

**FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Year Ended June 30, 2008**

**Prepared by  
D'rese Sutherland, Assistant Superintendent of Finance  
and  
The Business Office**

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## INTRODUCTORY SECTION

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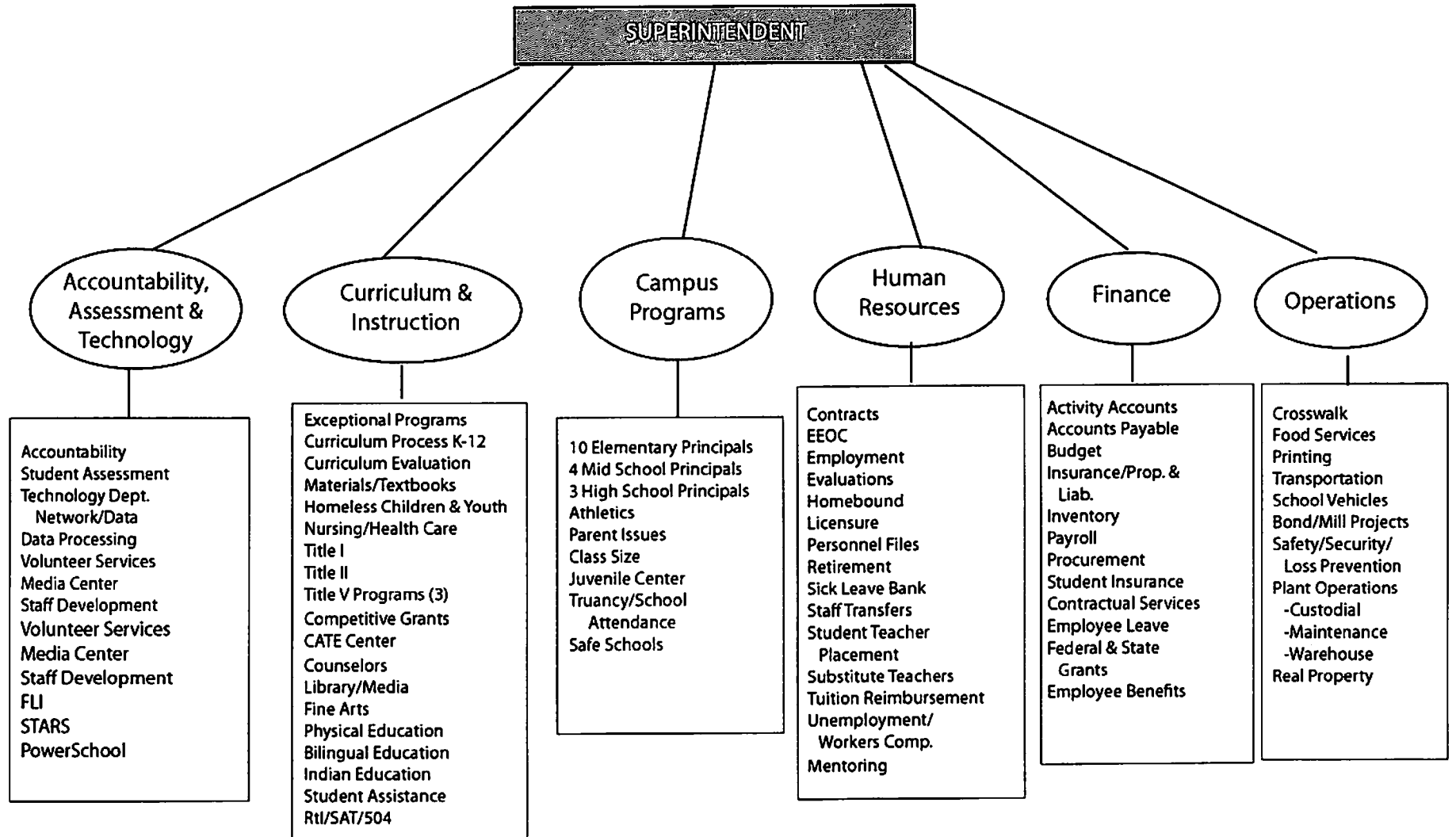
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STATE OF NEW MEXICO  
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
LIST OF PRINCIPAL OFFICIALS  
June 30, 2008

Steve Nelson..... Board President  
Dean Pecotte ..... Board Vice President  
Sandy Schumacher..... Board Secretary  
Mike Isaacson ..... Board Deputy Secretary  
Rod Conover ..... Board Member  
Janel Ryan ..... Superintendent  
Frank Stimac..... Assistant Superintendent of Campus Programs  
James Barfoot..... Assistant Superintendent of Operations  
Mary Lou Sheppeck..... Assistant Superintendent of Human Resources  
Robert Emerson..... Assistant Superintendent of Curriculum and Instruction  
D'rese Sutherland ..... Assistant Superintendent of Finance

Farmington Municipal Schools  
Organizational Structure  
2008-2009



All Assistant Superintendents have final authority to make and enforce decisions for their areas of responsibility.

# 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, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Oliver S. Cox*

President

*Jeffrey R. Emery*

Executive Director

# *FARMINGTON MUNICIPAL SCHOOLS MISSION STATEMENT*

The mission of Farmington Municipal Schools is to provide our students with the knowledge and skills necessary to be successful in a changing environment by providing a system of learning focused on high expectations and continuous improvement.







## Farmington Municipal Schools

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

ADMINISTRATIVE OFFICES

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

October 31, 2008

### **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, 2008.

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, 2008.

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 David Berry, CPA, PC, 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, 2008, 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 unqualified opinion that the Farmington Municipal School

District's financial statements for the fiscal year ended June 30, 2008, 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 sixth largest district in the State with an enrollment of 10,467 students. There are 10 elementary schools, 4 middle schools, an alternative junior-senior 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 30 students.

In addition, there are twelve BIA/private schools, which also operate in the District with approximately 900 students and 218 students approved for home schools.

The District employs 37 administrators, approximately 743 teachers and other professional instructional personnel, 67 student services staff such as counselors, nurses, librarians, etc, and 258 support and administrative staff, maintenance, custodial and bus drivers.

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 19 school sites. The capacity of the school facilities is estimated at 10,000 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 (67). 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 most recent accreditation was in December 2003. The results were favorable for the District.

The District is required by State law to submit to the Public Education Department by April 15 of each year, an estimated budget for the District for the ensuing fiscal year. If the District fails to submit a budget, the Public Education Department must prepare an estimated 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 estimated 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 pages 24-25 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 page 27 and pages 63-122.

### **Factors Affecting Financial Condition**

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

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

**Retail trade.** Farmington is the largest city in the Four Corners area of Colorado, Arizona, Utah and New Mexico. It serves as the retail distribution and service center for an estimated population over 225,000, including the Navajo Nation, the largest Indian reservation in the country. Total retail trade gross receipts in the City represents over 79% of the retail trade gross receipts within San Juan County.





Within the past 2 years, Farmington has seen the addition of a Home Depot, Lowe's, a second Super Wal-Mart and an Ashley Home Furnishings store as well as several smaller franchise businesses.

**Construction** Total new construction has increased over 72% in the past five years.

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



Arizona Public Service Company operates Four Corners Power Plant, a five-unit, 2,050-megawatt coal-fired plant. Located 20 miles west of Farmington, the plant employs 568 full-time and part-time men and women, more than 73 percent of who are members of the Navajo Tribe. The plant payroll is about \$42 million annually. BHP Minerals, Navajo Coal Company provides coal under a long-term agreement. Coal usage is approximately 10 million tons per year. The Plant is one of the largest generating stations in the U.S. The plant is equipped with all necessary pollution control equipment and delivers power through its switchyard to utilities in Arizona, California, New Mexico and Texas. The plant ranks among the lowest in the region for power costs and operating economy.

The Public Service Company of New Mexico ("PNM") operates a four-unit, 1800-megawatt coal-fired plant approximately 15 miles west of Farmington. Known as the San Juan Generating Station, the plant employs 418 full-time employees and an annual payroll of \$26 million. The plant is the largest taxpayer in San Juan County. The plant consists of four coal-fired, pressurized units that generate about 1,800 gross megawatts of electricity to serve PNM's customer base and that of eight other owners. It is the seventh-largest coal-fired generating station in the West. San Juan is PNM's primary generation source, serving 58% of the power needs of PNM customers.

**Oil and Gas Production** The oil and gas industry has been important to the San Juan County economy since the 1920s and between the early 1950s and early 1980s 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 730 million barrels of oil and 19.1 trillion cubic feet of natural gas, according to the State of New Mexico, Department of Energy, Minerals and Natural Resources, Mining and Minerals Division. New Mexico is ranked third nationally in natural gas reserves with approximately 68% located in northwestern New Mexico.

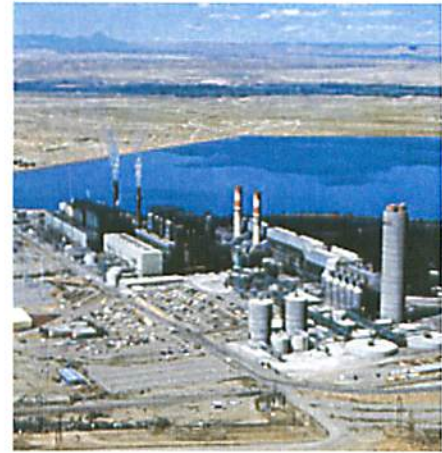
San Juan County has been ranked first in gas production in New Mexico and third in oil production for the past three years and these rankings are not expected to change in the



foreseeable future. Recent exploration for natural gas in coal seams throughout the San Juan Basin has increased potential reserves by as much as 70 trillion cubic feet. Federal tax credits for coal seam gas expired December 31, 1992.

The Oil Conservation Division of the State Energy, Minerals and Natural Resources Department reports 1,235 producing oil wells and 10,940 producing gas wells in San Juan County as of September 2006.

**Coal Mining** The major coal producer in the area is BHP-Utah International, Inc., which owns three large mines producing coal for the Four Corners and San Juan Generating Stations. The Navajo Mine supplies the Four Corners Plant. The San Juan and La Plata Mines, each estimated to have useful lives in excess of twenty years, supply the San Juan Plant. 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. Production is estimated at over 20 million tons of coal per year.



Employment is approximately 910 at all mines (as of December 2006) and the annual payroll is approximately \$65,000,000.

**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. The 2007 farming season has approximately 60,000 acres under cultivation and an additional 40,000 acres still to be developed, bringing the total area to 100,000 acres. NAPI produces high value crops such as potatoes, onions, beans, alfalfa, pumpkins, barley, corn and wheat. The enterprise also includes a 12,000-head feedlot and an industrial park. NAPI employs 150 full-time and 800 seasonal employees. Most of the employees are Navajo with about 33 percent women. NAPI is also involved in several other joint ventures including a bean processing plant, production of Hrbi sod, an orchard, a pallet mill operation, a fresh pack operation and a potato storage facility.



**Medical** The San Juan Medical Center, with 145 acute care beds and 15 skilled nursing beds and has recently completed a \$60 million dollar expansion adding an additional 72 private rooms. The hospital is privately held, a not-for-profit corporation devoted exclusively to the medical needs of San Juan County. San Juan County



Health Department offers free programs in immunization, well baby and family planning, also WIC, testing and education services.



**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 Historic Park (a major Anasazi cultural center during the 12<sup>th</sup> and 13<sup>th</sup> 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 38 percent in the past five years. The Connie Mack Baseball World Championship Tournament is held in Farmington each summer. Navajo rugs, Indian jewelry, paintings and sculpture are available at local trading posts and shops.

The Four Corners Regional Airport, is located 1 ½ miles from downtown Farmington, offering daily flights to Denver, Phoenix and Durango.

**Long-term financial planning.** The Board of Education has established a Career and Technical Education Center in the district to provide students the opportunity to explore different career paths. The center has begun offering auto, welding, and culinary arts. 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 the No Child Left Behind education act and state mandates that result from this reform requiring greater accountability for student success.

**Cash management policies and practices.** Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Treasury, and repurchase agreements. The maturities of the investments ranged from overnight to 3 years. The average yield on investments was 3.25% percent for the district. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair market value of investments that the government intends to hold to maturity.

**Risk Management.** The District is insured through the State of New Mexico with a program established to provide property and liability coverage to governmental units.

The Insurance Authority provides risk-related insurance to the District such as worker's compensation, property and casualty insurance, general automobile and fire insurance, and general liability insurance for the District, its property, its Board members and employees.

Employee training programs are conducted on safety, accident/injury prevention and accident review, as part of the District's continued efforts to improve the safety of the workplace and reduce potential liabilities.

Personal contact is made frequently with any employee out due to a workman's compensation injury to encourage return to work as soon as safely possible.

**Property & Liability**

	<u># of Claims</u>	<u>Net Reserves</u>		<u>Net Payments</u>		<u>Total Incurred</u>
		<u>Loss</u>	<u>Expense</u>	<u>Loss</u>	<u>Expense</u>	
7/1/00- 6/30/01	17	66,164	67,898	24,837	118,661	227,560
7/1/01- 6/30/02	27	48,626	5,900	71,421	175	126,122
7/1/02- 6/30/03	37	245,251	11,200	38,818	510	295,779
7/1/03- 6/30/04	19	36,023	4,450	128,556	1,051	170,079
7/1/04- 6/30/05	117	55,182	157,632	877	16,022	228,837
7/1/05- 6/30/06	106	53,554	88,868	9,585	28,014	180,020
7/1/06- 6/30/07	171	78,246	201,439	18,984	34,113	332,573

**Loss Experience**

The District is responsible for the first \$750 deductible for building contents, and \$15,000 per building (maximum \$60,000) loss. Thereafter, the state pool is responsible for any risk.

Carl Warren & Co., Claims Administrator for the New Mexico Public Insurance Authority as of June 30, 2008, provides this information.



**Worker's Compensation**

	<u>Cumulative Claims</u>	<u>Current Year Claims</u>	<u>Established Reserves</u>	<u>Paid to Date</u>	<u>Reserve Balance</u>	<u>Current Year Payments</u>
June 30, 1997	657	54	\$1,868,378.90	\$1,676,512.40	\$191,866.50	\$144,031.20
June 30, 1998	724	67	\$1,921,920.44	\$1,773,990.45	\$147,929.99	\$ 97,478.05
June 30, 1999	782	58	\$2,009,252.19	\$1,848,691.07	\$115,149.82	\$ 74,700.62
June 30, 2000	826	44	\$2,115,822.13	\$1,991,553.82	\$164,268.31	\$ 67,616.86
June 30, 2001	883	57	\$2,544,440.00	\$2,230,058.14	\$314,381.86	\$202,454.78
June 30, 2003	926	43	\$2,827,651.65	\$2,581,179.52	\$246,472.13	\$247,127.36
June 30, 2004	963	37	\$3,095,675.00	\$3,135,484.52	\$268,023.35	\$305,208.27
June 30, 2005	1180	117	\$3,793,786.01	\$3,410,420.10	\$383,365.91	\$228,837.21
June 30, 2006	1286	106	\$4,018,978.33	\$3,673,368.35	\$345,609.98	\$180,019.87
June 30, 2007	1402	196	\$4,370,385.03	\$4,001,433.38	\$368,951.65	\$204,387.43
June 30, 2008	1573	171	\$11,652,489.31	\$10,882,877.28	\$769,612.03	\$332,573.00

## **RECOGNITION OF STUDENTS, STAFF AND PATRONS**

Mrs. Ryan recognized Mrs. Sutherland and her 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 1999.

## **CURRENT PROJECTS**

On August 29, 2007 voters approved issuing \$25,000,000 in bonds to fund replacement of McKinley Elementary, Phase II of a Career & Technical Center and numerous improvement projects.

The District has received Public School Critical Capital Outlay funds in the amount of \$5,800,000 to help with construction of McKinley 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 David Berry, CPA, PC is included within the Financial Section of this report. The 2007 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, 2007. This was the (15) consecutive year (1993-2007) 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 Steve Nelson and members of the Board of Education for their continuing interest and support in conducting the financial affairs of this school district for the 2007-2008 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,

A handwritten signature in black ink that reads "D'rese Sutherland". The signature is written in a cursive style with a large initial "D" and a long, sweeping underline.

D'rese Sutherland  
Assistant Superintendent of Finance

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**FINANCIAL SECTION**

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Independent Auditor's Report

Farmington Municipal School District No. 5  
Board of Education  
and  
Hector H. Balderas  
New Mexico State Auditor

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Farmington Municipal School District No. 5 (District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 with 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2008, and the respective changes in financial position, thereof, and the budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of the District, as of June 30, 2008, and the respective changes in financial position, thereof and the respective budgetary comparisons for the major capital project funds, debt service funds, and all nonmajor funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, on pages 7 through 15, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. The additional schedules listed as "other supplementary information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information included in the accompanying introductory section and statistical section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subject to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.



Farmington, New Mexico  
October 31, 2008



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

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## Management's Discussion and Analysis

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, 2008. 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 xiv – xxvi.

### Financial Highlights

- The assets of the Farmington Municipal School District exceeded liabilities at the close of the most recent fiscal year by \$63,791,376 (*net assets*). Of this amount, \$33,882,505 (*Unrestricted net assets*) may be used to meet the School District's ongoing obligations.
- As of the close of the current fiscal year, Farmington Municipal School District's governmental funds reported combined ending fund balances of \$23,541,358 a decrease of \$4,616,867 in comparison with the prior year. Approximately 56% of this total amount, \$13,137,637 is *available for spending* at the district's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,859,956 or 6% of the total general fund expenditures.
- The Farmington Municipal School District's total net debt decreased by \$4,045,000 or 12% during the current fiscal year. The district retired \$8,090,000 of debt while issuing new debt in the amount of \$4,750,000

### 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 assets* presents information on all of the Farmington Municipal School District's assets and liabilities, with the difference between the two reported as *net assets*. 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 assets changed during the most recent fiscal year. All changes in net assets 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 19 and 20 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.

**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 other 54 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 (pages 51 - 62).

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 21 – 26 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 statement 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 pages 27 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 29 – 42 of this report.

### **Government-wide Financial Analysis**

As noted earlier, over time, net assets may serve as a useful indicator of a government's financial position. In the case of Farmington Municipal School District, assets exceeded liabilities by \$63,791,376 at the close of the most recent fiscal year.

A portion (59%) of Farmington Municipal School District's net assets 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.

## Farmington Municipal School District's Net Assets

	Governmental Activities		Total	
	FY 2008	FY 2007	FY 2008	FY 2007
Current and other assets	\$ 42,038,820	\$ 42,720,373	\$ 42,038,820	\$ 42,720,373
Capital assets	\$ 60,569,288	\$ 56,118,536	\$ 60,569,288	\$ 56,118,536
Total assets	\$ 102,608,108	\$ 98,838,909	\$ 102,608,108	\$ 98,838,909
Long-term liabilities outstanding	\$ 30,660,417	\$ 34,673,090	\$ 30,660,417	\$ 34,673,090
Other liabilities	\$ 8,156,315	\$ 5,020,612	\$ 8,156,315	\$ 5,020,612
Total liabilities	\$ 38,816,732	\$ 39,693,702	\$ 38,816,732	\$ 39,693,702
Net assets:				
Invested in capital assets, net of related debt	\$ 19,635,558	\$ 21,445,446	\$ 19,635,558	\$ 21,445,446
Restricted	\$ 10,273,313	\$ 10,666,308	\$ 10,273,313	\$ 10,666,308
Unrestricted	\$ 33,882,505	\$ 27,033,453	\$ 33,882,505	\$ 27,033,453
Total net assets	\$ 63,791,376	\$ 59,145,207	\$ 63,791,376	\$ 59,145,207

### Farmington Municipal School District's Net Assets

A large portion of Farmington Municipal School District's net assets (53%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$33,882,505) may be used to meet the district's ongoing obligations.

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

Farmington Municipal School District's net assets increased by \$4,646,169 during the current fiscal year. Almost all of this increase represents the degree to which increases in ongoing revenue have outstripped similar increases in ongoing expenses, most attributable to the increase in state and federal revenues.

**Governmental activities.** Governmental activities increased Farmington Municipal School District's net assets by \$4,646,169. Key elements of this increase are as follows:

- ❖ Property taxes increased both as a result of increase in property values, oil and gas assessments and a restricted tax levy for debt service.
- ❖ Operating grants for governmental activities increased due to the fact that the district received a 6% increase in the amount of state equalization funding and a 21% increase in funds received from the state for transportation of students.

The growth in expenses for the district is the result of an increase of 3% in salaries benefits for staff as well as a 60% growth in capital expenditures. The majority of the capital expenditures were construction projects and for laptops for all middle school students to implement a district initiative using technology as a learning tool in the classroom.

**Farmington Municipal School District's Changes in Net Assets**

	Governmental Activities		Total	
	FY2008	FY2007	FY 2008	FY 2007
<b>Revenues:</b>				
<b>Program Revenues:</b>				
Charges for services	\$ 1,892,468	\$ 1,647,569	\$ 1,892,468	\$ 1,647,569
Operating grants & contributions	\$ 11,066,893	\$ 10,794,422	\$ 11,066,893	\$ 10,794,422
Capital grants & contributions	\$ 434,644	\$ 298,570	\$ 434,644	\$ 298,570
<b>General Revenues:</b>			\$ -	\$ -
Property taxes-general purpose	\$ 552,995	\$ 481,236	\$ 552,995	\$ 481,236
Property taxes-debt service	\$ 10,039,044	\$ 9,941,059	\$ 10,039,044	\$ 9,941,059
Property taxes-capital projects	\$ 2,636,299	\$ 2,296,075	\$ 2,636,299	\$ 2,296,075
<b>Grants and contributions not restricted to specific programs</b>	\$ 68,897,642	\$ 62,759,755	\$ 68,897,642	\$ 62,759,755
<b>Other</b>	\$ 704,280	\$ 1,007,894	\$ 704,280	\$ 1,007,894
<b>Total Revenues</b>	<b>\$ 96,224,265</b>	<b>\$ 89,226,580</b>	<b>\$ 96,224,265</b>	<b>\$ 89,226,580</b>
<b>Expenses:</b>				
Direct instruction	\$ 50,679,984	\$ 48,281,471	\$ 50,679,984	\$ 48,281,471
Support Services	\$ 25,720,684	\$ 25,064,662	\$ 25,720,684	\$ 25,064,662
Operation of non-instruction services	\$ 5,589,905	\$ 5,250,877	\$ 5,589,905	\$ 5,250,877
Food services	\$ 2,805,272	\$ 2,967,794	\$ 2,805,272	\$ 2,967,794
Athletics	\$ 553,966	\$ 469,366	\$ 553,966	\$ 469,366
Pupil transportation	\$ 3,122,735	\$ 3,603,949	\$ 3,122,735	\$ 3,603,949
Other	\$ 1,105,550	\$ 1,216,796	\$ 1,105,550	\$ 1,216,796
<b>Total Expenses</b>	<b>\$ 89,578,096</b>	<b>\$ 86,854,915</b>	<b>\$ 89,578,096</b>	<b>\$ 86,854,915</b>
<b>Increase in net assets</b>	<b>\$ 4,646,169</b>	<b>\$ 2,371,665</b>	<b>\$ 4,646,169</b>	<b>\$ 2,371,665</b>
<b>Net assets - Beginning(As Restated)</b>	<b>\$ 59,145,207</b>	<b>\$ 56,773,542</b>	<b>\$ 59,145,207</b>	<b>\$ 56,773,542</b>
<b>Net assets - Ending</b>	<b>\$ 63,791,376</b>	<b>\$ 59,145,207</b>	<b>\$ 63,791,376</b>	<b>\$ 59,145,207</b>

## 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 \$23,541,358 a decrease in comparison with the prior year. Approximately 56% of this total amount (\$13,137,637) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to pay debt service (\$10,273,313) and 2) for a variety of other restricted purposes (\$130,408).

