share of pension liability	1,477
Difference between expected and actual OPEB experience	33,650
Net difference between projected and actual investment earnings on OPEB plan investments	12,615
Net change in OPEB assumptions	<u>153,311</u>
Total Deferred Inflows of Resources	<u>247,468</u>
 Net Position	
Restricted for:	
Special revenue funds	5,608
Unrestricted	<u>(2,727,370)</u>
Total Net Position	<u>\$ (2,721,762)</u>

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

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

STATEMENT OF ACTIVITIES
 Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
Instruction	\$ 2,682,741	\$ 1,447	\$ 94,105	\$ -	\$ (2,587,189)
Support Services - Students	176,478	-	6,191	-	(170,287)
Support Services - Instruction	42,393	-	1,487	-	(40,906)
Support Services - General Administration	167,614	-	5,880	-	(161,734)
Support Services - School Administration	118,641	-	4,162	-	(114,479)
Central Services	76,773	-	2,693	-	(74,080)
Operations & Maintenance of Plant	<u>94,838</u>	<u>-</u>	<u>3,327</u>	<u>-</u>	<u>(91,511)</u>
Total governmental activities	<u>\$ 3,359,478</u>	<u>\$ 1,447</u>	<u>\$ 117,845</u>	<u>\$ -</u>	<u>(3,240,186)</u>
General revenues:					
Grants and contributions not restricted					<u>3,080,403</u>
<i>Change in net position</i>					<u>(159,783)</u>
Net position - beginning					(1,520,389)
Restatement					<u>(1,041,590)</u>
Net position - beginning as restated					<u>(2,561,979)</u>
Net position - ending					<u>\$ (2,721,762)</u>

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

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

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2018

	General Funds			Special Revenue Funds			Total Non-Major Special Revenue Funds	Capital Projects Fund	Total Governmental Funds
	Operational Fund #11000	Instructional Materials Fund #14000	General Fund	Activities Fund #23000	Entitlement IDEA-B Fund #24106	Libraries GO Bond 2012 Fund #27107		Capital Improvements SB-9 Fund #31700	
Assets									
Cash and cash equivalents	\$ 446,945	\$ 22,456	\$ 469,401	\$ 1,453	\$ -	\$ -	\$ -	\$ -	\$ 470,854
Receivables:									
Grant	-	-	-	-	81,767	-	-	-	81,767
Other receivables	24,221	-	24,221	-	-	-	-	-	24,221
Due from other funds	<u>77,612</u>	<u>-</u>	<u>77,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,612</u>
Total assets	\$ 548,778	\$ 22,456	\$ 571,234	\$ 1,453	\$ 81,767	\$ -	\$ -	\$ -	\$ 654,454
Liabilities, deferred inflows, and fund balance									
Liabilities:									
Accounts payable	\$ 294,926	\$ -	\$ 294,926	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 294,926
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,612</u>
Total liabilities	<u>294,926</u>	<u>-</u>	<u>294,926</u>	<u>-</u>	<u>77,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>372,538</u>
Fund balance:									
Restricted for:									
Special revenue funds	-	-	-	1,453	4,155	-	-	-	5,608
Unassigned	<u>253,852</u>	<u>22,456</u>	<u>276,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>276,308</u>
Total fund balance	<u>253,852</u>	<u>22,456</u>	<u>276,308</u>	<u>1,453</u>	<u>4,155</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>281,916</u>
Total liabilities and fund balance	\$ 548,778	\$ 22,456	\$ 571,234	\$ 1,453	\$ 81,767	\$ -	\$ -	\$ -	\$ 654,454

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

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

RECONCILIATION OF THE BALANCE SHEET - ALL GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
June 30, 2018

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

Fund balances - total governmental funds	\$	281,916
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		115,757
Difference between expected and actual pension experience		5,360
Net change in pension assumptions		871,727
Net change in proportionate share of pension liability		97,358
Contributions to OPEB subsequent to the measurement date		16,656
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Net pension liability		(2,986,189)
Net OPEB liability		(876,879)
Deferred inflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Difference between expected and actual pension experience		(46,005)
Net difference between projected and actual investment earnings on pension plan investm		(410)
Net change in proportionate share of pension liability		(1,477)
Difference between expected and actual OPEB experience		(33,650)
Net difference between projected and actual investment earnings on OPEB plan investme		(12,615)
Net change in OPEB assumptions		<u>(153,311)</u>
Net position of governmental activities	\$	<u>(2,721,762)</u>

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

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balance
 Year Ended June 30, 2018

	General Funds			Special Revenue Funds			Total Non-Major Special Revenue Funds	Capital Projects Fund	Total Governmental Funds
	Operational Fund #11000	Instructional Materials Fund #14000	General Fund	Activities Fund #23000	Entitlement IDEA-B Fund #24106	Libraries GO Bond 2012 Fund #27107		Capital Improvements SB-9 Fund #31700	
Revenues:									
Intergovernmental - federal grants	-	-	\$ -	\$ -	\$ 102,147	\$ -	\$ 102,147	\$ -	\$ 102,147
Intergovernmental - state grants	3,080,403	15,698	3,096,101	-	-	-	-	-	3,096,101
Charges for services	-	-	-	1,447	-	-	1,447	-	1,447
Total revenues	<u>3,080,403</u>	<u>15,698</u>	<u>3,096,101</u>	<u>1,447</u>	<u>102,147</u>	<u>-</u>	<u>103,594</u>	<u>-</u>	<u>3,199,695</u>
Expenditures:									
Current:									
Instruction	2,217,990	823	2,218,813	989	-	-	989	-	2,219,802
Support services:									
Students	78,486	-	78,486	-	97,992	-	97,992	-	176,478
Instruction	42,393	-	42,393	-	-	-	-	-	42,393
General Administration	167,614	-	167,614	-	-	-	-	-	167,614
School Administration	118,641	-	118,641	-	-	-	-	-	118,641
Central Services	76,773	-	76,773	-	-	-	-	-	76,773
Operation & Maintenance of Plant	94,838	-	94,838	-	-	-	-	-	94,838
Total expenditures	<u>2,796,735</u>	<u>823</u>	<u>2,797,558</u>	<u>989</u>	<u>97,992</u>	<u>-</u>	<u>98,981</u>	<u>-</u>	<u>2,896,539</u>
<i>Excess of revenues over expenditures</i>	283,668	14,875	298,543	458	4,155	-	4,613	-	303,156
Fund balance (deficit) at beginning 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>
Fund balance at end of the year	<u>\$ 253,852</u>	<u>\$ 22,456</u>	<u>\$ 276,308</u>	<u>\$ 1,453</u>	<u>\$ 4,155</u>	<u>\$ -</u>	<u>\$ 5,608</u>	<u>\$ -</u>	<u>\$ 281,916</u>

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

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY CHARTER SCHOOL
 (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, 2018

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

Net change in fund balance - total governmental funds	\$	303,156
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		115,757
Deferred contributions to OPEB plan		16,656
Pension expense		(560,487)
OPEB expense		<u>(34,865)</u>
Change in net position of governmental activities	\$	<u>(159,783)</u>

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

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 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.

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.