The general fund is the chief operating fund of Farmington Municipal School District. At the end of the current fiscal year, unreserved fund balance of the general funds was \$3,859,956, while total fund balance reached \$3,990,364. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 5.69% percent of the total general fund expenditures, while total fund balance represents 5.88% of that same amount.

The fund balance of Farmington Municipal School District's general fund increased by \$473,153 during the current fiscal year. Farmington Municipal School District's board and management were committed to increasing the cash balance of the district at the end of the fiscal year in order to meet increasing state mandates while maintaining the district's high bond rating. Therefore, the district budget reflected a larger portion of the increase in revenues from the state equalization guarantee be set aside in cash reserves. The current fiscal year budget reflects a slight increase in the cash balance. The fund balance is expected to remain at the current level or increase slightly this next fiscal year.

The debt service fund has a total fund balance of \$10,137,502 which is reserved for the payment of debt service. This is a net increase in fund balance of \$612,109. The increase during the current year resulted from an increase in local tax levy revenue needed for general obligation bond debt payments.

There was a decrease of \$4,716,796 in the fund balance of the bond building capital fund resulting in a fund balance of \$5,222,679. The decrease was the result of the spending down of bond funds sold in previous years, specifically for construction projects and capital purchases.



## **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were \$1,163,199 which can be briefly summarized as follows:

- ❖ After the close of each fiscal year, the Public Education Department adjusts the amount of the state funding allocated for fine arts within the state equalization formula based on the district's application.
- ❖ The state also takes credit against the allocation for any June receipts the district posts. In the budget process these are estimated and adjusted after June 30<sup>th</sup>.
- ❖ Additional cash balance from 6/30/2007 was carried forward and budgeted in 2007-2008.

The district's cash commitment to a cash balance of greater than \$3,000,000 resulted in a difference of \$3,517,211 between budgeted and actual expenditures.

## **Capital Asset and Debt Administration**

**Capital assets.** Farmington Municipal School District's investment in capital assets for its governmental activities as of June 30, 2008 amounts to \$60,569,288 (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 \$60,569,288 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:

- ❖ \$3,200,000 was used to purchase laptops for every middle school student in the school district.
- ❖ Construction of lunch rooms at some elementary schools as well as remodeling of other district facilities continued as part of the district's master facility plan using bond proceeds.

	Government Activities		Total	
	FY2008	FY2007	FY2008	FY2007
Land	\$ 3,444,131	\$ 3,447,881	\$ 3,444,131	\$ 3,447,881
Construction in progress	\$ 4,146,000		\$ 4,146,000	
Land improvements	\$ 1,994,184	\$ 3,060,671	\$ 1,994,184	\$ 3,050,514
Buildings and improvements	\$ 44,855,295	\$ 45,013,560	\$ 44,855,295	\$ 41,307,190
Machinery and equipment	\$ 6,129,678	\$ 4,596,424	\$ 6,129,678	\$ 7,090,923
Total	\$ 60,569,288	\$ 56,118,536	\$ 60,569,288	\$ 54,896,508

Additional information on Farmington Municipal School District's capital assets can be found in note "C" on page 38 of this report.

**Long-term debt.** At the end of the current fiscal year, Farmington Municipal School District had total bonded debt outstanding of \$30,645,000. The total outstanding debt represents general obligation bonds secured solely by specified revenue sources (i.e., property tax collections).

#### Farmington Municipal School District's Outstanding Debt

##### General Obligation Bonds

	Governmental	Total
	activities	
	FY 2008	FY 2007
General obligation bonds	\$30,645,000	\$34,690,000

Farmington Municipal School District's total debt decreased by \$4,045,000 (12%) during the current fiscal year. Retirement of debt was greater than the amount of debt issued. The amount of new debt issued was \$4,750,000.

Farmington Municipal School District maintains an AA2 bond rating from Moody's Investor Service, Inc.

State statute limits the amount of general obligation debt a governmental entity may issue to 6% of its total assessed valuation. The current debt limitation for Farmington Municipal School District is \$86,347,139 which is significantly in excess of Farmington Municipal School District's outstanding general obligation debt.

More information of Farmington Municipal School District's debt can be found in note "D" on pages 39-40 of this report.

#### Economic Factors and Next Year's Budget

Farmington Municipal School District is located in San Juan County. San Juan County, like the rest of urban New Mexico, has a strong and balanced economy. Non-farm employment in the area has been stable for the past three years. Unemployment rate fell from 4.30% in 2007 to 3.40% in 2008.

While San Juan County's population continues to increase (25 percent between 1990 and 2000 census) Farmington Municipal School District has experienced a decline in enrollment of 604 students since the peak of 10,659 students in 1996. However, the district enrollment has remained relatively flat the past two years. The current 08-09 40<sup>th</sup> day student count shows a slight increase in enrollment in the elementary grades.

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 \$2,517,211 of its unreserved fund balance for spending in the 2009 fiscal year budget and the remaining \$1,000,000 was put into the district's emergency reserve fund. The \$2,517,211 was budgeted 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 Assistant Superintendent of Finance, 2001 North Dustin, Farmington, New Mexico 87401.

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**BASIC FINANCIAL STATEMENTS**

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STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 STATEMENT OF NET ASSETS  
 June 30, 2008

	<u>Primary Government Governmental Activities</u>
<b><u>ASSETS:</u></b>	
Cash and cash equivalents	\$ 29,595,616
Receivables (net, where applicable, of allowances for uncollectibles):	
Property taxes	11,068,491
Due from other governments	1,244,305
Inventories	130,408
Capital assets not being depreciated:	
Land	3,444,131
Construction in progress	4,146,000
Capital assets (net of accumulated depreciation):	
Buildings and improvements	44,855,295
Improvements other than buildings	1,994,184
Equipment	6,129,678
Total assets	102,608,108
<b><u>LIABILITIES:</u></b>	
Accounts payable	4,153,041
Accrued payroll, taxes and benefits	2,110,276
Accrued interest payable	353,419
Deposits held	49,700
Unearned revenue	1,115,954
Compensated absences	373,925
Noncurrent liabilities:	
Due within one year	6,783,407
Due in more than one year	23,877,010
Total liabilities	38,816,732
<b><u>NET ASSETS:</u></b>	
Invested in capital assets, net of related debt	19,635,558
Restricted for:	
Debt Service	10,273,313
Unrestricted	33,882,505
Total net assets	\$ 63,791,376

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 STATEMENT OF ACTIVITIES  
 Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Governmental activities:</b>					
Instruction	\$ 50,679,984	\$ -	\$ 5,522,108	\$ 434,644	\$ (44,723,232)
Support services	25,720,684	-	3,482,327	-	(22,238,357)
Operation of non-instructional services:	5,589,905	800,068	104,591	-	(4,685,246)
Food services	2,805,272	806,247	1,957,867	-	(41,158)
Athletics	553,966	286,153	-	-	(267,813)
Pupil transportation	3,122,735	-	-	-	(3,122,735)
Interest on long-term obligations	<u>1,105,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,105,550)</u>
<b>Total governmental activities</b>	<u>89,578,096</u>	<u>1,892,468</u>	<u>11,066,893</u>	<u>434,644</u>	<u>(76,184,091)</u>
<b>General revenues:</b>					
<b>Taxes:</b>					
Property taxes, levied for general purposes					552,995
Property taxes, levied for debt service					10,039,044
Property taxes, levied for capital projects					2,636,299
Federal and state grants not restricted for specific programs					
General					66,897,642
Interest income					<u>704,280</u>
<b>Total general revenues</b>					<u>80,830,260</u>
<b>Change in net assets</b>					4,646,169
<b>Net assets - beginning</b>					<u>59,145,207</u>
<b>Net assets - ending</b>					<u>\$ 63,791,376</u>

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



STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 June 30, 2008

	General	Debt Service	Bond Building	SB-9 Capital Improvements	Educational Technical Equipment	Other Governmental Funds	Total Governmental Funds
	11000	41000	31100	31700	31900		
<b>ASSETS</b>							
Pooled cash and investments	\$ 6,336,383	\$ 9,811,074	\$ 5,222,679	\$ 2,016,187	\$ 3,927,809	\$ 2,281,484	\$ 29,595,616
Property taxes receivables	444,653	6,541,573	-	2,209,918	-	1,872,347	11,068,491
Due from other governments	175,589	326,428	-	87,223	-	655,065	1,244,305
Due from other funds	-	-	-	-	-	650,431	650,431
Inventories	130,408	-	-	-	-	-	130,408
<b>Total assets</b>	<b>\$ 7,087,033</b>	<b>\$ 16,679,075</b>	<b>\$ 5,222,679</b>	<b>\$ 4,313,328</b>	<b>\$ 3,927,809</b>	<b>\$ 5,459,327</b>	<b>\$ 42,689,251</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650,431	\$ 650,431
Accounts payable	366,637	-	-	199,371	3,555,899	31,134	4,153,041
Accrued payroll, taxes and benefits	2,110,276	-	-	-	-	-	2,110,276
Deposits held	-	-	-	-	-	49,700	49,700
Deferred revenue	444,653	6,541,573	-	2,209,918	-	1,872,347	11,068,491
Unearned revenue	175,103	-	-	-	-	940,851	1,115,954
Property taxes	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>3,096,669</b>	<b>6,541,573</b>	<b>-</b>	<b>2,409,289</b>	<b>3,555,899</b>	<b>3,544,463</b>	<b>19,147,893</b>
<b>Fund balances:</b>							
<b>Reserved:</b>							
Inventories	130,408	-	-	-	-	-	130,408
Debt service	-	10,137,502	-	-	-	135,811	10,273,313
<b>Unreserved, reported in:</b>							
General fund	3,859,956	-	-	-	-	-	3,859,956
Special revenue fund	-	-	-	-	-	527,486	527,486
Capital projects fund	-	-	5,222,679	1,904,039	371,910	1,251,567	8,750,195
<b>Total fund balances</b>	<b>3,990,364</b>	<b>10,137,502</b>	<b>5,222,679</b>	<b>1,904,039</b>	<b>371,910</b>	<b>1,914,864</b>	<b>23,541,358</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,087,033</b>	<b>\$ 16,679,075</b>	<b>\$ 5,222,679</b>	<b>\$ 4,313,328</b>	<b>\$ 3,927,809</b>	<b>\$ 5,459,327</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	60,569,288
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	11,068,491
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(31,387,761)</u>
<b>Net assets of governmental activities</b>	<b>\$ 63,791,376</b>

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 Year Ended June 30, 2008

	General	Debt Service	Bond Building	SB-9 Capital Improvements	Educational Technical Equipment	Other Governmental Funds	Total Governmental Funds
	11000	41000	31100	31700	31900		
<b>Revenues:</b>							
<b>Intergovernmental:</b>							
State equalization guarantee	\$ 62,565,757	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,565,757
Transportation	3,330,992	-	-	-	-	-	3,330,992
State instructional material	1,000,893	-	-	-	-	-	1,000,893
Grants	204,459	-	-	364,542	-	10,932,536	11,501,537
Taxes - property	520,508	9,424,229	-	2,476,516	-	115,313	12,536,566
Fees and activities	405,472	-	-	-	-	1,476,673	1,882,145
Earnings from investments	378,651	188,102	78,900	52,437	-	6,190	704,280
Miscellaneous	10,323	-	-	-	-	-	10,323
<b>Total revenue</b>	<b>68,417,055</b>	<b>9,612,331</b>	<b>78,900</b>	<b>2,893,495</b>	<b>-</b>	<b>12,530,712</b>	<b>93,532,493</b>
<b>Expenditures:</b>							
<b>Current:</b>							
Instruction	43,511,572	-	-	-	-	5,317,649	48,829,221
Support services	21,109,893	76,249	-	-	-	3,699,255	24,885,397
Operation of non-instructional services:	-	-	-	2,360,775	-	104,591	2,465,366
Food services	-	-	-	-	-	2,771,521	2,771,521
Athletics	-	-	-	-	-	309,539	309,539
Pupil transportation	2,616,475	-	-	-	-	-	2,616,475
Capital outlay	705,962	-	4,795,696	837,589	4,385,280	231,152	10,955,679
<b>Debt service:</b>							
Principal retirement	-	7,695,000	-	-	-	1,100,000	8,795,000
Bond interest paid	-	1,228,973	-	-	-	19,745	1,248,718
Capital lease issuance costs	-	-	-	-	22,444	-	22,444
<b>Total expenditures</b>	<b>67,943,902</b>	<b>9,000,222</b>	<b>4,795,696</b>	<b>3,198,364</b>	<b>4,407,724</b>	<b>13,553,452</b>	<b>102,899,360</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>473,153</b>	<b>612,109</b>	<b>(4,716,796)</b>	<b>(304,869)</b>	<b>(4,407,724)</b>	<b>(1,022,740)</b>	<b>(9,366,867)</b>
<b>Other financing sources (uses)</b>							
Capital lease	-	-	-	-	4,750,000	-	4,750,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,750,000</b>	<b>-</b>	<b>4,750,000</b>
<b>Net change in fund balances</b>	<b>473,153</b>	<b>612,109</b>	<b>(4,716,796)</b>	<b>(304,869)</b>	<b>342,276</b>	<b>(1,022,740)</b>	<b>(4,616,867)</b>
<b>Fund balances at beginning of the year</b>	<b>3,517,211</b>	<b>9,525,393</b>	<b>9,939,475</b>	<b>2,208,908</b>	<b>29,634</b>	<b>2,937,604</b>	<b>28,158,225</b>
<b>Fund balances at end of the year</b>	<b>3,990,364</b>	<b>10,137,502</b>	<b>5,222,679</b>	<b>1,904,039</b>	<b>371,910</b>	<b>1,914,864</b>	<b>23,541,358</b>

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 STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 Year Ended June 30, 2008

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

Net change in fund balances - total governmental funds (page 22)	\$ (4,616,867)
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 period.	4,454,502
The statement of activities reports losses from capital asset deletions. Conversely, governmental funds do not report any gain or loss on disposition of capital assets.	(3,750)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	691,772
The issuance of long-term debt (e.g., bonds, leases) 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,012,673
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 governmental funds.	<u>107,839</u>
Change in net assets of governmental activities (page 20)	<u>\$ 4,646,169</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 - 11000  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Federal sources:</b>				
Public Law 874	\$ 113,118	\$ 113,118	\$ 141,534	\$ 28,416
Federal flowthrough grants	<u>70,000</u>	<u>70,000</u>	<u>62,925</u>	<u>(7,075)</u>
<b>Total federal revenues</b>	<u>183,118</u>	<u>183,118</u>	<u>204,459</u>	<u>21,341</u>
<b>State sources:</b>				
State equalization guarantee	62,091,942	62,091,942	62,565,757	473,815
Transportation	2,519,360	3,514,777	3,473,686	(41,091)
State instructional material	<u>966,246</u>	<u>1,134,028</u>	<u>1,142,366</u>	<u>8,338</u>
<b>Total state revenues</b>	<u>65,577,548</u>	<u>66,740,747</u>	<u>67,181,809</u>	<u>441,062</u>
<b>Local sources:</b>				
District school tax levy	496,419	496,419	525,534	29,115
Fees and activities	75,240	75,240	53,974	(21,266)
Earnings from investments	604,722	604,722	378,651	(226,071)
Miscellaneous	<u>60,000</u>	<u>60,000</u>	<u>361,820</u>	<u>301,820</u>
<b>Total local revenues</b>	<u>1,236,381</u>	<u>1,236,381</u>	<u>1,319,979</u>	<u>83,598</u>
<b>Total revenues</b>	<u>66,997,047</u>	<u>68,160,246</u>	<u>68,706,247</u>	<u>546,001</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Personnel services	31,231,383	31,231,383	32,135,056	(903,673)
Employee benefits	11,299,341	11,299,341	9,618,328	1,681,013
Purchased services	454,681	454,256	422,088	32,168
Supplies and materials	<u>409,941</u>	<u>429,221</u>	<u>431,714</u>	<u>(2,493)</u>
<b>Total instruction</b>	<u>43,395,346</u>	<u>43,414,201</u>	<u>42,607,186</u>	<u>807,015</u>
<b>Support Services:</b>				
Personnel services	11,968,783	11,968,783	11,751,301	217,482
Employee benefits	3,805,675	3,805,675	3,678,816	126,859
Purchased services	5,753,204	5,734,349	5,246,167	488,182
Supplies and materials	<u>1,423,904</u>	<u>1,591,686</u>	<u>1,484,121</u>	<u>107,565</u>
<b>Total support services</b>	<u>22,951,566</u>	<u>23,100,493</u>	<u>22,160,405</u>	<u>940,088</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 - 11000  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current:				
Pupil transportation:				
Personnel services	1,521,379	1,525,379	1,461,617	63,762
Employee benefits	651,531	651,531	510,413	141,118
Purchased services	124,500	149,500	111,948	37,552
Supplies and materials	<u>221,950</u>	<u>512,620</u>	<u>546,214</u>	<u>(33,594)</u>
Total pupil transportation	<u>2,519,360</u>	<u>2,839,030</u>	<u>2,630,192</u>	<u>208,838</u>
Capital outlay	<u>68,096</u>	<u>743,843</u>	<u>683,604</u>	<u>60,239</u>
Non-operating reserves	<u>912,978</u>	<u>912,978</u>	-	<u>912,978</u>
Total expenditures	<u>69,847,346</u>	<u>71,010,545</u>	<u>68,081,387</u>	<u>2,929,158</u>
Excess (deficiency) of revenues over expenditures	(2,850,299)	(2,850,299)	624,860	3,475,159
Other financing sources (uses):				
Transfers out	-	-	-	-
Net change in fund balances	(2,850,299)	(2,850,299)	624,860	3,475,159
Beginning cash balance budgeted	2,850,299	2,850,299	-	(2,850,299)
Fund balances at beginning of the year	-	-	3,517,211	3,517,211
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	4,142,071	<u>\$ 4,142,071</u>
RECONCILIATION TO GAAP BASIS:				
Change in Inventories			10,744	
Change in due from other governments			(147,719)	
Changes in payables			126,741	
Change in unearned revenue			<u>(141,473)</u>	
			<u>\$ 3,990,364</u>	

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

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STATE OF NEW MEXICO  
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUNDS  
June 30, 2008

	<u>Student Activities</u>
<b><u>ASSETS</u></b>	
Pooled cash and investments	<u>\$ 1,843,361</u>
<b><u>LIABILITIES</u></b>	
Deposits held in trust for others	<u>1,843,361</u>
Total liabilities	<u>\$ 1,843,361</u>

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

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STATE OF NEW MEXICO  
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO.5  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Farmington Municipal School District No. 5 (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 and surrounding area. 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 accompanying financial statements present the District and its component units, entities for which the District is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the District's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

*Blended component units*

The District had no blended component units during the fiscal year ended June 30, 2008.

*Discretely presented component units*

The District had no discrete component units during the fiscal year ended June 30, 2008.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

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

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

### C. Measurement focus, basis of accounting and financial statement presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

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

The District reports the following major governmental funds:

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

The *Debt Service* fund accounts for the servicing of general long-term debt except for the Educational Technical Debt.

The *Bond Building Capital Projects* fund accounts for the construction of buildings, the purchase of equipment, and the acquisition and improvement of land.

The *SB-9 Capital Improvements Capital Projects* fund accounts for the financing for the purchase of equipment and capital improvements to District property.

The *Educational Technical Equipment Capital Projects* fund to account for educational technology equipment for learning and administrative use in schools and related facilities, and improving real and personal property to accommodate education technology equipment or any combination thereof.

Additionally, the District reports the following fund type:

The *Student Activity fund* is a fiduciary fund used to account for assets held by the District in a fiduciary capacity for individuals, private organizations, other governments and other funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed by government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exception to this general rule is payments for interfund services provided and used are not eliminated in the process of consolidation.

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

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

A school district's program costs are determined through the use of various formulas using "program units" which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$62,565,757 in state equalization guarantee distributions during the year ended June 30, 2008.

**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 \$3,175,048 in transportation distributions during the year ended June 30, 2008.

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

#### D. Assets, liabilities and net assets or equity

##### 1. *Deposits and investments*

The District'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 District to invest in obligations of the U.S. Treasury, repurchase agreements and the State Treasurer's Investment Pool.

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

##### 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 to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property taxes are levied and collected by San Juan County. The County remits to the District amounts collected for the applicable portion of the property taxes in the month following the date of receipt. The District recognizes property taxes as revenue on the modified accrual basis. Oil and gas taxes received from the County are recognized as revenue when received by the District.

Property taxes are levied as of January 1st on property values assessed on the same date. The tax levy is payable in two installments, November 10th and April 10th. The property taxes are considered delinquent and subject to lien, penalty and interest, 30 days after the date on which they are due.

### *3. Inventories and prepaid items*

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### *4. Capital assets*

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. 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. Major outlays for capital assets and improvements are capitalized as projects are constructed. Such assets, have higher limits that must be met before they are capitalized. Computer software costs, whether externally purchased or developed in-house, shall be capitalized if the total cost of the software exceeds \$1,000 and has a estimated useful life in excess of one year. Library books are not capitalized.

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

Improvements other than buildings	20 years
Buildings and improvements	50 years
Equipment	5 - 10 years

### *5. Compensated absences*

It is the District's policy to permit certain employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the government-wide statements. A liability for these amounts is reported and paid in the general fund only if they have matured, for example, as a result of employee resignations and retirements. The total amount is considered current based on prior year compensated absences used by employees.

## 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 assets. 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 discount. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

## 7. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## 8. Net Assets

In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. None of the District's net assets are restricted as a result of enabling legislation adopted by the District. Invested in capital assets, net of related debt, represents the District's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

## 9. 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.

## II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$31,387,761 difference are as follows:

Bonds payable	\$ 25,895,000
Plus: Issuance premium (to be amortized as interest expense)	205,284
Less: Deferred charge on refunding (to be amortized as interest expense)	(189,867)
Capital lease	4,750,000
Accrued interest payable	353,419
Compensated absences	<u>373,925</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 31,387,761</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balance-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "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." The details of this \$4,454,502 difference are as follows:

Capital outlay	\$ 7,911,056
Depreciation expense	<u>(3,456,554)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 4,454,502</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$4,012,673 difference are as follows:

Debt issued or incurred:	
Issuance of capital lease	\$ (4,750,000)
Principal repayments	8,795,000
Amortization of issuance premiums	30,973
Amortization on refunding	<u>(63,300)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 4,012,673</u>

Another element of that reconciliation states that "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 governmental funds." The details of this \$107,839 difference are as follows:

Compensated absences	\$ (35,329)
Accrued interest	<u>143,168</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 107,839</u>

### III. 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 School Budget and Planning Unit of the Department of Education. Student activity accounts are not budgeted.

These budgets are prepared on a Non-GAAP basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the following 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 functional level. Budgets may be amended in two ways. If a budget transfer is necessary within a function, this may be accomplished with only local Board of Education approval. If a transfer between functions or a budget increase is required, approval must also be obtained from Public School Finance Division.

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

The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

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

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year end was properly amended by the board through the year. New Mexico state law prohibits a Governmental Agency to exceed a functional line item.

## B. Excess of expenditures over appropriations

For the year ended June 30, 2008 expenditures did not exceed appropriations in any function level of an individual fund which is the legal level of budgetary control.

## C. Deficit Fund Equity

As of June 30, 2008, there are no District funds with a deficit fund balance.