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY CHARTER SCHOOL
 (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, 2018

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 3,051,730	\$ 3,056,839	\$ 3,056,182	\$ (657)
Expenditures:				
Current:				
Instruction	2,496,572	2,436,191	2,118,704	317,487
Support services:				
Students	56,900	99,201	81,358	17,843
Instruction	47,045	55,850	45,933	9,917
General Administration	152,620	176,623	172,812	3,811
School Administration	130,909	130,909	118,265	12,644
Central Services	76,800	76,800	71,662	5,138
Operation & Maintenance of Plant	100,884	100,884	94,294	6,590
Total expenditures	3,061,730	3,076,458	2,703,028	373,430
<i>Excess (deficiency) of revenues over expenditures</i>	(10,000)	(19,619)	353,154	372,773
<i>Beginning cash balance budgeted</i>	10,000	19,619	-	(19,619)
Fund balance (deficit) at beginning of the year	-	-	(29,816)	(29,816)
Fund balance at end of the year	\$ -	\$ -	323,338	\$ 323,338
RECONCILIATION TO GAAP BASIS:				
Change in payables			(69,486)	
Fund balance (deficit) at end of the year (GAAP basis)			\$ 253,852	

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY CHARTER SCHOOL
 (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, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		<u>Positive</u> <u>(Negative)</u>
Revenues:				
Intergovernmental - state grants	\$ 13,900	\$ 13,900	\$ 15,698	\$ 1,798
Expenditures:				
Current:				
Instruction	13,900	21,481	823	20,658
<i>Excess (deficiency) of revenues over expenditures</i>	-	(7,581)	14,875	22,456
<i>Beginning cash balance budgeted</i>	-	7,581	-	(7,581)
Fund balance at beginning of the year	-	-	7,581	7,581
Fund balance at end of the year	\$ -	\$ -	22,456	\$ 22,456
RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 22,456	

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY CHARTER SCHOOL
 (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, 2018**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Charges for services	\$ -	\$ -	\$ 1,446	\$ 1,446
Expenditures:				
Current:				
Instruction	-	1,295	1,288	7
<i>Excess (deficiency) of revenues over expenditures</i>	-	(1,295)	158	1,453
<i>Beginning cash balance budgeted</i>	-	1,295	-	(1,295)
Fund balance at beginning of the year	-	-	995	995
Fund balance at end of the year	\$ -	\$ -	1,153	\$ 1,153
RECONCILIATION TO GAAP BASIS:				
Change in payables			300	
Fund balance at end of the year (GAAP basis)			\$ 1,453	

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

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY CHARTER SCHOOL
 (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, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ -	\$ 49,690	\$ 49,690
Contributions - private grants	102,147	102,147	-	(102,147)
Total revenues	102,147	102,147	49,690	(52,457)
Expenditures:				
Current:				
Support services:				
Students	102,147	102,147	102,147	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(52,457)	(52,457)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(52,457)	\$ (52,457)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			52,457	
Change in payables			4,155	
Fund balance at end of the year (GAAP basis)			\$ 4,155	

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

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY CHARTER SCHOOL
 (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, 2018**

	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)			\$ -	

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

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY CHARTER SCHOOL

CAPITAL IMPROVEMENTS SB-9 FUND - NO. 31700

**Schedule of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - state grants	\$ 44,582	\$ 60,056	\$ -	\$ (60,056)
Expenditures:				
Current:				
Support services:				
Operation & Maintenance of Plant	44,582	60,056	-	60,056
<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

(COMPONENT UNIT)
(STATE REQUIRED DISCLOSURES)

Supplemental schedules required by the State of
New Mexico to provide additional analysis.

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY CHARTER SCHOOL

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2018

	<u>Citizens Bank</u>
Cash on deposit at June 30, 2018:	
Checking and savings	\$ 484,361
Less: FDIC coverage	<u>(250,000)</u>
Uninsured funds	<u>\$ 234,361</u>
Amount requiring pledged collateral:	
50% collateral requirement	\$ 117,181
Pledged collateral	<u>994,600</u>
Excess (deficiency) of pledged collateral	<u>\$ 1,052,419</u>

Pledged collateral of financial institutions consists of the following at June 30, 2018

<u>Citizens Bank:</u>	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
FHLB	9/13/2024	3130A2UW4	<u>\$ 994,600</u>

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

STATE OF NEW MEXICO
NEW MEXICO VIRTUAL ACADEMY CHARTER SCHOOL

CASH RECONCILIATION
Year Ended June 30, 2018

	<u>Beginning Cash</u>	<u>Receipts</u>	<u>Distributions</u>	<u>Other</u>	<u>Net Cash End of Period</u>	<u>Adjustments to the report</u>	<u>Total Cash on Report</u>	
Operations	\$ 154,659	\$ 3,056,181	\$ 2,703,027	\$ 16,744	\$ 524,557	\$ (77,612)	\$ 446,945	
Instructional Materials	7,581	15,698	823	-	22,456	-	22,456	
Activity Funds	1,295	1,446	1,288	-	1,453	-	1,453	
Federal Flowthrough Funds	(25,662)	49,690	102,147	507	(77,612)	77,612	-	
Total	<u>\$ 137,873</u>	<u>\$ 3,123,015</u>	<u>\$ 2,807,285</u>	<u>\$ 17,251</u>	<u>\$ 470,854</u>	<u>\$ -</u>	<u>\$ 470,854</u>	
<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>					
Operational	Checking	Citizens	<u>\$ 484,361</u>	Adjustments to cash:				
				Bank Balance				\$ 484,361
				Outstanding deposits				-
				Outstanding checks				(13,507)
				Errors				-
				Total adjusted cash				<u>\$ 470,854</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 199

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 207

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

§

DEBT CAPACITY

Page 213

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 216

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 219

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)

	2009		2010		2011		2012		2013
Governmental Activities									
Net investment in capital assets	\$ 26,012,989	\$	44,326,970	\$	44,134,648	\$	41,429,758	\$	87,888,998
Restricted	13,551,499		15,247,416		15,877,450		15,416,710		17,180,682
Unrestricted	34,891,564		17,178,375		21,449,047		22,960,900		24,352,282
Total governmental activities net position	<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>	<u>\$</u>	<u>129,421,962</u>

	2014		2015		2016		2017		2018
Governmental Activities									
Net investment in capital assets	\$ 97,274,871	\$	105,039,068	\$	89,528,046	\$	139,517,254	\$	138,081,745
Restricted	18,167,016		24,781,118		51,226,513		19,496,768		26,459,741
Unrestricted	22,634,154		(102,994,068)		(90,715,061)		(117,826,116)		(159,994,947)
Total governmental activities net position	<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>	<u>\$</u>	<u>4,546,539</u>

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

Note: GASB 68 Pension liability recorded beginning in 2015

Note: GASB 75 OPEB liability recorded beginning in 2018

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)

	2009	2010	2011	2012	2013
Expenses					
Governmental Activities:					
Instruction	\$ 51,556,881	\$ 52,940,094	\$ 50,181,718	\$ 48,705,662	\$ 50,490,205
Support services:	27,915,022	19,176,000	22,424,212		
Students				10,524,749	10,256,813
Instruction - support				1,733,137	2,166,682
General Administrative				1,181,832	1,189,237
School Administrative				4,463,277	6,443,991
Central Services				799,198	477,143
Operations & Maintenance of Plant				7,608,853	7,627,858
Student Transportation	3,023,738	3,206,068	2,760,952	3,108,422	3,154,396
Other support services				109,193	73,326
Non-instructional services:					
Food services	3,113,562	3,134,259	3,495,334	3,873,724	3,843,284
Community services				134,934	13,502
Bond Interest Payable					
Facilities, supplies and materials				11,950,619	9,217,681
Depreciation - unallocated				3,171,107	1,639,781
Operation of non-instructional services	1,852,097	17,149,315	14,373,083		
Athletics	304,874	366,917	280,813		
Interest on long-term obligations	1,099,819	1,320,460	1,001,828	1,194,295	1,373,015
Refunds					
Total governmental activities expenses	<u>\$ 88,865,993</u>	<u>\$ 97,293,113</u>	<u>\$ 94,517,940</u>	<u>\$ 98,559,002</u>	<u>\$ 97,966,914</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 874,480	\$ 721,172	\$ 841,094	\$ 740,797	\$ 910,475
Food Services	1,118,605	836,626	872,545	940,227	906,651
Operating grants and contributions	11,739,989	18,451,821	16,238,340	12,483,985	12,844,998
Capital grants and contributions	15,789	414,564	226,196	16,536	242,271
Total governmental activities program revenues	<u>\$ 13,748,863</u>	<u>\$ 20,424,183</u>	<u>\$ 18,178,175</u>	<u>\$ 14,181,545</u>	<u>\$ 14,904,395</u>
Net (expense)/revenue					
Governmental activities	<u>\$ 75,117,130</u>	<u>\$ 76,868,930</u>	<u>\$ 76,339,765</u>	<u>\$ 84,377,457</u>	<u>\$ 83,062,519</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)