## IV. DETAILED NOTES ON ALL FUNDS

### A. Deposits and investments

At the end of the current fiscal year, the District had the following deposits and investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Bank deposits	\$ 14,296,424	N/A
Repurchase agreements	14,135,112	.08
Certificates of deposit	871,101	1.00
State Treasurer's Investment Pool	4,344,505	.08
Total	<u>\$ 33,647,142</u>	<u>.08</u>

*Interest rate risk.* In accordance with its investment policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than twelve months.

*Credit risk.* As directed by Statute 6-10-36,, E and F, excess funds may be invested in securities backed by the full faith and credit of the United States Government, such as treasury notes, bills and bonds; in securities of Agencies that are guaranteed by the United States Government; bonds or negotiable securities of the State of New Mexico or any county, municipality or school district in the State of New Mexico which has a taxable valuation of real property for the last preceding year of at least one million dollars and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within the last five years preceding years.

*Custodial credit risk - deposits.* In the case of deposits, this is the risk that in the event of a bank failure the government's deposits may not be returned to it. State Statues require that bank deposits be 50% collateralized and repurchase agreements be 102% collateralized. As of June 30, 2008, the District was in compliance with state statute. As of June 30, 2008, the District's carrying amount of deposits was \$27,094,472 and the bank balance was \$29,302,637. Of the bank balance, \$421,101 was covered by federal depository insurance. \$25,215,756 was collateralized with securities held by the pledging financial institution's trust department or agent in the District's name, and \$4,086,881 was uninsured and uncollateralized, and subject to custodial credit risk.

*Custodial credit risk - investments.* In the case of investments, this is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.



The District has investments in the State Treasurer Investment Pool. The investments are valued at fair value based on quoted market prices as of June 30, 2008. The State Treasurer Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The State Treasurer Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the State Treasurer Investment Pool is voluntary. The pool has a AAAM rating by Standard & Poor's.

## B. Receivables

Receivables at the end of the current fiscal year are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<i>Receivables:</i>					
Property taxes Receivable	\$ 444,653	\$ -	\$8,413,420	\$2,209,918	\$11,068,491
Due from other governments	\$ 175,589	\$ 650,431	\$ 331,062	\$ 87,223	\$ 1,244,305

The District considers the receivables to be fully collectible.

Governmental funds report *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>
Unbilled and delinquent property taxes	\$ 11,068,491	\$ -
Grant proceeds not yet earned	-	1,115,954
Total deferred / unearned revenue for governmental funds	<u>\$ 11,068,491</u>	<u>\$ 1,115,954</u>

## Due from / to Other Funds

The amounts due from / to other funds occur when nonmajor special revenue funds have negative cash balances in the individual funds and use a pooled cash account.

	<u>Due From</u>	<u>Due To</u>
Nonmajor special revenue funds	\$ 650,431	\$ 650,431

C. Capital assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance <u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2008</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,447,881	\$ -	\$ (3,750)	\$ 3,444,131
Construction in progress	<u>-</u>	<u>4,146,000</u>	<u>-</u>	<u>4,146,000</u>
Total capital assets, not being depreciated	<u>3,447,881</u>	<u>4,146,000</u>	<u>(3,750)</u>	<u>7,590,131</u>
Capital assets, being depreciated:				
Buildings and improvements	72,957,895	1,281,119	-	74,239,014
Improvements other than buildings	7,209,033	-	(702,926)	6,506,107
Equipment	<u>14,713,806</u>	<u>2,483,937</u>	<u>(126,450)</u>	<u>17,071,293</u>
Total capital assets being depreciated	<u>94,880,734</u>	<u>3,765,056</u>	<u>(829,376)</u>	<u>97,816,414</u>
Less accumulated depreciation for:				
Buildings and improvements	(27,944,335)	(1,439,384)	-	(29,383,719)
Improvements other than buildings	(4,196,420)	(315,503)	-	(4,511,923)
Equipment	<u>(10,069,324)</u>	<u>(1,701,667)</u>	<u>829,376</u>	<u>(10,941,615)</u>
Total accumulated depreciation	<u>(42,210,079)</u>	<u>(3,456,554)</u>	<u>829,376</u>	<u>(44,837,257)</u>
Total capital assets, being depreciated, net	<u>52,670,655</u>	<u>308,502</u>	<u>-</u>	<u>52,979,157</u>
Governmental activities capital assets, net	<u>\$ 56,118,536</u>	<u>\$ 4,454,502</u>	<u>\$ (3,750)</u>	<u>\$ 60,569,288</u>

Depreciation expense was charged to functions / programs of the District as follows:

Governmental activities:	
Instruction	\$ 540,011
Support services	303,756
Operation of non-instructional services	1,988,399
Food services	33,751
Athletics	84,377
Pupil transportation	506,260
Total depreciation expense – governmental activities	<u>\$3,456,554</u>

Construction commitments

The District had several active construction projects as of June 30, 2008, totaling approximately \$17,954,000 in construction commitments. The District is involved in several long-term construction projects as part of their master plan for upgrading the district buildings. The amount of \$8,750,195 in the capital projects funds designated for subsequent years expenditures is committed for funding these projects.

D. Long-term debt

General Obligation bonds

The District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued was \$40,310,000.

General Obligation Bonds and Education Technology Notes - 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 as of June 30, 2008 are as follows:

	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Balance June 30, 2008</u>
Series 1998 General Obligation Bonds	3,400,000	4.00% to 4.50%	\$ 400,000
Series 2001 General Obligation Bonds	10,225,000	4.25% to 5.00%	3,650,000
Series 2002 General Obligation Bonds	6,000,000	2.10%	4,600,000
Series 2004 General Obligation Bonds	4,500,000	1.91% to 4.4%	2,750,000
Series 2005 General Obligation Refunding	7,185,000	2.5% to 4.0%	6,995,000
Series 2007 General Obligation Bonds	9,000,000	3.7% to 5.1%	<u>7,500,000</u>
			25,895,000
Add (less) deferred amounts:			
For issuance premiums			205,284
On refunding			<u>(189,867)</u>
Total General Obligation Bonds			<u>\$ 25,910,417</u>

Maturities of long-term debt as of June 30, 2008 are as follows:

<u>General Obligation Bonds</u>			
<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2009	\$ 5,910,000	\$ 918,407	\$ 6,828,407
2010	3,835,000	726,405	4,561,405
2011	3,810,000	580,657	4,390,657
2012	3,840,000	362,308	4,202,308
2013	1,550,000	254,220	1,804,220
2014	1,675,000	194,762	1,869,762
2015	1,725,000	156,996	1,881,996
2016	850,000	108,977	958,977
2017	900,000	77,477	977,477
2018	900,000	44,852	944,852
2019	<u>900,000</u>	<u>11,782</u>	<u>911,782</u>
Total	<u>\$ 25,895,000</u>	<u>\$ 3,436,843</u>	<u>\$ 29,331,843</u>

Capital Lease Obligation

The District issued General Obligation Educational Technology Lease Purchase Agreement Series 2008 to provide for the acquisition of computer equipment. The original amount of general obligation bonds issued was \$4,750,000. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through the capital lease are equipment with a cost basis of \$4,500,000 and related accumulated depreciation of \$0, as of June 30, 2008.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008, were as follows:

<u>Year Ended June 30,</u>	<u>Payments</u>
2009	\$ 1,019,734
2010	1,527,155
2011	1,011,148
2012	1,011,148
2013	<u>505,574</u>
Total	5,074,759
Less: amount representing interest	<u>(324,759)</u>
Net	<u>\$ 4,750,000</u>

#### Changes in Long-term Liabilities

Changes in Long-term Liabilities - During the year ended June 30, 2008, the following changes occurred in liabilities:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Due Within</u> <u>One Year</u>
<b>Bonds Payable:</b>					
General obligation bonds payable	\$ 34,690,000	\$ -	\$ 8,795,000	\$ 25,895,000	\$ 5,910,000
Add (less) deferred amounts:					
For issuance premiums	236,257	-	30,973	205,284	30,973
On refunding	<u>(253,167)</u>	<u>-</u>	<u>(63,300)</u>	<u>(189,867)</u>	<u>(63,300)</u>
Total bonds payable	34,673,090	-	8,762,673	25,910,417	5,877,673
Capital lease	<u>-</u>	<u>4,750,000</u>	<u>-</u>	<u>4,750,000</u>	<u>905,734</u>
Total	34,673,090	4,750,000	8,762,673	30,660,417	6,783,407
Compensated absences	338,596	339,835	304,506	373,925	373,925
Total	\$ 35,011,686	\$ 5,089,835	\$ 9,067,179	\$ 31,034,342	\$ 7,157,332

## V. OTHER INFORMATION

### A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2008.

### B. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

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

### C. Other Post Employment Benefits

*Plan Description.* The District contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

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

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

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

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. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after 1/1/98 are required to make a surplus-amount contributions to the RHCA based on one of two formulas at agreed-upon intervals.

The RCHA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The District's contributions to the RHCA for the years ended June 30, 2008, 2007 and 2006 were \$958,255, \$928,394 and \$881,225, respectively, which equal the required contributions each year.

#### D. Pension Plan – Educational Retirement Board

*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, NMSA 1978). The Educational Retirement Board (ERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. 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. ERA issues a separate, publicly available financial report that includes the financial statements and required supplementary information for the plan. That report may be obtained by writing to ERA, P.O. Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at [www.nmerb.org](http://www.nmerb.org).

*Funding Policy.* Plan members are required to contribute 7.42% of their gross salary. The District is required to contribute 10.9% of the gross covered salary. Effective July 1, 2008, plan members are required to contribute 7.9% of their gross salary. The employer contribution will increase .75% each year until July 1, 2011 when the employer contribution will be 13.9%. 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 ERA for the fiscal years ended June 30, 2008, 2007 and 2006 were: \$5,267,652, \$4,746,403, and \$4,248,041 respectively, which equal the amount of the required contributions for each fiscal year.

**SUPPLEMENTARY INFORMATION**



**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

## NONMAJOR GOVERNMENTAL FUNDS

All funds are authorized by the State Department of Education.

### SPECIAL REVENUE FUNDS

Food Services 21000 - This program provides financing for the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-12, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.

Athletics 22000 - This fund provides financing for school athletic activities. Funding is provided by fees from patrons.

Activities 23000 - To account for revenue and expenditures associated with the District's non-instructional support activities (primarily after-school activities).

Title I 24101 - The Title I project provides remedial instruction in language arts for educationally deprived students in low-income areas. The project is funded by the Federal Government through the New Mexico State Department of Education, under the Elementary and Secondary Education Act of 1965, Title I, Chapter 1, Part A, 20 U.S.C. 2701 et seq.

Javits – Gifted and Talented 24102 – This grant is for a project targeted at building capacity to improve gifted education services to students.

IDEA-B Entitlement 24106 - The IDEA-B Entitlement/Competitive 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, Sections 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

IDEA-B Preschool 24109 - 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.

Homeless Grant 24113 - To ensure that homeless children and homeless youths enroll in, attend, and achieve in school; to establish or designate an office in each State educational agency (SEA) and Outlying Area for the coordination of education for homeless children and youth; to develop and carry out a State plan for the education of homeless children; to develop and implement programs for school personnel to heighten awareness of specific problems of homeless children; and to provide grants to local educational agencies. This project is authorized by the Stewart B. McKinney Homeless Assistance Act of 1987, Title VII Subtitle B, Section 722, as amended.

Fresh Fruit and Vegetable 24118 – To ensure that students are given the opportunity to try different fruits and vegetables that they might not be exposed to at home which could lead to healthier eating habits.

Enhancing Education Through Technology 24133 – To provide technology resources to support student achievement. Funding is provided by the Federal Government through Title III, Part A, Subpart 2, Section 3132 Public Law 103-382.

CSR Grant 24135 - Provide professional training, onsite demonstrations and support on “Baldrige in the Classroom” techniques to the staff. Funding is provided by the Federal Government through Title I, Part F.

Title VI-A 24150 – 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.

English Language Acquisition 24153 – English language acquisition funding is provided by the Federal Government through Title III, Part A, Sections 3101 and 3129.

Title II-A 24154 - The Title II math, science and core academic areas project provides funds to carry out a math skills control system for grades kindergarten through eighth. The project is funded by the Federal Government through the State of New Mexico Department of Education, under the Elementary and Secondary Education Act of 1965, Title II, Part A, Public Law 100-297, as amended, Public Law 101-589.

Drug Free Schools 24157 – The program was enacted to provide funding to local agencies for drug and alcohol abuse prevention, and education programs. Funding is provided by the Federal Government through the New Mexico State Department of Education, under the Drug-free Schools and Communities Act of 1986, Title V, Part B; Elementary and Secondary Education Act, as amended, Public Laws 99-570, 100-297, 100-690, 101-226, and 101-647.

21<sup>st</sup> Century 24159 – The grant is to assist students at risk of educational failure through provisions of after school academic support. The target district schools are Apache and Esperanza Schools. These were selected because of high numbers of low income families. Students at each school are selected by low NWEA test results and teacher referral.

School Improvements 24162 – To support school improvement activities in accordance with Title I regulations. These funds enable the District to carry out its approved school improvement plan.

Immigrant Grant 24163 – The immigrant grant is award based upon a significant increase in the immigrant student population in our district. It is calculated upon on average of the past three years. The goals of the grant are to help students increase their performance on district and state tests, increase parental involvement, provide after school services, obtain support materials, and provide other instructional services and parents.

NM Reading First 24167 – To build reading capacity necessary for improving the reading achievement of New Mexico students. Funding is provided by the Federal Government through the USDE/ESEA Act of 1965, as amended 2001.

Carl Perkins 24174 - Basic grants assist State 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.

High Schools that Work 24180 – To support the efforts to raise teacher preparation and effectiveness for career and technical education.

Alcohol Abuse Reduction 25111 – To provide counselors who will be responsible for integrating alcohol reduction activities, continue school based POC to screen and assist at-risk students and conduct secondary prevention and intervention groups. Recruit students in the Project Venture course.

Johnson O'Malley 25131 - 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.

Federal Impact Aid 25145 and 25147- 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 are 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.

Medicaid 25153 - 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 Education Act (Title IX) 25184 – The program supports projects, which improve educational opportunities 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. 2001.

Navajo Medical Center 25209 - To facilitate opportunities for students to develop healthy habits and positive life skills.

Transition in Teaching 25236 – To provide for funding to address the high attrition rate and demand for teachers. The grant provides a scholarship to those pursuing a teaching degree and a mentor, new teacher training, and support in their first years of teaching.

Safe Schools Healthy Students 25243 – Seeks to build upon existing resources, strengthening partnerships and develop programs, implement curricula, strategies and services to achieve the following outcomes; a) decreased incidences of disruptive and violent behavior in the schools and community; b) decreased use of ATOD among students; c) increase school attendance, core subject test scores and graduation rates; d) increase students participation in mental health services; and e) increased enrollment in early childhood programs.

Quality Teacher 25380 – The program is assisting teachers to develop and submit their professional dossiers to allow for advancement in the state teachers' Three-Tiered Licensure System. A focus on training and supporting school administrators and mentors (master teachers) in assisting them to meet their responsibilities with regard to the licensure system. The approach included using Circuit Trainers as direct assistance to teachers training as needed.

Educational Enrichment 26113 - To provide after school tutoring with funds from the Los Alamos National laboratories.

NEA Innovation Grant 26145 – To assist secondary Native American Students to visit colleges and universities in Northern New Mexico to encourage them to go on to higher education.

Technology Grant 27117 - The technology fund provides financing to purchase computers and software for a district-wide student information system and software licensing for computer labs within the district. Funded through the Office of Technology for the State of New Mexico.

Advanced Placement Programs 27129 – Professional development for teachers and administrators which includes travel and lodging.

Incentives for School Improvements 27138 – Funding for “high improving” public schools which have shown the most improvements in test scores from prior year. The “high improving” designations are an opportunity to congratulate and reward schools for outstanding improvements in student achievement.

Family Youth Resources Act 27140 – Identify student and family needs through a referral system utilizing each school's Student Assistance Teams (SAT), individual staff or parent referral. The District matches needs with community physical, mental health or social service providers.

Indian Education Act 27150 – To support and assist schools through collaboration to improve the achievement of all students. This is in keeping with the intent of the Indian Education Act and the Mission Statement of the Priority Schools Bureau.

Teacher Mentoring 27154 – Funding to address the high attrition rate and demand for teachers. The grant provides scholarship to those pursuing a teaching degree and a mentor, new teacher training, and support in their first years of teaching.

Breakfast for Elementary Students 27155 – Breakfast in the classroom is a grant to help students develop lifelong healthful eating habits and ensuring they are ready to learn.

CORE 27160 – The CORE K-6 program is to develop standards based instructional units in educating grades K-5 that include common grade level assessments and school wide academic vocabulary lists for each curricular area. The goal is to significantly improve student achievement scores as measured by the NM Standards Based Assessment and to prepare students for high level learning in secondary and post secondary education.

Schools in Need of Improvements 27163 – To provide an additional math or reading class for students who are not proficient on the New Mexico Standards Based Assessment.

School Improvement Framework 27164 – To use for school library purposes.

21<sup>st</sup> Century State Grant 27167 – The 21<sup>st</sup> Century Grant provides after school services at Apache Elementary. It is a joint project between the school district and the Boys and Girls Club of Farmington.

After School Enrichment Program 27168 – The After School Enrichment Program provides after school services at McCormick Elementary. It is a joint project between the school district and the Boys and Girls Club of Farmington.

Library GO Bonds 27170 – To update and expanded library collections in order to circulate and provide access of materials to students and teachers.

Tobacco Free 28122 - To provide funds to promote tobacco prevention efforts with youths, parents and community.

Youth Conservation 28133 - Allows for students to participate in conservation programs at National, State and City Parks as well as study time for academic programs.

Right Start Family 28142 - To provide targeted evidence-based prevention services to children from birth to 6<sup>th</sup> grade and their families directed at reducing identified risk factors for alcohol, tobacco and drug abuse.

Tutoring 28178 - Funds to provide tutoring for students needing specialized help at the mid-school level.

San Juan County Partnership 29107 - Develop prevention strategies in parents of youth who participate in Smart Moves Programs at Mesa View Junior High, Farmington Boys and Girls Club, Aztec Boys and Girls club, Shiprock Middle School, and Shiprock Boys and Girls Club.

#### DEBT SERVICE FUNDS

Educational Technical 43000 – To account for debt service on the issuance of Educational Technology Notes.

#### CAPITAL PROJECTS FUNDS

Special Building Local 31300 - The fund provides financing from local revenues for the construction and improvements to District buildings and facilities.

Special Building State 31400 - This fund provides financing for special appropriation monies received from the State of New Mexico under Chapter 367, Laws of 1993.

Public Schools 20% Capital Outlay 32100 - A capital projects fund to capture the 20% of eligible federal (Forest Reserve and Impact Aid) and local revenue (local taxes) that must be budgeted in Capital Outlay. Provides financing for the construction and improvement of buildings and land, and the purchase of equipment.

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2008

	Special Revenue									
	Food Services 21000	Athletics 22000	Activities 23000	Title I 24101	Javits - Gifted and Talented 24102	IDEA-B Entitlement 24106	IDEA-B Preschool 24109	Homeless Grant 24113	Fresh Fruit and Vegetable 24118	Enhancing Ed Technology 24133
<b>ASSETS</b>										
Pooled cash and investments	\$ 222,549	\$ 61,769	\$ 274,302	\$ -	\$ 1,610	\$ -	\$ 17,903	\$ 27,655	\$ -	\$ 5,075
Receivables:										
Property taxes	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	10,016	-
Due from other funds	-	-	-	136,175	-	167,927	-	-	-	-
Total assets	<u>\$ 222,549</u>	<u>\$ 61,769</u>	<u>\$ 274,302</u>	<u>\$ 136,175</u>	<u>\$ 1,610</u>	<u>\$ 167,927</u>	<u>\$ 17,903</u>	<u>\$ 27,655</u>	<u>\$ 10,016</u>	<u>\$ 5,075</u>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,016	\$ -
Accounts payable	31,134	-	-	-	-	-	-	-	-	-
Deposits held	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	136,175	1,610	167,927	17,903	27,655	-	5,075
Total liabilities	<u>31,134</u>	<u>-</u>	<u>-</u>	<u>136,175</u>	<u>1,610</u>	<u>167,927</u>	<u>17,903</u>	<u>27,655</u>	<u>10,016</u>	<u>5,075</u>
Fund balances (deficit):										
Reserved for debt service	-	-	-	-	-	-	-	-	-	-
Unreserved - designated for subsequent year's expenditures	-	-	-	-	-	-	-	-	-	-
Unreserved - undesignated (deficit)	191,415	61,769	274,302	-	-	-	-	-	-	-
Total fund balances	<u>191,415</u>	<u>61,769</u>	<u>274,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 222,549</u>	<u>\$ 61,769</u>	<u>\$ 274,302</u>	<u>\$ 136,175</u>	<u>\$ 1,610</u>	<u>\$ 167,927</u>	<u>\$ 17,903</u>	<u>\$ 27,655</u>	<u>\$ 10,016</u>	<u>\$ 5,075</u>

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STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2008

	CSRD Grant 24135	Title VI-A 24150	Eng Language Acquisition 24153	Title II-A 24154	Drug Free Schools 24157	21st Century 24159	School Improvements 24162	Immigrant Grant 24163	NM Reading First 24167	Carl Perkins 24174
<b>ASSETS</b>										
Pooled cash and investments	\$ 850	\$ 2,332	\$ 8,548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,183	\$ -
Receivables:										
Property taxes	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	151,945	40,654	12,580	21,265	5,000	-	44,955
Due from other funds	-	-	51,901	-	-	-	-	-	-	-
Total assets	\$ 850	\$ 2,332	\$ 60,449	\$ 151,945	\$ 40,654	\$ 12,580	\$ 21,265	\$ 5,000	\$ 3,183	\$ 44,955
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Due to other funds	\$ -	\$ -	\$ -	\$ 151,945	\$ 40,654	\$ 12,580	\$ 21,265	\$ 5,000	\$ -	\$ 44,955
Accounts payable	-	-	-	-	-	-	-	-	-	-
Deposits held	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-
Unearned revenue	850	2,332	60,449	-	-	-	-	-	3,183	-
Total liabilities	850	2,332	60,449	151,945	40,654	12,580	21,265	5,000	3,183	44,955
Fund balances (deficit):										
Reserved for debt service	-	-	-	-	-	-	-	-	-	-
Unreserved - designated for subsequent year's expenditures	-	-	-	-	-	-	-	-	-	-
Unreserved - undesignated (deficit)	-	-	-	-	-	-	-	-	-	-
Total fund balances	-	-	-	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ 850	\$ 2,332	\$ 60,449	\$ 151,945	\$ 40,654	\$ 12,580	\$ 21,265	\$ 5,000	\$ 3,183	\$ 44,955

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STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2008

	High Schools that Work	Alcohol Abuse Reduction	Johnson O'Malley	Federal Impact Aid Special Ed	Federal Impact Aid Indian Ed	Medicaid	Indian Education Act Title IX	Navajo Medical Center	Transition in Teaching	Safe Schools Healthy Students	Quality Teacher
	24180	25111	25131	25145	25147	25153	25184	25209	25236	25243	25380
<b>ASSETS</b>											
Pooled cash and investments	\$ -	\$ 3,643	\$ -	\$ 24,080	\$ -	\$ 79,514	\$ 11,880	\$ -	\$ -	\$ 748	\$ 10,597
Receivables:											
Property taxes	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	28,855	-	54,717	-	-	-	-	26,848	14,863	-	-
Due from other funds	-	-	-	-	114,795	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 28,855</b>	<b>\$ 3,643</b>	<b>\$ 54,717</b>	<b>\$ 24,080</b>	<b>\$ 114,795</b>	<b>\$ 79,514</b>	<b>\$ 11,880</b>	<b>\$ 26,848</b>	<b>\$ 14,863</b>	<b>\$ 748</b>	<b>\$ 10,597</b>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>Liabilities:</b>											
Due to other funds	\$ 28,855	\$ -	\$ 54,717	\$ -	\$ -	\$ -	\$ -	\$ 26,848	\$ 14,863	\$ -	\$ -
Accounts payable	-	-	-	-	-	-	-	-	-	-	-
Deposits held	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	3,643	-	24,080	114,795	79,514	11,880	-	-	748	10,597
<b>Total liabilities</b>	<b>28,855</b>	<b>3,643</b>	<b>54,717</b>	<b>24,080</b>	<b>114,795</b>	<b>79,514</b>	<b>11,880</b>	<b>26,848</b>	<b>14,863</b>	<b>748</b>	<b>10,597</b>
<b>Fund balances (deficit):</b>											
Reserved for debt service	-	-	-	-	-	-	-	-	-	-	-
Unreserved - designated for subsequent year's expenditures	-	-	-	-	-	-	-	-	-	-	-
Unreserved - undesignated (deficit)	-	-	-	-	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 28,855</b>	<b>\$ 3,643</b>	<b>\$ 54,717</b>	<b>\$ 24,080</b>	<b>\$ 114,795</b>	<b>\$ 79,514</b>	<b>\$ 11,880</b>	<b>\$ 26,848</b>	<b>\$ 14,863</b>	<b>\$ 748</b>	<b>\$ 10,597</b>

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STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
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	Educational Enrichment	NEA Innovation	Technology Grant	Advanced Placement Programs	Incentives for School Improvements	Family Youth	Indian Education Act	Teacher Mentoring	Breakfast for Elementary Students	CORE	Schools in Need of Improvements
	26113	26145	27117	27129	27138	27140	27150	27154	27155	27160	27163
<b>ASSETS</b>											
Pooled cash and investments	\$ 585	\$ 233	\$ -	\$ -	\$ 13,621	\$ -	\$ -	\$ 983	\$ 4,582	\$ 244	\$ -
Receivables:											
Property taxes	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	16,022	-	-	854	-	-	-	15,983
Due from other funds	-	-	179,633	-	-	-	-	-	-	-	-
Total assets	<u>\$ 585</u>	<u>\$ 233</u>	<u>\$ 179,633</u>	<u>\$ 16,022</u>	<u>\$ 13,621</u>	<u>\$ -</u>	<u>\$ 854</u>	<u>\$ 983</u>	<u>\$ 4,582</u>	<u>\$ 244</u>	<u>\$ 15,983</u>
<b>LIABILITIES AND FUND BALANCES</b>											
Liabilities:											
Due to other funds	\$ -	\$ -	\$ -	\$ 16,022	\$ -	\$ -	\$ 854	\$ -	\$ -	\$ -	\$ 15,983
Accounts payable	-	-	-	-	-	-	-	-	-	-	-
Deposits held	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	585	233	179,633	-	13,621	-	-	983	4,582	244	-
Total liabilities	<u>585</u>	<u>233</u>	<u>179,633</u>	<u>16,022</u>	<u>13,621</u>	<u>-</u>	<u>854</u>	<u>983</u>	<u>4,582</u>	<u>244</u>	<u>15,983</u>
Fund balances (deficit):											
Reserved for debt service	-	-	-	-	-	-	-	-	-	-	-
Unreserved - designated for subsequent year's expenditures	-	-	-	-	-	-	-	-	-	-	-
Unreserved - undesignated (deficit)	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 585</u>	<u>\$ 233</u>	<u>\$ 179,633</u>	<u>\$ 16,022</u>	<u>\$ 13,621</u>	<u>\$ -</u>	<u>\$ 854</u>	<u>\$ 983</u>	<u>\$ 4,582</u>	<u>\$ 244</u>	<u>\$ 15,983</u>

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STATE OF NEW MEXICO  
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 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2008

	School Improvement Framework	21st Century State Grant	After School Enrichment Program	Library GO Bonds	Tobacco Free	Youth Conservation	Right Start Family	Tutoring	San Juan County Partnership	Total Special Revenue
	27164	27167	27168	27170	28122	28133	28142	28178	29107	
<b>ASSETS</b>										
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 2,584	\$ 17,653	\$ 47,236	\$ -	\$ 5,081	\$ 849,040
Receivables:										
Property taxes	-	-	-	-	-	-	-	-	-	-
Due from other governments	3,944	68,049	25,395	16,262	-	-	-	92,224	-	650,431
Due from other funds	-	-	-	-	-	-	-	-	-	650,431
<b>Total assets</b>	<b>\$ 3,944</b>	<b>\$ 68,049</b>	<b>\$ 25,395</b>	<b>\$ 16,262</b>	<b>\$ 2,584</b>	<b>\$ 17,653</b>	<b>\$ 47,236</b>	<b>\$ 92,224</b>	<b>\$ 5,081</b>	<b>\$ 2,149,902</b>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Due to other funds	\$ 3,944	\$ 68,049	\$ 25,395	\$ 16,262	\$ -	\$ -	\$ -	\$ 92,224	\$ -	\$ 650,431
Accounts payable	-	-	-	-	-	-	-	-	-	31,134
Deposits held	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	2,584	17,653	47,236	-	5,081	940,851
<b>Total liabilities</b>	<b>3,944</b>	<b>68,049</b>	<b>25,395</b>	<b>16,262</b>	<b>2,584</b>	<b>17,653</b>	<b>47,236</b>	<b>92,224</b>	<b>5,081</b>	<b>1,622,416</b>
Fund balances (deficit):										
Reserved for debt service	-	-	-	-	-	-	-	-	-	-
Unreserved - designated for subsequent year's expenditures	-	-	-	-	-	-	-	-	-	-
Unreserved - undesignated (deficit)	-	-	-	-	-	-	-	-	-	527,486
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>527,486</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,944</b>	<b>\$ 68,049</b>	<b>\$ 25,395</b>	<b>\$ 16,262</b>	<b>\$ 2,584</b>	<b>\$ 17,653</b>	<b>\$ 47,236</b>	<b>\$ 92,224</b>	<b>\$ 5,081</b>	<b>\$ 2,149,902</b>

(continued)

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2008

	Debt Service Educational Technical 43000	Capital Projects			Total Capital Projects	Total Nonmajor Governmental Funds
		Special Building Local 31300	Special Building State 31400	Public Schools 20% Capital Outlay 32100		
<b>ASSETS</b>						
Pooled cash and investments	\$ 131,177	\$ 1,073,772	\$ 103,165	\$ 124,330	\$ 1,301,267	\$ 2,281,484
Receivables:						
Property taxes	1,872,347	-	-	-	-	1,872,347
Due from other governments	4,634	-	-	-	-	655,065
Due from other funds	-	-	-	-	-	650,431
Total assets	<u>\$ 2,008,158</u>	<u>\$ 1,073,772</u>	<u>\$ 103,165</u>	<u>\$ 124,330</u>	<u>\$ 1,301,267</u>	<u>\$ 5,459,327</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650,431
Accounts payable	-	-	-	-	-	31,134
Deposits held	-	49,700	-	-	49,700	49,700
Deferred revenue	1,872,347	-	-	-	-	1,872,347
Unearned revenue	-	-	-	-	-	940,851
Total liabilities	<u>1,872,347</u>	<u>49,700</u>	<u>-</u>	<u>-</u>	<u>49,700</u>	<u>3,544,463</u>
Fund balances (deficit):						
Reserved for debt service	135,811	-	-	-	-	135,811
Unreserved - designated for subsequent year's expenditures	-	1,024,072	103,165	-	1,127,237	1,127,237
Unreserved - undesignated (deficit)	-	-	-	124,330	124,330	651,816
Total fund balances	<u>135,811</u>	<u>1,024,072</u>	<u>103,165</u>	<u>124,330</u>	<u>1,251,567</u>	<u>1,914,864</u>
Total liabilities and fund balances	<u>\$ 2,008,158</u>	<u>\$ 1,073,772</u>	<u>\$ 103,165</u>	<u>\$ 124,330</u>	<u>\$ 1,301,267</u>	<u>\$ 5,459,327</u>

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2008

	Special Revenue									
	Food Services	Athletics	Activities	Title I	Javits - Gifted and Talented	IDEA-B Entitlement	IDEA-B Preschool	Homeless Grant	Fresh Fruit and Vegetable	Enhancing Ed Technology
	21000	22000	23000	24101	24102	24106	24109	24113	24118	24133
<b>Revenues:</b>										
Intergovernmental - grants	\$1,957,867	\$ -	\$ -	\$2,434,843	\$ -	\$2,223,174	\$ 65,582	\$ 11,842	\$ -	\$ -
Taxes - property	-	-	-	-	-	-	-	-	-	-
Fees and activities	806,247	286,153	377,250	-	-	-	-	-	-	-
Earnings from investments	968	287	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>2,765,082</b>	<b>286,440</b>	<b>377,250</b>	<b>2,434,843</b>	<b>-</b>	<b>2,223,174</b>	<b>65,582</b>	<b>11,842</b>	<b>-</b>	<b>-</b>
<b>Expenditures:</b>										
<b>Current:</b>										
Instruction	-	-	-	2,189,927	-	1,042,423	65,582	11,290	-	-
Support services	-	-	216,256	244,916	-	1,180,751	-	552	-	-
Operation of non-instructional servi	-	-	-	-	-	-	-	-	-	-
Food services	2,771,521	-	-	-	-	-	-	-	-	-
Athletics	-	309,539	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	6,049	154,001	-	-	-	-	-	-	-
<b>Debt Service:</b>										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>2,771,521</b>	<b>315,588</b>	<b>370,257</b>	<b>2,434,843</b>	<b>-</b>	<b>2,223,174</b>	<b>65,582</b>	<b>11,842</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(6,439)</b>	<b>(29,148)</b>	<b>6,993</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses):</b>										
Bonds issued	-	-	-	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>(6,439)</b>	<b>(29,148)</b>	<b>6,993</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance at beginning of year</b>	<b>197,854</b>	<b>90,917</b>	<b>267,309</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance at end of year</b>	<b>\$ 191,415</b>	<b>\$ 61,769</b>	<b>\$ 274,302</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(continued)

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2008

Special Revenue										
	CSRD Grant	Title VI-A	Eng Language Acquisition	Title II-A	Drug Free Schools	21st Century	School Improvements	Immigrant Grant	NM Reading First	Carl Perkins
	24135	24150	24153	24154	24157	24159	24162	24163	24167	24174
<b>Revenues:</b>										
Intergovernmental - grants	\$ -	\$ 12,543	\$ 66,645	\$ 529,974	\$ 55,402	\$ 202,052	\$ 21,991	\$ 5,000	\$ -	\$ 54,535
Taxes - property	-	-	-	-	-	-	-	-	-	-
Fees and activities	-	-	-	-	-	-	-	-	-	-
Earnings from investments	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>12,543</b>	<b>66,645</b>	<b>529,974</b>	<b>55,402</b>	<b>202,052</b>	<b>21,991</b>	<b>5,000</b>	<b>-</b>	<b>54,535</b>
<b>Expenditures:</b>										
<b>Current:</b>										
Instruction	-	-	66,645	343,682	-	200,378	21,808	5,000	-	20,268
Support services	-	12,543	-	186,292	55,402	1,674	183	-	-	454
Operation of non-instructional servi	-	-	-	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-	-	-	-
Athletics	-	-	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	33,813
<b>Debt Service:</b>										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>12,543</b>	<b>66,645</b>	<b>529,974</b>	<b>55,402</b>	<b>202,052</b>	<b>21,991</b>	<b>5,000</b>	<b>-</b>	<b>54,535</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses):</b>										
Bonds issued	-	-	-	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance at beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(continued)

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2008

	Special Revenue										
	High Schools that Work	Alcohol Abuse Reduction	Johnson O'Malley	Federal Impact Aid Special Ed	Federal Impact Aid Indian Ed	Medicaid	Indian Education Act Title IX	Navajo Medical Center	Transition in Teaching	Safe Schools Students	Quality Teacher
	24180	25111	25131	25145	25147	25153	25184	25209	25236	25243	25380
<b>Revenues:</b>											
Intergovernmental - grants	\$ 48,015	\$ 496,809	\$ 172,086	\$ 54,466	\$ 39,319	\$ 262,066	\$ 564,217	\$ 50,083	\$ 253,967	\$ 474,252	\$ -
Taxes - property	-	-	-	-	-	-	-	-	-	-	-
Fees and activities	-	-	-	-	-	-	-	-	-	-	-
Earnings from investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>48,015</b>	<b>496,809</b>	<b>172,086</b>	<b>54,466</b>	<b>39,319</b>	<b>262,066</b>	<b>564,217</b>	<b>50,083</b>	<b>253,967</b>	<b>474,252</b>	<b>-</b>
<b>Expenditures:</b>											
<b>Current:</b>											
Instruction	48,015	390,466	59,812	-	30,742	-	401,195	-	-	5,481	-
Support services	-	106,343	112,274	54,466	8,577	262,066	163,022	50,083	253,967	458,069	-
Operation of non-instructional services	-	-	-	-	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-	-	-	-	-
Athletics	-	-	-	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	10,702	-
<b>Debt Service:</b>											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>48,015</b>	<b>496,809</b>	<b>172,086</b>	<b>54,466</b>	<b>39,319</b>	<b>262,066</b>	<b>564,217</b>	<b>50,083</b>	<b>253,967</b>	<b>474,252</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses):</b>											
Bonds issued	-	-	-	-	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance at beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(continued)

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



STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2008

	Special Revenue										
	Educational Enrichment	NEA Innovation	Technology Grant	Advanced Placement Programs	Incentives for School s	Family Youth	Indian Education Act	Teacher Mentoring	Breakfast for Elementary Students	CORE	Schools in Need of Improvements
	26113	26145	27117	27129	27138	27140	27150	27154	27155	27160	27163
<b>Revenues:</b>											
Intergovernmental - grants	\$ -	\$ -	\$ 65,770	\$ 16,022	\$ 18,267	\$ -	\$ 854	\$ 25,081	\$ 104,591	\$ -	\$ 34,846
Taxes - property	-	-	-	-	-	-	-	-	-	-	-
Fees and activities	-	-	-	-	-	-	-	-	-	-	-
Earnings from investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>65,770</b>	<b>16,022</b>	<b>18,267</b>	<b>-</b>	<b>854</b>	<b>25,081</b>	<b>104,591</b>	<b>-</b>	<b>34,846</b>
<b>Expenditures:</b>											
<b>Current:</b>											
Instruction	-	-	-	16,022	-	-	854	13,861	-	-	34,846
Support services	-	-	65,770	-	18,267	-	-	11,220	-	-	-
Operation of non-instructional servi	-	-	-	-	-	-	-	-	104,591	-	-
Food services	-	-	-	-	-	-	-	-	-	-	-
Athletics	-	-	-	-	-	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
<b>Debt Service:</b>											
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>65,770</b>	<b>16,022</b>	<b>18,267</b>	<b>-</b>	<b>854</b>	<b>25,081</b>	<b>104,591</b>	<b>-</b>	<b>34,846</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses):</b>											
Bonds issued	-	-	-	-	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance at beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(continued)

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2008

	Special Revenue									
	School Improvement Framework	21st Century State Grant	After School Enrichment Program	Library GO Bonds	Tobacco Free	Youth Conservation	Right Start Family	Tutoring	San Juan County Partnership	Total Special Revenue
	27164	27167	27168	27170	28122	28133	28142	28178	29107	
<b>Revenues:</b>										
Intergovernmental - grants	\$ 3,944	\$ 68,049	\$ 46,873	\$ 54,357	\$ 83,928	\$ 123,592	\$ 108,033	\$ 96,012	\$ -	\$10,906,949
Taxes - property	-	-	-	-	-	-	-	-	-	-
Fees and activities	-	-	-	-	-	-	-	-	-	1,469,650
Earnings from investments	-	-	-	-	-	-	-	-	-	1,255
<b>Total revenues</b>	<b>3,944</b>	<b>68,049</b>	<b>46,873</b>	<b>54,357</b>	<b>83,928</b>	<b>123,592</b>	<b>108,033</b>	<b>96,012</b>	<b>-</b>	<b>12,377,854</b>
<b>Expenditures:</b>										
<b>Current:</b>										
Instruction	-	68,049	46,873	-	-	123,592	14,826	96,012	-	5,317,649
Support services	3,944	-	-	54,357	83,928	-	93,207	-	-	3,698,583
Operation of non-instructional servi	-	-	-	-	-	-	-	-	-	104,591
Food services	-	-	-	-	-	-	-	-	-	2,771,521
Athletics	-	-	-	-	-	-	-	-	-	309,539
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	204,565
<b>Debt Service:</b>										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>3,944</b>	<b>68,049</b>	<b>46,873</b>	<b>54,357</b>	<b>83,928</b>	<b>123,592</b>	<b>108,033</b>	<b>96,012</b>	<b>-</b>	<b>12,406,448</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28,594)</b>
<b>Other financing sources (uses):</b>										
Bonds issued	-	-	-	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28,594)</b>
<b>Fund balance at beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>556,080</b>
<b>Fund balance at end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 527,486</b>

(continued)

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2008

	Debt Service	Capital Projects			Total Nonmajor Governmental Funds	
	Educational Technical	Special Building Local	Special Building State	Public Schools 20% Capital Outlay		Total Capital Projects
	43000	31300	31400	32100		
<b>Revenues:</b>						
Intergovernmental - grants	\$ -	\$ -	\$ 25,587	\$ -	\$ 25,587	\$ 10,932,536
Taxes - property	115,313	-	-	-	-	115,313
Fees and activities	-	7,023	-	-	7,023	1,476,673
Earnings from investments	-	1,591	3,344	-	4,935	6,190
<b>Total revenues</b>	<b>115,313</b>	<b>8,614</b>	<b>28,931</b>	<b>-</b>	<b>37,545</b>	<b>12,530,712</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	-	5,317,649
Support services	672	-	-	-	-	3,699,255
Operation of non-instructional services	-	-	-	-	-	104,591
Food services	-	-	-	-	-	2,771,521
Athletics	-	-	-	-	-	309,539
Pupil transportation	-	-	-	-	-	-
Capital outlay	-	1,000	25,587	-	26,587	231,152
<b>Debt Service:</b>						
Principal	1,100,000	-	-	-	-	1,100,000
Interest	19,745	-	-	-	-	19,745
<b>Total expenditures</b>	<b>1,120,417</b>	<b>1,000</b>	<b>25,587</b>	<b>-</b>	<b>26,587</b>	<b>13,553,452</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,005,104)</b>	<b>7,614</b>	<b>3,344</b>	<b>-</b>	<b>10,958</b>	<b>(1,022,740)</b>
<b>Other financing sources (uses):</b>						
Bonds issued	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>(1,005,104)</b>	<b>7,614</b>	<b>3,344</b>	<b>-</b>	<b>10,958</b>	<b>(1,022,740)</b>
<b>Fund balance at beginning of year</b>	<b>1,140,915</b>	<b>1,016,458</b>	<b>99,821</b>	<b>124,330</b>	<b>1,240,609</b>	<b>2,937,604</b>
<b>Fund balance at end of year</b>	<b>\$ 135,811</b>	<b>\$ 1,024,072</b>	<b>\$ 103,165</b>	<b>\$ 124,330</b>	<b>\$ 1,251,567</b>	<b>\$ 1,914,864</b>

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 DEBT SERVICE FUND - 41000  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Local sources:				
District school tax levy	\$ 8,924,012	\$ 8,924,012	\$ 9,454,173	\$ 530,161
Earnings from investments	<u>341,525</u>	<u>341,525</u>	<u>188,102</u>	<u>(153,423)</u>
Total local revenues	<u>9,265,537</u>	<u>9,265,537</u>	<u>9,642,275</u>	<u>376,738</u>
<b>Expenditures:</b>				
Current:				
Support Services:				
Purchased services	<u>77,923</u>	<u>77,923</u>	<u>76,249</u>	<u>1,674</u>
Debt service:				
Principal	18,596,979	18,596,979	7,695,000	10,901,979
Interest	<u>1,229,012</u>	<u>1,229,012</u>	<u>1,228,973</u>	<u>39</u>
Total debt service	<u>19,825,991</u>	<u>19,825,991</u>	<u>8,923,973</u>	<u>10,902,018</u>
Total expenditures	<u>19,903,914</u>	<u>19,903,914</u>	<u>9,000,222</u>	<u>10,903,692</u>
Excess (deficiency) of revenues over expenditures	(10,638,377)	(10,638,377)	642,053	11,280,430
Beginning cash balance budgeted	10,638,377	10,638,377	-	(10,638,377)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>9,525,393</u>	<u>9,525,393</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>10,167,446</u>	<u>\$ 10,167,446</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in receivables			(1,331,429)	
Change in due from other governments			(29,944)	
Change in deferred revenue			<u>1,331,429</u>	
			<u>\$ 10,137,502</u>	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 BOND BUILDING CAPITAL PROJECTS FUND - 31100  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Earnings from investments	\$ 22,000	\$ 22,000	\$ 78,900	\$ 56,900
Expenditures:				
Capital outlay	<u>9,916,433</u>	<u>9,916,433</u>	<u>5,166,014</u>	<u>4,750,419</u>
Excess (deficiency) of revenues over expenditures	<u>(9,894,433)</u>	<u>(9,894,433)</u>	<u>(5,087,114)</u>	<u>4,807,319</u>
Beginning cash balance budgeted	9,894,433	9,894,433	-	(9,894,433)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>9,939,475</u>	<u>9,939,475</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	4,852,361	<u>\$ 4,852,361</u>
RECONCILIATION TO GAAP BASIS:				
Changes in payables			<u>370,318</u>	
			<u>\$ 5,222,679</u>	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 SB-9 CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND - 31700  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>State sources:</b>				
State flow through grants	\$ 317,944	\$ 317,944	\$ 364,542	\$ 46,598
<b>Local sources:</b>				
District school tax levy	\$ 2,364,283	\$ 2,364,283	\$ 2,498,782	\$ 134,499
Earnings from investments	-	-	52,437	52,437
<b>Total local revenues</b>	<b>2,364,283</b>	<b>2,364,283</b>	<b>2,551,219</b>	<b>186,936</b>
<b>Total revenues</b>	<b>2,682,227</b>	<b>2,682,227</b>	<b>2,915,761</b>	<b>233,534</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Operation of Non-Instructional Services:</b>				
Purchased services	3,198,482	3,198,482	1,258,115	1,940,367
Supplies and materials	875,000	875,000	979,136	(104,136)
<b>Total operation of non-instructional services</b>	<b>4,073,482</b>	<b>4,073,482</b>	<b>2,237,251</b>	<b>1,836,231</b>
<b>Capital outlay</b>	<b>300,000</b>	<b>300,000</b>	<b>837,589</b>	<b>(537,589)</b>
<b>Total expenditures</b>	<b>4,373,482</b>	<b>4,373,482</b>	<b>3,074,840</b>	<b>1,298,642</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,691,255)</b>	<b>(1,691,255)</b>	<b>(159,079)</b>	<b>1,532,176</b>
<b>Beginning cash balance budgeted</b>	<b>1,691,255</b>	<b>1,691,255</b>	<b>-</b>	<b>(1,691,255)</b>
<b>Fund balances at beginning of the year</b>	<b>-</b>	<b>-</b>	<b>2,208,908</b>	<b>2,208,908</b>
<b>Fund balances at end of the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,049,829</b>	<b>\$ 2,049,829</b>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in receivables			159,783	
Change in due from other governments			(22,266)	
Changes in payables			(123,524)	
Change in deferred revenue			(159,783)	
			<b>\$ 1,904,039</b>	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 EDUCATIONAL TECHNICAL EQUIPMENT CAPITAL PROJECTS FUND - 31900  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Earnings from investments	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Capital outlay	29,191	4,779,191	917,688	3,861,503
Debt service:				
Capital lease issuance costs	<u>-</u>	<u>-</u>	<u>22,444</u>	<u>(22,444)</u>
Total expenditures	<u>29,191</u>	<u>4,779,191</u>	<u>940,132</u>	<u>3,839,059</u>
Excess (deficiency) of revenues over expenditures	(29,191)	(4,779,191)	(940,132)	3,839,059
Other sources:				
Capital lease	<u>-</u>	<u>4,750,000</u>	<u>4,750,000</u>	<u>-</u>
Net change in fund balances	(29,191)	(29,191)	3,809,868	3,839,059
Beginning cash balance budgeted	29,191	29,191	-	(29,191)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>29,634</u>	<u>29,634</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	3,839,502	<u>\$ 3,839,502</u>
RECONCILIATION TO GAAP BASIS:				
Changes in payables			<u>(3,467,592)</u>	
			<u>\$ 371,910</u>	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 FOOD SERVICES SPECIAL REVENUE FUND - 21000  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Federal sources:</b>				
Food and milk reimbursements	\$ 2,072,676	\$ 2,072,676	\$ 1,904,684	\$ (167,992)
USDA Commodities	<u>-</u>	<u>-</u>	<u>53,183</u>	<u>53,183</u>
<b>Total federal revenues</b>	<u>2,072,676</u>	<u>2,072,676</u>	<u>1,957,867</u>	<u>(114,809)</u>
<b>Local sources:</b>				
Fees and activities	854,000	854,000	806,247	(47,753)
Earnings from investments	<u>1,000</u>	<u>1,000</u>	<u>968</u>	<u>(32)</u>
<b>Total local revenues</b>	<u>855,000</u>	<u>855,000</u>	<u>807,215</u>	<u>(47,785)</u>
<b>Total revenues</b>	<u>2,927,676</u>	<u>2,927,676</u>	<u>2,765,082</u>	<u>(162,594)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Food services:</b>				
Personnel services	114,481	114,481	87,569	26,912
Employee benefits	57,496	57,496	32,444	25,052
Purchased services	1,701,000	1,701,000	1,657,275	43,725
Supplies and materials	<u>1,159,369</u>	<u>1,159,369</u>	<u>1,221,664</u>	<u>(62,295)</u>
<b>Total food services</b>	3,032,346	3,032,346	2,998,952	33,394
<b>Capital outlay</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>3,032,346</u>	<u>3,032,346</u>	<u>2,998,952</u>	<u>33,394</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(104,670)	(104,670)	(233,870)	(129,200)
<b>Beginning cash balance budgeted</b>	104,670	104,670	-	(104,670)
<b>Fund balances at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>197,854</u>	<u>197,854</u>
<b>Fund balances at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(36,016)</u>	<u>\$ (36,016)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Changes in payables			<u>227,431</u>	
			<u>\$ 191,415</u>	