	2014	2015	2016	2017	2018
Expenses					
Governmental Activities:					
Instruction	\$ 56,300,845	\$ 63,425,766	\$ 44,969,217	\$ 67,974,302	\$ 85,009,241
Support services:					
Students	10,934,607	12,557,987	11,530,356	12,021,053	12,067,974
Instruction - support	1,782,540	1,916,013	1,753,666	1,083,434	1,101,248
General Administrative	1,474,637	1,460,323	1,454,979	1,736,695	1,746,195
School Administrative	5,117,842	5,326,590	5,699,925	5,290,922	5,889,246
Central Services	859,423	1,484,713	1,287,846	1,198,927	1,194,223
Operations & Maintenance of Plant	4,194,480	15,893,619	24,372,188	15,185,927	18,364,623
Student Transportation	3,082,206	4,317,667	3,418,076	2,732,618	2,996,842
Other support services	91,023	93,603	25,774	7,678	4,456
Non-instructional services:					
Food services	4,018,871	4,402,077	4,802,086	4,862,251	4,922,690
Community services	7,408	8,332	56,904	11,345	8,922
Bond Interest Payable					
Facilities, supplies and materials	3,046,988				
Depreciation - unallocated	4,025,893				
Operation of non-instructional services					
Athletics					
Interest on long-term obligations	1,106,616	1,534,093	2,162,706	2,235,099	2,207,630
Refunds				211,546	-
Total governmental activities expenses	<u>\$ 96,043,379</u>	<u>\$ 112,420,783</u>	<u>\$ 101,533,723</u>	<u>\$ 114,551,797</u>	<u>\$ 135,513,290</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 1,061,757	\$ 829,598	\$ 1,045,498	\$ 812,746	\$ 822,994
Food Services	884,881	811,223	921,586	815,159	522,852
Operating grants and contributions	13,334,879	19,138,864	17,181,976	16,352,428	17,066,457
Capital grants and contributions	1,255,020	11,982,223	15,336,594	19,082,712	6,966,441
Total governmental activities program revenues	<u>\$ 16,536,537</u>	<u>\$ 32,761,908</u>	<u>\$ 34,485,654</u>	<u>\$ 37,063,045</u>	<u>\$ 25,378,744</u>
Net (expense)/revenue					
Governmental activities	<u>\$ 79,506,842</u>	<u>\$ 79,658,875</u>	<u>\$ 67,048,069</u>	<u>\$ 77,488,752</u>	<u>\$ 110,134,546</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)

	2009	2010	2011	2012	2013
Net (expense)/revenue					
Governmental activities	\$ 75,117,130	\$ 76,868,930	\$ 76,339,765	\$ 84,377,457	\$ 83,062,519
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes, general purpose	\$ 606,564	\$ 590,775	\$ 583,549	\$ 571,308	\$ 579,898
Property taxes, debt service	10,858,918	10,554,810	9,983,458	11,156,818	10,762,854
Property taxes, capital projects	2,889,531	2,787,701	3,136,308	2,510,503	2,892,633
Oil & Gas					
Unrestricted grants and contributions	71,133,055	64,409,185	67,228,446	68,459,802	70,013,110
Miscellaneous Income	118,635	330,227	116,388	25,249	23,467
Gain/(Loss) on sale of capital assets	-	492,941	-		
Total government activities	\$ 85,606,703	\$ 79,165,639	\$ 81,048,149	\$ 82,723,680	\$ 84,271,962
Change in Net Position					
Governmental activities	\$ 10,489,573	\$ 2,296,709	\$ 4,708,384	\$ (1,653,777)	\$ 1,209,443

	2014	2015	2016	2017	2018
Net (expense)/revenue					
Governmental activities	\$ 79,506,842	\$ 79,658,875	\$ 67,048,069	\$ 77,488,752	\$ 110,134,546
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes, general purpose	\$ 590,888	\$ 528,737	\$ 540,502	\$ 551,471	\$ 558,562
Property taxes, debt service	11,034,174	9,794,142	9,950,029	2,814,485	10,794,816
Property taxes, capital projects	2,942,681	3,524,200	3,173,781	10,607,097	2,858,482
Oil & Gas					
Unrestricted grants and contributions	73,575,299	75,837,173	75,897,873	72,116,655	75,622,445
Miscellaneous Income	17,879	256,983	85,434	305,034	251,914
Gain/(Loss) on sale of capital assets		(240,758)	-	-	-
Total government activities	\$ 88,160,921	\$ 91,139,907	\$ 90,261,449	\$ 86,989,289	\$ 90,596,823
Change in Net Position					
Governmental activities	\$ 8,654,079	\$ 11,481,032	\$ 23,213,380	\$ 9,500,537	\$ (19,537,723)

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

	2009	2010	2011	2012	2013
General Fund					
Unassigned	\$ 5,239,278	\$ 5,318,316	\$ 9,384,014	\$ 10,714,472	\$ 12,179,526
Inventories					
Total general fund	<u>5,239,278</u>	<u>5,318,316</u>	<u>9,384,014</u>	<u>10,714,472</u>	<u>12,179,526</u>
All other governmental funds					
Unassigned	\$ -	\$ -	\$ -	\$ -	\$ -
Inventories	-	-	-	-	-
Restricted:					
Special revenue funds	750,723	924,709	1,094,888	1,225,957	1,453,776
Capital projects funds	18,385,461	11,157,362	20,427,036	25,286,190	10,016,368
Debt service funds	12,800,776	10,652,904	10,779,975	10,911,578	12,248,617
Total all other governmental funds	<u>31,936,960</u>	<u>22,734,975</u>	<u>32,301,899</u>	<u>37,423,725</u>	<u>23,718,761</u>
Total fund balance	<u>\$ 37,176,238</u>	<u>\$ 28,053,291</u>	<u>\$ 41,685,913</u>	<u>\$ 48,138,197</u>	<u>\$ 35,898,287</u>

	2014	2015	2016	2017	2018
General Fund					
Unassigned	\$ 9,665,269	\$ 8,135,166	\$ 6,671,858	\$ 4,743,157	\$ 6,915,798
Inventories		\$ 138,041	134,821	120,499	104,400
Total general fund	<u>9,665,269</u>	<u>8,273,207</u>	<u>6,806,679</u>	<u>4,863,656</u>	<u>7,020,198</u>
All other governmental funds					
Unassigned	\$ -	\$ -	\$ -	\$ (5,586)	\$ -
Inventories	-	-	-	81,619	122,358
Restricted:					
Special revenue funds	1,787,908	1,803,991	1,622,470	1,426,681	1,786,378
Capital projects funds	28,055,811	8,720,466	32,703,331	11,406,417	110,040,526
Debt service funds	14,208,070	14,118,620	16,765,891	13,627,652	13,478,972
Total all other governmental funds	<u>44,051,789</u>	<u>24,643,077</u>	<u>51,091,692</u>	<u>26,536,783</u>	<u>125,428,234</u>
Total fund balance	<u>\$ 53,717,058</u>	<u>\$ 32,916,284</u>	<u>\$ 57,898,371</u>	<u>\$ 31,400,439</u>	<u>\$ 132,448,432</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)