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



STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 ATHLETICS SPECIAL REVENUE FUND - 22000  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Local sources:				
Fees and activities	\$ 275,000	\$ 275,000	286,153	11,153
Earnings from investments	<u>300</u>	<u>300</u>	<u>287</u>	<u>(13)</u>
Total revenues	<u>275,300</u>	<u>275,300</u>	<u>286,440</u>	<u>11,140</u>
<b>Expenditures:</b>				
Current:				
Athletics:				
Personnel services	-	-	28,222	(28,222)
Employee benefits	-	-	3,517	(3,517)
Purchased services	245,500	245,500	241,828	3,672
Supplies and materials	<u>35,500</u>	<u>35,500</u>	<u>35,972</u>	<u>(472)</u>
Total athletics	281,000	281,000	309,539	(28,539)
Capital outlay	<u>113,503</u>	<u>113,503</u>	<u>6,049</u>	<u>107,454</u>
Total expenditures	<u>394,503</u>	<u>394,503</u>	<u>315,588</u>	<u>78,915</u>
Excess (deficiency) of revenues over expenditures	(119,203)	(119,203)	(29,148)	90,055
Beginning cash balance budgeted	119,203	119,203	-	(119,203)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>90,917</u>	<u>90,917</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>61,769</u>	<u>\$ 61,769</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in receivables			<u>-</u>	
			<u>\$ 61,769</u>	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 ACTIVITIES SPECIAL REVENUE FUND - 23000  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Local sources:				
Fees and activities	\$ 250,000	\$ 358,818	377,250	18,432
Earnings from investments	-	-	-	-
Total local revenues	<u>250,000</u>	<u>358,818</u>	<u>377,250</u>	<u>18,432</u>
<b>Expenditures:</b>				
Current:				
Support Services:				
Personnel services	100,000	100,000	133,694	(33,694)
Employee benefits	11,890	11,890	15,524	(3,634)
Purchased services	171,318	196,318	19,903	176,415
Supplies and materials	4,500	4,500	47,135	(42,635)
Total support services	287,708	312,708	216,256	96,452
Capital outlay	<u>55,000</u>	<u>313,419</u>	<u>154,001</u>	<u>159,418</u>
Total expenditures	<u>342,708</u>	<u>626,127</u>	<u>370,257</u>	<u>255,870</u>
Excess (deficiency) of revenues over expenditures	(92,708)	(267,309)	6,993	274,302
Beginning cash balance budgeted	92,708	267,309	-	(267,309)
Fund balances at beginning of the year	-	-	<u>267,309</u>	<u>267,309</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	274,302	<u>\$ 274,302</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in receivables			-	
			<u>\$ 274,302</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 SPECIAL REVENUE FUND - 24101  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ 2,566,360	\$ 2,650,945	\$ 2,397,782	\$ (253,163)
Expenditures:				
Current:				
Instruction:				
Personnel services	1,209,477	1,218,357	1,294,854	(76,497)
Employee benefits	503,655	503,655	418,363	85,292
Purchased services	417,010	442,010	195,459	246,551
Supplies and materials	119,172	169,172	281,251	(112,079)
Total instruction	<u>2,249,314</u>	<u>2,333,194</u>	<u>2,189,927</u>	<u>143,267</u>
Support Services:				
Personnel services	184,706	184,706	156,238	28,468
Employee benefits	76,262	76,262	39,469	36,793
Purchased services	55,078	55,783	49,209	6,574
Supplies and materials	1,000	1,000	-	1,000
Total support services	<u>317,046</u>	<u>317,751</u>	<u>244,916</u>	<u>72,835</u>
Capital outlay	-	-	-	-
Total expenditures	<u>2,566,360</u>	<u>2,650,945</u>	<u>2,434,843</u>	<u>216,102</u>
Excess (deficiency) of revenues over expenditures	-	-	(37,061)	(37,061)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	(37,061)	<u>\$ (37,061)</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			-	
Change in unearned revenue			<u>37,061</u>	
			<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  
 JAVITS GIFTED AND TALENTED SPECIAL REVENUE FUND - 24102  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budget Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ -	\$ 5,850	5,850
Expenditures:				
Current:				
Support Services:				
Purchased services	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	5,850	5,850
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	5,850	\$ 5,850
RECONCILIATION TO GAAP BASIS:				
Change in receivables			(5,850)	
			<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  
 IDEA-B ENTITLEMENT SPECIAL REVENUE FUND - 24106  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ 2,119,425	\$ 2,451,684	\$ 2,211,209	\$ (240,475)
Expenditures:				
Current:				
Instruction:				
Personnel services	565,186	670,021	580,068	89,953
Employee benefits	279,955	279,955	182,451	97,504
Purchased services	61,000	61,000	55,393	5,607
Supplies and materials	107,500	122,500	224,511	(102,011)
Total instruction	<u>1,013,641</u>	<u>1,133,476</u>	<u>1,042,423</u>	<u>91,053</u>
Support Services:				
Personnel services	632,176	768,467	718,817	49,650
Employee benefits	303,827	297,607	167,033	130,574
Purchased services	133,781	213,134	261,102	(47,968)
Supplies and materials	36,000	39,000	33,799	5,201
Total support services	<u>1,105,784</u>	<u>1,318,208</u>	<u>1,180,751</u>	<u>137,457</u>
Capital outlay	-	-	-	-
Total expenditures	<u>2,119,425</u>	<u>2,451,684</u>	<u>2,223,174</u>	<u>228,510</u>
Excess (deficiency) of revenues over expenditures	-	-	(11,965)	(11,965)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	(11,965)	<u>\$ (11,965)</u>
RECONCILIATION TO GAAP BASIS:				
Changes in payables			-	
Change in unearned revenue			<u>11,965</u>	
			<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  
 IDEA-B PRESCHOOL SPECIAL REVENUE FUND - 24109  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ 63,992	\$ 71,708	\$ 66,279	\$ (5,429)
Expenditures:				
Current:				
Instruction:				
Personnel services	42,000	42,000	37,878	4,122
Employee benefits	20,084	27,398	27,196	202
Purchased services	508	508	508	-
Supplies and materials	1,400	1,802	-	1,802
Total instruction	<u>63,992</u>	<u>71,708</u>	<u>65,582</u>	<u>6,126</u>
Excess (deficiency) of revenues over expenditures	-	-	697	697
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	697	<u>\$ 697</u>
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			<u>(697)</u>	
			<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  
 HOMELESS GRANT SPECIAL REVENUE FUND - 24113  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Federal sources:				
Federal direct grants	\$ -	\$ 15,000	\$ 12,956	\$ (2,044)
<b>Expenditures:</b>				
Current:				
Instruction:				
Personnel services		6,000	5,455	545
Employee benefits		1,987	1,101	886
Supplies and materials	-	5,673	4,734	939
Total instruction	-	13,660	11,290	2,370
Support Services:				
Purchased services	-	1,340	552	788
Total expenditures	-	15,000	11,842	3,158
Excess (deficiency) of revenues over expenditures	-	-	1,114	1,114
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	1,114	\$ 1,114
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in unearned revenue			(1,114)	
			\$ -	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 FRESH FRUIT AND VEGETABLE SPECIAL REVENUE FUND - 24118  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Operation of Non-Instructional Services:				
Purchased services	-	-	-	-
Supplies and materials	-	-	-	-
Total operation of non-instructional services	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	-	\$ -
RECONCILIATION TO GAAP BASIS:				
Change in receivables			-	
			\$ -	

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



STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 ENHANCING ED THROUGH TECHNOLOGY - 24133  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ 9,598	\$ 2,043	\$ (7,555)
Expenditures:				
Current:				
Instruction:				
Supplies and materials	-	9,598	-	9,598
Total expenditures	-	9,598	-	9,598
Excess (deficiency) of revenues over expenditures	-	-	2,043	2,043
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	2,043	\$ 2,043
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			(2,043)	
			<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  
 CSRD GRANT SPECIAL REVENUE FUND - 24135  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ -	\$ 2,078	\$ 2,078
Expenditures:				
Current:				
Instruction:				
Personnel services	-	-	-	-
Employee benefits	-	-	-	-
Total instruction	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	2,078	2,078
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	2,078	<u>\$ 2,078</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			(1,228)	
Change in unearned revenue			<u>(850)</u>	
			<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  
 TITLE VI-A SPECIAL REVENUE FUND - 24150  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ 13,241	\$ 14,144	\$ 11,850	\$ (2,294)
Expenditures:				
Current:				
Support Services:				
Personnel services	9,179	9,179	9,179	-
Employee benefits	3,663	3,663	2,072	1,591
Purchased services	112	112	104	8
Supplies and materials	287	1,190	1,188	2
Total expenditures	13,241	14,144	12,543	1,601
Excess (deficiency) of revenues over expenditures	-	-	(693)	(693)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	(693)	\$ (693)
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			693	
			\$ -	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 ENGLISH LANGUAGE ACQUISITION SPECIAL REVENUE FUND - 24153  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Federal sources:				
Federal flowthrough grants	\$ 69,729	\$ 90,366	\$ 83,663	\$ (6,703)
<b>Expenditures:</b>				
Current:				
Instruction:				
Personnel services	16,000	17,450	17,404	46
Employee benefits	4,345	6,590	5,491	1,099
Purchased services	30,000	33,500	26,794	6,706
Supplies and materials	19,384	32,826	16,956	15,870
Total expenditures	<u>69,729</u>	<u>90,366</u>	<u>66,645</u>	<u>23,721</u>
Excess (deficiency) of revenues over expenditures	-	-	17,018	17,018
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	17,018	<u>\$ 17,018</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in unearned revenue			<u>(17,018)</u>	
			<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  
 TITLE II-A SPECIAL REVENUE FUND - 24154  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Federal sources:</b>				
Federal flowthrough grants	\$ 519,804	\$ 589,630	\$ 418,010	\$ (171,620)
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Personnel services	181,196	181,196	195,643	(14,447)
Employee benefits	80,892	80,892	67,159	13,733
Purchased services	35,430	92,930	78,943	13,987
Supplies and materials	500	1,826	1,937	(111)
Total instruction	298,018	356,844	343,682	13,162
<b>Support Services:</b>				
Personnel services	136,999	136,999	124,456	12,543
Employee benefits	64,107	64,107	37,929	26,178
Purchased services	20,680	29,680	23,907	5,773
Supplies and materials	-	2,000	-	2,000
Total support services	221,786	232,786	186,292	46,494
Total expenditures	519,804	589,630	529,974	59,656
Excess (deficiency) of revenues over expenditures	-	-	(111,964)	(111,964)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	(111,964)	\$ (111,964)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in due from other governments			111,964	
			\$ -	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 DRUG FREE SCHOOLS SPECIAL REVENUE FUND - 24157  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Federal sources:				
Federal flowthrough grants	\$ 54,068	\$ 66,853	\$ 24,489	\$ (42,364)
<b>Expenditures:</b>				
Current:				
Support Services:				
Personnel services	36,800	40,800	37,841	2,959
Employee benefits	16,254	17,431	10,938	6,493
Purchased services	705	8,313	6,344	1,969
Supplies and materials	309	309	279	30
Total expenditures	<u>54,068</u>	<u>66,853</u>	<u>55,402</u>	<u>11,451</u>
Excess (deficiency) of revenues over expenditures	-	-	(30,913)	(30,913)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	(30,913)	<u>\$ (30,913)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in due from other governments			<u>30,913</u>	
			<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  
 21ST CENTURY SPECIAL REVENUE FUND - 24159  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ 211,332	\$ 212,278	\$ 189,360	\$ (22,918)
Expenditures:				
Current:				
Instruction:				
Personnel services	53,404	53,404	46,822	6,582
Employee benefits	8,768	8,768	9,796	(1,028)
Purchased services	139,212	140,150	142,602	(2,452)
Supplies and materials	8,188	8,188	1,158	7,030
Total instruction	209,572	210,510	200,378	10,132
Support Services:				
Purchased services	1,760	1,768	1,674	94
Total expenditures	211,332	212,278	202,052	10,226
Excess (deficiency) of revenues over expenditures	-	-	(12,692)	(12,692)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	(12,692)	\$ (12,692)
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			12,692	
			<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  
 SCHOOL IMPROVEMENTS SPECIAL REVENUE FUND - 24162  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Federal sources:				
Federal flowthrough grants	\$ -	\$ 21,995	\$ 1,889	\$ (20,106)
<b>Expenditures:</b>				
Current:				
Instruction:				
Personnel services	-	15,900	15,900	-
Employee benefits	-	3,158	3,156	2
Purchased services	-	2,752	2,752	-
Supplies and materials	-	-	-	-
Total instruction	-	21,810	21,808	2
Support Services:				
Purchased services	-	185	183	2
Total expenditures	-	21,995	21,991	4
Excess (deficiency) of revenues over expenditures	-	-	(20,102)	(20,102)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	(20,102)	\$ (20,102)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in due from other governments			20,102	
			<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  
 IMMIGRANT GRANT SPECIAL REVENUE FUND - 24163  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ 36,000	\$ -	\$ (36,000)
Expenditures:				
Current:				
Instruction:				
Personnel services	-	2,385	2,385	-
Employee benefits	-	615	615	-
Purchased services	-	3,000	-	3,000
Supplies and materials	-	30,000	2,000	28,000
Total expenditures	-	36,000	5,000	31,000
Excess (deficiency) of revenues over expenditures	-	-	(5,000)	(5,000)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	(5,000)	\$ (5,000)
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			5,000	
			\$ -	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 NM READING FIRST SPECIAL REVENUE FUND - 24167  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction:				
Personnel services	-	-	-	-
Employee benefits	-	-	-	-
Total instruction	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			-	
			<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  
 CARL PERKINS SPECIAL REVENUE FUND - 24174  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Federal sources:				
Federal flowthrough grants	\$ -	\$ 107,292	\$ 34,581	\$ (72,711)
<b>Expenditures:</b>				
Current:				
Instruction:				
Personnel services	-	2,200	2,200	-
Employee benefits	-	464	446	18
Purchased services	-	20,168	4,636	15,532
Supplies and materials	-	83,238	12,986	70,252
Total instruction	-	106,070	20,268	85,802
Support Services:				
Purchased services	-	899	454	445
Capital outlay	-	323	33,813	(33,490)
Total expenditures	-	107,292	54,535	52,757
Excess (deficiency) of revenues over expenditures	-	-	(19,954)	(19,954)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	(19,954)	\$ (19,954)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in due from other governments			19,954	
			\$ -	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 HIGH SCHOOLS THAT WORK SPECIAL REVENUE FUND - 24180  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ 54,300	\$ 40,748	\$ (13,552)
Expenditures:				
Current:				
Instruction:				
Purchased services	-	54,300	48,015	6,285
Excess (deficiency) of revenues over expenditures	-	-	(7,267)	(7,267)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	(7,267)	<u>\$ (7,267)</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			<u>7,267</u>	
			<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  
 ALCOHOL ABUSE REDUCTION SPECIAL REVENUE FUND - 25111  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ 766,374	\$ 517,000	\$ (249,374)
Expenditures:				
Current:				
Instruction:				
Personnel services	-	365,224	279,838	85,386
Employee benefits	-	165,177	83,013	82,164
Purchased services	-	35,000	15,104	19,896
Supplies and materials	-	35,213	12,511	22,702
Total instruction	-	600,614	390,466	210,148
Support Services:				
Personnel services	-	64,000	57,306	6,694
Employee benefits	-	30,822	21,009	9,813
Purchased services	-	46,438	19,284	27,154
Supplies and materials	-	24,500	8,744	15,756
Total support services	-	165,760	106,343	59,417
Capital outlay	-	-	-	-
Total expenditures	-	766,374	496,809	269,565
Excess (deficiency) of revenues over expenditures	-	-	20,191	20,191
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	20,191	\$ 20,191
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			(16,548)	
Change in unearned revenue			(3,643)	
			<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  
 JOHNSON O'MALLEY SPECIAL REVENUE FUND - 25131  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ 263,643	\$ 157,381	\$ (106,262)
Expenditures:				
Current:				
Instruction:				
Personnel services	-	6,471	3,471	3,000
Employee benefits	-	708	705	3
Purchased services	-	19,964	10,676	9,288
Supplies and materials	-	42,053	44,960	(2,907)
Total instruction	-	69,196	59,812	9,384
Support Services:				
Personnel services	-	133,450	79,437	54,013
Employee benefits	-	29,035	25,503	3,532
Purchased services	-	22,612	2,677	19,935
Supplies and materials	-	9,350	4,657	4,693
Total support services	-	194,447	112,274	82,173
Total expenditures	-	263,643	172,086	91,557
Excess (deficiency) of revenues over expenditures	-	-	(14,705)	(14,705)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	(14,705)	\$ (14,705)
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			14,705	
			\$ -	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 FEDERAL IMPACT AID SPECIAL ED SPECIAL REVENUE FUND - 25145  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Federal sources:				
Federal flowthrough grants	\$ 51,030	\$ 116,901	\$ 73,875	\$ (43,026)
<b>Expenditures:</b>				
Current:				
Support Services:				
Personnel services	51,030	102,310	45,155	57,155
Employee benefits	-	9,705	9,311	394
Purchased services	-	-	-	-
Supplies and materials	-	4,886	-	4,886
Total expenditures	<u>51,030</u>	<u>116,901</u>	<u>54,466</u>	<u>62,435</u>
Excess (deficiency) of revenues over expenditures	-	-	19,409	19,409
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	19,409	<u>\$ 19,409</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in unearned revenue			<u>(19,409)</u>	
			<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  
 FEDERAL IMPACT AID INDIAN ED SPECIAL REVENUE FUND - 25147  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Federal sources:				
Federal flowthrough grants	\$ 28,280	\$ 175,626	\$ 35,383	\$ (140,243)
<b>Expenditures:</b>				
Current:				
Instruction:				
Purchased services	-	61,294	26,403	34,891
Supplies and materials	-	52,810	4,339	48,471
Total instruction	-	114,104	30,742	83,362
Support Services:				
Purchased services	28,280	54,425	8,577	45,848
Supplies and materials	-	7,097	-	7,097
Total support services	28,280	61,522	8,577	52,945
Total expenditures	28,280	175,626	39,319	136,307
Excess (deficiency) of revenues over expenditures	-	-	(3,936)	(3,936)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	(3,936)	\$ (3,936)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in unearned revenue			3,936	
			<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  
 MEDICAID SPECIAL REVENUE FUND - 25153  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ 320,396	\$ 212,717	\$ (107,679)
Expenditures:				
Current:				
Support Services:				
Personnel services	-	173,365	176,527	(3,162)
Employee benefits	-	61,203	56,467	4,736
Purchased services	-	64,510	29,072	35,438
Supplies and materials	-	2,400	-	2,400
Total support services	-	301,478	262,066	39,412
Capital outlay	-	18,918	-	18,918
Total expenditures	-	320,396	262,066	58,330
Excess (deficiency) of revenues over expenditures	-	-	(49,349)	(49,349)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	(49,349)	\$ (49,349)
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			49,349	
			<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  
 INDIAN EDUCATION ACT (TITLE IX) SPECIAL REVENUE FUND - 25184  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Federal sources:</b>				
Federal flowthrough grants	\$ -	\$ 683,970	\$ 585,534	\$ (98,436)
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Personnel services	-	282,913	276,790	6,123
Employee benefits	-	76,777	73,730	3,047
Purchased services	-	36,000	29,330	6,670
Supplies and materials	-	41,296	21,345	19,951
<b>Total instruction</b>	<b>-</b>	<b>436,986</b>	<b>401,195</b>	<b>35,791</b>
<b>Support Services:</b>				
Personnel services	-	155,060	119,804	35,256
Employee benefits	-	46,388	29,074	17,314
Purchased services	-	36,036	9,368	26,668
Supplies and materials	-	9,500	4,776	4,724
<b>Total support services</b>	<b>-</b>	<b>246,984</b>	<b>163,022</b>	<b>83,962</b>
<b>Total expenditures</b>	<b>-</b>	<b>683,970</b>	<b>564,217</b>	<b>119,753</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>21,317</b>	<b>21,317</b>
<b>Fund balances at beginning of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances at end of the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>21,317</b>	<b>\$ 21,317</b>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in due from other governments			(9,437)	
Change in unearned revenue			(11,880)	
			<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  
 NAVAJO MEDICAL CENTER SPECIAL REVENUE FUND - 25209  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Federal sources:				
Federal flowthrough grants	\$ -	\$ 86,622	\$ -	\$ (86,622)
<b>Expenditures:</b>				
Current:				
Support Services:				
Personnel services	-	13,000	13,502	(502)
Employee benefits	-	7,940	2,713	5,227
Purchased services	-	9,756	4,818	4,938
Supplies and materials	-	55,926	29,050	26,876
Total expenditures	-	86,622	50,083	36,539
Excess (deficiency) of revenues over expenditures	-	-	(50,083)	(50,083)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	(50,083)	\$ (50,083)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in due from other governments			26,848	
Change in unearned revenue			23,235	
			<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  
 TRANSITION IN TEACHING SPECIAL REVENUE FUND - 25236  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Federal sources:</b>				
Federal flowthrough grants	\$ -	\$ 310,741	\$ 210,000	\$ (100,741)
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Support Services:</b>				
Personnel services	-	104,308	97,745	6,563
Employee benefits	-	32,927	26,424	6,503
Purchased services	-	160,506	126,961	33,545
Supplies and materials	-	13,000	2,837	10,163
<b>Total expenditures</b>	-	310,741	253,967	56,774
<b>Excess (deficiency) of revenues over expenditures</b>	-	-	(43,967)	(43,967)
<b>Fund balances at beginning of the year</b>	-	-	-	-
<b>Fund balances at end of the year</b>	\$ -	\$ -	(43,967)	\$ (43,967)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in due from other governments			14,863	
Change in unearned revenue			29,104	
			\$ -	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 SAFE SCHOOLS HEALTHY STUDENTS SPECIAL REVENUE FUND - 25243  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>Federal sources:</b>				
Federal flowthrough grants	\$ -	\$ 1,421,011	\$ 475,000	\$ (946,011)
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Personnel services	-	21,450	4,560	16,890
Employee benefits	-	1,849	921	928
Purchased services	-	-	-	-
Total instruction	-	23,299	5,481	17,818
<b>Support Services:</b>				
Personnel services	-	631,600	193,775	437,825
Employee benefits	-	273,261	63,454	209,807
Purchased services	-	439,270	188,925	250,345
Supplies and materials	-	41,581	11,915	29,666
Total support services	-	1,385,712	458,069	927,643
Capital outlay	-	12,000	10,702	1,298
Total expenditures	-	1,421,011	474,252	946,759
<b>Excess (deficiency) of revenues over expenditures</b>	-	-	748	748
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	748	\$ 748
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in unearned revenue			(748)	
			\$ -	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 QUALITY TEACHER SPECIAL REVENUE FUND - 25380  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State flow through grants	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Support Services:				
Purchased services	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			-	
			<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  
 EDUCATIONAL ENRICHMENT SPECIAL REVENUE FUND - 26113  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State flow through grants	\$ -	\$ 585	\$ -	\$ (585)
Expenditures:				
Current:				
Instruction:				
Supplies and materials	-	<u>585</u>	-	<u>585</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			<u>-</u>	
			<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  
 NEA INNOVATION GRANT SPECIAL REVENUE FUND - 26145  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State flow through grants	\$ -	\$ 233	\$ -	\$ (233)
Expenditures:				
Current:				
Instruction:				
Supplies and materials	-	233	-	233
Total expenditures	-	233	-	233
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	-	\$ -
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			-	
			<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  
 TECHNOLOGY GRANT SPECIAL REVENUE FUND - 27117  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>State sources:</b>				
State flow through grants	\$ -	\$ 225,461	\$ 280,652	\$ 55,191
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Support Services:</b>				
Personnel services	-	149,495	45,589	103,906
Employee benefits	-	71,666	15,895	55,771
Purchased services	-	4,300	4,286	14
Supplies and materials	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>225,461</b>	<b>65,770</b>	<b>159,691</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>214,882</b>	<b>214,882</b>
<b>Fund balances at beginning of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances at end of the year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>214,882</b>	<b>\$ 214,882</b>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in due from other governments			(35,249)	
Change in unearned revenue			(179,633)	
			<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  
 ADVANCED PLACEMENT PROGRAMS SPECIAL REVENUE FUND - 27129  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State flow through grants	-	20,000	-	(20,000)
Expenditures:				
Current:				
Instruction:				
Purchased services	-	20,000	16,022	3,978
Total expenditures	-	20,000	16,022	3,978
Excess (deficiency) of revenues over expenditures	-	-	(16,022)	(16,022)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	(16,022)	<u>\$ (16,022)</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			16,022	
			<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  
 INCENTIVES FOR SCHOOL IMPROVEMENTS SPECIAL REVENUE FUND - 27138  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State flow through grants	\$ -	\$ 27,540	\$ 27,540	\$ -
Expenditures:				
Current:				
Support Services:				
Personnel services	-	1,760	2,115	(355)
Employee benefits	-	-	209	(209)
Purchased services	-	25,780	15,943	9,837
Total expenditures	-	27,540	18,267	9,273
Excess (deficiency) of revenues over expenditures	-	-	9,273	9,273
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	9,273	\$ 9,273
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			(9,273)	
			\$ -	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 FAMILY YOUTH SPECIAL REVENUE FUND - 27140  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State flow through grants	\$ -	\$ -	\$ 16,466	\$ 16,466
Expenditures:				
Current:				
Support Services:				
Personnel services	-	-	-	-
Employee benefits	-	-	-	-
Purchased services	-	-	-	-
Total support services	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	16,466	16,466
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	16,466	\$ 16,466
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			(16,466)	
			<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  
 INDIAN EDUCATION ACT SPECIAL REVENUE FUND - 27150  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
State sources:				
State flow through grants	\$ -	\$ 8,333	\$ -	\$ (8,333)
<b>Expenditures:</b>				
Current:				
Instruction:				
Purchased services	-	1,600	695	905
Supplies and materials	-	5,368	159	5,209
Total instruction	-	6,968	854	6,114
Support Services:				
Personnel services	-	1,365	-	1,365
Total expenditures	-	8,333	854	7,479
Excess (deficiency) of revenues over expenditures	-	-	(854)	(854)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	(854)	\$ (854)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in due from other governments			854	
			\$ -	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 TEACHER MENTORING SPECIAL REVENUE FUND - 27154  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
State sources:				
State flow through grants	\$ -	\$ 25,081	\$ 25,763	\$ 682
<b>Expenditures:</b>				
Current:				
Instruction:				
Personnel services	-	9,000	9,000	-
Employee benefits	-	4,385	4,385	-
Supplies and materials	-	476	476	-
Total instruction	-	13,861	13,861	-
Support Services:				
Personnel services	-	8,400	8,400	-
Employee benefits	-	713	713	-
Purchased services	-	2,107	2,107	-
Total support services	-	11,220	11,220	-
Total expenditures	-	25,081	25,081	-
Excess (deficiency) of revenues over expenditures	-	-	682	682
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	682	\$ 682
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in unearned revenue			(682)	
			<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  
 BREAKFAST FOR ELEMENTARY STUDENTS SPECIAL REVENUE FUND - 27155  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>State sources:</b>				
State grant	\$ 104,591	\$ 104,591	\$ 104,591	\$ -
<b>Total revenues</b>	<u>104,591</u>	<u>104,591</u>	<u>104,591</u>	<u>-</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Operation of Non-Instructional Services:</b>				
Supplies and materials	104,591	104,591	104,591	-
<b>Total expenditures</b>	<u>104,591</u>	<u>104,591</u>	<u>104,591</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	-	-	-	-
<b>Fund balances at beginning of the year</b>	-	-	-	-
<b>Fund balances at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in unearned revenue			-	
			<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  
 CORE SPECIAL REVENUE FUND - 27160  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State flow through grants	\$ -	\$ -	\$ 15,150	\$ 15,150
Expenditures:				
Current:				
Instruction:				
Personnel services	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	15,150	15,150
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	15,150	<u>\$ 15,150</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			(14,906)	
Change in unearned revenue			<u>(244)</u>	
			<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  
 SCHOOLS IN NEED OF IMPROVEMENTS SPECIAL REVENUE FUND - 27163  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State flow through grants	\$ -	\$ 58,708	\$ 18,863	\$ (39,845)
Expenditures:				
Current:				
Instruction:				
Personnel services	-	40,000	31,776	8,224
Employee benefits	-	18,708	3,070	15,638
Total expenditures	-	58,708	34,846	23,862
Excess (deficiency) of revenues over expenditures	-	-	(15,983)	(15,983)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	(15,983)	\$ (15,983)
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			15,983	
			<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  
 SCHOOLS IMPROVEMENT FRAMEWORK SPECIAL REVENUE FUND - 27164  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State flow through grants	\$ -	\$ 4,000	\$ -	\$ (4,000)
Expenditures:				
Current:				
Support Services:				
Supplies and materials	-	4,000	3,944	56
Total expenditures	-	4,000	3,944	56
Excess (deficiency) of revenues over expenditures	-	-	(3,944)	(3,944)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	(3,944)	<u>\$ (3,944)</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			<u>3,944</u>	
			<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  
 21ST CENTURY STATE GRANT SPECIAL REVENUE FUND - 27167  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State flow through grants	\$ -	\$ 69,626	\$ -	\$ (69,626)
Expenditures:				
Current:				
Instruction:				
Purchased services	-	61,349	60,194	1,155
Supplies and materials	-	8,277	7,855	422
Total expenditures	-	69,626	68,049	1,577
Excess (deficiency) of revenues over expenditures	-	-	(68,049)	(68,049)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	(68,049)	\$ (68,049)
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			68,049	
			<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  
 AFTER SCHOOL ENRICHMENT PROGRAM SPECIAL REVENUE FUND - 27168  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
State sources:				
State flow through grants	\$ -	\$ 50,000	\$ 21,478	\$ (28,522)
<b>Expenditures:</b>				
Current:				
Instruction:				
Personnel services	-	16,074	15,023	1,051
Employee benefits	-	5,014	3,022	1,992
Purchased services	-	23,421	23,388	33
Supplies and materials	-	5,491	5,440	51
Total expenditures	-	50,000	46,873	3,127
Excess (deficiency) of revenues over expenditures	-	-	(25,395)	(25,395)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	(25,395)	\$ (25,395)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in due from other governments			25,395	
			\$ -	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 LIBRARY GO BONDS SPECIAL REVENUE FUND - 27170  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State flow through grants	\$ -	\$ 69,917	\$ 42,076	\$ (27,841)
Expenditures:				
Current:				
Support Services:				
Supplies and materials	-	69,917	54,357	15,560
Total expenditures	-	69,917	54,357	15,560
Excess (deficiency) of revenues over expenditures	-	-	(12,281)	(12,281)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	(12,281)	<u>\$ (12,281)</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			<u>12,281</u>	
			<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  
 TOBACCO FREE SPECIAL REVENUE FUND - 28122  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
State sources:				
State flow through grants	\$ -	\$ 89,600	\$ 80,100	\$ (9,500)
<b>Expenditures:</b>				
Current:				
Support Services:				
Personnel services	-	46,055	46,311	(256)
Employee benefits	-	21,490	15,047	6,443
Purchased services	-	16,254	10,423	5,831
Supplies and materials	-	12,212	12,147	65
Total expenditures	-	96,011	83,928	12,083
Excess (deficiency) of revenues over expenditures	-	(6,411)	(3,828)	2,583
Beginning cash balance budgeted	-	6,411	-	(6,411)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	(3,828)	\$ (3,828)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in unearned revenue			3,828	
			\$ -	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 YOUTH CONSERVATION SPECIAL REVENUE FUND - 28133  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
State sources:				
State flow through grants	\$ -	\$ 283,478	\$ 131,453	\$ (152,025)
<b>Expenditures:</b>				
Current:				
Instruction:				
Personnel services	-	212,994	101,043	111,951
Employee benefits	-	20,146	8,745	11,401
Purchased services	-	9,816	4,499	5,317
Supplies and materials	-	39,334	9,305	30,029
Total instruction	-	282,290	123,592	158,698
Support Services:				
Purchased services	-	1,188	-	1,188
Total expenditures	-	283,478	123,592	159,886
Excess (deficiency) of revenues over expenditures	-	-	7,861	7,861
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	7,861	\$ 7,861
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in unearned revenue			(7,861)	
			\$ -	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 RIGHT START FAMILY SPECIAL REVENUE FUND - 28142  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
State sources:				
State flow through grants	\$ -	\$ 125,000	\$ 124,996	\$ (4)
<b>Expenditures:</b>				
Current:				
Instruction:				
Personnel services	-	18,000	12,335	5,665
Employee benefits	-	2,150	2,491	(341)
Total instruction	-	20,150	14,826	5,324
Support Services:				
Personnel services	-	68,840	54,181	14,659
Employee benefits	-	22,978	13,827	9,151
Purchased services	-	29,305	11,487	17,818
Supplies and materials	-	14,000	13,712	288
Total support services	-	135,123	93,207	41,916
Total expenditures	-	155,273	108,033	47,240
Excess (deficiency) of revenues over expenditures	-	(30,273)	16,963	47,236
Beginning cash balance budgeted	-	30,273	-	(30,273)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	16,963	\$ 16,963
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in unearned revenue			(16,963)	
			<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  
 TUTORING SPECIAL REVENUE FUND - 28178  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State grant	\$ -	\$ 96,012	\$ 53,617	\$ (42,395)
Expenditures:				
Current:				
Instruction:				
Personnel services	-	55,710	55,280	430
Employee benefits	-	4,314	5,752	(1,438)
Purchased services	-	18,180	22,982	(4,802)
Supplies and materials	-	17,808	11,998	5,810
Total expenditures	-	96,012	96,012	-
Excess (deficiency) of revenues over expenditures	-	-	(42,395)	(42,395)
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	(42,395)	\$ (42,395)
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			42,395	
			\$ -	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 SAN JUAN COUNTY PARTNERSHIP SPECIAL REVENUE FUND - 29107  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Grant	\$ -	\$ 5,081	\$ -	\$ (5,081)
Expenditures:				
Current:				
Support Services:				
Supplies and materials	-	5,081	-	5,081
Total expenditures	-	5,081	-	5,081
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	-	\$ -
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			-	
			\$ -	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 EDUCATIONAL TECHNICAL DEBT SERVICE FUND - 43000  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Local sources:				
District school tax levy	\$ 1,119,745	\$ 1,119,745	\$ 163,809	\$ (955,936)
Earnings from investments	-	-	-	-
Total revenues	<u>1,119,745</u>	<u>1,119,745</u>	<u>163,809</u>	<u>(955,936)</u>
<b>Expenditures:</b>				
Current:				
Support Services:				
Purchased services	<u>8,470</u>	<u>8,470</u>	<u>672</u>	<u>7,798</u>
Debt service:				
Principal	2,101,487	2,101,487	1,100,000	1,001,487
Interest	<u>19,745</u>	<u>19,745</u>	<u>19,745</u>	<u>-</u>
Total debt service	<u>2,121,232</u>	<u>2,121,232</u>	<u>1,119,745</u>	<u>1,001,487</u>
Total expenditures	<u>2,129,702</u>	<u>2,129,702</u>	<u>1,120,417</u>	<u>1,009,285</u>
Excess (deficiency) of revenues over expenditures	(1,009,957)	(1,009,957)	(956,608)	53,349
Beginning cash balance budgeted	1,009,957	1,009,957	-	(1,009,957)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>1,140,915</u>	<u>1,140,915</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>184,307</u>	<u>\$ 184,307</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in receivables			1,830,931	
Change in due from other governments			(48,496)	
Change in deferred revenue			<u>(1,830,931)</u>	
			<u>\$ 135,811</u>	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 SPECIAL BUILDING LOCAL CAPITAL PROJECTS FUND - 31300  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Fees and activities	\$ 12,000	\$ 12,000	\$ 7,023	\$ (4,977)
Earnings from investments	<u>-</u>	<u>-</u>	<u>1,591</u>	<u>1,591</u>
Total revenues	<u>12,000</u>	<u>12,000</u>	<u>8,614</u>	<u>(3,386)</u>
Expenditures:				
Capital outlay	<u>1,050,641</u>	<u>1,050,641</u>	<u>1,000</u>	<u>1,049,641</u>
Total expenditures	<u>1,050,641</u>	<u>1,050,641</u>	<u>1,000</u>	<u>1,049,641</u>
Excess (deficiency) of revenues over expenditures	(1,038,641)	(1,038,641)	7,614	1,046,255
Beginning cash balance budgeted	1,038,641	1,038,641	-	(1,038,641)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>1,016,458</u>	<u>1,016,458</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	1,024,072	<u>\$ 1,024,072</u>
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			<u>-</u>	
			<u>\$ 1,024,072</u>	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 SPECIAL BUILDING STATE CAPITAL PROJECTS FUND - 31400  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
<b>State sources:</b>				
State grant	\$ -	\$ -	\$ 25,587	\$ 25,587
<b>Local sources:</b>				
Earnings from investments	<u>4,000</u>	<u>4,000</u>	<u>3,344</u>	<u>(656)</u>
<b>Total revenues</b>	<u>4,000</u>	<u>4,000</u>	<u>28,931</u>	<u>24,931</u>
<b>Expenditures:</b>				
Capital outlay	<u>102,679</u>	<u>102,679</u>	<u>25,587</u>	<u>77,092</u>
<b>Total expenditures</b>	<u>102,679</u>	<u>102,679</u>	<u>25,587</u>	<u>77,092</u>
Excess (deficiency) of revenues over expenditures	(98,679)	(98,679)	3,344	102,023
Beginning cash balance budgeted	98,679	98,679	-	(98,679)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>99,821</u>	<u>99,821</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	103,165	<u>\$ 103,165</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in due from other governments			<u>-</u>	
			<u>\$ 103,165</u>	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 PUBLIC SCHOOL 20% CAPITAL OUTLAY CAPITAL PROJECTS FUND - 32100  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
District school tax levy	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Support Services:				
Purchased services	-	-	-	-
Capital outlay	<u>124,324</u>	<u>124,324</u>	<u>-</u>	<u>124,324</u>
Total expenditures	<u>124,324</u>	<u>124,324</u>	<u>-</u>	<u>124,324</u>
Excess (deficiency) of revenues over expenditures	(124,324)	(124,324)	-	124,324
Beginning cash balance budgeted	124,324	124,324	-	(124,324)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>124,330</u>	<u>124,330</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>124,330</u>	<u>\$ 124,330</u>
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			<u>-</u>	
			<u>\$ 124,330</u>	

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 Year Ended June 30, 2008

	Balance June 30, <u>2007</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2008</u>
<b><u>ASSETS</u></b>				
<b><u>Cash:</u></b>				
Central office, Junior high, elementary schools	\$ 1,203,891	\$ 1,910,087	\$ 1,756,819	\$ 1,357,159
Farmington High School	184,235	596,332	580,657	199,910
Farmington High School special activity	15,836	83,313	85,877	13,272
Piedra Vista High School	223,711	592,579	554,948	261,342
Piedra Vista High School special activity	<u>10,132</u>	<u>37,161</u>	<u>35,615</u>	<u>11,678</u>
<b>Total assets</b>	<b><u>\$ 1,637,805</u></b>	<b><u>\$ 3,219,472</u></b>	<b><u>\$ 3,013,916</u></b>	<b><u>\$ 1,843,361</u></b>
<b><u>LIABILITIES</u></b>				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Deposits held for others	<u>1,637,805</u>	<u>3,219,472</u>	<u>3,013,916</u>	<u>1,843,361</u>
<b>Total liabilities</b>	<b><u>\$ 1,637,805</u></b>	<b><u>\$ 3,219,472</u></b>	<b><u>\$ 3,013,916</u></b>	<b><u>\$ 1,843,361</u></b>

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

**CAPITAL ASSETS – GOVERNMENTAL FUNDS**



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STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS  
 SCHEDULE BY SOURCE  
 June 30, 2008

	2008
<b>Governmental funds capital assets:</b>	
Land	\$ 3,444,131
Construction in progress	4,146,000
Buildings and improvements	74,239,014
Improvements other than buildings	6,506,107
Equipment	17,071,293
 Total governmental funds capital assets	 \$ 105,406,545
 <b>Investment in governmental funds capital assets by source:</b>	
General fund	\$ 2,503,218
Special revenue fund	12,759,122
Capital projects fund	90,144,205
 Total governmental funds capital assets	 \$ 105,406,545

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS  
 SCHEDULE BY FUNCTION AND ACTIVITY  
 June 30, 2008

	<u>Land</u>	<u>Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
<b>FUNCTION AND ACTIVITY</b>					
<b>Educational services:</b>					
Instruction	\$ 551,661	\$ 1,040,977	\$ 11,878,242	\$ 2,731,407	\$ 16,202,287
Support services	482,703	910,855	10,393,462	2,389,981	14,177,001
Operation of non-instructional services	1,754,667	3,318,116	37,861,897	8,706,358	51,641,038
Food services	34,479	65,061	742,390	170,713	1,012,643
Athletics	103,438	195,183	2,227,170	512,139	3,037,930
Pupil transportation	<u>517,183</u>	<u>975,915</u>	<u>11,135,853</u>	<u>2,560,695</u>	<u>15,189,646</u>
<b>Total governmental funds</b>					
capital assets	<u>\$ 3,444,131</u>	<u>\$ 6,506,107</u>	<u>\$ 74,239,014</u>	<u>\$ 17,071,293</u>	101,260,545
Construction in Progress					4,146,000
					<u>\$ 105,406,545</u>

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

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS  
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
 Year Ended June 30, 2008

	General Capital Assets <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	General Capital Assets <u>June 30, 2008</u>
<b>FUNCTION AND ACTIVITY</b>				
<b>Educational services:</b>				
Instruction	\$ 15,732,579	\$ 4,033,385	\$ (202,938)	\$ 19,563,026
Support services	13,766,006	513,001	-	14,279,007
Operation of non-instructional services	50,147,592	2,688,924	(147,060)	52,689,456
Food services	983,286	-	(10,968)	972,318
Athletics	2,949,858	-	-	2,949,858
Pupil transportation	<u>14,749,294</u>	<u>675,746</u>	<u>(472,160)</u>	<u>14,952,880</u>
<b>Total governmental funds capital assets</b>	<b><u>\$ 98,328,615</u></b>	<b><u>\$ 7,911,056</u></b>	<b><u>\$ (833,126)</u></b>	<b><u>\$ 105,406,545</u></b>

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

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**NEW MEXICO STATE AUDITOR DISCLOSURES**

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STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 SCHEDULE OF PLEDGED COLLATERAL  
 June 30, 2008