	2009	2010	2011	2012	2013
Revenues					
Federal Sources:					
Federal grants	\$ 10,340,525	\$ 18,117,216	\$ 15,572,955	\$ 11,724,519	\$ 11,305,163
Total federal sources	10,340,525	18,117,216	15,572,955	11,724,519	11,305,163
State Sources:					
State equalization guarantee	67,158,187	60,836,533	64,288,193	65,310,556	66,548,033
Transportation	2,766,260	3,158,507	2,520,300	2,698,211	2,769,972
State instructional materials	1,208,608	414,145	419,953	451,035	695,105
State grants	1,410,172	749,169	891,581	542,632	1,539,869
Total state sources	72,543,227	65,158,354	68,120,027	69,002,434	71,552,979
Local Sources:					
District school tax levy	13,327,597	13,357,629	13,474,931	13,782,009	13,986,761
Fees and activities	1,935,504	1,557,798	1,713,639	1,679,873	1,817,126
Earnings from investments	118,635	330,227	116,388	24,150	23,467
Other revenue	57,581	-	-	235,620	242,237
Total local sources	15,439,317	15,245,654	15,304,958	15,721,652	16,069,591
Total revenues	\$ 98,323,069	\$ 98,521,224	\$ 98,997,940	\$ 96,448,605	\$ 98,927,733
Expenditures					
Instruction	\$ 50,606,964	\$ 50,753,301	\$ 48,611,814	\$ 48,645,538	\$ 50,500,144
Support services:	27,457,142	18,854,030	18,292,277		
Students				10,484,641	10,211,974
Instruction - support				1,692,426	2,128,788
General Administrative				1,365,643	1,404,004
School Administrative				4,416,577	4,688,741
Central Services				789,070	468,282
Operations & Maintenance of Plant				7,664,410	7,607,882
Student Transportation	2,517,478	2,683,042	2,679,202	2,729,501	2,783,702
Other support services				97,296	57,034
Non-instructional services:					
Food services	3,079,811	3,099,390	3,490,358	3,845,948	3,820,888
Community services	-	-	-	134,934	13,502
Operation of non-instructional services	259,590	10,385,256	9,855,378	-	-
Athletics	220,497	279,746	263,334	-	-
Capital outlay	13,604,850	9,858,461	10,312,236	19,420,335	17,539,355
Debt service:					
Principal	6,815,735	10,861,286	14,305,648	9,044,230	8,598,102
Interest	998,752	1,362,600	1,100,745	1,218,681	1,345,245
Capital lease issuance costs	116,716	-	-	106,313	-
Total expenditures	\$ 105,677,535	\$ 108,137,112	\$ 108,910,992	\$ 111,655,543	\$ 111,167,643
Revenues over (under) expenditures	\$ (7,354,466)	\$ (9,615,888)	\$ (9,913,052)	\$ (15,206,938)	\$ (12,239,910)
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	4,500,000	-	-	6,750,000	-
Payments to refunded debt escrow	-	-	-	-	-
Total other financing sources (uses)	\$ 20,814,243	\$ 492,941	\$ 23,545,674	\$ 21,659,222	\$ -
Net Change in Fund Balances	\$ 13,459,777	\$ (9,122,947)	\$ 13,632,622	\$ 6,452,284	\$ (12,239,910)
Debt Service as a Percentage of Noncapital Expenditures	8.5%	11.7%	14.6%	9.9%	9.7%

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

Note - The District recomputed the percentage using the capitalized expenditures (capital asset additions) and not the capital outlay amount.

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

(cont'd; 1 of 2)

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

	2014	2015	2016	2017	2018
Revenues					
Federal Sources:					
Federal grants	\$ 11,505,683	\$ 12,899,475	\$ 12,016,822	\$ 11,484,316	\$ 11,917,824
Total federal sources	11,505,683	12,899,475	12,016,822	11,484,316	11,917,824
State Sources:					
State equalization quantee	69,945,424	74,607,143	75,496,685	72,051,469	75,622,445
Transportation	2,877,620	3,178,562	2,830,628	2,532,756	2,856,023
State instructional materials	752,255	778,480	778,264	768,191	345,047
State grants	2,440,227	14,435,313	16,861,994	20,527,767	8,750,972
Total state sources	76,015,526	92,999,498	95,967,571	95,880,183	87,574,487
Local Sources:					
District school tax levy	14,400,614	14,771,824	14,189,088	14,497,486	14,693,025
Fees and activities	1,946,638	1,640,821	1,967,084	1,627,905	1,345,846
Earnings from investments	17,879	8,257	30,862	121,838	59,985
Other revenue	643,989	1,308,013	486,622	370,492	354,961
Total local sources	17,009,120	17,728,915	16,673,656	16,617,721	16,453,817
Total revenues	\$ 104,530,329	\$ 123,627,888	\$ 124,658,049	\$ 123,982,220	\$ 115,946,128
Expenditures					
Instruction	\$ 56,171,307	\$ 59,071,009	\$ 58,657,865	\$ 56,969,232	\$ 54,463,988
Support services:					
Students	10,923,048	11,995,208	11,519,452	11,415,346	11,598,818
Instruction - support	1,782,540	1,884,372	1,729,713	1,130,118	1,054,104
General Administrative	1,679,249	1,394,879	1,428,319	1,649,188	1,678,310
School Administrative	5,103,738	5,087,882	5,687,386	5,024,327	5,660,295
Central Services	853,221	1,418,176	1,281,644	1,138,516	1,147,796
Operations & Maintenance of Plant	8,256,411	15,181,355	18,079,740	14,420,751	16,984,637
Student Transportation	4,122,683	4,124,173	2,924,893	2,594,929	2,880,336
Other support services	91,023	89,408	25,774	7,291	4,283
Non-instructional services:					
Food services	4,025,369	4,204,800	4,656,749	4,617,256	4,731,315
Community services	7,408	7,959	8,402	10,773	8,575
Operation of non-instructional services	-	-	-	-	-
Athletics	-	-	-	-	-
Capital outlay	14,939,280	29,135,384	27,254,511	37,369,387	18,513,249
Debt service:					
Principal	7,985,000	9,400,000	8,375,000	11,200,000	10,830,000
Interest	1,224,129	1,434,057	2,105,108	2,721,492	2,509,851
Capital lease issuance costs	33,265	-	388,470	-	302,578
Total expenditures	\$ 117,197,671	\$ 144,428,662	\$ 144,123,026	\$ 150,268,606	\$ 132,368,135
Revenues over (under) expenditures	\$ (12,667,342)	\$ (20,800,774)	\$ (19,464,977)	\$ (26,286,386)	\$ (16,422,007)
Other Financing Sources (Uses)					
Sale of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds issued	33,530,000	-	41,700,000	-	18,470,000
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)	\$ 18,470,000
Net Change in Fund Balances	\$ 17,818,771	\$ (20,800,774)	\$ 24,982,087	\$ (26,497,932)	\$ 2,047,993
Debt Service as a Percentage of Noncapital Expenditures	9.2%	9.4%	9.0%	12.3%	11.7%

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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
2018	1,682,524,039	77,992,122	61,512,537	1,822,028,698	294,022,486	1,528,006,212	4,584,477,084	9.946

¹ The assessed values are 33 1/3% of actual taxable value, as set by New Mexico statute.

Source: State of New Mexico, Taxation and Revenue Department Property Tax Division, and Office of San Juan County Assessor.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION MILLAGE RATES
 LAST TEN FISCAL YEARS

Fiscal Year		Farmington Municipal Schools Millage Rates					Overlapping Millage Rates				
		Operational	Debt Service	Capital Improvement	Ed Tech Debt Service	Total Direct Rate	State Debt Service	San Juan County	City of Farmington	San Juan College	Total Direct & Overlapping
2018	City of Farmington Residential	0.327	5.390	2.000	2.056	9.773	1.360	6.700	1.425	3.992	23.250
	City of Farmington Commercial/Oil & Gas	0.500	5.390	2.000	2.056	9.946	1.360	8.500	2.225	5.100	27.131
	San Juan County Residential	0.327	5.390	2.000	2.056	9.773	1.360	6.700	0.000	3.992	21.825
	San Juan County Commercial/Oil & Gas	0.500	5.390	2.000	2.056	9.946	1.360	8.500	0.000	5.100	24.906
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

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION MILLAGE RATES
 LAST TEN FISCAL YEARS

Fiscal Year		Farmington Municipal Schools Millage Rates					Overlapping Millage Rates				
		Operational	Debt Service	Capital Improvement	Ed Tech Debt Service	Total Direct Rate	State Debt Service	San Juan County	City of Farmington	San Juan College	Total Direct & Overlapping
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)											
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

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

	2018 Assessed Valuation	G/O Debt Outstanding	Percent Applicable	Amount
<u>Overlapping Debt</u>				
State of New Mexico	\$ 60,802,028,562	\$ 411,525,000	2.51%	\$ 10,341,970
San Juan County	3,633,642,310	-	42.05%	-
San Juan College	3,633,641,310	9,560,000	42.05%	4,020,138
City of Farmington	1,193,371,174	-	100.00%	-
Total Overlapping Debt				<u>14,362,108</u>
<u>Direct Debt</u>				
Farmington Schools	1,528,006,212	87,340,000	100.00%	87,340,000
Total Direct and Overlapping Debt				<u><u>\$ 101,702,107.98</u></u>

Percent Applicable is calculated based on Assessed Valuation (i.e. Farmington Municipal Schools AV / State of NM AV = 2.51%)

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

Taxpayer	Type of Business	2018			2008		
		Assessed Valuation	Rank	Percentage of Assessed Valuation	Assessed Valuation	Rank	Percentage of Assessed Valuation
San Regional Medical Center	Healthcare	\$ 10,130,803	1	0.70%			
Animas Valley Mall LLC	Retail	9,999,194	2	0.70%	22,540,257	4	1.57%
Compressor Systems Inc.	Oil Field Services	9,938,063	3	0.70%			
Transwestern Pipeline	Pipeline	9,458,823	4	0.60%			
Animas Valley Land & Water Co.	Real Estate	8,824,554	5	0.60%			
XTO Energy Inc.	Oil Field Services	8,527,394	6	0.60%	12,292,269	9	0.85%
Gas Company of New Mexico	Utility	6,713,816	7	0.40%			
Enterprise Field Services LLC	Oil Field Services	5,231,423	8	0.37%	16,363,543	7	1.14%
Chrch Pinon Hills Community	Real Estate	4,720,859	9	0.30%			0.00%
Dugan Production Corp	Oil Field Services	3,801,604	10	0.20%			
Transwestern Pipeline	Pipeline				32,948,246	1	2.29%
Compression Systems	Oil & Gas Services				24,096,379	2	0.00%
Qwest	Communications				24,089,788	3	1.67%
Burlington Resources	Oil & Gas Services				17,965,692	5	0.00%
Alltel	Communications				17,856,824	6	1.24%
PNM Gas Services	Utility				14,845,614	8	1.03%
EES Leasing	Property				11,811,850	10	0.82%
Total		\$ 77,346,533		5.18%	\$ 187,032,811		11.06%
District's Assessed Valuation		\$ 1,528,006,212		100.00%	\$ 1,439,118,979		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
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%	325,333	13,708,059	96.04%
2018	14,210,750	13,658,912	96.1%	-	13,660,278	96.13%

Source: San Juan County Treasurer.

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOLS DISTRICT NO. 5
 OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS

	<u>Governmental Activities</u>				
	General		Total	Percentage	Per
	Obligation		Primary	of Personal	Capita ²
	<u>Bonds</u>		<u>Government</u>	<u>Income²</u>	
2007	\$ 34,673,090	\$	34,673,090	2.291%	676
2008	30,660,417		30,660,417	1.706%	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	1625
2018	90,609,181		90,609,181	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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
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	4.71%	1,333.09
2018	90,609,181	13,270,624	77,338,557	5.19%	1,507.57

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

	2009	2010	2011	2012	2013
Debt Limit	\$ 91,327,232	\$ 82,446,479	\$ 84,749,696	\$ 87,238,742	\$ 85,645,705
Total net debt applicable to limit	<u>44,329,266</u>	<u>33,467,980</u>	<u>41,872,331</u>	<u>53,578,102</u>	<u>44,980,000</u>
Legal debt margin	\$ 46,997,966	\$ 48,978,499	\$ 42,877,365	\$ 33,660,640	\$ 40,665,705
Total net debt applicable to the limit as a percentage of debt limit	49%	41%	49%	61%	53%

	2014	2015	2016	2017	2018
Debt Limit	\$ 88,302,824	\$ 90,429,785	\$ 91,022,616	\$ 89,348,775	\$ 89,666,646
Total net debt applicable to limit	<u>66,975,000</u>	<u>57,575,000</u>	<u>90,900,000</u>	<u>79,700,000</u>	<u>87,340,000</u>
Legal debt margin	\$ 21,327,824	\$ 32,854,785	\$ 122,616	\$ 9,648,775	\$ 2,326,646
Total net debt applicable to the limit as a percentage of debt limit	76%	64%	100%	89%	97%

Legal Debt Limit Calculation for Fiscal Year 2018

Assessed Value	\$ 1,494,444,104
Debt limit (6% of total assessed value)	\$ 89,666,646
Debt applicable to limit: General Obligation Bonds	<u>87,340,000</u>
Legal debt margin	<u>\$ 2,326,646</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	1,379,008,802	26,001	9.10%
2017	52,506	N/A	N/A	8.00%
2018	51,300	N/A	N/A	7.40%

Notes: NA=Not available - 2017 to be released in December 2018

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>	2018			2008		
	<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	1,930	1	3.62%	1,458	1	2.61%
Farmington Municipal School District No.5	1,219	2	3.59%	1,390	2	2.49%
Central Consolidated Schools	1,200	3	2.25%	1,221	3	2.19%
City of Farmington	1,100	4	2.06%	725	6	1.30%
San Juan College	900	5	1.69%	1,015	4	1.82%
San Juan County	770	6	1.44%	621	9	1.11%
Basin Home Health/Basin Coord.	756	7	1.42%	640	8	1.15%
Wal-Mart	655	8	1.23%	718	7	1.29%
Bloomfield Schools	453	9	0.85%			
Raytheon	450	10	0.84%			
BHP Billiton				950	5	1.70%
Arizona Public Service Company				602	10	1.08%
	9,433		19.00%	9,340		16.74%

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction:										
Teachers	623	663	708	710	696	659	651	644	685	681
Instructional Aides	157	179	183	185	178	211	175	184	112	200
Support services:										
Students	169	163	165	123	157	155	155	160	154	166
Instruction - support	18	19	21	23	21	26	23	23	21	22
General Administrative	10	9	9	9	7	11	14	12	13	11
School Administrative	59	50	54	65	50	42	47	47	50	54
Central Services	13	14	14	17	14	11	9	9	11	10
Operations & Maintenance of Plant	104	92	90	97	92	105	90	97	100	100
Student Transportation	63	61	59	58	60	63	64	64	87	95
Food Services Operations	3	3	4	4	4	4	3	4	4	3
Total	1,219	1,253	1,307	1,291	1,279	1,287	1,231	1,244	1,237	1,342