	Wells Fargo	Bank of America	Citizens Bank of Farmington	Four Corners Community Bank	Bank of the Southwest	Total
<b>Bank Deposits:</b>						
Checking account	\$ 8,597,143	\$ -	\$ 5,471,563	\$ -	\$ 227,718	\$ 14,296,424
Certificates of deposit	-	21,101	-	850,000	-	871,101
Overnight deposits	14,135,112	-	-	-	-	14,135,112
Deposits, at June 30, 2008	22,732,255	21,101	5,471,563	850,000	227,718	29,302,637
FDIC Insurance	100,000	21,101	100,000	100,000	100,000	421,101
Uninsured amount	\$ 22,632,255	\$ -	\$ 5,371,563	\$ 750,000	\$ 127,718	\$ 28,881,536
<b>Pledged Collateral Required</b>						
102 percent on overnight	14,417,814	-	-	-	-	14,417,814
50 percent on deposits	4,248,572	-	2,685,782	375,000	63,859	7,373,213
Pledged Collateral Required	18,383,683	-	2,685,782	375,000	63,859	21,508,323
Pledged collateral at June 30, 2008	21,784,286	-	2,902,505	401,247	301,287	25,389,325
Excess (deficiency)	\$ 3,400,603	\$ -	\$ 216,723	\$ 26,247	\$ 237,428	\$ 3,881,002
<b>Pledged collateral location</b>						
	<u>Vells Fargo, California Sioux Falls, SD</u>		<u>Dallas, TX</u>	<u>Dallas, TX</u>	<u>Dallas, TX</u>	
Pledged collateral (market value) as of June 30, 2008:						
FGIOH0H00895; #3128MS7G9; 06/01/37	1,757,955	-	-	-	-	1,757,955
FNCL 545277; #31385HXE7; 11/01/31	35,379	-	-	-	-	35,379
FNCL 867437; #31409CV69; 05/01/36	5,573,136	-	-	-	-	5,573,136
FNCL 960986; #31414BCX6; 03/01/38	3,274,966	-	-	-	-	3,274,966
GNSF 781210; #36225BKX5; 09/15/29	9,342,878	-	-	-	-	9,342,878
FNCL 888638; #31410GHP1; 09/01/37	1,248,836	-	-	-	-	1,248,836
FNCL 881545; #31409XL23; 05/01/36	551,136	-	-	-	-	551,136
FHLB; #51778FBK4; 05/01/15	-	-	508,635	-	-	508,635
FHLB; #31393QZK1; 10/15/21	-	-	1,142,683	-	-	1,142,683
FHLB; #311441GQ6; 09/01/13	-	-	900,531	-	-	900,531
FHLB; #077571BS5; 06/01/11	-	-	350,656	-	-	350,656
Silver City NM School; #827513ES7; 08/01/12	-	-	-	301,254	-	301,254
Bloomfield NM; #094072BN4; 08/01/12	-	-	-	99,993	-	99,993
GNMA II Pool #1629; 03/20/09	-	-	-	-	1,287	1,287
FHLB - Letter of Credit - 07/14/08	-	-	-	-	100,000	100,000
FHLB - Letter of Credit - 06/15/09	-	-	-	-	100,000	100,000
FHLB - Letter of Credit - 08/25/08	-	-	-	-	100,000	100,000
<b>Totals</b>	<b>\$ 21,784,286</b>	<b>\$ -</b>	<b>\$ 2,902,505</b>	<b>\$ 401,247</b>	<b>\$ 301,287</b>	<b>\$ 25,389,325</b>
<b>Reconciliation to Financial Statements:</b>						
Total per banks	\$ 22,732,255	\$ 21,101	\$ 5,471,563	\$ 850,000	\$ 227,718	\$ 29,302,637
Reconciling items	(2,306,277)	-	103,281	-	(5,169)	(2,208,165)
	<b>\$ 20,425,978</b>	<b>\$ 21,101</b>	<b>\$ 5,574,844</b>	<b>\$ 850,000</b>	<b>\$ -</b>	<b>\$ 27,094,472</b>
Investments						4,344,505
Total cash and investments						<b>\$ 31,438,977</b>
Pooled cash and investments						29,595,616
Fiduciary cash and investments						1,843,361
Cash and investments per financial statements						<b>\$ 31,438,977</b>



STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 SCHEDULE OF CASH ACCOUNTS AND INVESTMENTS  
 June 30, 2008

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>	<u>Reconciling Items</u>	<u>Reconciled Amount</u>
Operating	Checking	Wells Fargo	\$ 3,221,362	\$ (388,704)	\$ 2,832,658
Employee Benefits Plan	Checking	Wells Fargo	2,110,276	-	2,110,276
Transportation	Checking	Wells Fargo	540,082	(487,228)	52,854
Non-Budgeted Activities	Checking	Wells Fargo	271,514	(13)	271,501
Federal Projects	Checking	Wells Fargo	327,429	(81,306)	246,123
State & Local	Checking	Wells Fargo	231,674	(87,375)	144,299
Building Fund	Checking	Wells Fargo	5,151,379	(31,800)	5,119,579
Payroll	Checking	Wells Fargo	1,229,041	(1,226,240)	2,801
Debt Service	Checking	Wells Fargo	9,159,684	-	9,159,684
Special Activities	Checking	Wells Fargo	15,825	(2,553)	13,272
PVHS Special Activity Account	Checking	Wells Fargo	13,280	(1,602)	11,678
PVHS Activity Fund	Checking	Wells Fargo	260,941	402	261,343
Scorps Activity Fund	Checking	Wells Fargo	199,768	142	199,910
Building Fund	Checking	Citizens	983,894	-	983,894
Special Building Local	Checking	Citizens	1,061,272	12,500	1,073,772
Capital Projects State	Checking	Citizens	103,188	(24)	103,164
Capital Improvement Mill	Checking	Citizens	2,019,464	(3,277)	2,016,187
Secondary Athletics	Checking	Citizens	39,879	789	40,668
Central Office Activity	Checking	Citizens	1,263,866	93,293	1,357,159
Certificate of Deposit	Certificate of Deposit	Four Corners	850,000	-	850,000
Cafeteria	Checking	Bank of the Southwest	227,718	(5,169)	222,549
Scorpions CD	Certificate of Deposit	Bank of America	21,101	-	21,101
<b>Total</b>			<b>\$ 29,302,637</b>	<b>\$ (2,208,165)</b>	<b>\$ 27,094,472</b>
State Treasurer's Pool	Investment	NM State Treasurer	4,344,505	-	4,344,505
<b>Total</b>			<b>\$ 4,344,505</b>	<b>\$ -</b>	<b>\$ 4,344,505</b>

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 Schedule of Cash Reconciliation  
 June 30, 2008

	Beginning Cash	Receipts	Distributions	Other	Net Cash end of Period	Adjustments to the report	Total Cash on Report
Operational Account	\$ 3,677,974	\$64,090,197	\$(63,770,022)	\$ -	\$ 3,998,149	\$ -	\$ 3,998,149
Transportation	(114,894)	3,473,686	(3,305,939)	-	52,853	-	52,853
Instructional Materials	38,165	1,142,366	(1,005,428)	-	175,103	-	175,103
Food Services	456,419	2,711,900	(2,945,770)	-	222,549	-	222,549
Athletics	90,917	286,440	(315,588)	-	61,769	-	61,769
Non-Instructional	264,023	377,250	(369,774)	-	271,499	-	271,499
Federal Flowthrough Grants	334,782	5,502,788	(5,731,600)	1,918	107,888	-	107,888
Federal Direct Grants	239,232	2,266,890	(2,367,263)	(627)	138,232	-	138,232
Local Grants	818	-	-	-	818	-	818
State Flowthrough Grants	(50,774)	552,578	(438,652)	-	63,152	-	63,152
State Direct Grants	(3,352)	390,166	(411,565)	-	(24,751)	-	(24,751)
Local/State Grants	5,081	-	-	-	5,081	-	5,081
Bond Building	10,309,792	78,900	(5,166,014)	-	5,222,678	-	5,222,678
Special Capital Outlay - Local PSCOC	1,046,509	28,264	(1,000)	-	1,073,773	-	1,073,773
Special Capital Outlay - State	99,821	28,931	(25,587)	-	103,165	-	103,165
Capital Improvement SB - 9	2,175,266	2,915,761	(3,074,840)	-	2,016,187	-	2,016,187
Education Technology	117,940	4,750,000	(940,132)	-	3,927,808	-	3,927,808
PSCO - 20%	124,330	-	-	-	124,330	-	124,330
Debt Service	9,169,022	9,642,276	(9,000,223)	-	9,811,075	-	9,811,075
Ed Tech Debt Service	1,087,785	163,810	(1,120,417)	-	131,178	-	131,178
Agency	3,290	-	-	-	3,290	(486)	2,804
<b>Total</b>	<b>29,072,146</b>	<b>\$98,402,203</b>	<b>\$(99,989,814)</b>	<b>\$ 1,291</b>	<b>\$27,485,826</b>	<b>\$ (486)</b>	<b>27,485,340</b>
Non Department of Education Accounts:							
Employee benefits account	2,008,318						2,110,276
Agency	1,637,805						1,843,361
<b>Total</b>	<b>\$ 32,718,269</b>						<b>\$ 31,438,977</b>

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# STATISTICAL SECTION

This part of the Farmington Municipal School'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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> <i>These schedules contain trend information the help the reader understand how the government's financial performance and well-being have changed over time.</i>	136
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	141
<b>Debt Capacity</b> <i>These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.</i>	145
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	148
<b>Operating Information</b> <i>These schedules contain service and infrastructure data to Help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs</i>	151

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental Activities						
Invested in capital assets, net of related debt	\$ 967,941	\$ 26,761,005	\$ 22,326,416	\$ 25,733,106	\$ 21,445,446	\$ 19,635,558
Restricted	6,602,916	7,557,915	9,016,136	11,698,902	10,666,308	10,273,313
Unrestricted	10,891,910	7,936,171	9,929,818	19,341,534	27,033,453	33,882,505
Total governmental activities net assets	\$ 18,462,767	\$ 42,255,091	\$ 41,272,370	\$ 56,773,542	\$ 59,145,207	\$ 63,791,376

**Note:** The district began to report accrual information when it implemented GASB 34 in fiscal year 2003

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

	Fiscal Year					
	<u>2003<sup>1</sup></u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007<sup>2</sup></u>	<u>2008</u>
<b>Expenses</b>						
Governmental Activities:						
Instruction	\$ 36,557,452	\$ 38,918,969	\$ 40,346,948	\$43,430,362	\$48,281,471	\$50,679,984
Support services	20,975,628	24,219,781	23,394,475	24,308,684	25,064,662	25,720,684
Operation of non-instructional services	4,110,461	4,266,962	4,530,640	4,510,266	5,250,877	5,589,905
Food services	2,204,455	2,787,877	2,550,012	2,718,578	2,967,794	2,805,272
Athletics	955,534	980,466	1,022,332	1,023,958	469,366	553,966
Pupil Transportation	2,388,870	3,085,123	2,981,013	2,843,698	3,603,949	3,122,735
Interest on long-term obligations	1,621,010	1,417,602	1,205,605	1,329,330	1,216,796	1,105,550
<b>Total governmental activities expenses</b>	<b>\$ 68,813,410</b>	<b>\$ 75,676,780</b>	<b>\$ 76,031,025</b>	<b>\$80,164,876</b>	<b>\$86,854,915</b>	<b>\$89,578,096</b>
<b>Program Revenues</b>						
Governmental Activities:						
Charges for services:						
General government	\$ 809,158	\$ 795,932	\$ 894,145	\$ 747,161	\$ 882,564	\$ 1,086,221
Food Services	820,844	884,009	902,161	875,592	765,005	806,247
Operating grants and contributions	8,431,802	10,691,140	11,666,813	12,241,136	10,794,422	11,066,893
Capital grants and contributions	1,392,793	1,585,914	1,258,320	291,136	298,570	434,644
<b>Total governmental activities program revenues</b>	<b>\$ 11,454,597</b>	<b>\$ 13,956,995</b>	<b>\$ 14,721,439</b>	<b>\$ 14,155,025</b>	<b>\$ 12,740,561</b>	<b>\$ 13,394,005</b>
<b>Net (expense)/revenue</b>						
Governmental activities	<b>\$ 57,358,813</b>	<b>\$ 61,719,785</b>	<b>\$ 61,309,586</b>	<b>\$ 66,009,851</b>	<b>\$ 74,114,354</b>	<b>\$ 76,184,091</b>

**Note <sup>1</sup>:** The district began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

**Note <sup>2</sup>:** 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.

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

	Fiscal Year					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Net (expense)/revenue</b>						
<b>Governmental activities</b>	\$ 57,358,813	\$ 61,719,785	\$ 61,309,586	\$ 66,009,851	\$ 74,114,354	\$ 76,184,091
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
Taxes						
Property taxes, general purpose	\$ 279,382	\$ 301,045	\$ 321,151	\$ 478,090	\$ 481,236	\$ 552,995
Property taxes, debt service	6,767,138	7,146,982	7,335,464	9,891,805	9,941,059	10,039,044
Property taxes, capital projects	1,841,066	1,794,239	2,681,404	2,263,627	2,296,075	2,636,299
Unrestricted grants and contributions	51,058,370	53,046,341	55,335,082	60,820,387	62,759,755	66,897,642
Investment earnings	260,150	65,780	324,475	696,176	1,007,894	704,280
Gain on sale of capital assets	607,479	-	-	-	-	-
<b>Total government activities</b>	<u>\$ 60,813,585</u>	<u>\$ 62,354,387</u>	<u>\$ 65,997,576</u>	<u>\$ 74,150,085</u>	<u>\$ 76,486,019</u>	<u>\$ 80,830,260</u>
<b>Change in Net Assets</b>						
<b>Governmental activities</b>	<u>\$ 3,454,772</u>	<u>\$ 634,602</u>	<u>\$ 4,687,990</u>	<u>\$ 8,140,234</u>	<u>\$ 2,371,665</u>	<u>\$ 4,646,169</u>

**Note:** The district began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 91,646	\$ 116,154	\$ 129,222	\$ 118,483	\$ 119,191	\$ 90,781	\$ 73,232	\$ 97,220	\$ 119,664	\$ 130,408
Unreserved	2,229,078	1,154,270	1,438,035	3,105,788	3,519,442	4,442,819	4,701,529	4,668,614	3,397,547	3,859,956
Total general fund	\$ 2,320,724	\$ 1,270,424	\$ 1,567,257	\$ 3,224,251	\$ 3,638,633	\$ 4,533,600	\$ 4,774,761	\$ 4,765,834	\$ 3,517,211	\$ 3,990,364
All other governmental funds										
Reserved	\$ 5,028,804	\$ 5,370,069	\$ 6,535,218	\$ 7,049,056	\$ 6,618,282	\$ 7,557,915	\$ 9,016,136	\$ 11,698,902	\$ 10,666,308	\$ 10,273,313
Unreserved, reported in:										
Special revenue fund	\$ 662,226	\$ 934,434	\$ 2,151,119	\$ 1,913,504	\$ 2,242,645	\$ 1,740,204	\$ 2,347,132	\$ 2,754,591	\$ 556,080	\$ 527,486
Capital projects fund	3,499,004	8,023,244	9,633,522	3,402,020	5,776,557	2,372,487	3,417,490	3,508,522	13,418,626	8,750,195
Total all other governmental funds	\$ 9,190,034	\$ 14,327,747	\$ 18,319,859	\$ 12,364,580	\$ 14,637,484	\$ 11,670,606	\$ 14,780,758	\$ 17,960,015	\$ 24,641,014	\$ 19,550,904



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

	Fiscal Year					
	2003 <sup>1</sup>	2004	2005	2006	2007 <sup>2</sup>	2008
<b>Revenues</b>						
<b>Federal Sources:</b>						
Federal grants	\$ 8,064,735	\$ 10,440,166	\$ 10,993,164	\$ 10,989,835	\$ 10,217,871	\$ 10,189,633
<b>Total federal sources</b>	<b>\$ 8,064,735</b>	<b>\$ 10,440,166</b>	<b>\$ 10,993,164</b>	<b>\$ 10,989,835</b>	<b>\$ 10,217,871</b>	<b>\$ 10,189,633</b>
<b>State Sources:</b>						
State equalization guarantee	\$ 48,488,573	\$ 49,794,973	\$ 52,403,605	\$ 56,281,212	\$ 59,023,094	\$ 62,565,757
Transportation	\$ 1,789,313	\$ 2,158,327	\$ 2,201,596	\$ 3,592,442	\$ 2,620,544	\$ 3,330,992
State instructional materials	\$ 822,243	\$ 846,447	\$ 840,379	\$ 900,863	\$ 902,771	\$ 1,000,893
State grants	\$ 1,810,889	\$ 2,079,175	\$ 1,819,395	\$ 1,582,370	\$ 1,387,104	\$ 1,311,904
<b>Total state sources</b>	<b>\$ 52,911,018</b>	<b>\$ 54,878,922</b>	<b>\$ 57,264,975</b>	<b>\$ 62,356,887</b>	<b>\$ 63,933,513</b>	<b>\$ 68,209,546</b>
<b>Local Sources:</b>						
District school tax levy	\$ 8,313,426	\$ 9,324,636	\$ 9,528,421	\$ 10,286,058	\$ 11,469,129	\$ 12,536,566
Fees and activities	\$ 875,096	\$ 943,276	\$ 936,612	\$ 917,801	\$ 1,112,511	\$ 1,882,145
Earnings from investments	\$ 189,074	\$ 46,594	\$ 302,234	\$ 664,118	\$ 953,089	\$ 704,280
Other revenue	\$ 1,300,302	\$ 677,788	\$ 1,693,609	\$ 1,846,793	\$ 475,544	\$ 10,323
<b>Total local sources</b>	<b>\$ 10,677,898</b>	<b>\$ 10,992,294</b>	<b>\$ 12,460,876</b>	<b>\$ 13,714,770</b>	<b>\$ 14,010,273</b>	<b>\$ 15,133,314</b>
<b>Total revenues</b>	<b>\$ 71,653,651</b>	<b>\$ 76,311,382</b>	<b>\$ 80,719,015</b>	<b>\$ 87,061,492</b>	<b>\$ 88,161,657</b>	<b>\$ 93,532,493</b>
<b>Expenditures</b>						
Instruction	\$ 36,060,232	\$ 37,720,657	\$ 39,474,013	\$ 42,841,934	\$ 47,072,766	\$ 48,829,221
Support services	\$ 20,922,933	\$ 22,263,009	\$ 22,877,894	\$ 24,902,432	\$ 24,387,234	\$ 24,885,397
Operation of non-instructional services	\$ 1,339,169	\$ 1,376,772	\$ 1,443,680	\$ 1,603,838	\$ 1,107,827	\$ 2,465,366
Food services	\$ 2,175,211	\$ 2,714,143	\$ 2,494,996	\$ 2,683,838	\$ 2,896,116	\$ 2,771,521
Athletics	\$ 882,424	\$ 763,132	\$ 884,793	\$ 937,107	\$ 310,337	\$ 309,539
Pupil transportation	\$ 1,950,210	\$ 1,979,114	\$ 2,155,774	\$ 2,322,595	\$ 2,528,779	\$ 2,616,475
Capital outlay	\$ 5,081,934	\$ 5,403,730	\$ 6,777,808	\$ 7,951,510	\$ 4,394,012	\$ 10,955,679
Debt service						
Principal	\$ 5,525,000	\$ 4,650,000	\$ 4,600,000	\$ 4,875,000	\$ 8,750,000	\$ 8,795,000
Interest	\$ 1,639,956	\$ 1,507,343	\$ 1,298,838	\$ 1,272,908	\$ 1,142,044	\$ 1,248,718
Capital lease issuance costs						\$ 22,444
<b>Total expenditures</b>	<b>\$ 75,577,069</b>	<b>\$ 78,377,900</b>	<b>\$ 82,007,796</b>	<b>\$ 89,391,162</b>	<b>\$ 92,589,115</b>	<b>\$ 102,899,360</b>
<b>Revenues over (under) expenditures</b>	<b>\$ (3,923,418)</b>	<b>\$ (2,066,518)</b>	<b>\$ (1,288,781)</b>	<b>\$ (2,329,670)</b>	<b>\$ (4,427,458)</b>	<b>\$ (9,366,867)</b>
<b>Other Financing Sources (Uses)</b>						
Sale of capital assets	\$ 607,479	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds issued	\$ 6,009,295	\$ 3,827,607	\$ 4,500,000	\$ 5,500,000	\$ 10,100,000	\$ -
Refunding bonds issued	\$ -	\$ -	\$ 7,185,000	\$ -	\$ -	\$ -
Premium on bonds issued	\$ -	\$ -	\$ 234,859	\$ -	\$ 58,471	\$ -
Capital lease						\$ 4,750,000
Payments to refunded debt escrow		\$ (3,800,000)	\$ (7,279,765)	\$ -	\$ -	\$ -
<b>Total other financing sources (uses)</b>	<b>\$ 6,616,774</b>	<b>\$ 27,607</b>	<b>\$ 4,640,094</b>	<b>\$ 5,500,000</b>	<b>\$ 10,158,471</b>	<b>\$ 4,750,000</b>
<b>Net Change in Fund Balances</b>	<b>\$ 2,693,356</b>	<b>\$ (2,071,911)</b>	<b>\$ 3,351,313</b>	<b>\$ 3,170,330</b>	<b>\$ 5,731,013</b>	<b>\$ (4,616,867)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	10.2%	8.4%	7.6%	7.5%	10.6%	9.8%

Note <sup>1</sup>: The district did not begin reporting government-wide statements until it implemented GASB Statement 34 in 2003.

Note <sup>2</sup>: 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.

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Local Assessed</u>	<u>Central Assessed</u>	<u>Oil &amp; Gas Assessed</u>	<u>Exemptions</u>	<u>Total Taxable Valuation</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value (2)</u>	<u>Total Direct Tax Rate</u>
1999	496,559,611	80,249,172	56,997,792	39,320,445	633,806,575	594,486,130	198,142,227	\$ 11.225
2000	583,535,876	74,473,543	62,384,098	63,921,400	720,393,517	656,472,117	218,802,157	\$ 11.077
2001	610,110,186	74,966,621	130,421,353	61,031,469	815,498,160	754,466,691	251,463,748	\$ 10.637
2002	630,811,021	76,050,295	133,779,298	60,083,698	840,640,614	780,556,916	260,159,620	\$ 10.469
2003	769,931,542	75,562,784	95,224,656	64,448,866	940,718,982	876,270,116	292,060,830	\$ 9.887
2004	787,667,348	60,531,175	164,236,816	66,868,271	1,012,435,339	945,567,068	315,157,504	\$ 9.943
2005	844,203,928	62,816,997	200,661,997	70,005,454	1,107,682,922	1,037,677,468	345,857,900	\$ 9.961
2006	921,615,616	64,432,508	195,817,073	69,657,902	1,181,865,197	1,112,207,295	370,698,691	\$ 9.934
2007	975,740,712	62,552,707	235,836,931	54,641,688	1,274,130,350	1,219,488,662	406,455,571	\$ 9.953
2008	1,129,490,729	63,999,668	245,628,582	77,572,830	1,439,118,979	1,361,546,149	453,803,331	\$ 9.902

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

(2) The assessed values are 33 1/3% of assumed market value, as set by New Mexico statute.