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	Cost Per Pupil Expenses	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2009	10,441	67,490,728	6,464	-2.82%	100,786,596	9,653	644	16.21	48.97%
2010	10,517	61,407,778	5,839	-9.67%	96,050,751	9,133	651	16.16	49.21%
2011	10,572	60,880,957	5,759	-1.37%	91,811,663	8,684	659	16.04	52.58%
2012	10,648	65,213,440	6,124	6.35%	101,592,359	9,541	696	15.30	55.90%
2013	10,686	67,074,652	6,277	2.49%	101,490,733	9,498	710	15.05	55.22%
2014	10,923	72,871,616	6,671	6.29%	104,025,142	9,523	708	15.43	56.08%
2015	11,069	77,800,382	7,029	5.36%	123,498,205	11,157	623	17.77	55.20%
2016	10,928	78,137,653	7,150	1.73%	119,123,975	10,901	708	15.44	57.43%
2017	10,919	75,030,807	6,872	-3.90%	117,795,535	10,788	663	16.47	62.04%
2018	10,958	74,291,727	6,780	-1.34%	112,685,658	10,283	623	17.59	68.65%

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Elementary					
Animas (1963)					
Square Feet	56,678	56,678	56,678	56,678	56,678
Capacity	528	528	528	528	528
Enrollment	422	451	426	445	471
Apache (1956)					
Square Feet	59,712	59,712	59,712	59,712	59,712
Capacity	594	594	594	594	594
Enrollment	498	520	494	472	459
Bluffview (1961)					
Square Feet	61,197	61,197	61,197	61,197	61,197
Capacity	578	578	578	578	578
Enrollment	486	460	427	409	410
Country Club (1959)					
Square Feet	59,164	59,164	59,164	59,164	59,164
Capacity	578	578	578	578	578
Enrollment	524	555	576	555	570
Esperanza (1995)					
Square Feet	79,284	79,284	79,284	79,284	79,284
Capacity	660	660	660	660	660
Enrollment	591	612	612	593	566
Ladera (1963)					
Square Feet	59,159	59,159	59,159	59,159	59,159
Capacity	561	561	561	561	561
Enrollment	584	602	604	595	572
McCormick (1954)					
Square Feet	57,474	57,474	57,474	57,474	66,267
Capacity	578	578	578	578	578
Enrollment	511	497	496	444	429
McKinley (1954)					
Square Feet	73,192	73,192	73,192	73,192	73,192
Capacity	644	644	644	644	644
Enrollment	592	604	583	587	572
Mesa Verde (1963)					
Square Feet	54,131	54,131	54,131	54,131	54,131
Capacity	578	578	578	578	578
Enrollment	585	582	524	502	470
Northeast (1963)					
Square Feet	55,923	55,923	76,928	76,928	76,928
Capacity	578	578	578	580	580
Enrollment	590	564	533	626	631

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Middle School					
Heights (1971)					
Square Feet	88,229	88,229	88,229	88,229	88,229
Capacity	1100	1100	1100	1100	1100
Enrollment	686	700	706	692	704
Hermosa (1960)					
Square Feet	85,849	85,849	94,466	94,466	94,466
Capacity	1025	1025	1025	1025	1025
Enrollment	587	571	583	603	644
Mesa View (1994)					
Square Feet	100,987	100,987	100,987	100,987	100,987
Capacity	1080	1080	1080	1080	1080
Enrollment	594	620	587	544	503
Tibbetts (2014)					
Square Feet	113,217	113,217	113,217	113,217	113,217
Capacity	1160	1160	1160	1160	1160
Enrollment	610	575	587	621	656
High School					
Farmington (1955)					
Square Feet	262,628	262,628	262,628	180,598	317,044
Capacity	2334	2334	2334	2334	2334
Enrollment	1326	1404	1392	1322	1325
Piedra Vista (1998)					
Square Feet	247,138	247,138	247,138	247,138	253,238
Capacity	1821	1821	1821	1821	1821
Enrollment	1368	1379	1412	1430	1401
Rocinante (1996)					
Square Feet	24,187	24,187	24,187	24,187	24,187
Capacity	333	333	333	333	333
Enrollment	172	178	184	207	228
San Juan College HS (2016)					
Square Feet				8,322	8,322
Capacity				88	88
Enrollment				74	148
Preschool					
FS Preschool (1991)					
Square Feet	13,505	13,505	13,505	13,505	13,505
Capacity	92	92	92	92	92
Enrollment	157	147	164	173	168
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

(2 of 2)

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COMPLIANCE SECTION

Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

§

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on the Schedule of Expenditures of
Federal Awards Required By Uniform Guidance

§

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

§

Summary Schedule of Prior Year Audit Findings

§

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

§

Required Disclosure

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

INDEPENDENT AUDITORS' REPORT

Wayne Johnson, State Auditor,
The Board of Education and Audit Committee of
Farmington Municipal Schools District No. 5

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Farmington Municipal Schools District No. 5 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Farmington Municipal Schools District No. 5' basic financial statements, and the combining and individual funds and related budgetary comparisons of Farmington Municipal Schools District No. 5, presented as supplemental information, and have issued our report thereon dated November 10, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered Farmington Municipal Schools District No. 5' 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 Schools District No. 5' internal control. Accordingly, we do not express an opinion on the effectiveness of Farmington Municipal Schools District No. 5' 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 Schools District No. 5' 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 2018-001. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether Farmington Municipal Schools District No. 5' 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 finding 2018-002 through 2018-007.

Wayne Johnson, State Auditor,
The Board of Education and Audit Committee of
Farmington Municipal Schools District No. 5

Farmington Municipal Schools District No. 5' Response to Findings

Farmington Municipal Schools District No. 5' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Farmington Municipal Schools District No. 5' 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 Schools District No. 5' 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 10, 2018



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

Wayne Johnson, State Auditor,
The Board of Education and Audit Committee of
Farmington Municipal Schools District No. 5

Report on Compliance for Each Major Federal Program

We have audited Farmington Municipal Schools District No. 5' 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 Schools District No. 5' major federal programs for the year ended June 30, 2018. Farmington Municipal Schools District No. 5' 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 Schools District No. 5' 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 Schools District No. 5' 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 Schools District No. 5' compliance.

Opinion on Each Major Federal Program

In our opinion, Farmington Municipal Schools 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, 2018.

Wayne Johnson, State Auditor,
The Board of Education and Audit Committee of
Farmington Municipal Schools District No. 5

Report on Internal Control Over Compliance

Management of Farmington Municipal Schools 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 Schools District No. 5' 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 Schools District No. 5' 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 10, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
OF
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

Federal Grantor/Pass - Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed To Subrecipients	Cluster Programs	Federal Expenditures
U.S. Department of Agriculture:					
Pass-Through Program From:					
New Mexico Department of Education:					
<u>Child Nutrition Cluster:</u>					
USDA National School Lunch Program	10.555	21000	-	\$ 2,682,393	
USDA School Breakfast Program	10.553	21000	-	<u>785,293</u>	
Total Child Nutrition Cluster					3,467,686
Fresh Fruits and Vegetables	10.582	24118	-		124,787
USDA Equipment Assist	10.579	24183	-		14,212
New Mexico Human Service Department:					
USDA Commodities Program	10.565	21000	-		<u>296,911</u>
<i>Total U.S. Department of Agriculture</i>					<u>3,903,596</u>
U.S. Department of Interior					
Pass-Through Programs From:					
Office of the Navajo Nation:					
Johnson O'Malley	15.130	25131	-		<u>208,406</u>
U.S. Department of Education:					
Direct Programs:					
Impact Aid Indian Education	84.041	25147	-		7,044
Indian Ed Formula Grant	84.060	25184	-		487,012
Native American Program	84.060	25248	-		<u>216,609</u>
<i>Subtotal Direct Programs</i>					<u>710,665</u>
Pass-Through Programs From:					
New Mexico Department of Education:					
<u>Special Education (IDEA) Cluster:</u>					
Entitlement IDEA-B	84.027	24106	102,147	\$ 2,507,817	
New Mexico Autism	84.027A	24108	-	5,998	
Preschool IDEA-B	84.173A	24109	-	19,386	
IDEA-B Private Schools	84.027	24115	-	117	
IDEA-B Student Success	84.027A	24132	-	15,397	
IDEA-B Stay in School	84.027A	24188	-	<u>99,559</u>	
Total Special Education (IDEA) Cluster					2,648,274
Title I	84.126A	24101	-		2,232,281
Education of Homeless	84.196	24113	-		18,156
21st Century Community Learning Centers	84.287C	24119	-		169,062
Title I - 1003g	84.377	24124	-		470,932
Title III English Language	84.365	24153	-		129,538
Title II Teacher Quality	84.367	24154	-		184,970
Carl D Perkins - JAG	84.048	24171	-		30,000
Carl D Perkins	84.048	24174	-		61,860
Carl D Perkins Secondary Redistribution	84.048	24176	-		16,160
Academic Enrichment	84.424A	24189	-		<u>34,163</u>
<i>Subtotal Pass-Through Programs</i>					<u>5,995,396</u>
<i>Total U.S. Department of Education</i>					<u>6,706,061</u>
Total Expenditures of Federal Awards			<u>\$ 102,147</u>		<u>\$ 10,818,063</u>
Charter School Awards:					
Anansi Charter School					
Entitlement IDEA-B	84.027	24106			<u>\$ 102,147</u>

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



I. SCOPE OF AUDIT PURSUANT TO OMB UNIFORM GRANT GUIDANCE

All federal grant operations of Farmington Municipal Schools (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 May 2018 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 2018 cash and non-cash expenditures to ensure coverage of at least 20% (LOW risk auditee) of federally granted funds. Actual coverage is approximately 34% of total cash and non-cash federal award program expenditures. Total cash expenditures were in the amount of \$10,521,152 and all non-cash expenditures amounted to \$296,911.

MAJOR FEDERAL PROGRAM	CFDA		EXPENDITURE
Cash Assistance:			
Child Nutrition (USDA) Cluster	10.553 & 10.555	21000	\$ 3,467,686
Native American Program	84.060	25184	<u>216,609</u>
Total			<u><u>\$ 3,684,295</u></u>

The District did not have any federal programs considered to be a High-Risk Type A program for the year ended June 30, 2018.

The U.S. Department of Education is the District’s oversight agency for single audit.

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, 2018. 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, 2018, 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.

II. 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, 2018 and the federal awards expended during the year are as follows:

	AMOUNT
Federal Sources	\$ 11,917,825
Indirect costs from federal programs	(91,005)
Unexpended federal sources from current year	(56,814)
Prior year federal sources expended	7,043
Revenues received as vendor	<u>(958,986)</u>
Total Expenditures of Federal Awards	<u><u>\$ 10,818,063</u></u>



III. UNEXPENDED FEDERAL AWARDS

There were federal awards received during the year ended June 30, 2018 that were not expended during the year. These awards will be reported in subsequent years when they have been expended. Those amounts are as follows:

	CFDA #	FUND #	UNEXPENDED AWARDS			
			CARRYOVER FROM PY	2018 AWARDS	EXPENDED	TOTAL UNEXPENDED
Impact Aid Indian Education	84.041	25147	\$ 41,506	\$ -	\$ (7,043)	\$ 34,463
Indian Ed Formula Grant	84.060	25184	-	543,826	(487,012)	56,814
			<u>\$ 41,506</u>	<u>\$ 543,826</u>	<u>\$ (494,055)</u>	<u>\$ 91,277</u>

IV. 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, 2018.

	CFDA #	FUND	RECIEVABLE
Title I	84.010	24101	\$ 794,615
Entitlement IDEA-B	84.027	24106	564,547
New Mexico Autism	84.027A	24108	5,998
IDEA-B Private Schools	84.027	24115	117
Fresh Fruits and Vegetables	10.582	24118	14,885
21st Century Community Learning Centers	84.287C	24119	131,715
Title I SIG - 1003g	84.377	24124	138,362
IDEA-B Student Success	84.027A	24153	31,278
Title III English Language	84.365	24154	302,381
Carl D Perkins - JAG	84.048	24171	30,000
Carl D Perkins Secondary Redistribution	84.048	24176	13,593
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
IDEA-B Stay in School	84.027A	24188	99,558
Academic Enrichment	84.424A	24189	34,163
Johnson O'Malley	15.13	25131	91,166
			<u>\$ 2,272,273</u>

V. INDIRECT COSTS

The District has not elected to use the 10% de minimis indirect cost.



I. SUMMARY OF AUDIT RESULTS

	<u>Yes</u>	<u>No</u>	<u>Occurrences</u>
FINANCIAL STATEMENTS:			
Type of auditor's report issued: <u>Unmodified</u>			
Internal control over financial reporting:			
Material weakness(es) identified?	—	✓	—
Significant deficiency(ies) identified?	✓	—	1
Noncompliance material to financial statements noted?	—	✓	—
FEDERAL AWARDS:			
Internal control over major programs:			
Material weakness(es) identified?	—	✓	—
Significant deficiency(ies) identified?	—	✓	—
Type of auditor's report issued on compliance with major programs: <u>Unmodified</u>			
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?	—	✓	—
The programs treated as major programs include:			
<u>Name of Federal Program or Cluster</u>			<u>CFDA Number</u>
Child Nutrition (USDA) Cluster			10.553 & 10.555
Native American Program			84.060
The threshold for distinguishing types A and B programs: <u>\$750,000</u>			
Auditee qualified as low-risk auditee?	✓	—	



II. FINDINGS RELATED TO FINANCIAL STATEMENTS

2018 – 001 INTERNAL CONTROL STRUCTURE

Significant Deficiency

Condition: During the year ended June 30, 2018, the District recorded revenues in the amount of \$164,166 in Fund 27188. The grant revenues received were for reimbursement of expenditures in fund 27190. The two funds are similar programs but have different requirements for the expenditures. The revenues for the two funds are correct as reported in the financial statements.

Criteria: Per NMAC 6.20.2.11 Internal Control Structure Standards, every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP. Per Section 6-10-57, NMSA 1978 whenever any warrant issued by the state, county, municipality, school district or special district is unpaid for one year after it becomes payable, the fiscal officer shall cancel it.

Cause: Lack of effective internal controls surrounding the financial recording process.

Effect of condition: Misstatements of financial statements and/or possible misappropriation of assets.

Recommendation: We recommend that management ensure that adequate internal controls are established surrounding the financial recording/reporting process. A step in the internal control system should be added that requires a supervisor to review the revenues being recorded to ensure that the correct fund and revenue code is being used. Documentation supporting the revenue entry (i.e. reimbursement request, transmittal letter, grant award) should accompany the entry to facilitate the review.

Management's response: The district will implement a review process before cash receipts are recorded to ensure revenues are being recorded to the correct fund. The request for reimbursement summary from PED will be attached to the cash receipt batch and verified for accuracy by the Comptroller or Chief Financial officer.

Responsible party(ies) for corrective action(s): Chief Financial Officer

Corrective action(s) timeline: Corrective action and training will begin immediately.



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

FARMINGTON MUNICIPAL SCHOOLS (cont'd)

2018 – 002 PURCHASES MADE PRIOR TO APPROVAL (Original No. 2016-003)

(Repeat of prior year finding; updated and revised)

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

Condition: Of the Thirty disbursements tested, two purchases in the amount of \$1,674 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.

Status from prior year: This was a decrease in occurrences from the prior year which had nine occurrences in the amount of \$13,742.

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 avoid 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.



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

FARMINGTON MUNICIPAL SCHOOLS (cont'd)

2018 – 003 LACK OF TIMELY MONITORING OF BUDGET (Original No. 2017-003)
 (Repeat of prior year finding; updated and revised)
Other Matter (Does not rise to the level of significant deficiency)

Condition: There were unfavorable variances between actual and budgeted line item expenditures. The District had two over expenditures of line items at the end of June 30, 2018. The following fund had the unfavorable variance between budgeted amounts at fiscal yearend:

Education for Homeless	Support services	\$ 254
Westmeath Foundation	Instruction	1,866

Status from prior year: This was an increase in occurrences from the prior year which had one occurrence.