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Farmington School District</b>										
Assessed Valuation	\$ 632,786,575	\$ 720,393,517	\$ 815,498,160	\$ 840,640,614	\$ 940,718,982	\$ 1,012,435,339	\$ 1,107,682,922	\$ 1,181,865,197	\$ 1,274,130,350	\$ 1,439,118,979
Total Direct Rate	11.225	11.077	10.637	10.469	9.887	9.943	9.961	9.934	9.827	9.902
General Obligation Debt	\$ 30,880,000	\$ 37,375,000	\$ 38,805,000	\$ 36,660,000	\$ 37,135,000	\$ 32,530,000	\$ 32,715,000	\$ 33,340,000	\$ 34,690,000	\$ 30,645,000
Percentage Applicable to District	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Direct and Overlapping Debt	\$ 30,880,000	\$ 37,375,000	\$ 38,805,000	\$ 36,660,000	\$ 37,135,000	\$ 32,530,000	\$ 32,715,000	\$ 33,340,000	\$ 34,690,000	\$ 30,645,000
<b>City of Farmington</b>										
Assessed Valuation	\$ 417,844,806	\$ 483,094,927	\$ 528,411,287	\$ 546,160,185	\$ 616,431,614	\$ 618,280,126	\$ 666,071,139	\$ 699,304,478	\$ 842,822,919	\$ 901,408,835
Total Direct Rate	-	-	-	-	-	-	-	-	-	0
General Obligation Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Percentage Applicable to District	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Direct and Overlapping Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>San Juan County</b>										
Assessed Valuation	\$ 2,199,547,091	\$ 2,387,786,532	\$ 3,013,718,151	\$ 3,106,092,088	\$ 2,681,038,593	\$ 3,256,889,555	\$ 3,653,126,771	\$ 4,312,013,190	\$ 4,254,982,295	\$ 4,399,915,615
Total Direct Rate	-	-	-	-	-	-	-	-	-	8.500
General Obligation Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Percentage Applicable to District	28.770%	30.160%	27.060%	27.064%	35.088%	31.090%	30.322%	27.409%	29.944%	32.708%
Direct and Overlapping Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>San Juan College</b>										
Assessed Valuation	\$ 2,133,560,879	\$ 2,318,282,835	\$ 3,013,958,367	\$ 3,106,092,088	\$ 2,681,038,593	\$ 3,256,889,555	\$ 3,653,126,771	\$ 4,312,013,190	\$ 4,254,982,295	\$ 4,399,915,615
Total Direct Rate	-	-	-	-	-	-	-	-	-	5.100
General Obligation Debt	\$ 13,575,000	\$ 20,400,000	\$ 19,800,000	\$ 19,150,000	\$ 18,300,000	\$ 17,400,000	\$ 16,475,000	\$ 25,825,000	\$ 24,858,649	\$ 22,950,420
Percentage Applicable to District	29.660%	31.070%	27.060%	27.064%	35.088%	31.090%	30.322%	27.409%	29.944%	29.944%
Direct and Overlapping Debt	\$ 4,026,345	\$ 6,338,280	\$ 5,357,880	\$ 5,182,804	\$ 6,421,104	\$ 5,409,660	\$ 4,995,468	\$ 7,078,374	\$ 7,443,674	\$ 6,872,274
<b>Total Direct Debt</b>	\$ 30,880,000	\$ 37,375,000	\$ 38,805,000	\$ 36,660,000	\$ 37,135,000	\$ 32,530,000	\$ 32,715,000	\$ 33,340,000	\$ 34,690,000	\$ 30,645,000
<b>Total Overlapping Debt</b>	\$ 4,026,345	\$ 6,338,280	\$ 5,357,880	\$ 5,182,804	\$ 6,421,104	\$ 5,409,660	\$ 4,995,468	\$ 7,078,374	\$ 7,443,674	\$ 6,872,274
<b>Total Direct and Overlapping Debt</b>	\$ 34,906,345	\$ 43,713,280	\$ 44,162,880	\$ 41,842,804	\$ 43,556,104	\$ 37,939,660	\$ 37,710,468	\$ 40,418,374	\$ 42,133,674	\$ 37,517,274
<b>Total Direct Rate</b>										23.502

Note: The Direct Tax Rates for taxing authorities other than the Farmington School District were not currently available for years prior to 2008.

Source: County Tax Assessor

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

Taxpayer	Type of Business	2008			1999		
		Assessed Valuation	Rank	Percentage of Assessed Valuation	Assessed Valuation	Rank	Percentage of Assessed Valuation
Transwestern	Pipeline	32,948,246	1	2.29%			0.00%
Compression Systems	Gas & Oil Services	24,096,379	2				0.00%
Qwest Communications	Telephone	24,089,788	3	1.67%	5,256,497	2	0.83%
Price Development	Shopping Mall	22,540,257	4	1.57%	7,656,407	1	1.21%
Burlington Resources	Gas & Oil	17,965,692	5		1,731,205	10	0.27%
Alltel Communications	Telecommunicatons	17,856,824	6	1.24%			0.00%
Enterprise Field Service	Gas & Oil Services	16,363,543	7	1.14%			0.00%
PNM Gas Services	Utility	14,845,614	8	1.03%	1,739,223	8	0.27%
XTO Energy	Gas & Oil	12,292,269	9	0.85%			0.00%
EES Leasing, LLC	Property	11,811,850	10	0.82%			0.00%
Wal-Mart Stores	Retail				3,690,826	3	0.58%
Citizens Bank	Finance				2,551,200	4	0.40%
Farmington Medical Investors	Assisted Living				2,398,081	5	0.38%
First National Bank	Finance				2,336,705	6	0.37%
South West Inn Keepers	Hotel and Motel				2,189,670		0.35%
El Paso Field Service	Pipeline				1,481,762		0.23%
<b>Total</b>		<b>\$ 113,676,049</b>		<b>6.65%</b>	<b>\$ 25,775,079</b>		<b>4.07%</b>
<b>District's Assessed Valuation</b>		<b>1,439,118,979</b>		<b>100.00%</b>	<b>\$ 632,786,575</b>		<b>100.00%</b>

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
1999	\$ 6,937,142	\$ 6,756,777	97.4%	\$ 180,101	\$ 6,936,878	100.00%
2000	\$ 7,031,614	\$ 6,816,676	96.9%	\$ 213,938	\$ 7,030,614	99.99%
2001	\$ 7,373,346	\$ 7,152,146	97.0%	\$ 200,200	\$ 7,352,346	99.72%
2002	\$ 7,252,195	\$ 7,041,881	97.1%	\$ 195,315	\$ 7,237,196	99.79%
2003	\$ 7,423,784	\$ 7,292,653	98.2%	\$ 131,031	\$ 7,423,684	100.00%
2004	\$ 7,557,758	\$ 7,151,818	94.6%	\$ 385,692	\$ 7,537,510	99.73%
2005	\$ 7,850,822	\$ 7,420,233	94.5%	\$ 382,454	\$ 7,802,687	99.39%
2006	\$ 7,090,791	\$ 6,651,162	93.8%	\$ 340,358	\$ 6,991,520	98.60%
2007	\$ 8,098,805	\$ 7,658,914	94.6%	\$ 172,630	\$ 7,831,544	96.70%
2008	\$ 10,934,495	\$ 10,190,950	93.2%	n/a	\$ 10,190,950	93.20%

(1) 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>			Total Primary <u>Government</u>	Percentage of Personal <u>Income</u> <sup>2</sup>	<u>Per Capita</u> <sup>2</sup>
	<u>General Obligation Bonds</u>	<u>Capital Lease</u>				
1999	\$ 30,880,000	\$ -	-	\$ 30,880,000	0.058%	713
2000	37,375,000	-	-	\$ 37,375,000	0.048%	831
2001	38,805,000	-	-	\$ 38,805,000	NA	837
2002	36,660,000	-	-	\$ 36,660,000	NA	850
2003	37,135,000	-	-	\$ 37,135,000	0.067%	824
2004	32,530,000	-	-	\$ 32,530,000	0.078%	694
2005	32,715,000	-	-	\$ 32,715,000	0.080%	681
2006	33,340,000	-	-	\$ 33,340,000	0.185%	677
2007	34,690,000	-	-	\$ 34,690,000	0.173%	676
2008	25,895,000	4,750,000	-	\$ 30,645,000	0.009%	549

Notes: NA = Not available

<sup>2</sup> Source: United States Department of Commerce, Bureau of Economic Analysis

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOLS DISTRICT NO. 5  
 RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
 LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
1999	\$ 30,880,000	\$ 4,932,281	\$ 25,947,719	4.36%	585.26
2000	37,375,000	5,370,069	32,004,931	4.88%	711.22
2001	38,805,000	5,370,069	33,434,931	4.43%	721.36
2002	36,660,000	6,535,218	30,124,782	3.86%	698.85
2003	37,135,000	6,525,649	30,609,351	3.49%	679.53
2004	32,530,000	7,557,915	24,972,085	2.64%	533.06
2005	32,715,000	9,016,136	23,698,864	2.28%	493.54
2006	33,340,000	10,660,435	22,679,565	2.04%	460.47
2007	34,690,000	9,525,393	25,164,607	2.06%	470.31
2008	30,645,000	10,137,502	20,507,498	1.51%	367.35

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$ 37,967,195	\$ 43,223,611	\$ 48,929,890	\$ 50,438,437	\$ 56,443,139	\$ 60,746,120	\$ 66,460,975	\$ 70,911,912	\$ 76,447,821	\$ 86,347,139
Total net debt applicable to limit	\$ 30,880,000	\$ 37,375,000	\$ 38,805,000	\$ 36,660,000	\$ 37,135,000	\$ 32,530,000	\$ 32,715,000	\$ 33,340,000	\$ 34,690,000	\$ 30,645,000
Legal debt margin	\$ 7,087,195	\$ 5,848,611	\$ 10,124,890	\$ 13,778,437	\$ 19,308,139	\$ 28,216,120	\$ 33,745,975	\$ 46,321,912	\$ 41,757,821	\$ 55,702,139
Total net debt applicable to the limit as a percentage of debt limit	81%	86%	79%	73%	66%	54%	49%	47%	45%	35%

Legal Debt Limit Calculation for Fiscal Year 2008

Assessed Value	\$ 1,439,118,979
Debt limit (6% of total assessed value)	86,347,139
Debt applicable to limit:	
General Obligation Bonds	25,895,000
Capital Lease	4,750,000
Total Debt	<u>30,645,000</u>
Legal debt margin	\$ 55,702,139

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

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income<sup>2</sup></u>	<u>Unemployment Rate<sup>2</sup></u>
1999	44,335	803,837,885	\$ 18,131	9.60%
2000	45,000	816,885,000	\$ 18,153	9.10%
2001	46,350	NA	NA	8.20%
2002	43,106	NA	NA	7.50%
2003	45,045	1,118,512,395	\$ 24,831	7.30%
2004	46,847	1,196,519,227	\$ 25,541	7.40%
2005	48,018	2,818,000,000	\$ 26,212	6.70%
2006	49,253	3,052,000,000	\$ 24,260	5.52%
2007	53,506	3,344,000,000	\$ 26,437	4.30%
2008	55,826	3,306,423,000	\$ 27,155	3.40%

**Notes:** NA=Not available

<sup>2</sup> **Source:** United States Department of Commerce, Bureau of Economic Analysis

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 PRINCIPAL EMPLOYERS  
 CURRENT YEAR

<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
San Juan Medical Center	1,458	2.61%
Farmington Municipal School District No.5	1,390	2.49%
Central Consolidated Schools	1,221	2.19%
San Juan College	1,015	1.82%
BHP Billiton	950	1.70%
City of Farmington	725	1.30%
Wal-Mart	718	1.29%
Basin Home Health	640	1.15%
San Juan County	621	1.11%
Arizona Public Service Company	602	1.08%
	9,340	16.75%

**Note:** The information for 9 years ago was not available for comparison.

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 FULL-TIME-EQUIVALENT DISTRICT EMPLOYEES BY TYPE  
 LAST TEN FISCAL YEARS

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Supervisory</b>										
Instructional administrators	3	4	4	4	4	4	4	4	6	7
Noninstructional administrators	5	5	5	5	5	5	5	5	5	5
Consultants/supervisors of instruction										
Principals	18	18	18	18	18	17	17	17	17	17
Assistant Principals	6	6	7	8	8	9	9	9	9	10
<b>Total supervisory</b>	<b>32</b>	<b>33</b>	<b>34</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>37</b>	<b>39</b>
<b>Instruction</b>										
Certified classroom teachers	602	620	611	615	620	616	621	623	625	630
Educational assistants	122	116	114	116	127	109	129	124	125	128
<b>Total instruction</b>	<b>724</b>	<b>736</b>	<b>725</b>	<b>731</b>	<b>747</b>	<b>725</b>	<b>750</b>	<b>747</b>	<b>750</b>	<b>758</b>
<b>Student Services</b>										
Guidance counselors	16	16	17	17	17	17	17	17	18	18
Social workers	1	1	1	1	1	1	1	1	1	1
Ancillary providers	27	30	30	32	35	35	35	34	32	32
Librarians	6	6	6	6	6	6	6	6	6	6
Nurses	7	6	6	6	6	6	6	6	6	6
Other professionals (non-instructional)										
Technicians	3	3	3	3	4	4	4	4	4	4
<b>Total student services</b>	<b>60</b>	<b>62</b>	<b>63</b>	<b>65</b>	<b>69</b>	<b>69</b>	<b>69</b>	<b>68</b>	<b>67</b>	<b>67</b>
<b>Support and Administration</b>										
Clerical/Secretarial	85	84	86	86	88	88	89	89	89	89
Maintenance	15	15	14	16	16	16	16	16	16	17
Custodial	69	77	78	80	80	80	80	78	78	78
Bus drivers	62	63	65	70	72	72	73	73	75	75
<b>Total support and administration</b>	<b>231</b>	<b>239</b>	<b>243</b>	<b>252</b>	<b>256</b>	<b>256</b>	<b>258</b>	<b>256</b>	<b>258</b>	<b>259</b>

**Notes:** Full-time instructional employees of the district are employed for all 184 scheduled school days, at 7.5 hours per day or 1,380 hours per year.

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
1999	10,465	46,051,936	4,401	N/A	53,560,480	5,118	N/A	602	17.38	N/A
2000	10,375	48,850,130	4,708	7.00%	56,192,169	5,416	5.82%	620	16.73	39.38%
2001	10,122	50,193,143	4,959	5.32%	59,067,369	5,836	7.74%	611	16.57	41.39%
2002	10,108	55,467,499	5,487	10.66%	69,773,677	6,903	18.29%	615	16.44	43.45%
2003	10,055	51,632,617	5,135	-6.42%	68,412,113	6,804	-1.43%	620	16.22	48.72%
2004	9,993	52,993,977	5,303	3.27%	72,195,295	7,225	6.18%	616	16.22	51.64%
2005	10,044	56,186,623	5,594	5.49%	76,049,776	7,572	4.80%	621	16.17	48.61%
2006	10,250	61,888,410	6,038	7.93%	83,198,792	8,117	7.20%	623	16.45	45.88%
2007	10,120	65,360,277	6,459	6.97%	83,668,100	8,268	1.86%	625	16.19	42.56%
2008	10,215	67,943,902	6,651	2.99%	93,899,138	9,192	11.18%	630	16.21	42.38%

**Notes:** Enrollment figures from average student counts on 80th and 120th day of school.  
 Operating expenditures include expenditures for general fund  
 Expenses include expenditures for all governmental funds less debt service

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 SCHOOL BUILDING INFORMATION

<u>School</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>School</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Preschool</b>				<b>Middle School</b>			
<b>FS Preschool (1991)</b>				<b>Heights (1971)</b>			
Square Feet	6,745	6,745	6,745	Square Feet	88,229	88,229	88,229
Capacity	46	46	46	Capacity	1100	1100	1100
Enrollment	51	49	48	Enrollment	629	664	686
<b>Elementary</b>				<b>Hermosa (1960)</b>			
<b>Animas (1963)</b>				Square Feet			
Square Feet	50,610	50,610	50,610	Capacity	85,849	85,849	85,849
Capacity	539	539	539	Enrollment	934	934	934
Enrollment	466	471	471	<b>Mesa View (1994)</b>			
<b>Apache (1956)</b>				Square Feet			
Square Feet	53,577	53,577	53,577	Capacity	100,987	100,987	100,987
Capacity	580	580	580	Enrollment	1150	1150	1150
Enrollment	410	438		<b>Tibbetts (1940)</b>			
<b>Bluffview (1961)</b>				Square Feet			
Square Feet	59,405	59,405	59,405	Capacity	90,791	90,791	90,791
Capacity	632	632	632	Enrollment	966	966	966
Enrollment	477	498	539	<b>High School</b>			
<b>Country Club (1959)</b>				<b>Farmington (1955)</b>			
Square Feet	51,279	51,279	51,279	Square Feet	206,786	206,786	206,786
Capacity	529	529	529	Capacity	2334	2334	2334
Enrollment	428	509	524	Enrollment	1617	1498	1488
<b>Esperanza (1995)</b>				<b>Piedra Vista (1998)</b>			
Square Feet	73,908	73,908	73,908	Square Feet	245,698	245,698	245,698
Capacity	636	636	636	Capacity	1821	1821	1821
Enrollment	589	573	607	Enrollment	1205	1264	1271
<b>Ladera (1963)</b>				<b>Rocinante (1996)</b>			
Square Feet	52,662	52,662	53,665	Square Feet	24,187	24,187	24,187
Capacity	569	569	569	Capacity	333	333	333
Enrollment	512	581	545	Enrollment	173	157	151
<b>McCormick (1954)</b>				<b>Cate Center (1949)</b>			
Square Feet	50,908	50,908	50,908	Square Feet	52,191	52,191	52,191
Capacity	554	554	554	Capacity	719	719	719
Enrollment	445	428	438	Enrollment	200	200	200
<b>McKinley (1954)</b>							
Square Feet	43,029	43,029	43,029				
Capacity	511	511	511				
Enrollment	505	546	558				
<b>Mesa Verde (1963)</b>							
Square Feet	43,557	43,557	43,557				
Capacity	509	509	509				
Enrollment	449	474	518				
<b>Northeast (1963)</b>							
Square Feet	46,365	46,365	47,825				
Capacity	513	513	513				
Enrollment	392	459	515				

Notes: Data prior to the Master Facility Survey and Plan of 2006 is not available

Source: School District's Master Facility Survey and Plan 2006

**SINGLE AUDIT SECTION**

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2008

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Child Nutrition -- Cluster:</u>			
<u>U.S. Department of Agriculture:</u>			
Pass-Through Program From:			
New Mexico Department of Education:			
USDA National School Lunch Program	10.555	21000	\$ 1,382,147
USDA School Breakfast Program	10.553	21000	522,537
Total USDA - Child Nutrition Cluster			<u>1,904,684</u>
Pass-Through Program From:			
New Mexico Human Service Department:			
USDA Commodities Program	10.550	21000	<u>53,183</u>
Total U.S. Department of Agriculture			<u>1,957,867</u>
<u>U.S. Department of Interior</u>			
Pass-Through Programs From:			
Office of the Navajo Nation:			
Johnson O'Malley	15.130	25131	<u>172,086</u>
<u>Special Education -- Cluster:</u>			
<u>U.S. Department of Education:</u>			
Pass-Through Programs From:			
New Mexico Department of Education:			
IDEA-B Entitlement	84.027	24106	2,223,174
IDEA-B Preschool	84.173	24109	<u>66,582</u>
Total U.S. Department of Education - Special Education (IDEA-B) Cluster			<u>2,289,756</u>
Direct Programs:			
P.L. 81-874 Special / Indian Education	84.041	11000	204,459
P.L. 81-874 Special / Indian Education	84.041	25145	93,785
Indian Education Formula	84.060	25184	<u>564,217</u>
Subtotal Direct Programs			<u>862,461</u>

(continued)

See accompanying notes to Schedule of  
 Expenditures of Federal Awards.

STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2008

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education (continued):</u>			
Pass-Through Programs From:			
New Mexico Department of Education:			
Title I Basic Education Grant	84.010	24101	\$ 2,434,843
School Improvements	84.010	24162	21,991
Carl Perkins Grant	84.048	24174	54,535
High Schools that Work	84.048	24180	48,015
Alcohol Abuse Reduction Grant	84.184	25111	496,809
Safe Schools Healthy Students	84.184	25243	474,252
Title IV - Drug Free	84.186	24157	55,402
Homeless Grant	84.196	24113	11,842
21st Century	84.287	24159	202,052
Title V-A	84.298	24150	12,543
Transition to Teaching	84.350	25236	253,967
English Language Acquisition	84.365	24153	66,645
Immigrant Grant	84.365	24163	5,000
Title II	84.367	24154	<u>529,974</u>
 Subtotal Pass-Through Programs			 <u>4,667,870</u>
 Total U.S. Department of Education			 <u>7,820,087</u>
<u>U.S. Department of Health and Human Services:</u>			
New Mexico Department of Health:			
Navajo Medical Center	93.237	25209	50,083
Title XIX Medicaid	93.778	25153	<u>262,066</u>
 Total U.S. Department of Health and Human Services			 <u>312,149</u>
 Total Expenditures of Federal Awards			 <u>\$ 10,262,189</u>

See accompanying notes to Schedule of  
 Expenditures of Federal Awards.



STATE OF NEW MEXICO  
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2008

NOTE 1 - SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133

All federal grant operations of Farmington Municipal School District No. 5 (the "District") are included in the scope of the Office of Management and Budget ("OMB") Circular A-133 audit (the "Single Audit"). The Single Audit was performed in accordance with the provisions of the OMB Circular Compliance Supplement. Compliance testing of all requirements as described in the Compliance Supplement was performed for the grant programs noted below. These programs represent all federal award programs and other grants with fiscal 2008 cash and non-cash expenditures to ensure coverage of at least 25 percent (low risk auditee) of federally granted funds. Actual coverage is 32% of total cash and non-cash federal award program expenditures.

	<u>Fiscal Year 2008</u> <u>Expenditure</u>
Major Federal Award Program Description	
Special Education Cluster	
84.027 – IDEA-B Entitlement	\$ 2,223,174
84.173 – IDEA-B Preschool	<u>65,582</u>
Total Special Education Cluster	2,288,756
84.184 – Safe Schools Healthy Students	474,252
84.367 – Title II	<u>529,974</u>
	<u>\$ 3,292,982</u>

The U.S. Department of Education is the District's oversight agency for the Single Audit.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of presentation*

The accompanying Schedule of Expenditures of Federal Awards includes all federal grants to the District that had activity during the fiscal year ended June 30, 2008. This schedule has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the District has met the qualifications for the respective grants.

*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. Generally, accrued or deferred balances covered by differences in the timing of cash receipts and expenditures will be reversed in the remaining grant period.

*Audits performed by other entities*

There were no other audits performed by other organizations of the District's federal grant programs in 2008.

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*

Farmington Municipal School District No. 5  
Board of Education  
and  
Hector H. Balderas  
New Mexico State Auditor

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the combining and individual funds presented as supplemental information of the Farmington Municipal School District No. 5 (District), as of and for the year ended June 30, 2008, and have issued our report thereon dated October 31, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the agency's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Education, District management, the Office of the State Auditor, the New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "David Berry, CPA, PC". The signature is written in a cursive style with a large initial "D".

Farmington, New Mexico  
October 31, 2008



Report on Compliance  
With Requirements Applicable to Each  
Major Program and Internal Control Over  
Compliance in Accordance With  
OMB Circular A-133

Farmington Municipal School District No. 5  
Board of Education and  
Hector H. Balderas  
New Mexico State Auditor

Compliance

We have audited the compliance of Farmington Municipal School District No. 5 (District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the District's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education, District management, the Office of the State Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "David Berry, CPA, PC". The signature is written in a cursive style with a large initial 'D'.

Farmington, New Mexico  
October 31, 2008

FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
 SCHEDULE OF FINDINGS AND  
 QUESTIONED COSTS  
 Year Ended June 30, 2008

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Farmington Municipal School District No. 5.
2. There were no significant deficiencies during the audit of the financial statements in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. There were no instances of noncompliance material to the financial statements of the District was disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award programs as reported in the Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the District expresses an unqualified opinion.
6. No audit findings relative to the major federal award programs for the District are reported in Part C. of this Schedule.
7. The programs tested as major programs included:

	<u>Fiscal Year 2008</u> <u>Expenditure</u>
Major Federal Award Program Description	
Special Education Cluster	
84.027 – IDEA-B Entitlement	\$ 2,223,174
84.173 – IDEA-B Preschool	<u>65,582</u>
Total Special Education Cluster	2,288,756
84.184 – Safe Schools Healthy Students	474,252
84.367 – Title II	<u>529,974</u>
	<u>\$ 3,292,982</u>

8. The threshold for distinguishing Types A and B programs was \$307,835.
9. The District was determined to be a low-risk auditee.

FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS  
Year Ended June 30, 2008

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

Prior Year Finding Description

None

Current Year Finding Description

None

C. FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5  
EXIT CONFERENCE  
Year Ended June 30, 2008

An exit conference was held on November 13, 2008. In attendance were:

For the Farmington Municipal School District No. 5:

Janel Ryan	Superintendent of Schools
D'rese Sutherland	Assistant Superintendent of Finance
Steve Nelson	Board Member

For David Berry, CPA, PC (auditors):

David Berry	CPA
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