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 adjustments requests to PED if needed. Management will begin budget reviews earlier in the spring to ensure budget overages are met within a timely manner to meet PED BAR deadlines. The district will also implement an additional step to rerun reports and verify there are no deficits prior to submitting year end actuals to PED.

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

Timeline for corrective actions: Prior to submitting FY2019 actuals



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

NEW MEXICO VIRTUAL ACADEMY (Component Unit)

2018 – 004 UNTIMELY PAYMENT OF INVOICES (Original No. 2016-005)
 (Repeat of prior year finding; updated and revised)
Other Matter (Does not rise to the level of significant deficiency)

Condition: During the search for unrecorded liabilities we found that there was significant number of invoices that had not been paid within 30 days of the invoice date.

<u>Invoice Date</u>	<u>Ccheck Number</u>	<u>Check Date</u>	<u>Amount</u>	<u># of Days</u>	
4/15/2018	2454	7/5/2018	19,518.00	81	
4/15/2018	2454	7/5/2018	50,429.00	81	
4/15/2018	2454	7/5/2018	7,601.00	81	
4/15/2018	2454	7/5/2018	8,190.00	81	
5/15/2018	2454	7/5/2018	10,290.00	51	
5/15/2018	2454	7/5/2018	5,281.00	51	
5/15/2018	2454	7/5/2018	48,020.00	51	
5/15/2018	2454	7/5/2018	2,610.00	51	
3/1/2018		2470	7/5/2018	4,835.00	126
3/21/2018	n/a		7/25/2018	99.09	126
4/3/2018		2481	8/22/2018	200.00	141

Status from prior year: The prior year had three of the thirty disbursements tested 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: The school policy requires Governing Council approval over certain invoices from specific vendors. The school followed its policies by waiting for governing council approval before approval of those invoices. These invoices were paid as soon as GC approval was obtained. The vendor is aware of these policies in place at the school and were informed when payment could be expected. No late fees were incurred due to any of these late payments. The school pays all bills within 30 days of receiving an invoice. The administrator signs and dates each bill/invoice to show date of receipt and approval, so proper payment processes/controls can be followed.

Person/positions responsible for overseeing corrective actions: Administrator, Business Manager, School Receptionist.

Timeline for corrective actions: The school will continue to adhere to its payments processes that include paying all invoices within 30 days of receipt.

Auditor Rebuttal: Management did not adequately address the finding, since the days are well over 30 days and the invoices listed above are not all the same vendor.



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

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

2018 – 005 BACKGROUND CHECKS (Original No. 2017-006)
(Repeat of prior year finding; updated and revised)
Other Matter (Does not rise to the level of significant deficiency)

Condition: One of the eleven employee files selected for testing had missing background checks. None of the employee files had a form requesting the background check.

Status from prior year: This was a decrease in occurrences from the prior year which had two occurrences.

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: The school will review all employee files to ensure completion of all relevant personnel documents. Proper completion of personnel documents such as I-9s and background checks by responsible staff will be completed to ensure proper controls moving forward. This includes a checklist of the proper documents needs and instructions for completion of each document.

Person/positions responsible for overseeing corrective actions: The school administrative assistant and administrator are responsible for completing and verifying all personnel files.

Timeline for corrective actions: Current personnel files will be reviewed for full completion by the start of the new year December 31, 2019, and full completion/review of any new hire files/documents will be on going.



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

2018 – 006 UNAUTHORIZED TEMPORARY INTER-FUND LOANS (Original No. 2017-007)
 (Repeat of prior year finding; updated and revised)
Other Matter (Does not rise to the level of significant deficiency)

Condition: As of June 30, 2018, there were funds that had overspent their cash balance and were pooled with other funds. The Charter School did have the local governing board’s approval for the interfund loans in the current year, but the Charter School did not record the interfund loans. There was one fund requiring a loan in the prior year. The funds that had unauthorized loans as of June 30, 2018, were as follows:

<u>Fund #</u>	<u>Fund</u>	<u>Cash Deficiency</u>
24106	Entitlement IDEA-B	(77,612)

Status from prior year: 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 form 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.

Management’s response: The governing council has given implied approval of all interfund loans for each reimbursement fund during the budgeting process as it is indicated that those funds must first have expenditures and then requests for reimbursements are made at a later period with operational cash being used to cover those costs. A new process has been put in place during the year’s budgeting & BAR processes. It will be explicitly stated in the minutes that when the governing council approves a reimbursement fund budget , it is giving approval for a temporary loan in the award amount for the entire fiscal year.

Person/positions responsible for overseeing corrective actions: Business Manager, Board Secretary, Administrator.

Timeline for corrective actions: A new process has been put in place during the year’s budgeting & BAR processes, it will be explicitly stated in the minutes that when the governing council approves a reimbursement fund budget, it is giving approval for a temporary loan in the award amount for the entire fiscal year. 11/19/18

Auditor’s rebuttal: The governing council can approve the temporary loan but along with that the Charter School has to make the entry in the general ledger, so that the general ledger matches the reporting the Charter School is reporting to the New Mexico Department of Education. The New Mexico Department of Education does not allow deficit cash balances in the cash report.



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

2018 – 007 MISSING OR INCOMPLETE FORM I-9

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

Condition: two of the eleven employee files selected for testing had incomplete information, one was missing the identity information, and the other one was missing the start date.

Criteria: In accordance with the federal immigration and nationality act section 274A, employees are required to provide their citizenship or legal immigrant status prior to employment.

Cause: The Charter School did not complete the I-9's for two of the employee files tested.

Effect of condition: The Charter School is out of compliance with requirements for the Immigration and Nationality Act.

Recommendation: The Charter School should not employ any individual without prior completion and verification of the Form I-9

Management's response: The school will review all employee files to ensure completion of all relevant personnel documents. Proper completion of personnel documents such as I-9s and background checks by responsible staff will be completed to ensure proper controls moving forward. This includes a checklist of the proper documents needs and instructions for completion of each document.

Person/positions responsible for overseeing corrective actions: The school administrative assistant and administrator are responsible for completing and verifying all personnel files.

Timeline for corrective actions: Current personnel files will be reviewed for full completion by the start of the new year, and full completion/review of any new hire files/documents will be on going. 12/31/18.

III. AUDIT FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were not any findings to be reported.



I. NOT RESOLVED – REPEATED IN THE CURRENT YEAR

FARMINGTON MUNICIPAL SCHOOLS

2016 – 003 PURCHASES MADE PRIOR TO APPROVAL

2017 – 003 LACK OF TIMELY MONITORING OF BUDGET

NEW MEXICO VIRTUAL ACADEMY (Component Unit)

2016 – 005 UNTIMELY PAYMENT OF INVOICES

2017 – 006 BACKGROUND CHECKS

2017 – 007 UNAUTHORIZED TEMPORARY INTER-FUND LOANS

II. RESOLVED

FARMINGTON MUNICIPAL SCHOOLS

2016 – 001 INTERNAL CONTROLS OVER RECEIPTS

NEW MEXICO VIRTUAL ACADEMY (Component Unit)

2016 – 004 PURCHASES MADE PRIOR TO APPROVAL



The independent public accountants assisted in the preparation of the financial statements.

An exit conference was held November 12, 2018 and was attended by the following individuals:

FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5

Mike Isaacson	Vice-President, Board of Education / Audit Committee
Audra Winters	Member, Audit Committee
Eugene Schmidt	Superintendent; Member, Audit Committee
Bobbi Newland	Chief Financial Officer; Member, Audit Committee
Malinda Fowler	Comptroller; Member, Audit Committee

NEW MEXICO VIRTUAL ACADEMY

DeLea Taylor	Member, Governing Board / Member, Audit Committee
Kyle Hunt	Business Manager / Member, Audit Committee

ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA	Partner
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